



BOISE DOWNTOWN HOUSING ANALYSIS

AUGUST 2003

Prepared for:



Prepared by:



All rights reserved © Leland Consulting Group, 2003. All reproductions are prohibited without written authorization from Leland Consulting Group.

Project Purpose and Objectives

Over the past ten years, many cities have seen significant downtown revitalization based largely on the development of downtown housing. Despite some significant commercial projects, downtown Boise has not experienced the same urban housing phenomenon as other Northwest cities such as Seattle, Portland, and more recently, Spokane. Urban housing should be an integral part of a downtown revitalization. It adds buying power for downtown retailers and restaurateurs, offering as much as a 20:1 leverage in downtown retail buying power over daytime office workers. Further, increased downtown housing supports regional smart growth policies and reduces sprawl.

As downtown Boise's redevelopment agency, the Capital City Development Corporation (CCDC) commissioned this market study to quantify the demand for urban housing in the Boise market. There is interest in building new housing projects in Boise, yet little successful precedent. To fill the information void, this report describes the development potential in Boise for interested builders and investors. It reviews national trends related to downtown housing; profiles downtowns that have successfully attracted new housing development; evaluates the current and long term market for housing in downtown Boise; and offers recommendations to developers and public officials.

The introduction of new urban housing in downtown Boise is part of CCDC's overall revitalization strategy. An ongoing long-range strategic business planning process for CCDC identifies approximately \$300 million in private investment in downtown Boise over the next ten years. Almost half of this is targeted to be housing - apartments and condominiums. This report supports the strategic business plan and gives the market basis to begin planning for specific public and private investments.



Executive Summary

Across the United States, many urban centers have seen significant housing growth in the past decade. Downtowns complete with new housing, shopping, employment, and active open spaces are attracting residents back to the inner cities. The most successful urban revitalization case studies, such as Portland, Seattle, and Denver, have built their revitalization on creating dense urban neighborhoods with a variety of services including retail, restaurants, galleries, entertainment, bars, and quality parks and plazas. Downtown Boise already has all of these amenities yet has not seen significant housing growth. However, based on the vibrancy of downtown and demographic trends, Boise is ready to support significant housing growth.

Among the trends that are driving the increase in urban housing are:

- Growing population of 1 and 2 person households;
- Empty nesters seeking scaled-down housing;
- Desire for maintenance-free homes;
- Desire for shorter commutes; and
- Desire for pedestrian neighborhoods and access to amenities.

Furthermore, studies from other cities have found that the majority of new downtown residents come from surrounding neighborhoods or elsewhere in the same city.

To be consistent with national trends, the primary market area for housing development in downtown Boise includes one- and two-person households already residing in the City of Boise. The market was further qualified to include people earning above \$25,000 per year for renters and above \$35,000 for homeowners.

The \$25,000 cut off for rental units was based on the rents developers must achieve to support new construction downtown, and the income required to afford that rent. (This amount is also above the eligibility threshold for most low income housing programs). The \$35,000 income requirement for owner units was similarly based on estimates of the sale price required by developers, and the income required to be eligible for a mortgage for such a home.

Based on these assumptions, there are estimated to be approximately 22,000 qualified ownership households and 10,000 renter households. Of those who relocate in any given year, an estimated 9.2 percent of owners and 17.0 percent of renters would choose to live downtown, resulting in a potential market for between 175 and 256 additional ownership housing units and between 263 and 390 rental units. Allowing for population growth, the potential increases to 924 and 1,355 ownership units over the next six years, and between 862 and 1,210 rental units over the same time period.

The demand discussed here only represents a *potential* demand for new housing. If quality housing is not built or does not meet the specific consumer preferences of residents, then the demand will simply go unmet and people will find somewhere else to live. That is, housing developers must carefully address these preferences in order to capture the market – it is not a sure bet. Further, missed opportunities in one year do not necessarily translate into additional demand for subsequent years. More detailed market research for individual development opportunities will be needed to define product mixes, price points, amenities, and other development needs for specific sites.



Outline

The report is organized into five sections:

1. The National Market for Downtown Housing: Without a significant supply of existing housing in downtown Boise, we look to other cities and national trends to gain insight to Boise's potential. Specifically, this section will look at:

Who is buying urban housing in other cities

What they are buying

Why they are buying

2. Case Studies from Cities That Have Increased Their Downtown Population: Urban housing has been successful in a variety of downtown environments. This section looks at three cities that experienced an urban housing boom:

Portland

Denver

Memphis

3. Profile of Boise: A demographic summary of the Boise primary market area followed by a closer look at downtown Boise and existing housing projects.

4. Two Approaches to Estimate the Potential Market for Urban Housing in Boise: First, the number of qualified consumers is estimated based on empirically derived preference, or propensities, reported in other cities. Since Boise is a relatively untested market, we adopted a conservative propensity equivalent to that found in the city of Cedar Rapids, Iowa.

Second, with an understanding of what makes urban housing successful elsewhere, one looks to see how Boise's attributes compare to other cities with successful urban housing markets. Where similarities occur, a potential urban housing market can be inferred in Boise also. The attributes are analyzed and represent those characteristics explored earlier in the report:

Neighborhood Assets

Demographic Trends

Existing Inventory

5. Recommendations For Achieving Success: Bringing together all of the prior sections, the conclusion includes strategic recommendations on how to capture the market and do it well in order to set good precedents that encourage further development.



The National Market For Downtown Housing

Motivations

What Trends Are Driving Downtown Housing Markets?

Reversing a long period of decline, the 1990s brought revitalization and population increases to many downtowns. A survey of 48 downtowns found that 78 percent experienced population growth in the 1990s¹. Moreover, cities as diverse as Houston, Cleveland, Denver, Memphis, and Seattle anticipate more than doubling their downtown populations between 2000 and 2010. The growing popularity of downtown living has not happened by accident but reflects the cumulative effect of several trends. These include:

- Individuals working longer hours and more families with both adults working. These households need convenient access to jobs, restaurants and other services, and many do not have time to care for a detached house.
- Traffic congestion has decreased the appeal of long distance commutes.
- A growing number of households without children. Downtown living offers these households reduced home maintenance hassles and increased access to shopping, culture, and entertainment.
- An aging population has new housing needs that are not met by suburban detached housing.
- Public policies have encouraged conversion of disused commercial and industrial buildings space to residential use.

Families are spending more time at work:

- The average Idaho family worked 2,959 hours in 2001, 355 more hours than in 1980.

Source: "The State of Working Massachusetts 2002" Massachusetts Budget and Policy Center.

Commutes are longer:

- Nationally, the average rush hour delay totaled 62 hours per year in 2002, 46 more hours than in 1982.

Source: *2002 Urban Mobility Study*, Texas Transportation Institute

More households have no children:

- Nationally, just 32.8 percent of households contain children.
- 58% of households have two or fewer members.
- The "empty nester" population is predicted to be the fastest growing demographic segment of the population for the next 20 years.

Source: U.S. Census and Leland Consulting Group

An aging population seeks alternative housing options:

- The National Association of Homebuilders found that 17 percent of the general population, but 24 percent of those over 55, would prefer a \$150,000 townhouse in an urban center over a similarly priced detached house in a suburban area.

Source: Myers, Dowell and Elizabeth Gearing "Current Preferences and Future Demand for Denser Residential Environments" *Housing Policy Debate* Volume 12, Issue 4. Citing National Association of Homebuilders 1999 Smart Growth Survey.

¹ Birch, Eugenie L. "Having A Longer View on Downtown Living" *Journal of the American Planning Association*, Winter 2002, V. 68; p.5 Based on analysis 2000 U.S. Census data. Note: Downtown areas were defined by local planning and redevelopment agencies.

The National Market For Downtown Housing

Motivations

Why do people move downtown?

People choose to live in downtowns for a variety of reasons. While demographic trends give an indication of the type of people that would consider living downtown, the actual choice of moving into an urban neighborhood is a lifestyle choice. Residents who move downtown are most commonly motivated by the following factors:

- Convenient access to shopping, parks, and other neighborhood amenities
- Shorter commutes
- Simplicity and reduced maintenance of urban housing products
- Social and entertainment opportunities

The boxes to the right summarize surveys of downtown residents and workers from Portland, Dallas, and Tallahassee. While a short commute was cited as a reason for choosing to live downtown by many workers, it is important to note that in many downtowns, including Portland and Boise, almost 50 percent of residents commute to jobs outside of downtown.

These same preferences are the basis for housing growth in downtown Boise.

Downtown Portland Residents

- Proximity to a wide range of activities and access to them without need of a car seen as the biggest benefit of living downtown
- 48 percent of downtown residents commute to work outside of downtown

Source: "2002 Greater Portland Downtown Housing Report," Cogan Owens Cogan, LLC, 2002.

Downtown Dallas Residents Reason for Moving Downtown

- Urban Lifestyle 69%
- Central location 56%
- Proximity to employment 55%
- Access to arts/cultural amenities 35%
- Access to entertainment 35%

Source: "Downtown Dallas Business Opinion Survey" Adrian Information Strategies, February 1999.

Downtown Tallahassee Workers Who Live Downtown – Reasons for Choosing Downtown

- Proximity to work 98%
- Proximity to Arts/Entertainment 59%
- Urban Lifestyle 53%
- Proximity to eating drinking establishments 48%
- Proximity to support services 33%

Source: "Market Analysis and Market Plan for Downtown Tallahassee - Working Draft" Marketek Inc., September 1999.



The National Market For Downtown Housing

Resident Profile

Who Moves Downtown?

One and two person households make up the vast majority of downtown residents in any city. Successful downtowns offer single people and young couples proximity to jobs, social opportunities, and neighborhood services. Downtown living can offer older households fewer maintenance hassles and greater convenience than large detached homes in suburban areas. Families with children are less likely to pioneer in emerging downtown neighborhoods. These families typically seek larger homes in established neighborhoods that they believe offer the best schools.

Young residents at the start of their careers are often the first to pioneer downtown neighborhoods. In these “early” years of an urban neighborhood’s evolution, many of the amenities such as shopping, parks, restaurants, and entertainment may not be fully developed. However, downtowns that have a critical mass of population, services, and amenities are able to attract older and wealthier households.



Primarily made up of one and two person households, downtown residents may be:

- A married, childless couple;
- A single worker;
- A single parent with one child;
- Older empty nesters;
- Roommates; or
- Retirees.

The National Market For Downtown Housing

Resident Profile

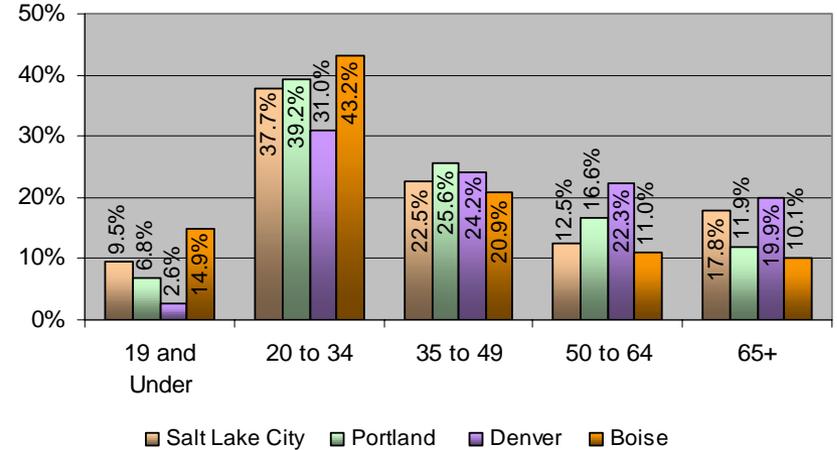
Comparison of Western US Downtown Housing Markets

The following charts compare demographic indicators of current downtown residents from a variety of Western U.S. cities.

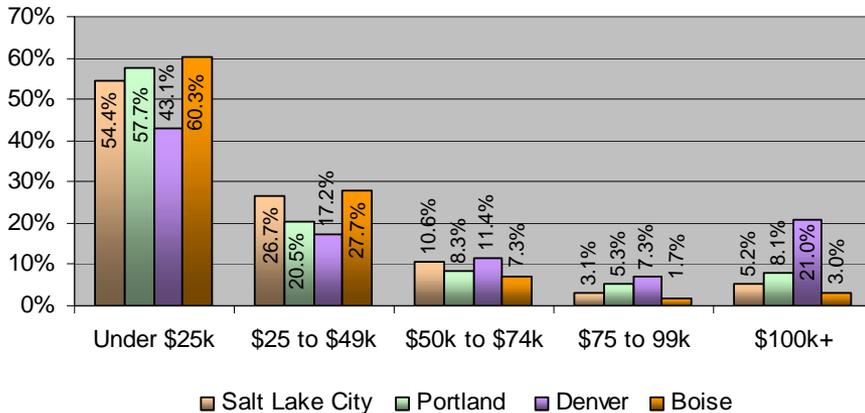
Households earning more than \$50,000 per year constitute between 18 and 40 percent of households in the downtowns of Salt Lake City, Portland and Denver. The high percentage of wealthy households in downtown Denver reflects the fact that much of its housing has been built in the past ten years and it does not have a large base of older, affordable apartments.

Downtown Boise's population follows trends from other cities fairly closely, but is somewhat skewed towards younger and less wealthy residents.

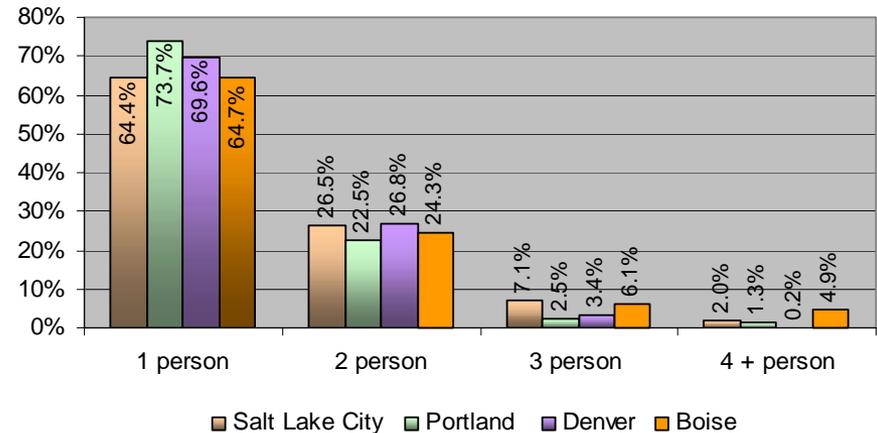
Downtown Residents By Age



Downtown Households by Income



Downtown Households by Size



Sources: 2000 U.S. Census and Leland Consulting Group. Boise: Ada County Tract 1; Denver: Denver County Tracts 17.01 and 17.02; Portland: Multnomah County Tracts 51, 53, 54, 56, 57; Salt Lake City: Salt Lake County Tracts 1008, 10021, 10022, and 10025. Boundaries of downtowns were defined locally and approximated from research published by the Fannie Mae Foundation, the Brookings Institute for Urban and Metropolitan Policy and Eugenie Birch.



The National Market For Downtown Housing

Resident Preferences

What Do Downtown Residents Look For in a Neighborhood?

