

HOUSING MARKET ASSESSMENT

The Shreveport Common Cultural District in Downtown Shreveport aims to incorporate multi-use properties in order to achieve an active and sustainable arts and cultural district. The existing housing market within the Shreveport Common Cultural District is largely undeveloped, though the surrounding area has experienced some notable development and adaptive re-use in recent years. As an arts district, the goal is to attract and retain artists and creative individuals to live and work within the community. Questions remain for developers and investors who are curious about the market conditions in the area and have shown hesitancy to develop housing within the Shreveport Common. Like all real estate development projects, the Shreveport Common area will have a certain level of risk associated with it that can only be determined by developers and investors as part of their overall portfolios.

Determining overall demand for housing within the Shreveport and surrounding areas is the first step in beginning to build a case for artist-specific housing. The following analysis uses the data provided in the Economic and Demographic Analysis section of this study to further analyze residential housing activity in the area. This data is then combined with the performance of existing residential communities within the competitive market in order to build the fair share analysis. The following key points summarize the condition of the housing market on a National, State and local level.

- In the **United States**, the number of total households is expected to grow at a rate of 0.6% between 2012 and 2017. Household size is expected to hold firm at 2.6 people, even though this figure continues to decline slowly year-over-year. The percentage of married people tips the scale slightly at 53.1%. Most households (65.4%) in the U.S. are owner-occupied and are also predominantly single-unit, detached, homes (62.7%). With over 131 Million total housing units, 11.38% were vacant in 2010. In 2012 the median household monthly rent was \$704 and the median home value was \$189,547.
- In **Louisiana**, the number of total households is expected to grow at a rate of 0.5% between 2012 and 2017. Household size is expected to hold firm at 2.5 people, slightly less than the national average. The percentage of married people in Louisiana is evenly split at 50%. In Louisiana 67.4% of households are owner-occupied and 67.4% are single-unit, detached, homes. With almost 2 million total housing units, 12.04% were vacant in 2010. In 2012 the median household monthly rent was \$551 and the median home value was \$131,531.
- In the **0-15 Mile Ring** around the study area, the number of total households is expected to grow at a rate of 0.7% between 2012 and 2017. Household size is expected to decline to 2.4 people, less than both National and State averages. The percentage of married people was 47.7% in 2012. Within the 15 Mile Ring, 62.2% of households are owner-occupied and 67.8% total units are single-unit, detached, homes. With over 147,000 total housing units, 8.18% were vacant in 2010, approximately 4 points lower than the State average. In 2012, the median household monthly rent was \$539 and the median home value was \$125,617, both lower than the State averages.
- In the **0-1 Mile Ring**, total households are expected to decline 0.1% unless something changes in the market to draw and keep people in the area. This area also reports both the lowest household size (1.8 people) and rate of married people (24%). Between 2000 and 2010, this area lost approximately 663 housing units, 303 of those being rental units, due to the demolition of blighted property. Of the 1,554 housing units in the area, 79.9% are occupied by renters. The median monthly rent in 2012 was \$417 and the median home value was \$58,833.

Summary of Projections

In our assessment of the potential for housing in the Shreveport Common area, TMG developed both “Low” and “High” forecasts. With a full build-out of 250 rental units in the area, TMG projects that approximately 177 to 222 units could reasonably be occupied, generating between \$1.3 million and \$2.4 million in rental revenues annually. Of the occupied units, between 11 and 17 could potentially be occupied by artists.

Shreveport Common Adjusted Fair Share Projections

Category	0-1 Mile (LOW)	0-15 Mile (HIGH)
Shreveport Common's Fair Share of Occupied Rental Units	161	222
Discount/Premium to Fair Share	1.1	1.0
Forecast of Occupied Units in the Shreveport Common	177	222

Source: TMG Consulting

Potential for Artist Units in Shreveport Common

Category	Low	High
Shreveport Common Occupied Units	177	222
New Artist Renters Captured	11	17
Potential % of Occupied Units	6%	8%

Source: TMG Consulting

Summary of Projected Rental Revenue

Scenario	Revenue Generating Units	PSF	Occupancy Rate	Potential Annual Revenue
Scenario 1	177	\$0.76	71%	\$1,299,228
Scenario 2	177	\$1.14	71%	\$1,904,329
Scenario 3	222	\$0.76	89%	\$1,636,275
Scenario 4	222	\$1.14	89%	\$2,398,342

