

EXECUTIVE SUMMARY

A. INTRODUCTION

The purpose of this report is to evaluate the potential for residential development in the City of Bucyrus, in Crawford County, Ohio. Residential development uses considered in this analysis include the following:

- Market-rate multifamily rental housing
- Affordable multifamily rental housing (Low Income Housing Tax Credit)
- Independent-Living rental housing for senior households
- Assisted-Living rental housing for senior households
- Memory Care rental housing for senior households
- For-sale single-family housing
- For-sale multifamily (condominium) housing

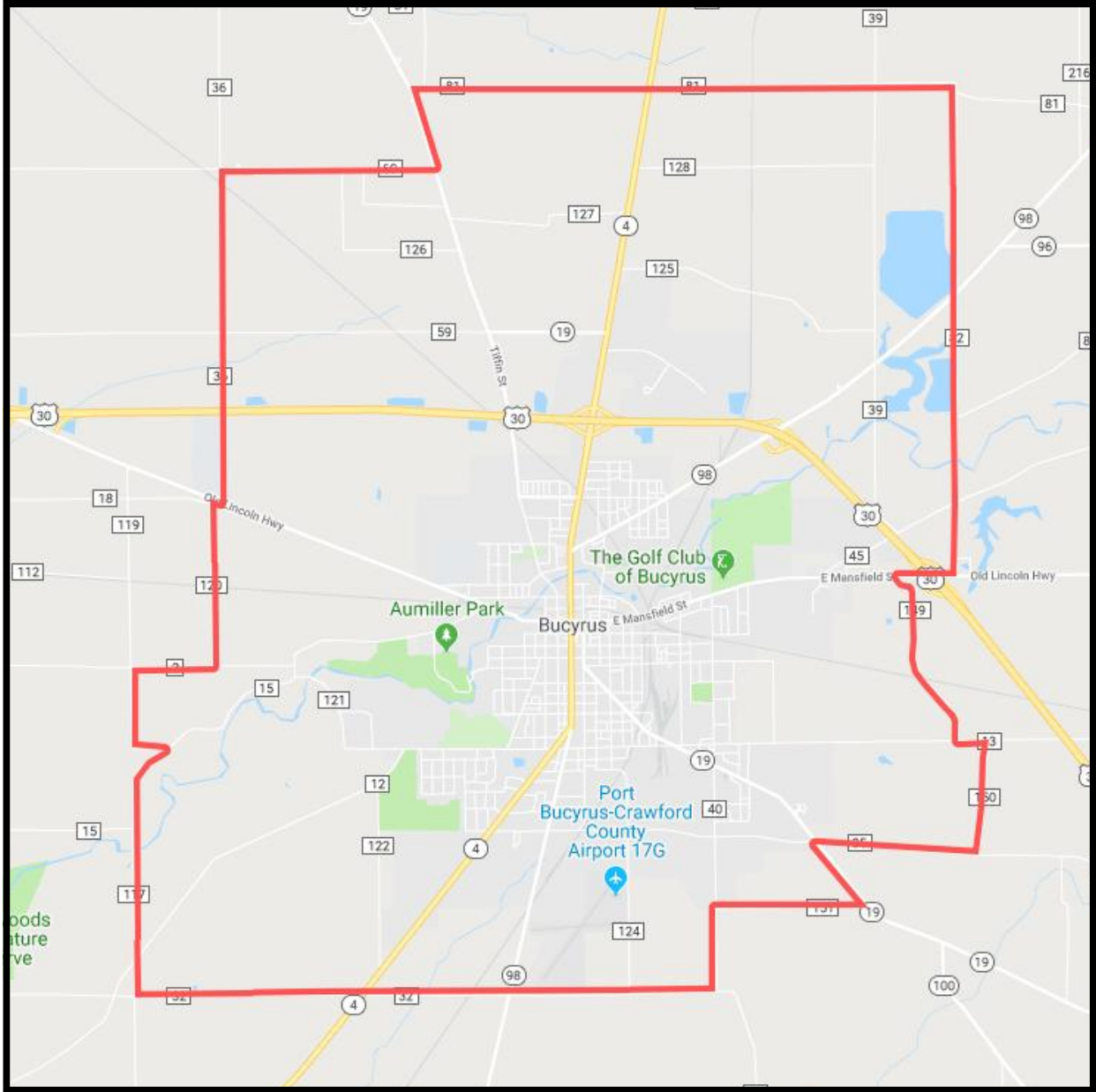
This study analyzes the overall for-sale and rental housing needs for Bucyrus and its periphery. No site has been specified for development and our recommendations relate to the potential to develop within the Bucyrus area, but not for specific sites.