People live in downtowns in order to carry out their daily activities with ease and convenience. Downtowns have a natural appeal in that they offer many residents close proximity to jobs. Successful downtowns cannot, however, rely on this advantage alone. Downtown residents seek convenience in all aspects of their lives. In Boise, Portland and elsewhere, more than half of downtown residents actually work outside the downtown.

Residential surveys from other cities indicate that downtown residents want proximity to shopping and dining opportunities. Of these, grocery stores and restaurants are most important. In addition, downtown residents must feel safe in their neighborhoods. Safety and security was cited by 82 percent of Philadelphia workers as an important factor in choosing their neighborhood within the downtown.

As residents age, their preferences shift. Younger households require fewer neighborhood amenities. Older residents, however, seek a more developed retail environment and greater assurance of safety.

Survey of Downtown Kansas City Residents

“Undersupplied” Neighborhood Amenities:

1. Grocery store
2. Movie theatre
3. Convenience store
4. Restaurants
5. Museums and Art Galleries
6. Parks and Outdoor Sport facilities
7. Dry Cleaning facilities

Source: “Downtown Housing Study 2001-2002,” The Kansas Council of Kansas City Missouri, January 2002.

Survey of Downtown Lexington, Kentucky Workers

“Important” or “Most Important” Downtown

Neighborhood Amenities:

1. Restaurants 72% (38% ranked Most Important)
2. Grocery Store 68% (33%)
3. Bookstore 60% (28%)
4. Park/Greenspace 60% (28%)
5. Farmer’s Market 57% (26%)
6. Coffee Shop 51% (25%)
7. Dry Cleaner 49% (26%)
8. Hardware Store 48% (15%)
9. Arts and Galleries 45% (18%)
10. Drug Store 39% (20%)
11. Movie Theatre 37% (27%)

Source: “Downtown Housing Survey,” Bluegrass Tomorrow, Lexington Kentucky, February 2003.

Survey of Center City Philadelphia Workers Living

Downtown

Important or Most Important Factors in Neighborhood

Decision:

1. Proximity to work 87%
2. Safety and security 82%
3. Neighborhood quality 81%
4. Access to shopping and dining 75%
5. Affordability 75%
6. Access to public transit 71%
7. Size and amenities of home 64%
8. Access to parks, playgrounds and recreation 47%
9. Quality and location of schools 44%
10. Proximity to friends and family 41%

Source: “1997 Residential Preference Survey of Center City Employees” Center City District, Philadelphia 1997.



The National Market For Downtown Housing

Resident Preferences

What Do Downtown Residents Look For in a Unit?

The type of physical housing product that a downtown resident seeks will vary greatly by the age and income of the resident. The figures to the right represent preferred housing amenities by age and income from a recent survey of downtown residents in Portland.

Downtown housing is often found in the following product types:

Lofts: Open, high-ceiling spaces, usually in a studio configuration with no interior walls. Lofts are often warehouse conversions, but they may be of new construction as well. They usually have limited finishes and have exposed HVAC and other building systems. Lofts are most popular with younger and single buyers.

Town Homes: These are often full-sized homes placed side-by-side in an urban setting. Each unit usually has its own entrance to the street and may be three stories tall. As larger units with more privacy, they are attractive to older buyers with higher incomes. Due to their lower density, town homes may only be appropriate at the edges of downtown.

Condominiums: Traditional condominiums or flats are ownership apartment homes with delineated rooms that make them distinct from lofts. Condominiums appeal to buyers of all ages, but especially empty-nesters and others who want a similar configuration to a house, but with a downtown location.

Each type of housing product can (and should) be finished to a level that meets the desires of the targeted customer base. While a relatively Spartan and efficient loft may keep things affordable for younger buyers, more sophisticated buyers may demand expensive flooring, windows, and kitchen fixtures for the same loft unit. Detailed consumer profiling should be done prior to the design of any specific project.

Downtown Portland Residents Top Unit Priorities By Age

25-34

1. parking
2. washer dryer
3. pets
4. deck/balcony
5. number of bedrooms

35-49

1. parking
2. number of bedrooms
3. deck/balcony
4. number of bathrooms
5. washer/dryer

50+

1. number of bedrooms
2. deck/balcony
3. security system
4. washer/dryer
5. cable television

Downtown Portland Residents Top Unit Priorities By Income

\$15k to \$39k

1. parking
2. washer/dryer
3. number of bedrooms
4. security system
5. pets

\$40k to \$79k

1. washer/dryer
2. parking
3. pets
4. appliance package
5. high speed internet access

\$79k +

1. parking
2. number of bedrooms
3. deck/balcony
4. washer/dryer
5. cable television

Case Studies

Case Studies in Downtown Housing

How Have Other Cities Grown Their Downtowns?

The rapid population growth experienced by downtowns in Portland, Denver and Memphis resulted from strategic planning and targeted public policies and investments. Support for the adaptive reuse of historic buildings played a key role in the backing and early development of these downtown housing markets. In these cities, a cluster of small-scale renovation projects demonstrated a demand for downtown housing. As these areas achieved a critical mass of population, developers began to offer larger scale and more expensively constructed products. In Memphis and Denver, the success of a core neighborhood spurred development in adjoining neighborhoods. In Portland, the development community, in partnership with the city, committed itself to the use of high quality building materials and construction techniques so as to establish a strong image for the emerging residential district. The following case studies describe the evolution of these downtowns, as well as the actions and experiences which have shaped their growth.

Understanding this evolutionary aspect to urban housing development is extremely important for Boise, since it is arguably in the early years of urban housing development. These case studies illustrate what can happen over a period of five to ten years of gradually intensifying housing development and are an indicator of what is possible in Boise. However, it is important to understand that the evolution is a process that reflects the market's natural inclination to seek safety in numbers and to pursue areas with demonstrated successful projects. Therefore, the key for Boise is to picture itself in the early years of each city's evolution and begin planning within that context.

Evolutionary Ladder

In a pioneering and emerging urban housing market, many initial housing units may be developed through warehouse and loft conversions and not actual new construction. These types of units appeal to the “pioneering” younger crowd and will often occur in marginal neighborhoods with few existing amenities. Conversions can be built relatively inexpensively and can be delivered affordably to attract residents.

After a few projects have proven successful, the market will usually respond with some small-scale new construction such as town homes or 2 to 3-story apartments and condominiums. As the market matures even further, mid-rise buildings in the 5 to 6-story range may be built. Often, this phase is still characterized by wood-frame construction, although concrete construction may be found in ownership products. Sales prices in this phase will likely surpass \$200 per square foot.

Finally, after the neighborhood is fully established and the retail and entertainment amenities are in place (following the population growth), larger projects may be built. In this final, maturing stage of development, land prices and rents have usually risen high enough to support more expensive construction techniques such as steel and concrete. In mature markets, these more expensive buildings can achieve sales per square foot of \$300 and higher.



Case Studies in Downtown Housing

Downtown Denver

Between 1990 and 2000, Denver's central business district and Lower Downtown (LoDo) areas increased in population from 2,700 to 3,700 residents. Much of the initial growth was spurred by the conversion of historic warehouse and industrial buildings just northeast of the central business district. The success of these conversion projects spurred new redevelopment projects elsewhere, including the central business district and a new master planned neighborhood immediately to the east of LoDo.

During the 1960s and 1970s, approximately 20 percent of Lower Downtown's historic industrial buildings were demolished to create surface parking lots. In response, the City created its first historic district, a one block stretch of Larimer Street. Despite the historic designation, the area's industrial zoning inhibited significant reinvestment. In 1981, the city rezoned the LoDo district to allow residential and mixed-use development. As a result, property owners were able to offer a previously unavailable housing option: large loft style units in warehouse buildings.

The first large scale renovation project, occurred in 1990 when Urban Neighborhoods, Inc. completed the renovation of an 1890s era warehouse into condominium lofts, Edbrooke Lofts. The project sold out quickly with half the units pre-sold. With the market for downtown housing established, 450 loft units were built between 1990 and 1997.

The success of LoDo led developers to explore housing opportunities in adjacent areas. While new development in the CBD has focused on the reuse of existing buildings, vacant land in the Central Platte Valley has been planned and developed as an entirely new neighborhood, River Park. Developed by the East-West Company, the area has emerged as one of Denver's most attractive neighborhoods for young professionals.

Current efforts focus on surveys of downtown office workers to identify strategies to encourage more downtown workers to live downtown.



Key Public Actions

- Rezoning of LoDo district from industrial to mixed-use.
- Financial incentives for the renovation of historic structures.
- Preservation of the area's historic urban fabric through the creation of Lower Downtown Historic District.
- Targeted streetscape improvements.

Experienced Gained

- Initially, markets for housing, office, and lodging outpaced demand for high quality retailers. Housing should be allowed to lead a downtown revitalization, and excess retail should not be forced prematurely.
- Historic urban fabric and buildings can distinguish urban housing from suburban competition.
- Focused investment in an area with the greatest immediate potential can, over time, encourage redevelopment of peripheral areas.
- Pricing matters: LoDo loft sales slowed as rising costs drove sales prices above \$200 PSF.



Sources: Weiss, Sonia "Center City Living" *Urban Land*, April 1998.
Newberg, Sam "Denver's Center" *Urban Land*, May 2001.

Case Studies in Downtown Housing

Portland Pearl District

The Pearl District is a former warehouse and manufacturing district just north of Portland's CBD. Housing in the Pearl District developed slowly over the 1990s and was supported by city instituted design guidelines as well as a new streetcar line linking the district to the CBD. Developers started small, taking their time to become educated, carefully learning the market demand. Today, the Pearl District is one of Portland's most desirable residential neighborhoods for young professionals.

Starting in the late 1980s, developers began to convert warehouses to lofts. In 1989, the Irving Street Lofts, a 1920s half-block seven-story steel/concrete warehouse, was converted to 84 live/work loft spaces. Initially built as rental units, the Irving Street Lofts were converted to condominiums in 1995. The units sold for an average of \$110,000.

As the Pearl District emerged as an affordable neighborhood close to downtown, other loft conversions followed. Because of its increasing residential population, restaurants, coffee shops, antique shops, and other boutiques successfully located in the Pearl District. One of the first new construction projects is the Pearl Lofts, a 27-unit condominium project. Located at NW 10th and Hoyt, the Pearl Lofts covers a half-block, is three stories tall, and features a brick exterior and an interior courtyard.

As the Pearl District became more popular, developers initiated larger, more expensive projects. From 1995 to 2001, condominiums and apartment projects were generally five stories in height, constructed of concrete and steel. The units themselves began to incorporate more expensive materials and detailing. Full block condominium and rental projects with interior courtyards, retail on the ground floor and structured parking characterized this period.

As the area has matured, projects have continued to grow in scale and budget. Buildings currently under construction are ten stories and higher, incorporating steel, glass and concrete. The District is essentially self-marketing, at this point, with sales greater than \$350 per square foot.



Critical Public Policies

- Public investment in the streetcar line as well as parks and fountains signaled public commitment to the area.
- Design guidelines specified high quality materials and orientation of buildings to the sidewalk.
- Active uses were required on ground floors, though this policy has had mixed success.

Experiences Gained

- Neighborhoods take time to evolve. By leading with less expensive new construction and conversion projects, developers were able to build confidence in the neighborhood before undertaking higher cost projects aimed at the top of the market.
- Retail uses should be concentrated along key corridors. Requirements that all Pearl District buildings have retail uses has led to storefront vacancies.
- Requiring sensitive urban design and high quality building materials can provide buyers assurance that a neighborhood will retain its appeal.

Source : Leland Consulting Group

Case Studies in Downtown Housing

Downtown Memphis

In the mid 1970s, downtown Memphis had under 500 residents and the city's tax base was rapidly declining. New residential development in and near its downtown, particularly along its riverfront, has increased downtown Memphis' residential population to over 8,000. The area has become Tennessee's largest tourist attraction.

In 1977, the city established a redevelopment agency, the Memphis Center City Commission. While the initial revitalization strategy focused on attracting retail and office uses to the area, little market demand existed for these uses. In the early 1980s, however, a series of small scale adaptive reuse projects created new housing along the city's riverfront. At the center of the downtown, Jack Belz renovated the historic Peabody Hotel and purchased eight nearby blocks for redevelopment into a new master planned neighborhood, Peabody Place. The success of these projects spurred greater public and developer interest in housing. Soon after, the Henry Turley Company built a neo-traditional community on the island, Harbor Town. The success of Harbor Town encouraged the Turley company to build a separate new community adjacent to downtown, South Bluffs.

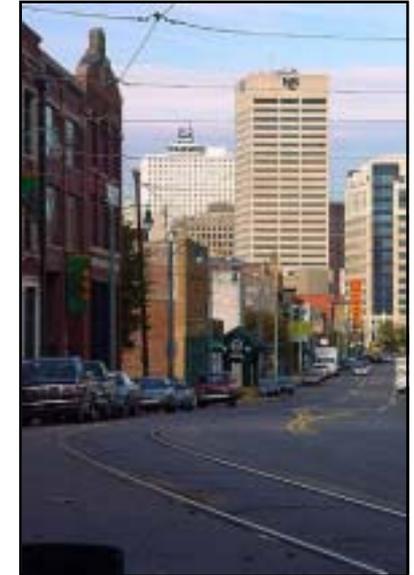
The vitality provided by residents has helped make downtown an increasingly attractive location for retail, tourism and office workers. Peabody Place now incorporates two historic buildings that have been converted to residential use as well as an office tower and a retail and entertainment center. Beale Street, which had been one of the city's most blighted areas, now attracts over 4.5 million visitors per year to its musical and entertainment venues.

Critical Public Policies

- Downtown management association to improve security and sanitation.
- Developer assistance in planning, finance, design, and marketing.
- Assistance with land assembly and infrastructure for large scale projects.
- Low interest housing loan pool.
- Tax freezes for renovated properties.



Beale Street



South of Main Arts District

Experiences Gained

- Downtowns should lead with their strengths. Initial adaptive reuse projects benefited from the riverfront's historic streetscape and views of the Mississippi River. The success of these projects encouraged new construction in adjacent areas and renovations in the heart of downtown.
- Neighborhoods evolve by concentrating activity. Beginning with the renovation of the Peabody Hotel, the eight-block Peabody Place district has succeeded by incrementally building a critical mass of population and activity within a compact area.
- Improved amenities and services including grocery stores, parking, police protection, and garbage collection were critical to expanding the appeal of downtown neighborhoods.

Source: "River Roll" *Urban Land*, May 2001.

Boise Profile

Downtown Boise Profile

Neighborhood Assets

Boise Has the Ingredients for Success

Despite the lack of an existing strong urban housing market, Boise exhibits *all* of the amenities and characteristics that have supported strong urban housing markets in other cities. Today downtown Boise has all of the ingredients for success. These include an employment base of 44,000 workers, a major supermarket, smaller neighborhood grocery stores, fine restaurants, specialty shopping, nighttime entertainment, and quality parks and open spaces. Interviews with leasing agents and developers have shown that proximity to jobs, shopping and social opportunities are key factors for attracting residents downtown. Downtown Boise's key assets include:

- **Employment Base** - 44,000 jobs are located within downtown Boise. Since roughly half of downtown residents in other cities also work downtown, this employment base represents a significant potential market base.
- **Grocery Stores** - Downtown options for grocery shopping include the recently opened 87,000 SF WinCo supermarket on E. Myrtle Street and 2nd Street, the Boise Co-Op on Fort and N. 9th Street, and Albertsons on W. State Street and S. 15th Street.
- **Shopping** - Downtown has approximately 105 retail establishments including Bon Marche, a full service department store. Retail is concentrated along Idaho, Main and 8th Streets.
- **Restaurants and Nightclubs** - Boise has more than 65 restaurants, 12 fine dining establishments, and 15 bars and nightclubs.