Source: TMG Consulting

Housing Qualitative Analysis (SWOT)

STRENGTHS

- There is active local interest in developing the area from the community and its elected officials.
- Community events such as the Maker's Fair and UNSCENE are building a positive image for the area, continued effort from community groups to continue promoting events is strong.
- National trends in city development show an increased interest in moving into downtown areas.
- Significant investment has already been made in the area, including SRAC ARTSTATION/Fire House and the Municipal Auditorium renovations.
- Community groups and individuals, including many artists, have been actively involved in defining the *Vision Plan*.
- Some local developers have expressed interest in potentially developing housing in the area.
- Historic property adds to the culture and character of potential housing units; adaptive re-use is increasingly popular among those seeking urban housing.

WEAKNESSES

- The Shreveport Common area has a poor reputation among Shreveport residents; associated with crime, drugs, homelessness, and violence.
- Developers have not yet invested in Shreveport Common housing.
- U.S. Census projections anticipate the population in the 0-1 mile radius around the Shreveport Common Cultural District to decline over the next five years.
- Directing local attention away from the core of Downtown Shreveport or the Riverfront will be difficult as these areas have more traction with the development community.
- Any development potential will be directly affected by new developments in the surrounding downtown area that is also being actively marketed to developers.
- Developing a unified vision can be difficult.
- Currently a lack of commercial and retail options for residents.
- Rental housing outside of the downtown area is desirable to many potential residents seeking more space and amenities.
- Development of common areas and parks may attract more loitering.
- Vaguely defined area - hard to establish an identity/discernable borders
- Population trends show growth occurring in other areas of the MSA, but not here.

OPPORTUNITIES

- Current competitive rental complexes in the downtown area are showing promising occupancy rates and are able to demand above-average rental rates.
- Addition of vital retail outlets may lead to additional incentive for housing development.
- The Municipal Auditorium will re-open in April 2014, potentially bringing more activity and commerce, resulting in a more desirable housing market.
- Investment in parks and common spaces may draw residents to the area.
- Potential for non-profit groups to act as investors or developers or other creative partnerships to fund *Vision* projects.
- Potential for collaboration with the film and entertainment industry to develop or invest in the area.

THREATS

- Vacancies from downtown housing are currently significant enough to absorb the potential demand.
- The market for housing in the area is currently saturated.
- Renovation costs for historic or adaptive re-use buildings may appear to be more expensive for developers.
- Developers may choose projects in nearby downtown properties if development rules become too restrictive.
- Infrastructure of the Shreveport Common area is old and will continue to deteriorate over time.
- Shreveport Common has a “first-mover” problem. Financial risk to developers is perceived to be high, so each developer is waiting for a significant investment to be made by someone else.
- If retail & commercial development does not occur as planned, there may not be enough long term demand to support additional housing in the Shreveport Common.
- Tightly defining artists and qualifications for artist housing may limit the number of potential residents who would qualify for housing.

Trends

URBAN LIVING

There has been a favorable shift toward urban living in many cities throughout the country. Some cities like New Orleans, Phoenix and Miami have recently reported more urban growth than suburban growth¹⁰². Other cities, such as Nashville, have reported the opposite. Downtown areas are able to provide residents with unique cultural and historical elements that cannot be experienced outside the urban core.

The most important factor with successful rental communities, as with most housing, is location. A downtown location with the most appeal tends to offer access to shopping and transit, and include competitive amenities that most renters demand (parking and community areas) and niche amenities such as pet-friendly buildings, business centers, party rooms and more.

RESIDENTIAL BUILDING ACTIVITY IN SHREVEPORT

Following the national trends, builders in Shreveport and the surrounding areas may also be betting on a strong rental market.¹⁰³ In downtown Shreveport, builders have recently completed rental housing that appeals to those seeking an urban apartment lifestyle with resort-style amenities.

According to McGraw Hill construction analysts, construction on residential projects will lead construction spending in Shreveport. In 2013 residential construction spending on multi-family units is forecast to exceed \$47 million, rebounding from 2010 and 2011 figures of \$4 million. This data indicates that builders are investing in residential multi-family projects after conservative investment in previous years.

