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Community Research Services Newsletter

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Welcome to the Spring 2008 issue of the Community Research Services Newsletter. Our quarterly newsletter serves to keep you informed of industry and company news that affects you and your business.

This issue addresses several important topics. First, we give you an article which discusses the possible origins of problems in struggling rental properties, and the best solutions for such developments. Another piece, "Adding the Live and Play to Lansing," celebrates new residential and commercial developments near CRS's offices in Lansing, Michigan. Other items report on our recent work in Indiana and the Carolinas, where we completed several market studies earlier this year. In "The Hidden Homeless," we address the problems of a special needs population that is often overlooked.

Please enjoy this issue of the CRS newsletter and visit our website at www.cr-services.com for more information about our services.

Is it Management or Is it Market?

A discussion of struggling rental properties

In today's housing market, struggling rental properties are commonplace. The question that many owners and developers of these rental properties face is: "Does the problem rest with the management company or is it a market related issue?"

Several factors can help determine the root of the problem.

Firstly, an outside perspective on the management efforts is warranted. Often, both the manager and the owner are so invested in the success of the property that they are not able to take a "fresh look" at the marketing efforts. Hiring a consultant to review the marketing efforts to date and to tour the property can turn up items like sign visibility issues, improper placement of marketing materials, or problems with the projected image which are overlooked when interacting with the property on a daily basis.

Another common problem many properties have is that they geographically miss target segments. By using mapping software, consultants can show where the current residents have moved from, overlaid with the geographic layout of the marketing efforts (by zip code for example).

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In today's housing market, struggling rental properties are commonplace.

Visually, it is easier to determine which marketing campaigns have been successful and which have not, based on the number of leased units that have resulted from the efforts. Further, it is often noticeable which parts of the market have contributed very few tenants to the property, and which offer a high percentage of income-qualified residents. Using these techniques, it is possible to target further marketing efforts so that resources are not wasted by broadly marketing to disinterested parties and instead are directed toward potential residents that are more inclined to lease a unit at the property.

In many cases, a survey of local rental properties can help determine whether the problem is specific to the subject or if there is a general trend of struggling properties throughout the market. In some markets, particular product types experience issues while the remainder of the market flourishes. This can be a frustrating scenario, especially when it is not clear what factors set the properties apart. A survey of local properties can help. When analyzed in detail, this information can help determine if there are amenities in the market that are strongly desired and cause some properties to thrive while others flounder, or whether the property is inappropriately priced. In these cases, the addition of amenities, the inclusion of particular utilities in the rental rate, or an adjustment to the rental rate may be suggested.

These tools can help to determine the root of the issue, without misdirecting investments at a property in hopes of improvement.

If you own a property that could benefit from services as described above, feel free to give us a call at CRS and ask about our Management Consulting Services. We would love to help you out with a tailored analysis designed to diagnose the problem at your property.

--Michelle Schneider

Adding the Live and Play to Lansing

Between the orange barrels in downtown Lansing, exciting things are happening. In Michigan's current economic state, one might not expect to be able to successfully open a new club, start up a restaurant, or build a tower housing high-end condominiums. However, it appears that things are changing here in the Capitol City, with new developments like the Stadium District and the Capitol Club Tower leading the way.



Printers Row.

It is well known that Lansing is a great place to work, with many excellent jobs located within its borders. However, something important has been missing: the Live and the Play. Finally these aspects are being added to the mix. New housing in the downtown area is being built, including the Stadium District, Capitol Club Tower, and Printers Row, just to name a few. Also, Washington Avenue has become a destination for those seekers of nightlife, with establishments like Tavern on the Square, The Firm, X-Cel, and Troppo drawing people downtown in the evening hours.



*The Stadium
District.*

As part of a recent analysis, CRS reviewed tower condominium projects throughout Michigan, including several properties in Grand Rapids and Ann Arbor. One of the key features that make these properties successful is the destination feel of the area in which they are built. For example, Ashley Terrace in Ann Arbor will offer 99 units, and as construction was nearing completion in the summer of 2007, 60 percent of those units were already sold. This is because of the active and vibrant nature of the community in which the units are located.

It appears that Lansing is also ready to see this kind of success. CRS attended a promotional event for the Capitol Club Tower condominium development and the energy in the air was inspiring. It was evident that there was a lot of interest in the units that have been proposed. With these types of development underway, Lansing will help Michigan to retain residents who desire the lifestyle of working, living, and playing in an urban environment.

--Michelle Schneider

Project Spotlight: Indiana

Early this year, CRS completed market studies in the state of Indiana. Most of these studies analyzed the market for new rental developments in small towns in southern Indiana, near the Kentucky border.

Some of our findings in these markets:

- Solid local economies with steady job growth and stabilizing unemployment trends
- Strong population growth, especially in the middle-aged persons and older segment of the population
- A strong preference for homeownership
- New LIHTC construction raising the standards for the rental market, thereby helping to modernize the area's rental stock

For more information on our work in Indiana, please contact Jamee Zielke at jzielke@cr-services.com.



Project Spotlight: North Carolina

In March 2008, the CRS team completed market studies in the states of North and South Carolina. The majority of the North Carolina studies analyzed the need for specific new family and senior developments in small towns in the central portion of the state.

A sample of our general findings for some of the markets of central North Carolina:

Through the analysis of local and regional demographic and income trends, and existing housing conditions, we were able to ascertain that most markets are currently stable. Most employees who reside in the county work in neighboring counties, and overall job growth has been steady. The unemployment rate has been falling as well.