- **Entertainment** - The recently renovated movie house, the Egyptian Theatre, has added to entertainment options that already included live musical entertainment, comedy clubs, and a dinner theatre. The 500,000 SF BoDo project, scheduled for completion in Fall 2004, will dramatically add to Downtown's vitality with new retail, restaurants, a multiplex cinema, a hotel, and offices.
- **Cultural Attractions** - Downtown has 18 major cultural attractions including the Boise Art Museum, the Discover Center of Idaho, Idaho Black History Museum, the Boise Contemporary Theatre, the Esther Simplot Performing Arts Center, the Idaho Anne Frank Human Rights Memorial, the Log Cabin Literacy Center, and Zoo Boise.



Downtown Boise Profile

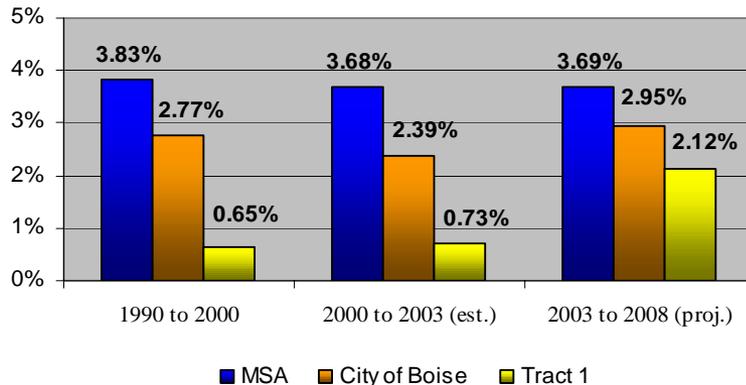
Demographic Trends

Population Growth

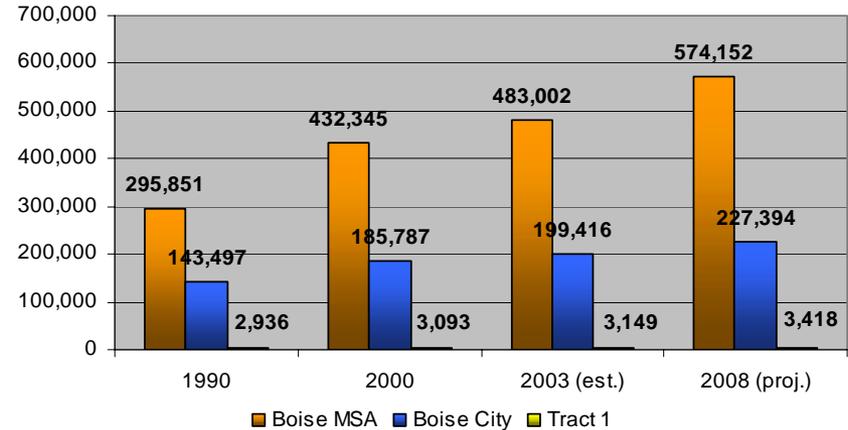
Even as Boise has experienced slower employment growth with the receding economy, it continues to enjoy strong population growth in both the city and the region. Steady population growth provides a strong underpinning for new housing, a portion of which can be accommodated downtown. While the city population is projected to grow by 2.65 percent per year through 2008, annual household growth is projected to be 2.95 percent in the same period. The faster rate of household growth (see below) reflects the shrinking size of the average household. Both the fast rate of household growth and reduced size of the average household, indicate a growing market for downtown housing.

Household growth is an indicator of the number of housing units that will be needed to accommodate the growing population. Generally, an annual growth rate over 1.5 percent indicates a “fast” growing city. Anything over two or three percent, as in Boise, reflects a very rapidly growing region.

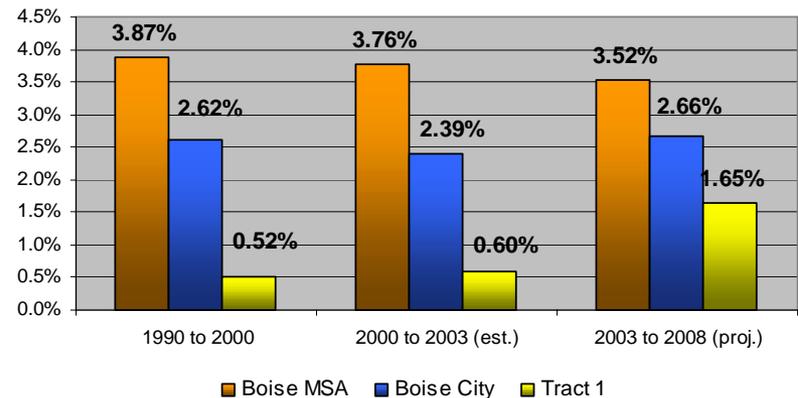
**Annual Rate of Household Growth
Boise MSA, City, and Tract 1**



Population in Boise MSA, City and Tract 1



**Annual Rate of Population Growth
Boise MSA, City, and Tract 1**



Source: ESRI BIS and Leland Consulting Group



Downtown Boise Profile

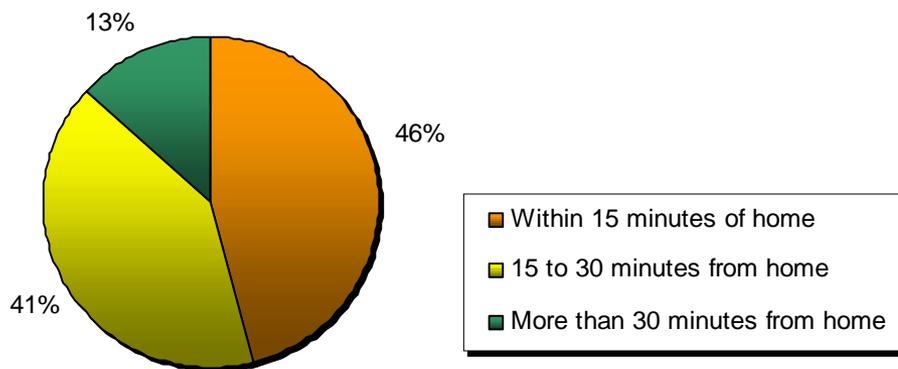
Demographic Trends

Commuter Trends

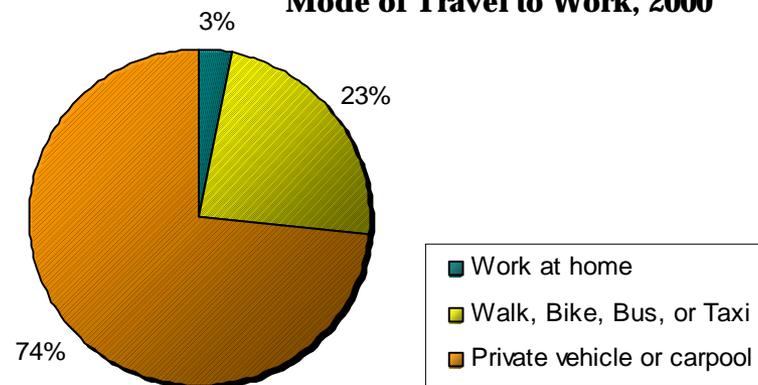
As mentioned earlier in the national trends section, many residents of downtowns do not actually work there. Boise is no exception, as the following charts show. As of 2000, over 50 percent of downtown Boise residents commuted farther than 15 minutes from home, which presumably would mean that their place of employment is not downtown. Conversely, almost 50 percent work within 15 minutes of home, which is also reflected in the relatively high percentage of alternate commute transportation.



Commute Length, 2000



Mode of Travel to Work, 2000



Source: U.S. Census Bureau and Leland Consulting Group



Downtown Boise Profile

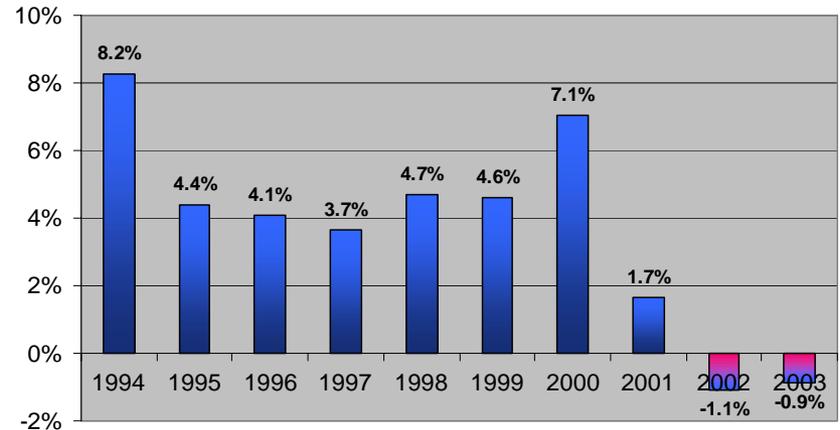
Demographic Trends

Employment

Over the long term, employment growth generates demand for housing. From the mid-1990s through 2000, Boise experienced rapid population and employment growth. While downtown Boise continues to enjoy low unemployment, the Boise metropolitan area (MSA) experienced negative job growth from 2002 through June 2003. Office market data suggests that downtown employment growth is also either weak or negative. According to Colliers International, a national real estate services firm, downtown Boise and the downtown periphery experienced negative office absorption of approximately 98,000 square feet over the six months ending in June 2003. Some major employers have reported layoffs this year. These include Micron Technology (1,100 jobs) and J.R. Simplot (600). Employment at Hewlett Packard has remained stable.

As the national economy regains momentum, employment growth is anticipated to resume, though at a slower pace than was achieved prior to the most recent recession. Statewide, job growth is forecast to increase by 1.2 percent in 2004 and 1.7 percent in 2005. Statewide job growth is anticipated in the financial activities (600 jobs), education (1,800), and leisure and hospitality (2,200) sectors.

Historic Employment Growth in Boise MSA



Source: U.S. Bureau of Labor Statistics and Idaho Department of Labor. July 2003. Year over change based on month of June.

Boise Area Major Employers	Boise Area Employment
1 Micron Technology, Inc.	9,500
2 Mountain Home Air Force Base	5,250
3 Saint Luke's Regional Medical Center	4,250
4 Boise School District	4,000
5 Hewlett-Packard Company	4,000
6 J.R. Simplot Co.	3,800
7 Albertsons	3,800
8 Saint Alphonsus Regional Medical Center	3,373
9 Boise State University	2,895
10 Meridian School District	2,857

Source: Boise Metro Economic Development Council

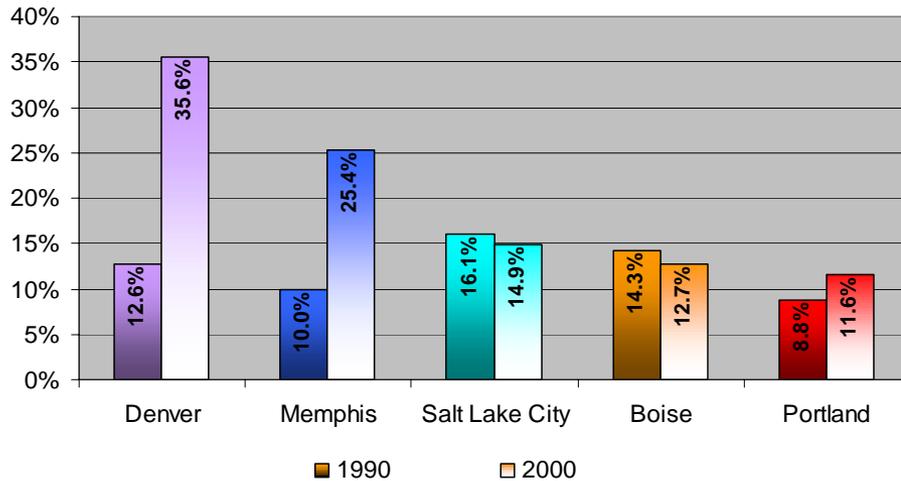
Downtown Boise Housing Market

Housing Inventory

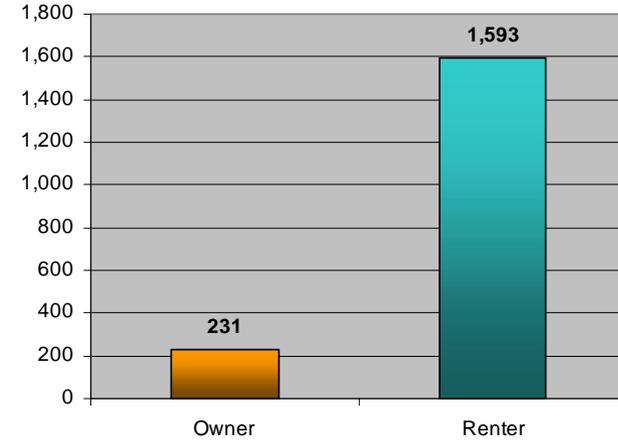
Market Breakdown of Ownership and Rental Market

While ownership housing constitutes the vast majority (71.4 percent) of housing in Boise's MSA, it represents just 12.6 percent of housing in downtown Boise. As other downtowns grew in the 1990s, the share of ownership units typically increased. In Boise, however, new construction since 1990 has been almost exclusively rental. As a result, downtown Boise now has a comparatively low share of ownership units.