Notable is the distribution of construction spending being allocated to multi-family units when compared to previous years. In 2010 and 2011 spending on multi-family units accounted for less than 2% of total construction. In 2012, 10.6% of the total construction was invested by builders in the multi-family market, this figure was forecast to nearly double in 2013 with 20.5%.

Shreveport Residential Construction Spending 2010 - 2013

Housing Type	2010 Actual	2011 Actual	2012 Actual	2013 Forecast
Single Family	\$219,000,000	\$234,000,000	\$236,000,000	\$229,000,000
Multi-Family	\$4,000,000	\$4,000,000	\$25,000,000	\$47,000,000
% Multi-Family	1.8%	1.7%	10.6%	20.5%
Total	\$223,000,000	\$238,000,000	\$261,000,000	\$276,000,000

Source: ENR Texas & Louisiana, McGraw Hill Financial, TMG Consulting Analysis.

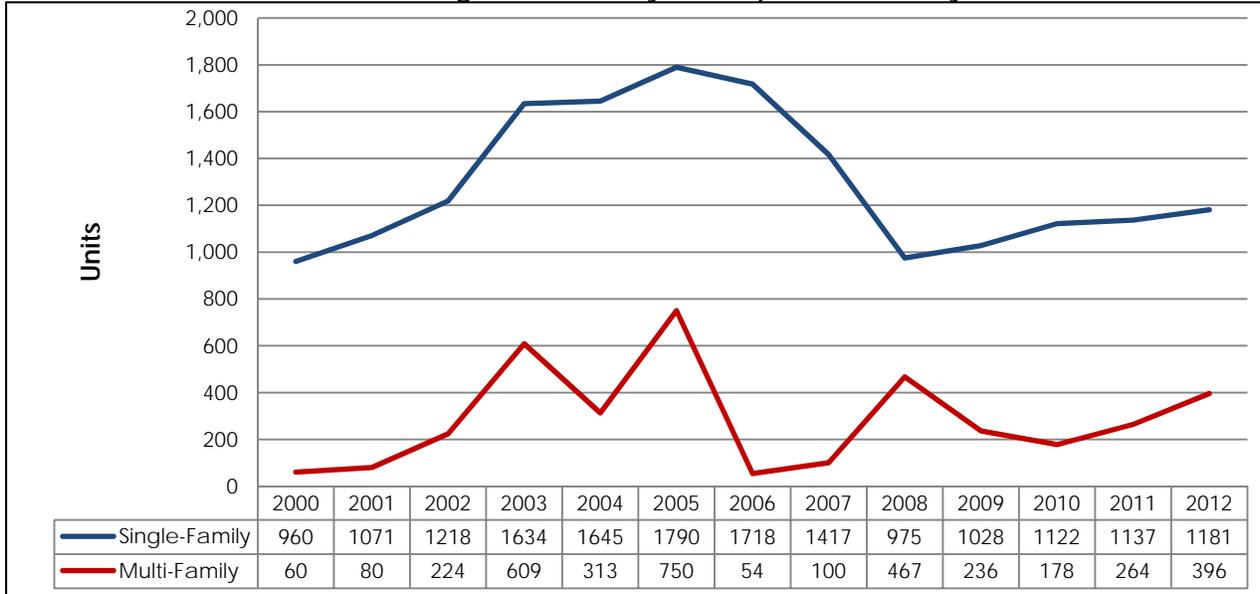
According to the U.S. Census Bureau, Building Permits Survey, the Shreveport-Bossier City Metropolitan Statistical Area (MSA) has had 20,627 residential building permits from 2000 through 2012. Of this total, 16,896 units, or 82%, were single-family and 3,731, or 22%, were multi-family. The average annual growth between 2000 and 2012 was 3.7% for total permits, 1.7% for single-family, and 17% for multi-family. Though there were fewer multi-family permits overall, the amount of multi-family permits grew at the highest rate of all new building in the Shreveport-Bossier City MSA.

¹⁰² Berg, Nate. "Urban vs. Suburban Growth in U.S. Metros," *The Atlantic (Online)* June 29, 2012. Web. October 2013.

¹⁰³ Sucich, Angela. "Renting Trends in Urban Apartments." *Zillow Blog* June 21, 2012. Web. October 2013.