The Bucyrus study area for rental housing, condominium, and single-family residential includes the City of Bucyrus, as well as portions of Holmes Township, Liberty Township, Whetstone Township, and Bucyrus Township.

The Bucyrus senior housing study area is bounded by State Route 103, to the north, State Route 602, State Route 19, Monnett Chapel Road, and State Route 100 to the east, Monnett New Winchester Road to the south, and State Route 231 to the west.

Maps illustrating these study areas are illustrated on the following pages:

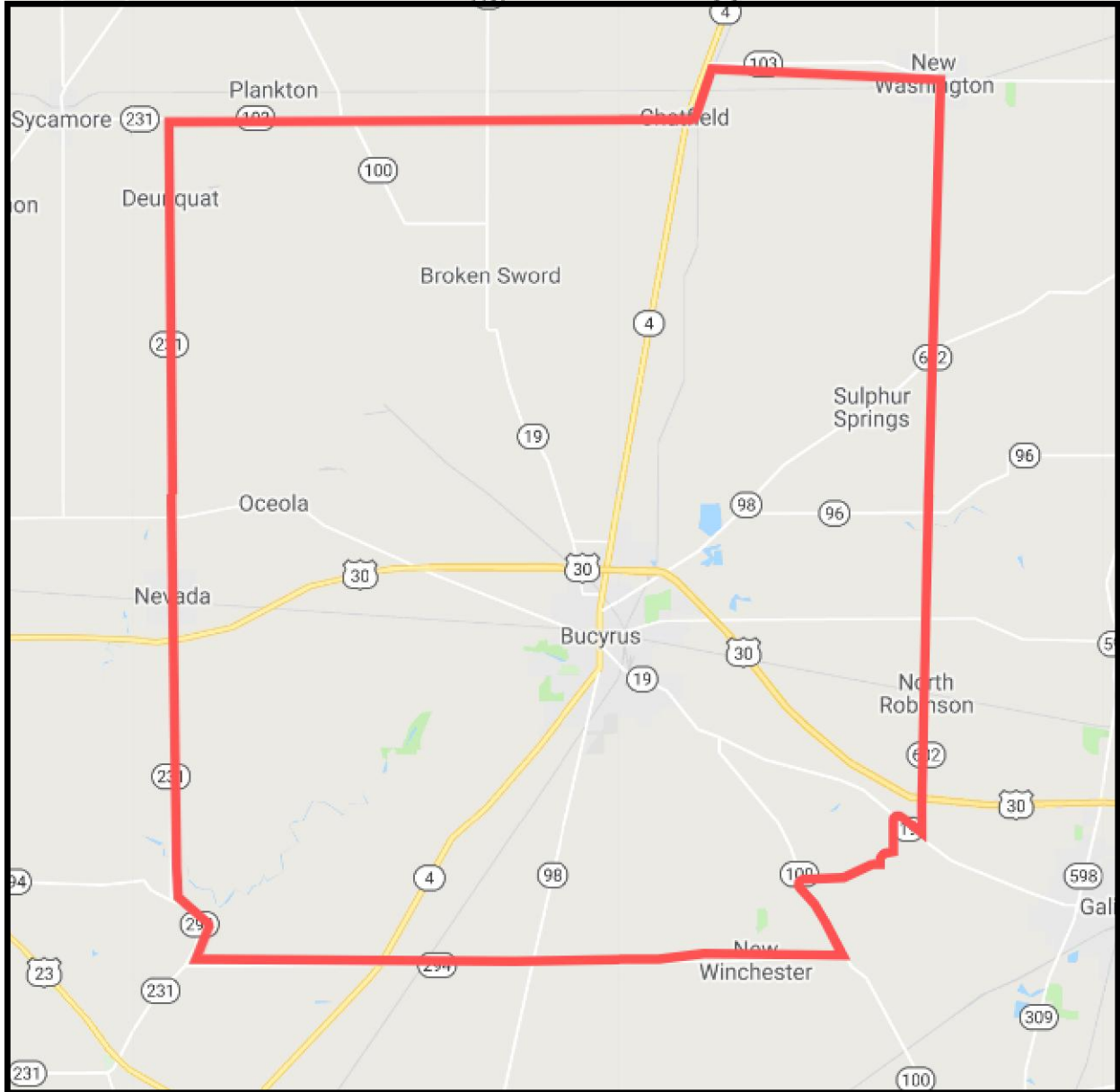
STUDY AREA MAP



BUCYRUS, OHIO



SENIOR HOUSING STUDY AREA



BUCYRUS



Given the lack of conventional rental housing in each of the study areas, we have case studied several “Peer Cities” in the Midwest with well-developed market-rate multifamily rental markets to assist in identifying potential for additional development in each study area.

Based on field surveys of existing rental and for-sale housing development, and a demographic analysis of the Bucyrus study area, support levels can be established for additional housing development potential. We have considered the following in our recommendations:

- Analysis of the overall rental and for-sale housing market in each study area
- Historical housing trends
- Current market conditions based on 100% field survey of modern apartments, condominiums, single-family subdivisions, and senior rental housing
- Appropriateness of each study area for additional development
- Current and expected economic and household growth conditions
- Area housing demand factors, including:
 - Income-appropriate renter households
 - Age- and income-appropriate households
 - Support from existing renters (step-up/down support)
 - Case studies of “Peer Cities” with fully developed apartment markets
 - Condominium and single-family support considers optimum capture factors based on income cohorts.

The Bucyrus study area does not feature moderate or upscale multifamily rental housing, which is vitally important to supporting multifamily rental growth as well as potential condominium and single-family home ownership. Further, moderate and upscale apartments are critical in attracting new employees to growing companies or businesses new to the market.

ECONOMY/EMPLOYMENT

Crawford County, overall, has a good ratio of jobs to labor force. There has been little change in the ratio of labor force and employment in the past 10 years. However, both the labor force and employment in Crawford County have declined during the same span.