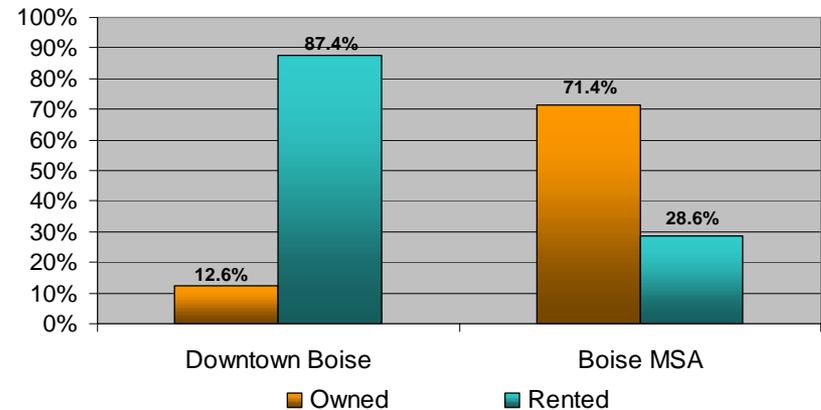
Share of Downtown Housing Units That Are Owned 1990 and 2000



Downtown Boise Owned and Rented Housing Units, 2000



Tenure of Housing Units (2003)



Source: U.S. Census Bureau, ESRI BIS, and Leland Consulting Group



Downtown Boise Profile

Resident Profile

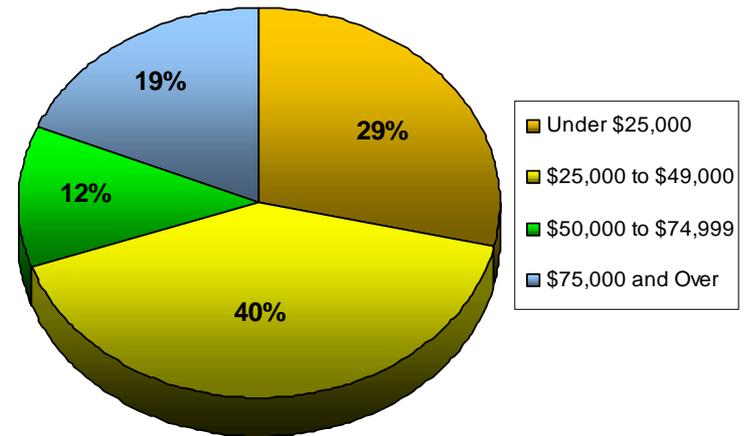
Owners and Renters By Income

As shown below, renters far outnumber homeowners in downtown Boise. Of those who own their homes, almost half are over the age of 50. Currently, relatively few ownership households earn between \$50,000 and \$75,000 per year. This may reflect a lack of suitable ownership units serving this income group. Approximately 90 percent of those who rent earn less than \$50,000 per year. This is likely due to Boise's generally affordable housing market, making owning a home an affordable alternative to households earning above \$50,000 per year.

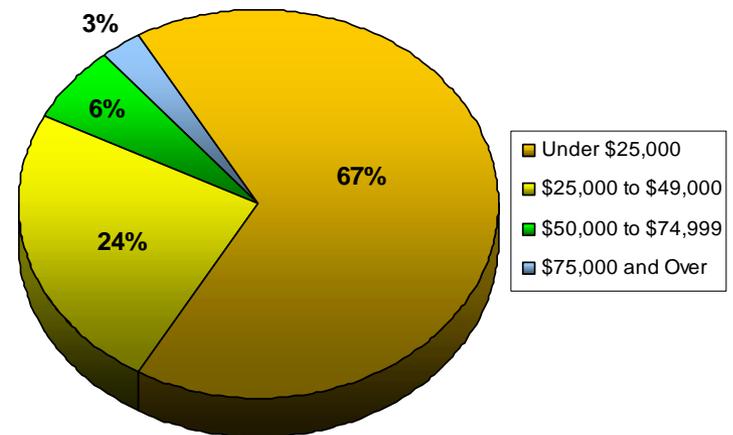


Condominiums in Portland's Pearl District.

Income Distribution of Owner Households



Income Distribution of Renter Households



Source: ESRI BIS and 2000 U.S. Census



Downtown Boise Profile

Resident Profile

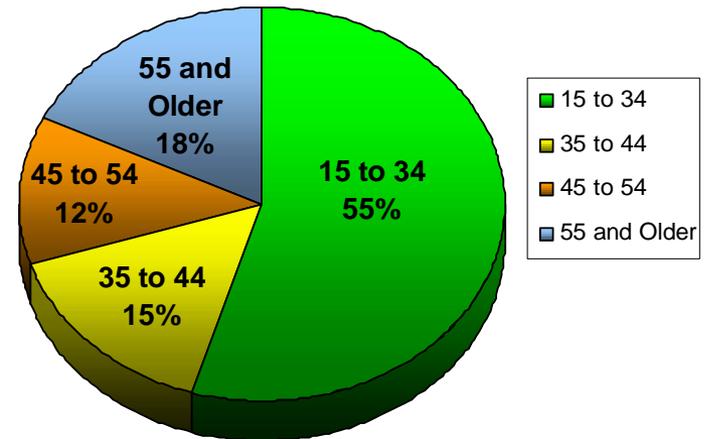
Owners and Renters By Age

Downtown Boise's current population is significantly older for ownership households versus rental households, although the total population of older households is small, as shown on the previous page. Over half of all renters are younger than 35, while fully half of all owners are older than 55. This reflects both the younger population's more transient lifestyle and their common lack of a down payment to purchase a home. Older households, on the other hand, typically have owned homes previously and are able to take that equity with them when they move.

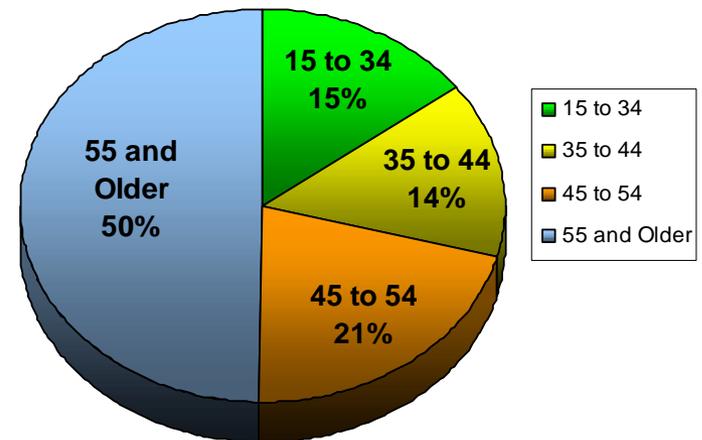


Waterfront housing in Portland.

Age Distribution of Renter Population



Age Distribution of Owner Population



Source: ESRI BIS and 2000 U.S. Census



Housing Inventory

Idanha

928 W. Main Street

Project Type:

Affordable and market rate apartments.

Project Components:

Renovation of historic hotel into 53 apartment units with ground floor restaurant, bar, and art gallery. Affordable housing and historic preservation tax credit financing.

Development Team:

Developer: Parklane Co.

Architect: Tamura & Associates

Project Milestones:

Leasing began in 2001.

Project Details:

- 72% of units are in Section 42 affordable housing program
- Shared lobby with ground floor bar and restaurant
- Off street parking is not available
- Door checker provided on weekend nights, security patrols during week



Unit Type	# of Units	Size (SF)	Rent	Rent/SF	Vacancies	Vacancy Rate
Studio (Sec. 42 and Sec. 8)	14	300 to 475 SF	\$265 to \$530	\$1.03 to \$1.12	1	7.1%
1 Bdroom Market	11	450 to 683 SF	\$750 to \$775	\$1.22	1	9.1%
1 Bedroom Section 42	25	450 to 683 SF	\$567	\$1.03	0	0.0%
2 Bedroom Market	3	775 SF	\$850 to \$1,000	\$1.19	1	33.3%
Total/Average	53	526	\$578	1.1	3	5.7%

Source: Agent interview and July 2003 Ada Real Estate Survey. Reported rents do not include concessions.



Housing Inventory

C.W. Moore Apartments

560 W. Grove Street

Project Type:

Apartment housing.

Project Components:

42 market rate 1-bedroom apartment units above secured ground level parking.

Development Team:

Developer: Bob's Properties, LLC

Architect: CSHQA

Project Milestones:

Permit application in 1996; start of leasing in 1998

Project Details:

Construction: Four-story steel frame construction with secured ground level parking.

Amenities: One secured covered parking space per unit, stacked washer dryer, fireplace, cable, storage unit, adjacent to park, 9' ceilings (vaulted on 4th floor).



Unit Type	# of Units	Size (SF)	Rent	Rent/SF	Vacancies	Vacancy Rate
1 Bedroom Market	35	704	\$595 to \$775	\$0.97	1	2.9%
1 Bedroom Market	6	719	\$595 to \$775	\$0.95	1	16.7%
1 Bedroom Market	6	753	\$595 to \$775	\$0.91	0	0.0%
Total/Average	47	712	\$685	\$0.96	2	4.3%

Source: Agent interview and July 2003 Ada Real Estate Survey. Reported rents do not include concessions.



Housing Inventory

The Idaho Building

280 N. 8th Street

Project Type:

Apartment housing.

Project Components:

Renovation of office building. 50 apartment units on floors three through six with retail and office uses on floors one and two.

Development Team (Renovation):

Developer: Parklane Co.

Architect: Tamura & Associates

Project Milestones:

Renovated in 1989, originally built in 1910.

Project Details:

Amenities: No on site parking, washer dryer in complex, no hookup in units.



Unit Type	# of Units	Size (SF)	Rent	Avg. Rent/SF	Vacancies	Vacancy Rate
Studio-Market	2	300	\$625 to \$650	\$2.13	0	0.0%
Studio-Section 42	5	300	\$450 to \$527	\$1.63	0	0.0%
1 Bedroom-Market	4	620	\$675 to \$700	\$1.11	0	0.0%
1 Bedroom Section 42	33	620	\$592	\$0.95	1	3.0%
2 Bedroom 1 Bath - Market	3	800	\$950 to \$1100	\$1.28	1	33.3%
2 Bedroom 2 Bath - Market	3	890	\$1,200	\$1.35	0	0.0%
Total/Average	50	602	\$654	\$1.09	2	4.0%

Source: July 2003 Ada Real Estate Survey. Reported rents do not include concessions.



Housing Inventory

River Plaza

1249 Grand Avenue

Project Type:

Apartment housing.

Project Components:

New construction: 86 low income tax credit units, 30 market rate units.

Development Team:

Developer: Boise Housing Corp.
 Builder: Titan Construction
 Architect: Tamura & Associates

Project Milestones:

Construction completed in 2000.

Project Details:

Construction: Wood frame

Amenities: Storage units, parking, dishwasher, recreation room, washer dryer in all but studio units, laundry room for studio tenants.

Other Notes: Property is remote from many downtown amenities and has experienced lower rents and higher vacancies than properties located closer to the core.



Unit Type	# of Units	Size (SF)	Rent	Avg. Rent/SF	Vac.	Vacancy Rate
Studio- Section 42	30	536	\$255 to \$541	\$0.74	5	16.7%
1 Bedroom Market	15	740	\$650 to \$700	\$0.91	3	20.0%
1 Bedroom Section 42	41	740	\$265 to \$572	\$0.57	3	7.3%
2 Bedroom Market	2	816	\$750	\$0.92	0	0.0%
2 Bedroom with Den Market	4	886	\$850	\$0.96	0	0.0%
2 Bedroom with Loft Mark	8	917	\$775	\$0.85	2	25.0%
2 Bedroom with Loft Sec 42	16	917	\$312 to \$681	\$0.54	0	0.0%
Total/Average	116	730	\$502	\$0.69	13	11.2%

Source: Agent interview and July 2003 Ada Real Estate Survey. Reported rents do not include concessions.



Housing Inventory

Washington Mutual Tower

199 N. Capitol Boulevard

Project Type:

Condominium housing with some units sublet.

Project Components:

32 residential condominium units on floors 7-11; office commercial below; bank lobby and other retail on the ground floor. 10 units are currently sublet.

Development Team:

Developer: Clegg Investments
Architect: Hosford and Larson Architects

Project Milestones:

Units finished between 1995 and 1997.

Project Details:

Construction: Steel tower. Residents share a lobby with office and ground floor users.

Amenities: One structured space in garage per unit included; additional spaces for sale at \$15,000. Units are custom finished at buyer's expense.

Project Notes:

- Units sold between 1995 and 1996 had sold for \$165 to \$185 per square foot unfinished with finishing costs ranging from \$35 to \$45 per square foot. By 1997, typical finish costs ranged from \$75 to over \$100 per square foot.
- Potential buyers have resisted some custom built interiors, resulting in reduced resale prices.
- Rented units have experienced high turnover.



Sales Activity

Sale Date	Unit#	Type	Size (SF)	Price	\$ per SF	Comments
Active	7th Floor		1,085	\$325,000	\$300	
Active	8th Floor	2BR	1,186	\$275,000	\$232	
Active		2BR	1,202	\$295,000	\$245	
8/3/02	806	2BR	1,085	\$184,900	\$170	No parking (liquidation sale)
6/1/02	808	1BR	1,000	\$285,000	\$285	
7/18/02	807	2BR	1,020	\$215,000	\$211	
2/22/02	1006	2BR	2,100	\$330,000	\$157	

Source: Moe Therrien, Mountain States Appraisal and Consulting, Inc. and Leland Consulting Group.



Housing Inventory

Veltex Building (under construction)

420 W. Main Street

Project Type:

4 stories with 4th story condominium housing with office and retail on lower floors.

Project Components:

4 penthouse condominium units above office and retail.

Development Team:

Developer: Bill Clark Development
Architect: Erstad Thornton Architects

Project Milestones:

Project completion anticipated late 2003 or early 2004.

Project Details:

Construction: 4 story brick, concrete and steel construction; top floor residential, with office and ground floor retail below.

Amenities: All penthouse units, top quality finishes

Parking: Underground parking shared with office tenants

Project Notes:

3 of 4 units have pre-sold pending completion. Two of the pre-sold units were 3BR of approximately 2500 SF. One of the pre-sold units involved the combination of two 2,000 SF units. Units are sold as “warm shell” with window fittings, HVAC, and finished common areas. Buyer finishes are estimated at \$60 to \$75 PSF.



Presale Activity

Unit Type	# of Units	Size (SF)	Price	\$ per SF	Status
Two combined 2000 SF units	1	4,300	\$900,000	\$210	Sold
3BR	1	2,623	\$615,000	\$234	Active
3BR	1	2,509	\$626,000	\$250	Pending
3BR	1	2,500	\$625,000	\$250	Pending

Source: Developer interview, Mountain States Appraisal and Consulting, Inc., and Leland Consulting Group.



Housing Inventory

Hyde Park Place (under construction)

818 N. 13th Street

Project Type:

Condominium housing.

Project Components:

39 market rate condominium units with approximately 40 garage parking spaces and 40 surface parking spaces.

Development Team:

Developer: Southers Properties
Architect: Tamura and Associates

Project Milestones:

Construction started in April 2003; construction to be completed December 2003.

Project Details:

Construction: Three-story steel frame construction with secured ground level parking.

Amenities: One enclosed secured parking space per unit, additional outdoor parking spaces will be available, storage locker, outdoor patio and deck, high quality finishes.



Unit Type	# of Units	Size (SF)	Price	\$ per SF
Smaller Units	Not Reported	900	NR	NR
2 BR and 1.5 bath	NR	968	\$174,000	\$179.75
2 BR w Den and 1.5 bath	NR	998	\$177,000	\$177.35
2 Bedroom w/Loft and 1.75 bath	NR	1,363	\$235,000	\$172.41
2 Bedroom w/Loft and 2.5 baths	NR	1,450	\$249,250	\$171.90
2 Bedroom w/Loft and 1.75 bath	NR	1,993	\$343,845	\$172.53
Total	39			

Note: Developer reports that most units have two bedrooms and are priced under \$200,000

Project Notes:

- Project is located at edge of downtown near the Hyde Park residential neighborhood
- Bulk of units have two bedrooms and are priced under \$200,000
- Some pre-sale interest

Sources: Developer interview, developer website, Mountain States Appraisal and Consulting, Inc., and Leland Consulting Group.