Single-family building peaked in 2005 with 1,790 units and experienced its lowest annual figure in 2008 with 975 units. These figures coincide with the highs and lows of the real estate housing boom and subsequent “bubble” resulting from the national economic recession. Multi-family permits also peaked in 2005 with 750 permits and expressed the lowest figures in 2006 with 54 total permits.

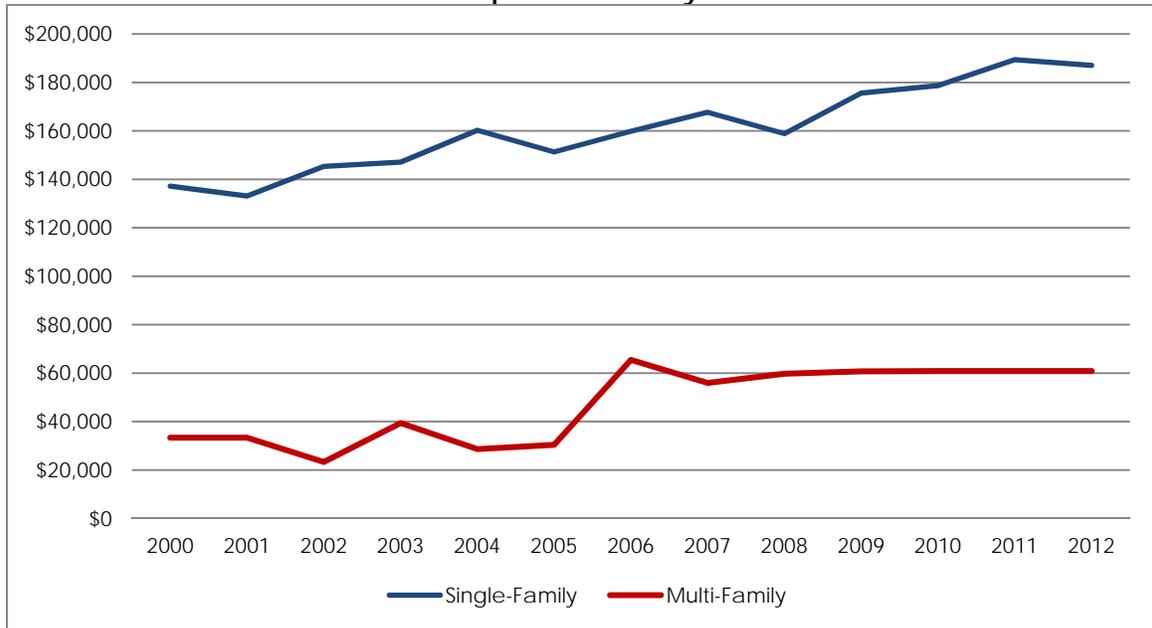
Residential Building Permit Activity Shreveport-Bossier City MSA



Source: U.S. Census Bureau, Building Permits Survey; U.S. Dept. HUD Analysis of the Shreveport-Bossier Louisiana Housing Market, January 1 2006; TMG Consulting Analysis

The US Census Bureau reports on the value of each unit as part of the Building Permits Survey, these values indicate the difference between the values of single-family units when compared to multi-family units during the same period. The value of multi-family units grew at an average annual rate of 5.1% whereas single-family grew at a rate of 2.6% during the same period. In 2012 the average value of a single-family unit in the Shreveport-Bossier MSA was \$187,021 and a multi-family unit was \$60,866. What these figures show is that single-family homes in the MSA are valued at more than twice the amount of a multi-family unit.

**New Residential Unit Housing Valuation - Average Value Per Unit
Shreveport-Bossier City MSA**



Source: U.S. Census Bureau, Building Permits Survey; U.S. Dept. HUD Analysis of the Shreveport-Bossier Louisiana Housing Market, January 1 2006; TMG Consulting Analysis