Between 2009 and 2018, employment decreased 6.5%, while the labor force declined more significantly, 16.0% during the same period. Although both have declined in the past 10 years, the ratio has tightened considerable since the economic decline in 2009 when the labor force was 117% of employment. It is currently 106% of employment.

A distribution of total employees working in Bucyrus and Crawford County by category is as follows:

EMPLOYMENT CATEGORY	CRAWFORD COUNTY	BUCYRUS
Forestry, Fishing, Hunting And Agricultural Support	113	8
Mining	0	0
Utilities	17	9
Construction	575	140
Manufacturing	3,948	2,373
Wholesale Trade	589	166
Retail Trade	1,297	652
Transportation And Warehousing	155	51
Information	238	107
Finance And Insurance	689	435
Real Estate And Rental And Leasing	264	66
Professional, Scientific And Technical Services	567	191
Management Of Companies And Enterprises	75	45
Administrative Support, Waste Management, Remediation Services	328	128
Educational Services	1,420	409
Health Care And Social Assistance	2,021	1,156
Arts, Entertainment, And Recreation	183	58
Accommodation And Food Services	1,429	617
Other Services (Except Public Administration)	824	333
Public Administration	972	695
Unclassified Establishments	8	5
Total	15,712	7,553

The total number of employees working in Bucyrus represents nearly half (48.1%) of the total employment in Crawford County.

Employment categories accounting for the highest share of employees among Crawford County include Manufacturing, Health Care and Social Assistance, Accommodations and Food Services, Education Services, and Retail Trade. These categories account for nearly 65% of the total employees in Crawford County.

C. RECOMMENDATIONS

It is our opinion that a market exists for multiple housing development alternatives in the Bucyrus study area, including upscale apartments, moderate apartments, Tax Credit apartments, single-family subdivisions, and senior properties with services.

The current recommended demand for additional rental and for-sale housing in the three study areas is illustrated as follows. The recommended demand for senior housing was separated from the other housing components. Senior housing generally attracts residents from a greater area than the other housing types studied, resulting in larger study areas. These recommended unit totals are based on the assumption that each product type would achieve a stabilized absorption within an appropriate timeframe.