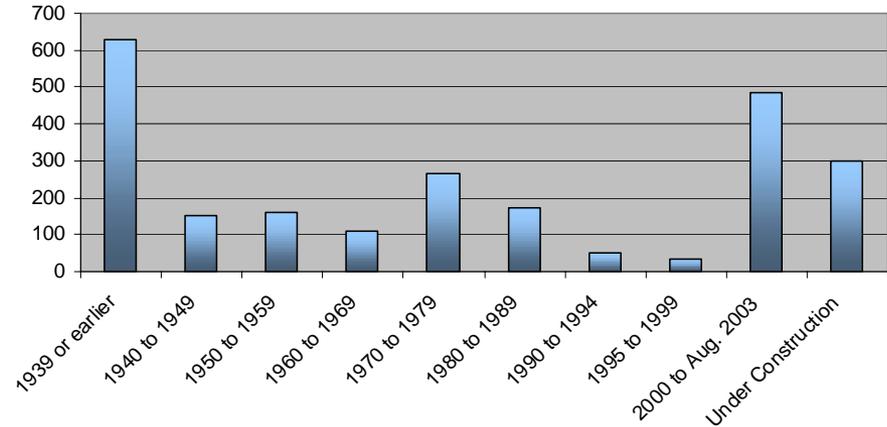
Housing Inventory

Rental Products

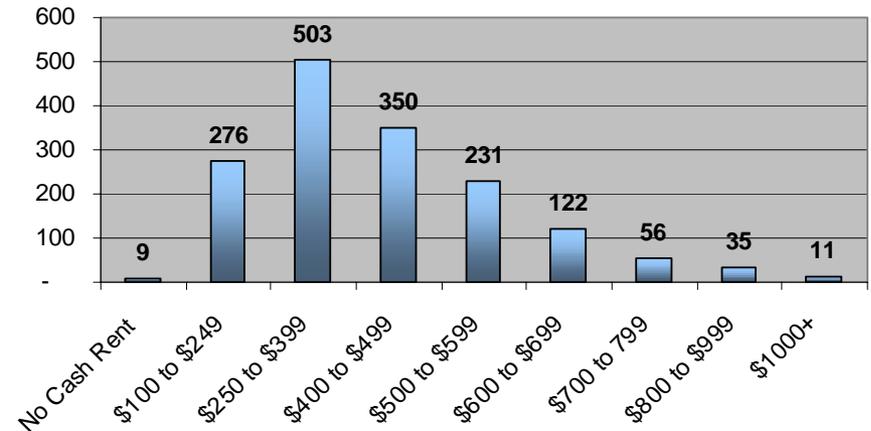
Downtown Boise has a shortage of recently constructed market rate rental units. Much of downtown Boise's housing stock was built prior to 1940. While there has been significant construction activity over the past three years, the vast majority of the units have been built using low income housing tax credits and are income restricted. In fact, the C.W. Moore Apartments is the only 100 percent market rate project built in the past decade. All 299 units in the Civic Plaza Apartments due to be completed between October 2003 and February 2004 will be restricted to families earning less than 60 percent of the area median income. Across the river from downtown, Boise State University is constructing 100 units of two-bedroom student apartments geared for graduate and married students. These units are not income-limited, but residents must be full-time students, which severely limits their market potential. Although some of these students might otherwise choose a downtown apartment, the overall impact on the market-rate apartment market is negligible. Other apartments under construction at BSU are dorm-style or shared housing units that will not compete with market-rate downtown apartments.

In the year 2000, approximately 50 percent of downtown housing units had a rent of less than \$400 per month. These low rent levels reflect the relative age of the rental housing inventory and the use of low income tax credit financing and income restrictions to build newer units. The construction of newer market units would allow downtown Boise to attract a more diverse mix of renter households.

Rental Inventory By Date of Completion



Rental Inventory By Year 2000 Rent



Source: 2000 U.S. Census and Leland Consulting Group



Downtown Boise Profile

Housing Profile

Downtown Boise Ownership Market

Since 1990, 51 ownership units have been built downtown. Washington Mutual Tower and Boulevard 255 at the Grove Hotel targeted very wealthy buyers, had problematic designs, and experienced slow absorption. Hyde Park Place, now under construction, has experienced strong buyer interest in its units of approximately 1,000 square feet priced at \$170 to \$180 per square foot. The Veltex has pre-sold three of its four three-bedroom penthouse residential units at approximately \$200 per square foot. Boise Tower, currently on hold as it awaits financing, also attracted strong interest, including 59 pre-sale deposits.

Recent and Pipeline Downtown Ownership Projects

Project	Year Built (Projection)	Units	Sales Price	\$/SF	Notes
Boise Tower	(2004)	110	N/A	\$195-\$275	As of the date of this report, this project is stalled awaiting further decisions on financing and building permits.
Veltex (under const.)	2003	4	Approx. \$400,000 - \$720,000	\$180-\$230	Initially included 5 units, two 2000 SF units were combined.
Hyde Park Place (under const.)	2003	39	\$174,000 - \$345,000	\$170-\$180	Strong pre-sale interest.
Grove Hotel	1997	19	\$600,000-\$1,488,000	\$278-\$328	
Washington Mutual Tower	1995/1998	32	\$175,000-\$300,000	\$200 to \$250	Price is for finished space.

Source: Mountain States Appraisal and Consulting, Inc. and Leland Consulting Group.



Downtown Boise Profile

Housing Profile

Downtown Boise Rental Market

Recent construction has been dominated by projects financed through low income tax credits. Sixty-two percent of the 266 units built since 1989 require that tenants be income-qualified. Between October 2003 and February 2004, an additional 299 income restricted units will become available with the opening of Civic Plaza. On a per square foot basis, the C.W. Moore Apartments, a market rate project, has rents lower than those targeted for Civic Plaza.

Because it was built as, and primarily operates as, a condominium building, the Washington Mutual Tower is not included in the apartment survey. Nonetheless, 10 units within the building are available for sublet. Three of these units were vacant in July 2003. Rents for these units (\$1,500-\$1,800 per month for a 1,200 square foot two-bedroom apartment) are the highest in the region. Renters in this market are typically newly relocated professionals and others who are planning to transition to owner occupied housing. As a result, these units experience relatively high turnover.

Recent and Pipeline Rental Projects

Project	Year Built	Total Units	Average Rent	Average Rent PSF	Notes
Civic Plaza (under const.)	Oct. 2003 and Feb. 2004	299	\$655	\$1.04	90% of Units 60% LIHTC, remaining 50% LIHTC)
Idanha Hotel Renovation	2002 (Renovation)	53	\$578	\$1.10	72% of Units 60% LIHTC
River Plaza	2000	116	\$502	\$0.69	74% of Units 60% LIHTC
C.W. Moore Apartments	1998	47	\$725	\$1.02	
Ann Morrison Park Apartments	1995	140	\$540	\$0.92	
Idaho Building	1989	50	\$654	\$1.09	75% of Units 60% LIHTC

Source: Agent and developer interviews and July 2003 Ada Real Estate Survey. Reported rents do not include concessions.



Housing Inventory

Multifamily Construction in and Near Downtown Boise Since 1964

While construction activity has increased dramatically since 2000, most of the supplied units have been rental, and the majority of these rental units have income restrictions associated with them. The majority of units in the Idaho, Idanha, and Civic Plaza apartments are available only to residents earning less than 60 percent of the area median income. While 784 rental units will have been built between 1995 and February 2004, only 69 ownership units will have been completed in the same time frame.

See the Appendix for a more detailed inventory of downtown housing products.

Multifamily Projects By Date of Completion

Year Built	Rental	Ownership	Total
1964 to 1970	0	64	64
1971 to 1975	132	150	282
1976 to 1980	64	0	64
1981 to 1985	0	0	0
1986 to 1990	49	38	87
1991 to 1995	0	32	32
1996 to 2000	116	25	141
2000 to 2004	668	43	711

Sources: Capital City Development Corporation, Ada County Assessor's Office, and Leland Consulting Group.



Housing Inventory

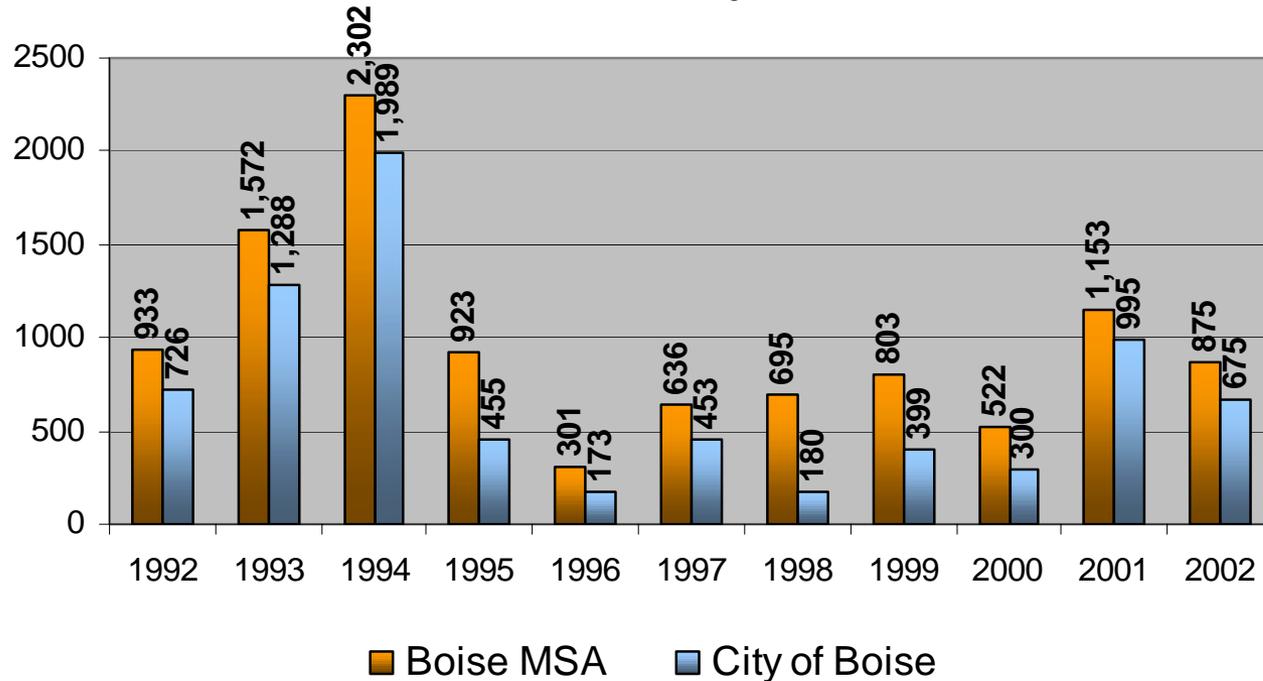
Housing Supply

Housing Supply

Boise City and Boise MSA Construction

Even as the economy has slowed, the pace of multifamily housing activity construction has remained relatively active, reflecting Boise's continued population growth. Through the first six months of 2003, 285 multifamily units had been permitted in the City of Boise.

Multifamily Units Permitted in Boise MSA and City of Boise



Source: COMPASS, "Development Monitoring Report 2000-2002." April 2003.
Updated data through June 2003 also provided by COMPASS.



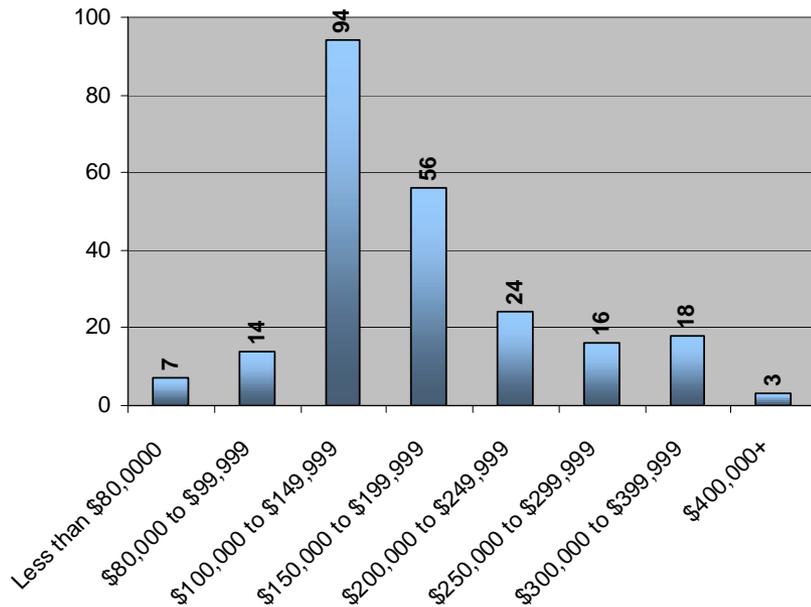
Housing Inventory

Ownership Overview

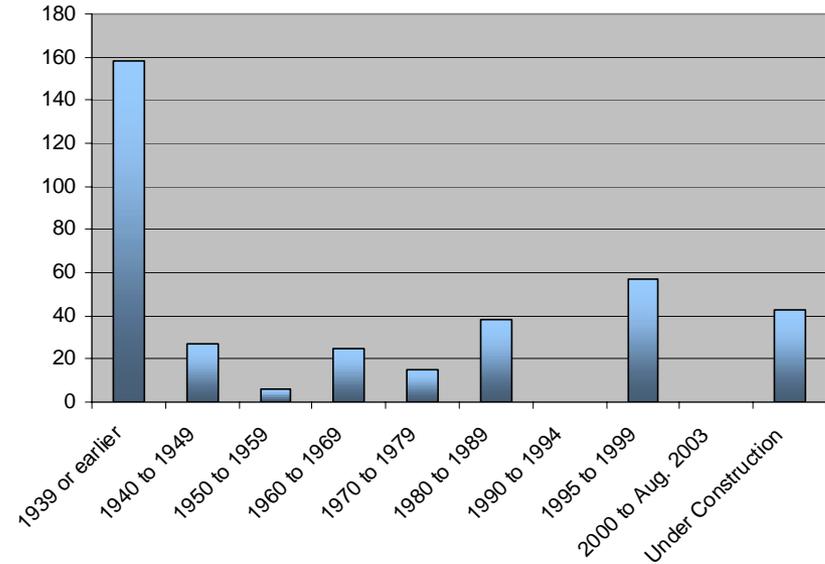
Downtown offers few alternatives for those seeking to live in newly constructed urban housing. Of the approximately 308 downtown ownership units, half were built prior to 1940. While 51 units were constructed in the mid to late 1990s, they are in the Grove Hotel and the Washington Mutual Tower and appeal to a relatively narrow range of very affluent consumers. Sales prices in the Grove Hotel range from \$278 to \$325 per square foot, well beyond the means of most buyers. Condominium units in the Washington Mutual Tower are more affordable but, among other design problems, share a lobby with commercial and storefront users.

The largest share of downtown housing units are valued between \$100,000 and \$200,000, which should be affordable to households earning between approximately \$35,000 and \$55,000 per year. See the Market Depth Analysis for more details about purchasing power.

Owner Inventory By 2003 Estimated Value



Ownership Housing By Date of Completion



Sources: ESRI BIS and Leland Consulting Group.