Population trends in the analyzed areas are extremely positive, with especially strong growth occurring among baby boomers (ages 45 and up). Currently, there are limited rental options in the area, all of which have high occupancy rates. These facts point to an increased demand for both family and senior-targeted housing.

Overall, we were able to supply positive recommendations for the new developments in each area. To learn more about our work in North Carolina and South Carolina, please contact Jamee Zielke at jzielke@cr-services.com.



The Hidden Homeless

Most of us are aware of the homeless on the street and that there are individuals and families forced to sleep in a car or rely on shelters—those with literally nowhere to turn. The immediate needs of these individuals are obvious: shelter, clothing, and nourishment. The issues that need to be addressed to secure permanent housing for the homeless are complicated, but receive regular attention and effort from a variety of sources. While homelessness of this type has not been eradicated and clearly needs continued focus, there is another population affected by homelessness that is often invisible to many of us.

Most homeless households do not go straight from their permanent home to the precarious situation of living on the streets and relying on shelters. Often, homeless individuals and families are able to get help from friends and family, for a time. After losing their homes, perhaps due to foreclosure, death of a wage-earning adult, or job loss, some families bounce from one temporary situation to another, staying with different friends and relatives for weeks or months at a time until it is time to impose on another family for help. This situation is often referred to as 'couch surfing' because the adults in these situations are often sleeping on couches to avoid sleeping in cars, at shelters, or on the street.

Many sources of assistance for the homeless do not consider such households as truly homeless, meaning they are therefore not qualified for help in reversing the situation. Nonetheless, these households are likely to eventually exhaust the generosity of their friends and families, and will ultimately end up in a more traditional homeless situation. Further, the lack of a permanent living situation takes a toll on the emotional well-being of the adults and children in the family, exacerbating many of the factors contributing to the homeless situation they are in. The ability to secure and keep suitable employment and to perform well in school can be adversely affected, resulting in even worse circumstances.

(continues on next page)

Federal Definition of Homeless:

1. An individual who lacks a fixed, regular, and adequate nighttime residence; and
2. an individual who has a primary nighttime residence that is--
 - A. a supervised publicly or privately operated shelter designed to provide temporary living accommodations;
 - B. an institution that provides a temporary residence for individuals intended to be institutionalized; or
 - C. a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings.

Source: www.hud.gov

The Hidden Homeless

Most communities are not able to serve all of their homeless, due to a lack of available facilities. Single adults are particularly vulnerable to being turned away, as the needs of families take an obvious precedence. Transitional and assisted housing programs that are offered to the homeless are often only available to households that have qualified to utilize emergency housing previously or that have been in the dangerous situation of living in public areas. While the needs of these individuals and families are obviously a priority, the needs of the homeless who are 'couch surfing' are not adequately addressed. Assisting these types of households while they are still able to find help with friends and family will prevent the need for the majority of them to utilize emergency shelters in the future, or risk running out of options completely.

More attention to this hidden group of homeless households will reduce the total number of households in need of emergency shelter by providing needed assistance before the traditional label of homelessness applies (see sidebar on previous page for the federal definition of homeless). The strain on emergency options will be reduced and the period of homelessness will have a lesser impact on these households. Over time, the community at large will benefit by having fewer households that are subject to upheaval. Connecting 'couch surfing' families to permanent housing situations should be a major facet of any community's plan to eliminate homelessness.

--Jamee Zielke



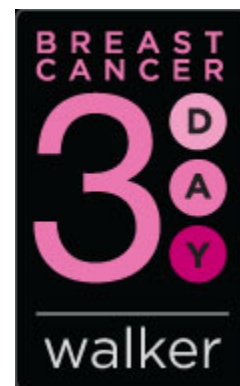
Employee News

We'd like to announce that Jamee, who many of you have worked with, will be participating in the Breast Cancer 3-Day this coming September. She'll walk 60 miles over three days with thousands of other women and men. The net proceeds will support breast cancer research, education, screening and treatment through Susan G. Komen for the Cure and the National Philanthropic Trust Breast Cancer Fund.

She'll be training hard over the next several months to prepare for the 3-Day Walk. In order to walk during the event, Jamee has agreed to raise at least \$2,200 in donations and she has set her personal goal at \$3,200.

Jamee decided to participate in the walk because she has seen how cancer has affected her friends and family who have battled it, and thought that the least she can do is take better care of her health. The walk is an event she can participate in that accomplishes two things—it provides her with motivation to take better care of herself (to avoid collapsing in a sobbing heap during the walk) *and* it helps to raise money to fight cancer. Her whole story is on her 3-Day webpage—if you are interested, email her at the office and she'll send you a link.

See the reverse side of this page for upcoming events!



Upcoming Events

National Brownfields Conference—
Detroit May 5-7

National Association of Housing and
Redevelopment Officials Conference—
Traverse City May 7-9

Building Green: Affordable Housing
Conference—Indianapolis, IN May 9

Great Lakes Capital Fund Partners
Luncheon—East Lansing May 14

Kansas LIHTC Application
Deadline May 14

Michigan Economic Developers
Association Golf Outing—Bath May 21

MSHDA Preservation Conference—
Lansing (tentative) June 2

Lutheran Homes of Michigan Annual
Golf Outing—Hartland June 9

Minnesota LIHTC Application
Deadline June 17

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