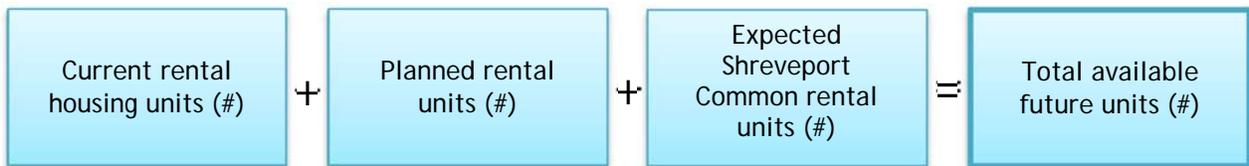
Methodology

The “fair share” model is used to demonstrate the relative competitiveness of the potential development within the Shreveport Common compared to the competitive units within the 0-1 mile ring and the 0-15 mile ring. The inputs for this model are the total rental units and the total number of occupied rental units, which results in the area’s average occupancy rate. The average occupancy rates are then compared to actual occupancy rates reported among the competitive units studied, resulting in a calculation of each properties premium or discount to its fair share of occupancy. For instance, in a market with an average occupancy rate of 85%, an apartment complex operating at an occupancy rate of 85% would have an effective market index of 1.0, while one at 76% occupancy would have a discount factor of less than one, and one operating at 90% occupancy would reflect a premium of greater than one.

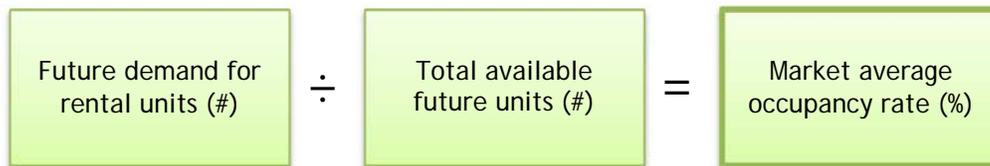
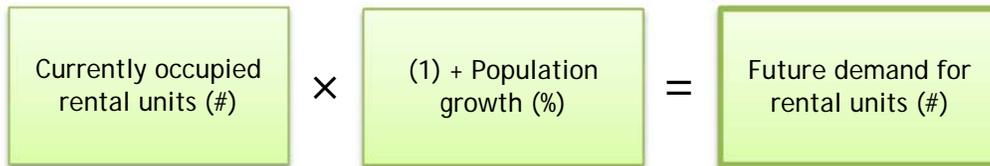
FAIR SHARE

The following graphic displays the methodology behind TMG’s fair share analysis for the housing market. This analysis was performed for both the 0-1 mile ring and the 0-15 mile ring surrounding Shreveport Common, resulting in a range of forecasts for the number of rental housing units that could be supported.

Market Supply



Market Demand



Shreveport Common Fair Share



Shreveport Common Adjusted Fair Share



The 0-1 Mile Ring was selected because it represents the immediate area around the Shreveport Common and also captures the rental activity in the downtown area.

The 0-15 Mile Ring was selected in order to analyze the potential of drawing from a larger market area to the Shreveport Common. The 15 Mile Ring represents areas in both Caddo and Bossier parishes, yet confines the study to an area that is geographically more practical to draw from as opposed to using the parish or region which may be too far away from the downtown area.

Supply

COMPARABLE RENTAL COMMUNITIES IN SHREVEPORT & BOSSIER CITY

Rental communities are no longer viewed solely as stepping stones to home ownership as they may have been in the past. Many people view apartment-dwelling as part of a lifestyle choice that may be supported by a variety of reasons ranging from personal choice to a reflection of the current and sustained economic conditions of the country.

As home ownership took a hit during the financial recession, builders have responded by shifting their focus to battle the effects of supply and demand in the rental market. They are still being very careful as the lasting effect of the recession have affected commercial lending, forcing many firms to raise private equity to fund new projects. From a consumer's perspective, the burst of the real estate bubble resulted in the foreclosure of homes and condominiums, pushing former home-owners into rentals. Tighter lending restrictions from banks have also made it more difficult for people to obtain mortgages for homes, further fueling the demand for rental property. The instability in the housing market has also influenced many people to refrain from investing in property until they feel that the housing market has rebounded.

The data compiled from comparable units within 15 miles of the study area show that there is a market in the Shreveport-Bossier area for rental communities that demand higher than average rental rates. Interviews that were conducted with real estate professionals in the areas revealed that there exists a "sweet spot" in the downtown area for units with rental rates around \$1,000 per month. Realtors and property managers report that the market rate housing in the downtown area is nearly at capacity and that they receive many inquiries from people interested in living downtown. The data in the following sections show that the perceptions of area real estate professionals coincide with the data gathered regarding the competitive units.