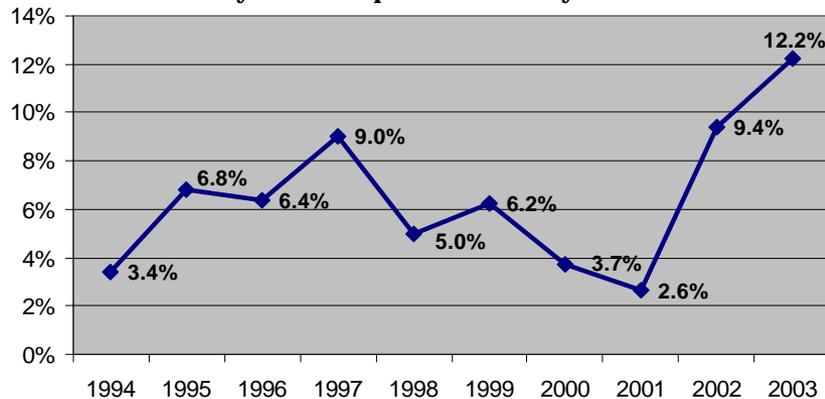
Housing Inventory

Boise Rental Market

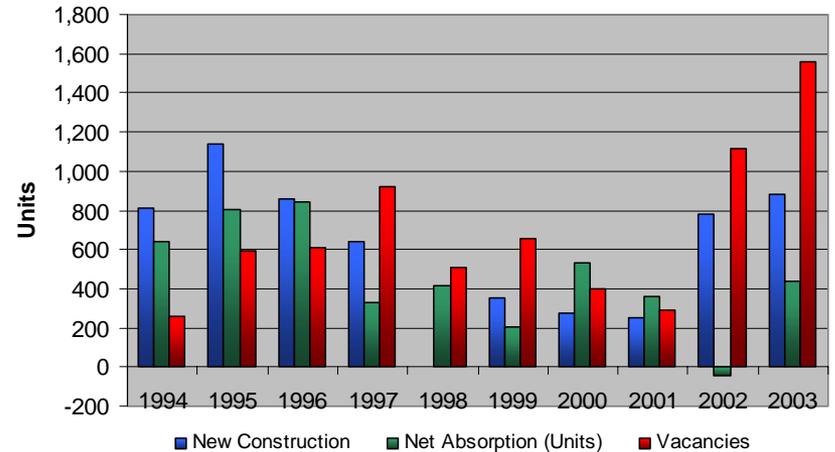
In the City of Boise as a whole, new construction has exceeded absorption in both 2002 and the first portion of 2003. With interest rates at record lows, apartment occupancy has been affected by households moving from rentals to ownership as well as through transitions due to job losses. As of June 2003, the city was experiencing its highest vacancy rates in ten years.

A January 2003 HUD analysis of Boise's rental market indicated that occupancy levels of low income housing tax credit (LIHTC) rental projects were only slightly higher than those of conventionally financed projects¹.

City of Boise Apartment Vacancy Rate



City of Boise Apartment Construction and Absorption



¹ Source: U.S. Department of Housing and Urban Development, "Analysis of the Boise, Idaho Housing Market" January 2003.

Source: Ada Real Estate Surveys, Mountain States Appraisal and Consulting, Inc. and Leland Consulting Group.

Market Potential

Market Depth Analysis

Methodology

Methodology

In building a strategy for downtown Boise, a key goal is to identify the number of households that would be potential purchasers or renters of housing downtown if suitably designed and priced product were made available. In order to arrive at this number, a logical chain of analyses was followed.

1. Definition of Primary Market Area

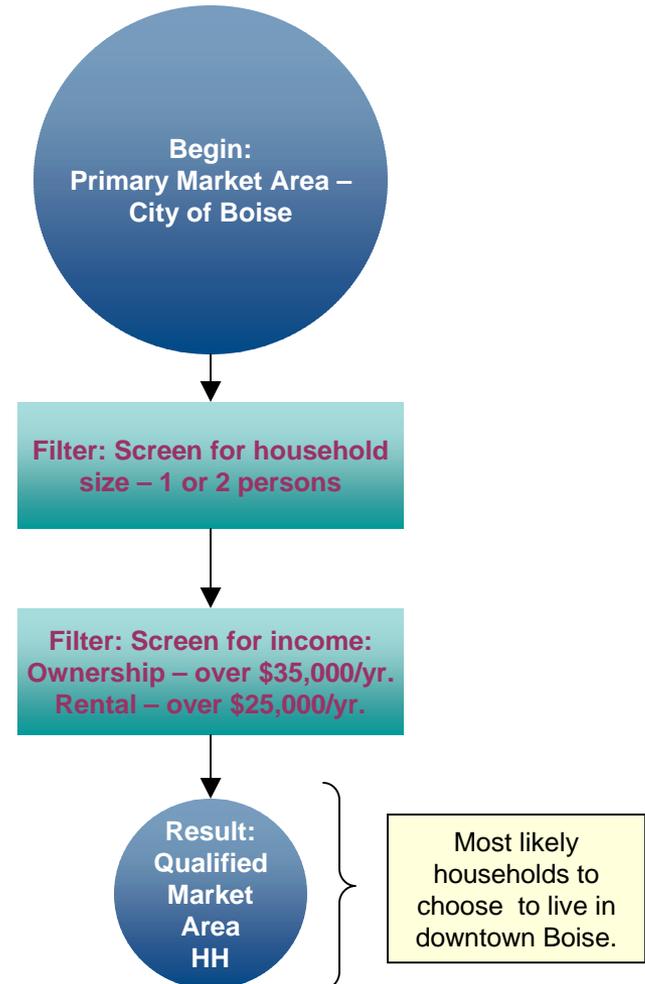
The analysis begins with identification of the primary market area – the area from which more than 75 percent of new residents are expected to come. For the purpose of this analysis, the City of Boise was selected as the primary market area. Based on interviews with property managers in Boise and through research of urban housing in other cities, most downtown residents come from surrounding neighborhoods or elsewhere in the same city.

2. Qualification of Market Area Households

To further narrow the analysis, the primary market area was screened on the basis of income and household size. For ownership (condominium or townhouse) units, the target market is defined as households with incomes above \$35,000 per year. For rental units, the target market is defined as households with annual incomes above \$25,000 per year. Detailed information about each qualification method is found in the following report section.

Based on what is known about consumer preferences in Boise and other downtowns, only one and two person households within the primary market area were considered. While it is known that 62.4 percent of households in the City of Boise have one or two members, the distribution of these households across income brackets is not known. The distribution of households across income brackets was assigned proportionately from national distribution patterns.

Diagram of process of identifying qualified market area households for downtown Boise. The result is a more narrow focus on the households that are most likely to live downtown.



Market Depth Analysis

Methodology

3. New Housing Demand From Qualified Market Area Households

Once the target market of households is identified, the actual demand for urban housing must be quantified. Demand for housing is derived from two sources: 1) existing Boise households seeking a new home and 2) newly formed or recently arrived households.

Turnover Demand

Based on information from the Southern Idaho Multiple Listing service, it is estimated that 9.4 percent of area homeowners relocate each year. Based on experience in other markets, it is estimated that 40 percent of renters will relocate each year. Therefore, turnover demand was estimated by multiplying the existing population of buyers and renters by 9.4 percent and 40 percent respectively. Turnover demand represents the number of households that are moving and actively seeking new housing in any given year.

New Household Demand

In addition to turnover demand, additional housing demand is created by the formation of new households (population growth) and the introduction of new households to the market area (in-migration). Based on current estimates described earlier, the number of households in Boise is growing by 2.95 percent annually. New household demand for rental and ownership housing was estimated by multiplying the number of renters and homeowners by 2.95 percent.

4. Demand For Housing Downtown

While the previous steps have narrowed down the number of households that are characteristic of downtown dwellers and that would be seeking new housing in a given year, not all households in those market segments would actually choose a downtown location if it were available. Information from other downtowns was used to estimate the share of existing and new market-qualified households that would prefer to live downtown, assuming that appropriately designed and priced products were available.

These preference rates are highly specific to individual cities. Preference to live downtown ranges from 7 percent in Cedar Rapids, Iowa (population 113,482) to between 16 percent (owners) and 22 percent (renters) in St. Louis, Missouri. Based on this range and a judgment of downtown Boise's amenity value (considered high), the estimate is that if appropriately designed and priced housing were available, 6.5 percent of owners and 12 percent of renters in each income and household size qualified market segment would choose to live in downtown Boise. From this base level of propensity, a high and a low estimate are also derived.

While survey data for other cities mentioned above considered all households, one and two person households are more likely to live downtown than the general population and the households have already been "screened" by this criterion. Therefore, the preference rates above were adjusted by a factor of 1.42, which adjusts for the fact that one and two person households will have a higher concentration downtown (these households represent 62.4 percent of all Boise households but 88.8 percent of downtown households). The adjusted penetration rates from the previous paragraph are then 9.2 percent for owners and 17.0 percent for renters (of those in the pre-qualified group) would prefer to live downtown.



Market Depth Analysis

Methodology

5. Competition from Existing Downtown Properties

As current downtown residents relocate, some demand for downtown housing will be met by existing downtown housing units that become vacated.

Ownership

Based on an inventory of 229 downtown ownership units and a 9.4 percent annual turnover rate, 22 existing ownership units will go on sale each year. The model assumes resale units will compete for buyers equally with newly constructed units. This is a conservative assumption because, in reality, newer product with a good location, should out compete the existing housing stock, which is limited and undesirable.

Rental

Based on an inventory of 1,595 downtown rental units and a 40 percent annual turnover rate, 638 rental units are available for lease each year. Many of these units, however, have income limitations or are older and, therefore, will not compete as effectively for income qualified renters – those earning more than \$25,000 per year. To account for this factor, units renting for less than \$400 (approximately 48.9 percent of the existing inventory as of 2000) were not considered to be competitive. It is estimated, therefore, that only 326 market competitive units become available each year.

6. Comparison to Other Downtowns

Penetration rates from other downtowns were used to provide an alternative quantification of Boise's unmet potential for downtown housing.

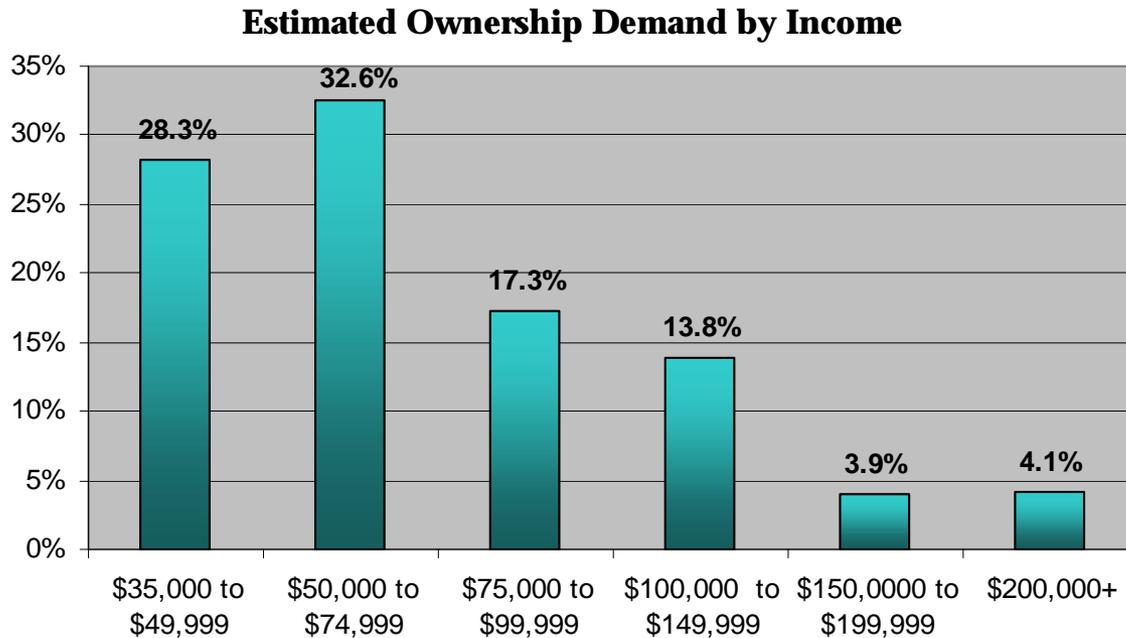


Primary Market Qualification

Ownership Housing

Market Share by Income

The graph below shows the depth of the market by income level (while excluding households below \$35,000 per year). While higher income households have much higher purchasing power, the market for those homes is also much narrower. Over 60 percent of all ownership demand for downtown Boise will come from households earning less than \$75,000 per year.



Source: Leland Consulting Group



Primary Market Qualification

Ownership Housing

Purchasing Power

Household income directly relates to the affordability of housing for each income bracket. The U.S. Department of Housing and Urban Development defines housing as affordable when it costs no more than 30 percent of a household's gross income including utilities, insurance, taxes, and other costs. The tables on this page outline the buying power of the income brackets described earlier based on a set of mortgage assumptions.

For example, a household with an annual income of approximately \$38,000 could afford a 750 square foot one-bedroom condominium selling for \$175 per square foot. If the same condominium sold for \$225 per square foot (due to better location, higher quality finishes, etc.), a household would need an annual income of approximately \$49,000. A household would need to earn over \$80,000 per year in order to afford a large two-bedroom plus den condominium selling for \$225 per square foot. The chart on the previous page shows the relative size of each of these income segments. The 2000 median household income for Boise was \$42,856 and the estimated median income for 2003 is \$46,992.