CURRENT RENTAL AND FOR-SALE HOUSING DEMAND BUCYRUS STUDY AREA	
DEVELOPMENT TYPE	BUCYRUS
Upscale Garden	36
Upscale Townhouse	32
Moderate Garden	54
Moderate Ranch	28
Low to Moderate Family Tax Credit	70
Low to Moderate Senior Tax Credit	36
Condominium	0
Single-Family Subdivision	0
Total	256
Senior Independent-Living	40
Senior Assisted-Living	42
Senior Memory Care	42
Total	124

MARKET-RATE APARTMENTS

We recommend four types of market-rate development currently not represented in the market as follows:

Upscale Market-Rate Garden Apartments (among two- to three-story buildings)

UNIT DESCRIPTION	NUMBER	SQUARE FEET	CURRENT RENTS
One-Bedroom/1.0 Bath Garden	16	750	\$785
Two-Bedroom/2.0 Bath Garden	20	950	\$995
Total	36		

Upscale Market-Rate Townhouse Apartments

UNIT DESCRIPTION	NUMBER	SQUARE FEET	CURRENT RENTS
Two-Bedroom/2.5 Bath Townhouse With Attached Garage	26	1,000	\$1,125
Three-Bedroom/2.5 Bath Townhouse With Attached Garage	6	1,150	\$1,275
Total	32		

Moderate Market-Rate Garden Apartments (among two- to three-story buildings)

UNIT DESCRIPTION	NUMBER	SQUARE FEET	CURRENT RENTS
One-Bedroom/1.0 Bath Garden	22	675	\$700
Two-Bedroom/2.0 Bath Garden	32	900	\$895
Total	54		

Moderate Market-Rate Ranch Apartments (among single-story buildings with attached garage)

UNIT DESCRIPTION	NUMBER	SQUARE FEET	CURRENT RENTS
One-Bedroom/1.0 Bath Ranch With Attached Garage	8	700	\$750
Two-Bedroom/1.0 Bath Ranch With Attached Garage	20	925	\$975
Total	28		

LOW-INCOME HOUSING TAX CREDIT APARTMENTS- (FAMILY)

It is our opinion that a conventional, non-age-restricted low-income housing Tax Credit property would provide workforce housing and accelerate residential development.

The appropriate incomes at the 50% and 60% levels range from \$17,280 to \$36,840; within the Bucyrus study area, there are currently 717 income-qualified renters within this income range. A 70-unit project would represent 9.8% of this total, which is within the Ohio Housing and Finance Agency’s capture rate threshold of 10.0%.

UNIT DESCRIPTION	PERCENT OF MEDIAN HOUSEHOLD INCOME	NUMBER OF UNITS	SQUARE FEET	GROSS RENTS*	UTILITY ALLOWANCE	NET RENTS*
One-Bedroom/1.0 Bath Garden	50%	8	650	\$576	\$83	\$493
	60%	16		\$691		\$608
Two-Bedroom/2.0 Bath Garden	50%	16	925	\$691	\$98	\$593
	60%	20		\$829		\$731
Three-Bedroom/2.0 Bath Garden	50%	4	1,100	\$798	\$119	\$679
	60%	6		\$958		\$839
Total		70				

*Based on 2018 Maximum Allowable Rent Range for Crawford County



LOW-INCOME HOUSING TAX CREDIT APARTMENTS- (SENIOR)

Given the strength of the current age-restricted Tax Credit apartment market and based on our Tax Credit demand analysis, it is our opinion that demand exists for additional age-restricted, low-income housing Tax Credit rental housing in Bucyrus. Because older adult and elderly households tend to have lower monthly living expenses, we have used a 50% rent-to-monthly income ratio for the purpose of this analysis.

The appropriate incomes at the 50% and 60% levels for an age-restricted property would range from \$13,820 to \$36,840; within the Bucyrus study area, there are currently 381 age- and income-qualified households within this income range. A 36-unit project would represent 9.4% of this total, which is within the Ohio Housing and Finance Agency's capture rate threshold of 10.0%.

UNIT DESCRIPTION	PERCENT OF MEDIAN HOUSEHOLD INCOME	NUMBER OF UNITS	SQUARE FEET	GROSS RENTS*	UTILITY ALLOWANCE	NET RENTS*
One-Bedroom/1.0	50%	8	600	\$576	\$83	\$493
Bath Garden	60%	14		\$691	\$83	\$608
Two-Bedroom/2.0	50%	6	850	\$691	\$98	\$593
Bath Garden	60%	8		\$829	\$98	\$731
Total		36				

*Based on 2018 Maximum Allowable Rent Range for Crawford County

Rents for all of the product types outlined in the previous pages include water, sewer, and trash removal services. Tenants will pay all other utilities.