Studying the rental housing available within 15 miles of the study area highlights the key differences between downtown and suburban rental housing. In the downtown area, apartment buildings tend to be historic or adaptive re-use buildings with studio, 1BR, 2BR and loft layouts that are most appealing to single people, young professionals or those seeking a more urban lifestyle. Though the apartments are located in downtown, some complexes do attempt to offer amenities that compare to those of suburban apartments. The Ogilvie Hardware Lofts, for example, have maintained many fixtures and design aspects of the historic building and offer amenities such as business and fitness centers. In addition, they also offer a children's playground, community center, and pool, which are features that are typically expected in suburban developments. Other, smaller apartment complexes in the downtown area, such as the 710 Crockett Street Lofts, tend to appeal to those residents seeking a unique and creative space, as no two apartments are alike. These lofts are built in the former Salvation Army Building and still feature many of the historic design elements. Due to the building's size, there are not many communal amenities offered.

With suburban developments, space constraints do not seem to be an issue. In the 168-unit Reflections of Island Park, for example, the units are located throughout multiple two-story buildings. The community features a fitness center, business center, private lake, tennis courts, salt water pool and outdoor picnic and barbeque areas. The apartment layouts offered include 1, 2 and 3 bedroom configurations in twelve different floor plans, ranging from approximately 1,200 square feet to 1,800 square feet. Other complexes, such as the Villaggio, offer residential living within a mixed-use community. The Villaggio is a 64-acre master planned community, with a Main Street retail district where

retail and dining are available on the ground level and apartments are on the second and third floors. The focal points of the community are a 6-acre private lake and a 45-foot clock tower centrally located in the promenade area.

EXISTING RENTAL COMMUNITIES WITHIN ONE MILE

Within one mile of the study area there are seven active apartment complex communities. For purposes of using data relevant to the Shreveport Common Vision, the multi-family rental complexes are compared in the following table.

Downtown Shreveport Residential Comparable Units (Within 1 Mile From Study Area)

Development Name	Address	Housing Type	Total Units	Vacant	Occ. Rate	Rental Rate PSF (Low)	Rental Rate PSF (High)
1023 Texas Ave Apts	1023 Texas St	Corporate/Market	3	0	100%	\$0.60	\$0.95
710 Crockett St. Lofts	710 Crockett St	Market Rate	7	0	100%	\$0.83	\$0.85
Fairmont Towers Apts	726 Cotton St	Section 8/25% Market Rate	254	67	74%	\$0.94	\$1.28
Jefferson Apartments	907 Louisiana Ave	Market Rate	69	5	93%	\$0.88	\$1.67
Lee Hardware Apts	719 Edwards St	Affordable	55	3	95%	\$0.53	\$0.95
Ogilvie Hardware	217 Jones	Affordable	90	9	90%	\$0.60	\$0.90
United Jewelers Apts	301 Crockett St	Market Rate	54	4	93%	\$0.93	\$1.36
Totals/Average:			532	88	83%	\$0.76	\$1.14

Sources: Shreveport DDA; TMG Consulting Research & Analysis

Collectively, the buildings detailed above have 532 units of rental housing, 88 of which were vacant. The complex with the most units is Fairmont Towers, with 254 units. The building with the least units is 1023 Texas Avenue Apartments, with three. Of the market-rate apartments, each of the complexes boasted between 93% and 100% occupancy; the lowest occupancy was reported by Fairmont Towers, a subsidized housing property, with 74% occupancy. Real estate professionals in the area reported that there is currently a demand for market rate housing in the downtown area and that vacant units typically are not available for very long. Some rental communities reportedly had waiting lists of prospective renters.

Rental Rates

Rental rates for housing can be reported in two ways, the rental rate per square foot (PSF) or the total monthly rent. The rental rate PSF is a figure that will mainly interest developers and investors, as this figure can assist in anticipating potential revenues of rentable areas. Within one mile of the study area, the average rental rate among the comparable apartments is between \$0.76 and \$1.14 PSF per month. A low and high range of rental rates is reported, as the rate may fluctuate based on demand, seasonality, and/or unit features and amenities; it does not necessarily mean that the cheapest or smallest unit will demand the lowest PSF rate or vice versa. The Lee Hardware Apartments, an affordable housing development, reported the lowest PSF rates, at \$0.53 PSF. A one-bedroom apartment in this building could rent for as low as \$575 per month, and two-bedroom units start at \$699 per month. On the other hand, the Fairmont Towers Apartments has a high rental rate PSF, but because units may be smaller, these Section 8 & market rate apartments are generally less expensive than the other units. The highest rental rates were reported by the Jefferson Apartments, a market-rate community that also offers corporate housing, at a rate of up to \$1.67 PSF. It should be noted that corporate housing units in this building could potentially demand higher-than-usual rental rates because the units are typically leased

fully furnished and for shorter terms, resulting in an overall higher rate that may not be directly comparable to a non-corporate unit. The Jefferson Apartments reportedly offers studios starting at \$575, one-bedrooms at \$590 and two-bedrooms at \$710.