Unit Cost

Sales Price/ SF

Unit Type	Unit Size	\$175	\$200	\$225
1BR/Loft	750 SF	\$131,250	\$150,000	\$168,750
2BR	1000 SF	\$175,000	\$200,000	\$225,000
2BR+ Den	1250 SF	\$218,750	\$250,000	\$281,250

Required Income

Sales Price/ SF

Unit Type	Unit Size	\$175	\$200	\$225
1BR/Loft	750 SF	\$38,027	\$43,459	\$48,892
2BR	1000 SF	\$50,703	\$57,946	\$65,189
2BR+ Den	1250 SF	\$63,378	\$72,432	\$81,486

Assumptions

Down Payment	20%		
Term	30 years	Common Area Charges	1.0% of value annually
Rate	6.25% fixed annual	Housing Allowance	30% of annual income
Taxes	1.781% of assessed value		

Source: Leland Consulting Group



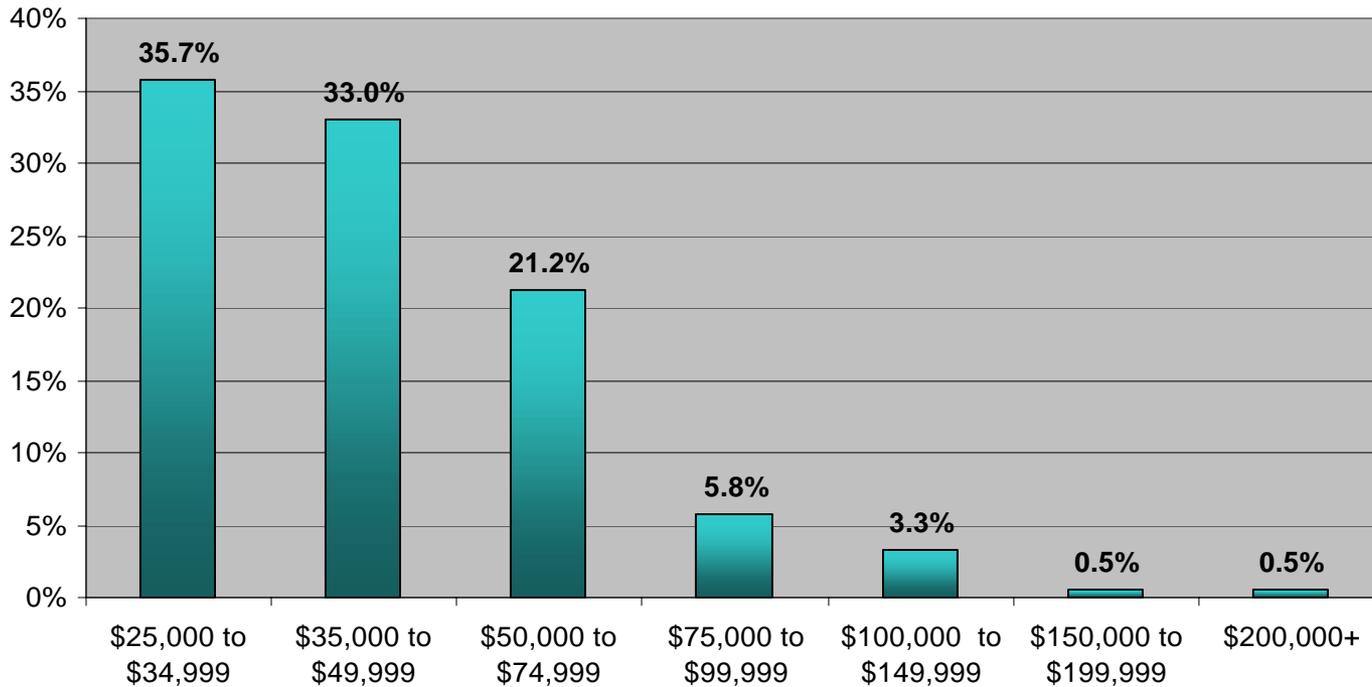
Primary Market Qualification

Rental Housing

Market Share by Income

The table below shows the depth of the market for rental units by income. As illustrated, the rental market is more heavily weighted to lower income ranges because higher income households are more likely to own than rent. Over 68 percent of all renters are expected to come from households earning between \$25,000 and \$50,000 per year.

Estimated Rental Demand by Income



Source: Leland Consulting Group



Primary Market Qualification

Rental Housing

Purchasing Power

Using the same affordability criteria used for ownership housing (no more than 30 percent of gross income going to housing costs), a market profile can be determined for rental households. The tables below show sample rents for apartments based on various unit sizes and pricing levels. The Required Income table shows the minimum household income required for each scenario to meet HUD affordability guidelines.

Unit Cost

		<i>Rent/SF</i>			
Unit Type	Unit Size	\$1.00	\$1.10	\$1.20	\$1.30
Studio	500 SF	\$500	\$550	\$600	\$650
1BR	750 SF	\$750	\$825	\$900	\$975
2BR	1000 SF	\$1,000	\$1,100	\$1,200	\$1,300
2BR+ Den	1250 SF	\$1,250	\$1,375	\$1,500	\$1,625

Required Income

		<i>Rent/SF</i>			
Unit Type	Unit Size	\$1.00	\$1.10	\$1.20	\$1.30
Studio	500 SF	\$20,000	\$22,000	\$24,000	\$26,000
1BR	750 SF	\$30,000	\$33,000	\$36,000	\$39,000
2BR	1000 SF	\$40,000	\$44,000	\$48,000	\$52,000
2BR+ Den	1250 SF	\$50,000	\$55,000	\$60,000	\$65,000

Assumptions

Down Payment	20%		
Term	30 years	Common Area Charges	1.0% of value annually
Rate	6.25% fixed annual	Housing Allowance	30% of annual income
Taxes	1.781% of assessed value		

Source: Leland Consulting Group



Market Depth Analysis

Ownership Housing

Ownership Market Findings

The analysis at the right applies the qualified market criteria to the primary market area demographics to identify an approximate range of annual demand for ownership housing units. Overall, it indicates strong demand for ownership housing, with gross demand ranging from 208 to 289 units in 2003 and net demand ranging from approximately 175 to 256 units in 2003 (including the completion of the 4-unit Veltex Building).

The demand represents the *potential* capture of residents downtown. If high-quality, suitable projects are not delivered in the marketplace, these households will find housing elsewhere. Therefore, the potential 2003 demand is for 175 to 256 households. The year-to-year effect is not cumulative. That is, if no units were delivered in 2003, that does not mean that there would be demand for twice as many units in 2004, since the households in 2003 would have simply chosen another place to live. Instead, a *new* group of households would create demand for downtown housing. Conversely, if everyone who desired a downtown housing unit found such a unit in 2003, then the two-year demand would be the sum of both years. Thus, the ability of specific projects to respond to the individual desires of consumers is absolutely critical to meeting long-term targets for downtown housing.

See the Appendix for detailed tables of demand calculations by household size and income.

	Estimate		
	Low	Base	High
ANNUAL DOWNTOWN OWNERSHIP DEMAND			
Market Size			
Total Income and HH Size Qualified Households	21,839	21,839	21,839
Propensity to Live Downtown	7.70%	9.2%	10.7%
Primary Market Homeowners	1,682	2,016	2,337
Market Area Structural Demand			
Primary Market Homeowners	1,682	2,016	2,337
Annual Household Growth Rate	2.95%	2.95%	2.95%
+ Annual Net Change in Qualified Households	50	59	69
Market Area Turnover Demand			
Income Qualified Owner Households	1,682	2,016	2,337
Estimated Turnover Rate	9.4%	9.4%	9.4%
+ Annual Downtown Ownership Housing Demand	158	189	220
<i>Gross Ownership Demand</i>	208	249	289
Demand Met by Existing Supply			
Units in Downtown Inventory	308	308	308
Share of Supply That is Market Qualified	100%	100%	100%
Market Qualified Supply	308	308	308
Annual Turnover	9.4%	9.4%	9.4%
Demand Met By Existing Supply	29	29	29
<i>Gross Ownership Demand</i>	208	249	289
- Demand Met By Existing Supply	29	29	29
- Demand Met By New Units	4	4	4
2003 NET OWNERSHIP DEMAND	175	216	256



Market Depth Analysis

Ownership Housing

Since the quality and desirability of specific projects greatly determine whether potential residents become actual residents, the tables below vary the estimated “capture” rate of downtown from the pre-qualified market area. Three estimates are included, representing the base case described earlier plus a high and low estimate, which shift the potential capture rate up and down by 1.5 percent from the best estimate of 9.2 percent. Adjusting the capture rate and allowing for known housing projects in the pipeline, the potential annual demand ranges from 145 to 251 units per year over the next six years, with a cumulative demand for between 924 and 1,355 units.

Low Estimate	2003	2004	2005	2006	2007	2008	2009	Total
Base Demand	208	214	220	227	233	240	247	1,589
Demand Catured By Turnover	29	29	47	63	78	93	107	446
Demand Captured By Known Pipeline Projects	4	39	0	0	0	0	0	43
Net Demand	175	145	173	164	155	147	141	1,100
Potential Additional Units	0	145	173	164	155	147	140	924

Best Estimate	2003	2004	2005	2006	2007	2008	2009	Total
Base Demand	249	256	264	272	280	288	296	1,905
Demand Catured By Turnover	29	29	51	71	90	107	124	501
Demand Captured By Known Pipeline Projects	4	39						
Net Demand	216	188	213	201	190	180	172	1,361
Potential Additional Units	0	188	213	201	190	180	172	1,144

High Estimate	2003	2004	2005	2006	2007	2008	2009	Total
Base Demand	289	297	306	315	324	334	344	2,208
Demand Catured By Turnover	29	29	55	78	100	121	141	554
Demand Captured By Known Pipeline Projects	4	39	0	0	0	0	0	43
Net Demand	256	229	251	237	224	212	202	1,611
Potential Additional Units	0	229	251	237	224	212	202	1,355

Included Projects

4 Units in Veltex 2003

39 Units in Hyde Park Place 2004

Pipeline Projects Not Included

110 Units in Boise Tower (Date Unknown)

Source: Leland Consulting Group



Market Depth Analysis

Rental Housing

Rental Market Findings

The market depth analysis for rental housing indicates strong demand for market-rate apartments. The analysis indicates a qualified market of between 1,527 and 1,822 qualified (\$25K plus) renters with a propensity to live downtown. As illustrated to the right, this consumer base results in unmet demand for 263 and 390 market-rate rental units in 2003, once population growth and competition from units in turnover are considered.

It is important to reiterate that this analysis excludes renters who earn less than \$25,000, including all 299 units in the Civic Plaza Apartments who can only qualify to live in this project if they earn less than this income threshold, per HUD income guidelines.

	Estimate		
	Low	Base	High
ANNUAL DOWNTOWN RENTAL DEMAND			
Market Size			
Total Income and HH Size Qualified Households	9,851	9,851	9,851
Propensity to Live Downtown	15.5%	17.0%	18.5%
Primary Market Renters	1,527	1,679	1,822
Market Area Structural Demand			
Primary Market Renters	1,527	1,679	1,822
Annual Household Growth Rate	2.95%	2.95%	2.95%
+ Annual Net Change in Qualified Households	45	50	54
Market Area Turnover Demand			
Income Qualified Renter Households	1,527	1,679	1,822
Estimated Turnover Rate	40.0%	40.0%	40.0%
+ Annual Downtown Renter Housing Demand	611	671	729
Gross Rental Demand	656	721	783
Demand Met by Existing Supply			
Units in Downtown Inventory	1,922	1,922	1,922
Supply That is Market Competitive (2000 Rent \$400 month or greater)	51.1%	51.1%	51.1%
Market Qualified Supply	982	982	982
Estimated Annual Turnover	40.0%	40.0%	40.0%
Demand Met By Existing Supply	393	393	393
Gross Rental Demand	656	721	783
- Demand Met By Existing Supply	393	393	393
- Demand Met By New Units*	-	-	-
2003 NET RENTAL DEMAND	263	328	390

Source: Leland Consulting Group



Market Depth Analysis

Rental Housing

Details of Absorption of Rental Units (Best Estimate)

Since the quality and desirability of specific projects greatly determine whether potential residents become actual residents, the tables below vary the estimated “capture” rate of downtown from the pre-qualified market area. Three estimates are included, representing the base case and a high and low estimate, which shift the potential capture rate of qualified rental households up and down by 1.5 percent from the best estimate of 17.0 percent. Adjusting the capture rate and allowing for known housing projects in the pipeline, the potential annual demand ranges from 72 to 413 units per year over the next six years or a cumulative range of 862 to 1,210 units. Future demand actually decreases because as projects are built, they begin to satisfy pent up demand while simultaneously turning over each year and satisfying additional demand. These estimates are based on the current desirability of downtown Boise. If additional amenities are provided and its desirability rises, then the actual growth in housing may be higher.

Low Estimate	2003	2004	2005	2006	2007	2008	2009	Total
Base Demand	656	675	695	716	737	758	781	5,018
Demand Catured By Turnover	393	393	506	581	635	676	709	3,892
Demand Captured By Known Pipeline Projects	0	0	0	0	0	0	0	0
Net Demand	263	282	189	134	102	83	72	1,126
Potential Additional Units	0	282	189	134	102	83	72	862

Best Estimate	2003	2004	2005	2006	2007	2008	2009	Total
Base Demand	721	742	764	787	810	834	858	5,516
Demand Catured By Turnover	393	393	532	625	690	738	776	4,147
Demand Captured By Known Pipeline Projects	0	0	0	0	0	0	0	0
Net Demand	328	349	232	161	120	96	82	1,369
Potential Additional Units	0	349	232	161	120	96	82	1,040

High Estimate	2003	2004	2005	2006	2007	2008	2009	Total
Base Demand	783	806	830	854	879	905	932	5,989
Demand Catured By Turnover	393	393	558	667	742	797	840	4,389
Demand Captured By Known Pipeline Projects	0	0	0	0	0	0	0	0
Net Demand	390	413	272	187	138	108	92	1,600
Potential Additional Units	0	413	272	187	138	108	92	1,210



Market Depth Analysis Summary

Ownership and Rental Housing

In summary, the market depth analysis reveals an immediate need for 145 to 229 ownership units and 282 to 413 rental units. Over the next six years, potential demand ranges from 924 to 1,355 ownership units and from 862 to 1,210 rental units.

As mentioned earlier, the cumulative six-year totals assume that units are built and absorbed on an ongoing basis. If suitable units are not built or do not adequately respond to consumer preferences, then the demand for that year will simply go unmet and will be satisfied elsewhere rather than creating “additional” demand for the next year.

	2004 estimate			Six-year Total Through 2009		
	Low	Base Case	High	Low	Base Case	High
Ownership	145	188	229	924	1,144	1,355
Rental	282	349	413	862	1,040	1,210

Source: Leland Consulting Group



New rental housing in Portland.



Downtown Boise Housing Market

Market Penetration

In order to verify that the potential demand identified in the previous market depth analysis is reasonably achievable in Boise, certain demographic comparisons are made between Boise and other cities that have already shown downtown housing growth. By comparing several indicators of potential urban housing markets, one is able to assess whether downtown Boise is capable of supporting additional housing.

National Growth in Downtowns

- Nationally, the 1990s were a time of significant growth in downtown housing. The four comparable downtowns experienced population growth ranging from 1,200 residents (25 percent) in Salt Lake City to 3,467 residents (63 percent) in Memphis. During this period, however, Boise's downtown population grew by just 160 residents (5.5 percent).

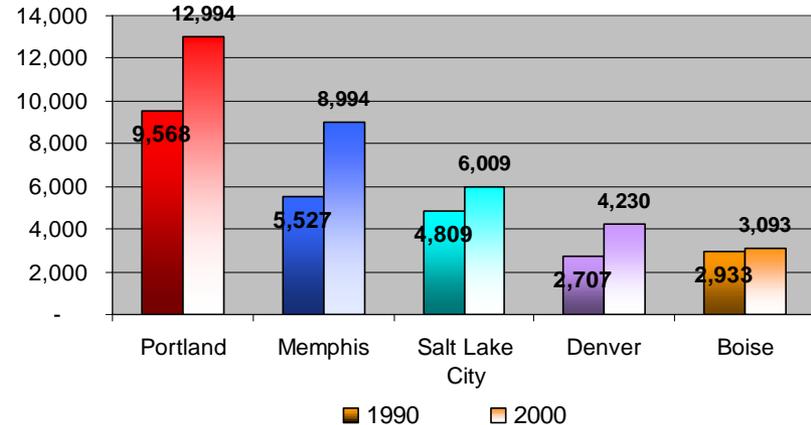
Share of Citywide Growth

- The downtowns of comparison cities captured between 1.75 percent and 8.72 percent of their city's population growth, while downtown Boise captured just 0.27 percent of the city's growth.