FOR-SALE CONDOMINIUMS

Based on our condominium demand analysis, which accounts for support from both within each study area, as well as support from outside the areas, there is annual demand for 21 new condominium units in the Bucyrus study area.

It should be noted, however, that optimal absorption is seldom achieved within a market. Generally, maximum absorption occurs only when sales are a function of demand rather than being limited by supply.

In most markets that achieve sales close to demand, there are various product types represented with various sales prices available, i.e., a full range of price, concept and location alternatives. Maximum sales are, generally, only achieved in overbuilt markets. In underserved markets, individual projects often exceed expectations due to the lack of competition.

Also, the condominium market in the Bucyrus study area was adversely affected by the economic downturn of the mid- to late-2000s. Since the economic downturn, condominiums have not recovered to their earlier favor. In addition, underwriting standards for developers, requiring increased equity and significant presales, often preclude condominium development. Further, underwriting for potential buyers has also become more restrictive, thereby compounding the issue of legitimate presales.

Bucyrus contains existing condominium developments that have adjacent, vacant land that could potentially be developed into new for-sale condominium units and these unit totals, if ultimately constructed, would exceed the annual demand totals in each market.

Although it's uncertain whether these 53 additional units will ultimately be developed, the Bucyrus study area has historically illustrated slow overall condominium sales, with the highest annual total occurring in 2002 of only five sold units.

This slow absorption resulted in a dramatic price reduction among the properties offering available units during the mid- to late-2000s. Two of the three identified condominium properties in Bucyrus had product available during this period and the average condominium price prior to 2008 was \$154,608, while the average price among these same developments after 2008 was \$129,010, a decrease of 16.6% for similar product.

SINGLE-FAMILY SUBDIVISIONS

Based on our single-family subdivision demand analysis, which accounts for support from both within each study area, as well as support from outside the areas, there is annual demand for 26 new single-family homes in the Bucyrus study area.

Similar to new condominium development, optimal absorption among new single-family development is seldom achieved within a market. Generally, maximum absorption occurs only when sales are a function of demand rather than being limited by supply.

In most markets that achieve sales close to demand, there are numerous product types represented with various sales prices available, i.e., a full range of price, concept and location alternatives. Maximum sales are, generally, only achieved in overbuilt markets. In underserved markets, individual projects often exceed expectations due to the lack of competition.

It should also be noted that the division of the annual potential by sales price is simply a demand model. It is possible for one or more of the price ranges to gain market share from one or more of the other price ranges in any given year. This is driven by the perception of quality and value associated with individual developments as well as pent up demand.

There are two active subdivisions in Bucyrus: Scioto Glen and Reserve at Whetstone, Combined, these subdivisions have 11 available lots. However, there has been minimal recent sales activity at both subdivisions. Scioto Glen experienced the last new home sale in August 2006, while Reserve at Whetstone had a last new home sale in September 2014.

In addition, there are two other single-family subdivisions, Country Meadows and Arrowhead, in Bucyrus that have adjacent land that could be developed into 34 additional lots. It is currently uncertain whether these 34 additional lots proposed at County Meadows and Arrowhead will ultimately be developed. Notably, the last new home sale at Country Meadows occurred in April 2018, while the last new single-family home sale at Arrowhead was in December 2014.

Given this recent inactivity of single-family development and the potential for 45 lots to be developed among existing subdivisions, we would not recommend any new single-family subdivision development over the next few years in the Bucyrus study area. The addition of upscale market-rate rental housing, however, could present an opportunity for future for-sale, single-family development through the housing continuum concept.