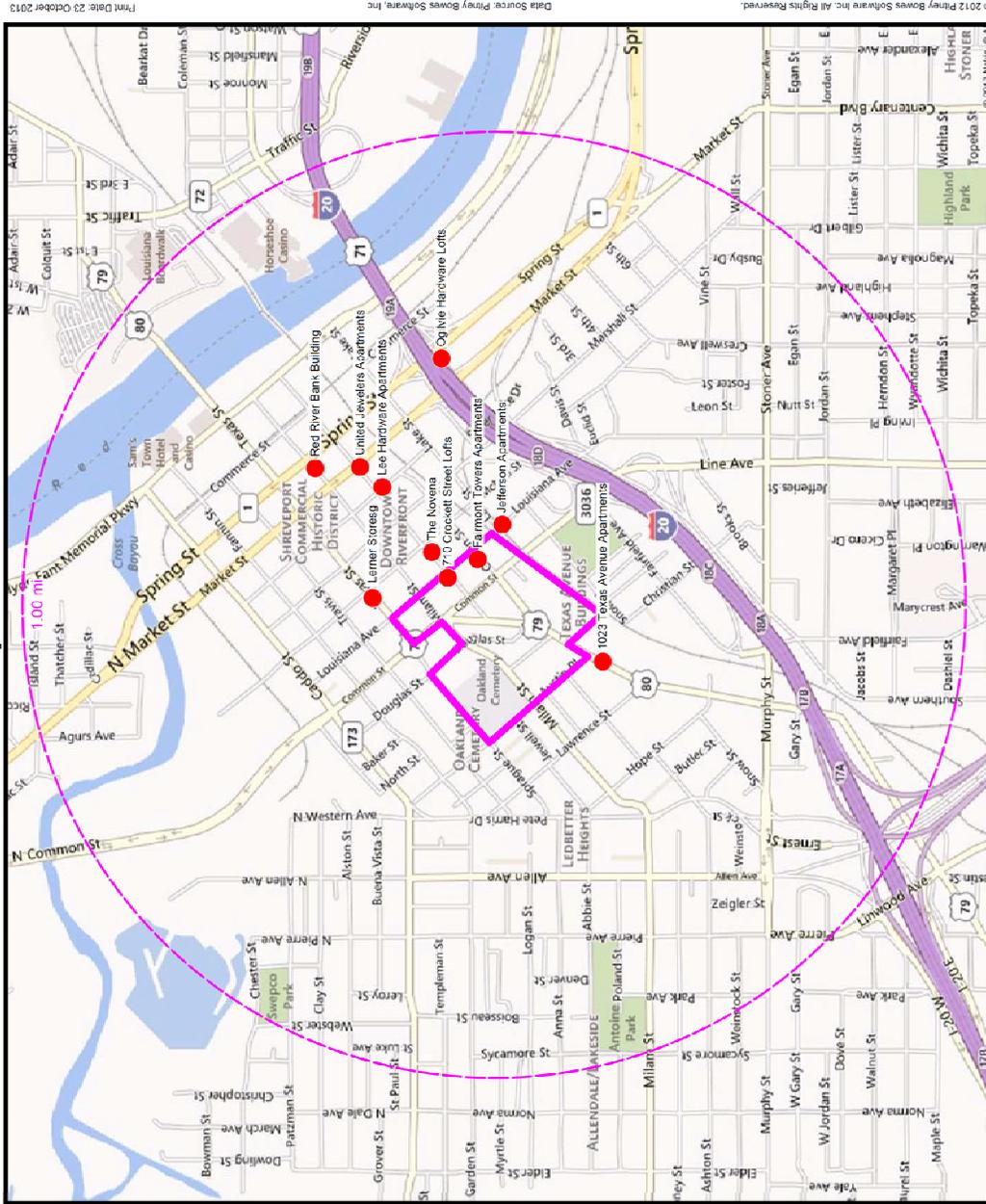
The second method of reporting rental rates is by reporting the monthly amount in rent the units demand. This figure is often helpful for determining affordability among renters. Using this method of reporting, the lowest monthly rates for units of all sizes are offered at the Jefferson Apartments, at the rates stated in the paragraph above. The most expensive studios are offered at 710 Crockett Street Lofts starting at \$1000 per month. The United Jewelers building has the most expensive units, ranging from \$735 and \$940 per month for one-bedroom and \$1,015 per month for a two-bedroom. Crockett Street Lofts offers loft-style units between 1,200 and 1,800 SF in size, ranging from \$1,000 to \$1,700 per month.