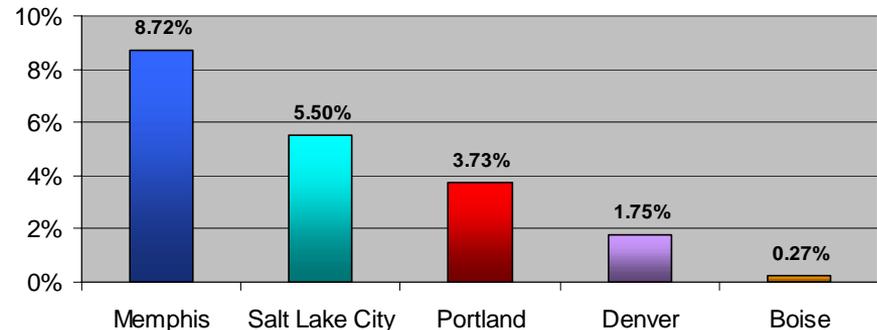
Sources: 2000 U.S. Census and Leland Consulting Group. Boise: Ada County Tract 1; Denver: Denver County Tracts 17.01 and 17.02; Memphis: Shelby County Tracts 1 BGs 1 and 2, Tract 21 BG1, Tract 41 BG 1 and 2, Tract 42 BG 1, Tract 43 BG1; Portland: Multnomah County Tracts 51, 53, 54, 56, 57; Salt Lake City: Salt Lake County Tracts 1008, 10021, 10022, and 10025.

Downtown employment figures reported by Downtown Boise Association, Downtown Alliance for Salt Lake City, Downtown Denver Partnership Memphis Center City Commission, and Portland Business Alliance.

Population Change in Selected Downtowns



Downtown Share of City Growth
1990 to 2000



Sources: 2000 U.S. Census and Leland Consulting Group



Downtown Boise Housing Market

Market Penetration

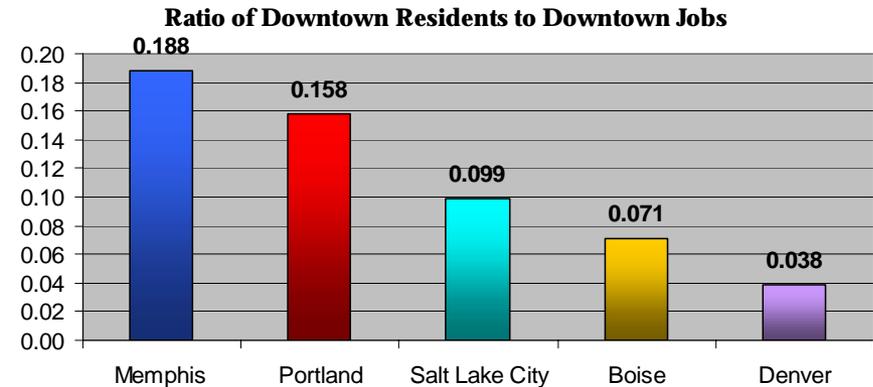
Market Penetration

Downtown Workers

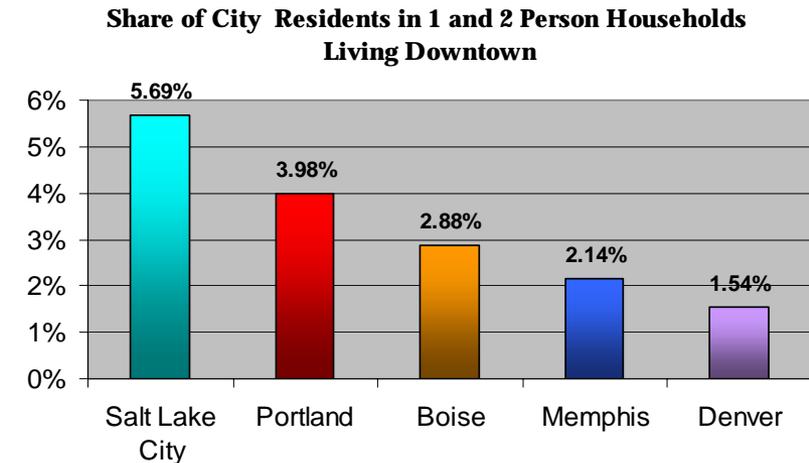
- While proximity to work is just one of many reasons people choose to live downtown, it is an important driver of downtown housing markets. Downtown Boise has approximately seven downtown residents for every hundred jobs located downtown. In contrast, downtown Salt Lake City has ten, downtown Portland has sixteen, and downtown Memphis has nineteen residents per hundred downtown workers.

One and Two Person Households

- One and two person households are the most likely to choose to live downtown. While downtown Salt Lake City and Portland have captured 5.70 and 4.0 percent of these households in their downtowns respectively, downtown Boise has captured just 2.9 percent of these households.



Source: 2000 U.S. Census and local downtown organizations.



Source: 2000 U.S. Census and Leland Consulting Group.



Recommendations

Based on comparisons to other cities that have experienced growth in urban housing, Boise has all the ingredients for significant growth in its downtown population. It has a high employment population, many retail and entertainment amenities, and has a high number of smaller households that typically favor urban locations. Moreover, the experience of other cities suggests that increasing Boise's downtown population would support the development of other downtown economic activities, particularly retail and entertainment uses. Based on the market depth analysis, downtown Boise could absorb between 145 and 229 new ownership units and between 282 and 413 rental units per year. In order to achieve these targets, quality housing products must be delivered to the market and the public and private sectors must cooperate to create enclaves within downtown that offer a sense of place that encourages residential activity. Toward those ends, the following recommendations are offered.

- The public sector can support housing by encouraging the reuse of vacant older buildings.
- In emerging and pioneering urban neighborhoods, individual projects are at risk of being isolated and lacking in surrounding vitality. As the case studies of other cities have shown, successful urban housing results from a collection of smaller buildings that combine to create a community. New urban housing in Boise should be similarly coordinated in order to ensure that new development creates a true sense of community and not merely a “project.”
- Initial projects should minimize risk by starting with small and lower cost products. Even initial projects, however, should maintain a high quality of construction so as to protect the long term “brand” of downtown housing. Over time, as the market grows, demand will increase enough to support larger projects and more expensive construction techniques.
- Housing products must reflect the preferences and resources of consumers. At present, the deepest demand appears to be for ownership properties, particularly those targeted at households earning between \$35,000 and \$75,000 per year. The rental market has a large proportion of low income tax credit units. With the exception of expensive sublet units in the Tower Plaza condominiums, the C.W. Moore Apartments are the only 100 percent market-rate rental property in the core district of downtown (although there are other market-rate projects elsewhere in the study area).
- In designing the units themselves, developers should consider the different preferences and needs of downtown residents relative to suburban residents. The availability and security of parking has been identified as one of the most important considerations of downtown buyers. In addition, downtown residents may be more willing than suburban residents to accept smaller units in exchange for a higher quality construction and finishes. Contrary to suburban housing products, downtown housing needs few on site amenities such as fitness rooms or pools. Downtown and its restaurants, open spaces, and retailers *are* the amenities that will attract residents. Developers can take this “savings” and use it to offset higher land costs or for higher quality finishes. Finally, developers should consider the particular needs and interests of their target market. Rental projects targeting young professionals may, for example, offer storage units for recreational equipment and high speed internet access. Project specific market research can help identify these preferences.



Appendix

Housing Inventory

Housing Supply

Downtown Residential Construction

Name	Address	Project Type	Units	Date of Completion	Notes
Imperial Plaza	200 N. 3rd Street	Condominiums	64	1964	
Franklin Plaza	1555 W. Franklin Street	Apartments	67	1971	
Park View	3100 Crescent Rim Drive	Apartments	65	1973	
Square at Strawberry Lane	1003 Strawberry Glenn	Townhomes	72	1974	
Park View East	3100 Crescent Rim Drive	Condominiums	40	1974	
Warm Springs Place	740 Warm Springs TH	Townhomes	38	1975	
Bannock Arms	330 Bannock Street	Apartments for Elderly	64	1979	
Kimberly One Condominiums	1206 E. Kimberly Lane	Townhomes	38	1986	
Idaho Building (W.E. Pierce Building)	280 N. 8th St	Apartments	49	1989	
Washington Mutual Tower (Tower Plaza)	199 N. Capitol St.	Condomiums	32	1995	
Boulevard 255 @ The Grove Hotel	245 S. Capitol St.	Condominiums	25	1997	
River Plaza	1249 Grand Avenue	Apartments	116	2000	
Idanha	280 N. 8th St.	Apartments	53	2001	Renovation
Boise City Affordable Housing	1025 S. Capitol	Aff. Apt. for Single Adults	38	2002	Renovation
Park Apartments	1011-1099 S. Dale Street	Apartments	140	2002	
Riverwalk Apartments	1689 Shoreline Drive	Apartments	84	2002	
Shoreline Plaza	675 S. 13th Street	Apartments for Elderly	54	2002	
Civic Plaza on Avenue A	200 W. Front Street	Apartments	299	2003	Under Construction
Hyde Park Place	818 N. 13th Street	Condominiums	39	2003	Under Construction
Veltex Building	420 W. Main St.	Condominiums	4	2004	Under Construction

Source: Capital City Development Corporation and Leland Consulting Group.

Note: Includes projects near completion and anticipated to be complete in 2004. These projects include Civic Plaza (299 income limited rental units), Hyde Park Place (39 condominium units) and the Veltex (4 condominium units).



Market Depth Analysis

Ownership Housing

Details of Demand For Ownership Units (Best Estimate)

Demand From Existing Households

Income	HHs by Income Group	% Ownership HHs	# Ownership HHs	Est. % of HH with 2 or Fewer Members	Est. # of HH With 2 or Fewer Members	Est. Annual Percent HH Moving into New Home	Est. Sales From Qualified Households	Est. % Seeking Downtown Housing	Est. Annual Demand For Downtown Housing
0 to \$14,999	8,326	29.3%	2,440	69.7%	1,701	9.4%	160	9.2%	15
\$15,000 to \$24,99	10,248	44.8%	4,592	82.2%	3,776	9.4%	355	9.2%	33
\$25,000 to \$34,999	9,928	52.6%	5,223	75.0%	3,916	9.4%	368	9.2%	34
\$35,000 to \$49,999	14,171	65.4%	9,274	66.6%	6,175	9.4%	580	9.2%	54
\$50,000 to \$74,999	16,493	77.3%	12,741	55.8%	7,114	9.4%	669	9.2%	62
\$75,000 to \$99,999	9,287	86.9%	8,074	46.8%	3,776	9.4%	355	9.2%	33
\$100,000 to \$149,999	7,366	90.3%	6,654	45.4%	3,020	9.4%	284	9.2%	26
\$150,000 to \$199,999	2,002	94.7%	1,896	45.4%	860	9.4%	81	9.2%	7
\$200,000+	2,082	94.7%	1,972	45.4%	895	9.4%	84	9.2%	8
Total/Weighted Average	79,902	66.2%	52,865	62.4%	31,232	9.4%	2,936	9.2%	271
Total For Income Qualified HH	37,229	84.2%	31,337	54.8%	15,664	9.4%	1,472	9.2%	189

Demand From Household Growth

Income	HHs in Income Group	% Ownership HHs	# Ownership HHs	Est. % of HH with 2 or Fewer Members	Est. # of HH With 2 or Fewer Members	Est. Annual Percent HH Moving into New Home	Est. Sales From Qualified Households	Est. % Seeking Downtown Housing	Est. Annual Demand For Downtown Housing
0 to \$14,999	246	29.3%	72	69.7%	50	100%	50	9.2%	5
\$15,000 to \$24,99	302	44.8%	135	82.2%	111	100%	111	9.2%	10
\$25,000 to \$34,999	293	52.6%	154	75.0%	116	100%	116	9.2%	11
\$35,000 to \$49,999	418	65.4%	274	66.6%	182	100%	182	9.2%	17
\$50,000 to \$74,999	487	77.3%	376	55.8%	210	100%	210	9.2%	19
\$75,000 to \$99,999	274	86.9%	238	46.8%	111	100%	111	9.2%	10
\$100,000 to \$149,999	217	90.3%	196	45.4%	89	100%	89	9.2%	8
\$150,000 to \$199,999	59	94.7%	56	45.4%	25	100%	25	9.2%	2
\$200,000+	61	94.7%	58	45.4%	26	100%	26	9.2%	2
Total/Weighted Average	2,357	66.2%	1,560	59.1%	921	100%	921	9.2%	85
Total For Income Qualified HH	1,516	84.2%	1,198	54.8%	644	100%	644	9.2%	59

Demand from Existing	189
Demand from New	59
Total Annual Demand	249

Source: Leland Consulting Group



Market Depth Analysis

Rental Housing

Details of Demand For Rental Units (Best Estimate)

Demand From Existing Households

Income Level	Households by Income Group	% Renting Households	% in Households with 2 or Fewer People	Rental Households With 2 or Fewer Members	Annual % Seeking New Apartment	Annual Leases in Boise	% Seeking Downtown Housing	Annual Demand For Downtown Apartments
0 to \$14,999	8,310	70.7%	69.7%	4,097	40.0%	1,639	17.0%	279
\$15,000 to \$24,99	10,227	55.2%	82.2%	4,642	40.0%	1,857	17.0%	316
\$25,000 to \$34,999	9,908	47.4%	75.0%	3,520	40.0%	1,408	17.0%	240
\$35,000 to \$49,999	14,143	34.6%	66.6%	3,254	40.0%	1,302	17.0%	222
\$50,000 to \$74,999	16,460	22.7%	55.8%	2,091	40.0%	836	17.0%	142
\$75,000 to \$99,999	9,269	13.1%	46.8%	566	40.0%	227	17.0%	39
\$100,000 to \$149,999	7,351	9.7%	45.4%	322	40.0%	129	17.0%	22
\$150,000 to \$199,999	1,998	5.3%	45.4%	48	40.0%	19	17.0%	3
\$200,000+	2,077	5.3%	45.4%	50	40.0%	20	17.0%	3
Total	79,742			18,590		7,436		1,267
Income Qualified Subtotal	61,205			9,851		3,940		671

Demand From New Households

Income Level	Households by Income Group	% Renting Households	% households with 2 or fewer people	Rental Households With 2 or Fewer Members	Annual % Seeking New Apartment	Annual Leases in Boise	% Seeking Downtown Housing	Annual Demand For Downtown Apartments
0 to \$14,999	245	1	1	121	100.0%	121	17.0%	21
\$15,000 to \$24,99	302	1	1	137	100.0%	137	17.0%	23
\$25,000 to \$34,999	292	0	1	104	100.0%	104	17.0%	18
\$35,000 to \$49,999	417	0	1	96	100.0%	96	17.0%	16
\$50,000 to \$74,999	486	0	1	62	100.0%	62	17.0%	11
\$75,000 to \$99,999	273	0	0	17	100.0%	17	17.0%	3
\$100,000 to \$149,999	217	0	0	10	100.0%	10	17.0%	2
\$150,000 to \$199,999	59	0	0	1	100.0%	1	17.0%	0
\$200,000+	61	0	0	1	100.0%	1	17.0%	0
Total	2,352			548		548		93
Income Qualified Subtotal	1,806			291		291		50

Source: Leland Consulting Group

Demand From Existing Households	671
Total Demand From New Households	50
Total Qualified Demand	721