SENIOR HOUSING WITH SERVICES

It is our opinion that support exists for additional senior housing with services in the Bucyrus study area. Recommendations for potential developments follow:

Independent-Living

UNIT TYPE	NUMBER OF UNITS/BEDS	BASE RATE*	AVERAGE UNIT SIZE (SQUARE FEET)
Independent-Living			
One-bedroom/1.0 bath	24	\$2,500	750
Two-bedroom/2.0 bath	16	\$3,100	900 -1,000
<i>Independent-living total</i>	40		

Assisted-Living

Assisted-Living			
Studio /1.0 bath	14/14	\$3,500	360
One-bedroom/1.0 bath	28/28	\$4,000	600
<i>Assisted-living total</i>	42/42		

Memory Care

Memory Care			
Private	14/14	\$5,000	300
Semiprivate	14/28	\$4,500	360
<i>Memory care total</i>	<i>28/42</i>		

The recommended senior units do not represent the full demand for senior housing. We have considered the number of units that the market is likely to successfully absorb over an industry-standard two-year absorption period.

UNIT AMENITIES

Market-Rate Apartment Unit Amenities:

Each unit in the proposed market-rate product (upscale garden, upscale townhouse, moderate garden, and moderate ranch-style) will include the following amenities:

- Range
- Frost-free refrigerator
- Dishwasher
- Disposal
- Central air conditioning
- Washer/dryer
- Carpet/faux-wood flooring
- Security system
- Balcony/patio
- Carport
- Attached garages (some)
- Ceiling fan
- 9' ceilings
- Window coverings

In addition, upscale properties would have upgraded finishes such as granite/quartz countertops, cabinetry, carpet/faux-wood flooring, stainless-steel appliances, ice-makers, etc.

Tax Credit Apartment Unit Amenities:

- Range
- Frost-free refrigerator
- Dishwasher
- Central air conditioning
- Washer/dryer
- Window coverings
- Balcony/patio
- Carpet/faux-wood flooring
- Ceiling fan

Competitive features such as room sizes, closets and storage, and entryways are critical in the successful marketing of rental properties. Following are our recommendations for each product.

Bedroom Sizes

The following table shows the minimum recommended bedroom sizes:

PROJECT TYPE	MASTER BEDROOM	SECOND BEDROOM	THIRD BEDROOM
Upscale Garden	160	150	-
Upscale Townhouse	165	150	130
Moderate-Rate Garden Units	150	140	-
Moderate Ranch	150	140	-
Tax Credit - Family	140	135	130
Tax Credit - Senior	140	130	-

Closet Space

The following lineal feet of closet space should be achieved:

One-Bedroom	12 to 15 Lineal Feet
Two-Bedroom	18 to 22 Lineal Feet
Three-Bedroom	24 to 28 Lineal Feet

It should be the goal to have the largest closet space in the market. This effectively reduces turnover. Walk-in closets should be included in the master bedroom; however they are not required in the second and third bedroom. Wall closets are considerably more space efficient. Walk-in closets do provide a “wow” factor, but that can be accomplished in the master bedroom.

Additional storage should be provided where ever possible. The ranch and townhouse units will have additional storage opportunities in the garage. Additional storage can be provided on patios and balconies. Also, additional storage can be provided in special buildings at an additional fee.

Entry

The entry into the units should be open and airy. Entry should be directly into the great room with a view of the opposing windows if possible.

Senior Housing Unit Amenities:

Each independent-living unit should include the following amenities:

- Kitchen featuring a refrigerator, dishwasher, sink, range/oven and microwave oven.
- Central air conditioning
- Carpet/floor coverings
- Window mini-blinds
- Pre-wired for cable/satellite television/Internet
- Emergency call system
- Bathroom fitted with safety bars
- Balcony/patio

Each assisted-living unit should include the following amenities:

- Kitchenette including a sink, microwave and refrigerator
- Emergency call system
- Carpet
- Window blinds/drapes
- Air conditioning

Each memory care unit should include the following amenities:

- Carpet
- Emergency call system
- Window blinds/drapes
- Air Conditioning

PROJECT AMENITIES

We recommend a master project amenity facility serving all of the market-rate rental properties.

Market-Rate Project Amenities

- Community building
- Fitness center
- Business/computer center
- Car wash area
- Picnic area/BBQ area
- Pet friendly
- On-site management

Tax Credit Project Amenities:

- Community building
- Playground
- Business/computer center
- Picnic/BBQ area
- On-site management

Senior Housing Project Amenities:

- Beauty/barber shop
- Computer center
- Craft/activities room
- Exercise room/fitness center
- Indoor gathering area(s)/lounge(s)
- Wellness/therapy center
- Courtyard
- Formal dining area
- Private family dining room
- Media/TV room
- Library
- Outdoor walking path
- Public Area Wi-Fi
- Laundry room