Studying the above data on rental rates in the Downtown Shreveport area highlights an important comparison between the monthly rental rates shown above and the average and median rents reported by the US Census within the same one-mile ring. The Census data includes the rental rates for all homes within the area, in addition to the apartment buildings detailed for this study. The Census reported an average rent of \$384 and a median rent of \$417. The apartment buildings sampled for this study reported both higher rental rates and greater occupancy than the neighborhood at-large. This could indicate that the unique housing style, location, lifestyle and higher-end amenities offered by these apartment complexes are appealing to residents and are therefore able to demand higher rents.

The following map illustrates the location of the seven downtown apartment complexes within one mile of the Shreveport Common Cultural District. The Red River Bank condominiums are identified on the map but is not considered competitive at this time because they are being sold as condominiums. The building currently known as Novena is also identified. That building could potentially contain apartments or condos but it is in transition and units are not currently for sale/rent.

SHREVEPORT COMMON CULTURAL DISTRICT

Residential Properties



Legend

- Residential Property
- Area Boundary
- Ring

Site Coordinates
 Longitude: -93.751141
 Latitude: 32.508335

N

0 0.225 0.45
Miles

prepared in October 2013



EXISTING RENTAL COMMUNITIES WITHIN ONE TO FIFTEEN MILES

Within one to fifteen miles of the Shreveport Common Cultural District forty-four active apartment complex communities were sampled for this study.

Multi-Family Housing Units 1-15 Miles From the Study Area

Name	Total Units	# Vacant Units	Occupancy Rate	Rate PSF (Low)	Rate PSF (High)
Ashton Pines Apt Homes	184	24	87%	DNR	DNR
Canebrake	200	20	90%	\$0.94	\$0.94
Champion Lake Apt Homes	256	12	95%	\$0.91	\$1.34
Chaparral Apartments	184	20	89%*	DNR	DNR
Coates Bluff at Wright Island	252	28	89%*	DNR	DNR
Colonial Plaza	192	21	89%*	DNR	DNR
Colony Square	196	19	90%	DNR	DNR
Cypress Pointe	240	12	95%	\$0.98	\$1.12
Foxborough Cove	272	4	99%	DNR	DNR
Green Acres Village	104	11	89%*	DNR	DNR
Island Park	314	8	97%	\$0.86	\$1.09
Jamestown Place	334	17	95%	\$0.92	\$1.06
LaCrosse Apts & Carriage House	132	15	89%*	\$1.16	\$1.39
LeRivage of Bossier	240	42	83%	\$1.05	\$1.32
Millbrook	88	10	89%*	DNR	DNR
Millicent Crossing	240	26	89%*	DNR	DNR
Nantucket Harbor	224	33	85%	DNR	DNR
Northgate Square	128	14	89%*	DNR	DNR
Park Villa Apartments	130	8	94%	DNR	DNR
Port Au Prince	124	14	89%*	DNR	DNR
Preston Place	148	16	89%*	DNR	DNR
Raintree Apartments	288	32	89%*	DNR	DNR
Reflections of Island Park	168	2	99%	\$1.00	\$1.24
Residences at Spring Ridge	256	61	76%	\$0.94	\$1.15
River Oaks Apartments	188	13	93%	DNR	DNR
River Walk Apartment Homes	208	6	97%	\$1.06	\$1.30
RiverScape Apartment Homes	208	40	81%	\$1.04	\$1.30
Southwood Village	136	15	89%*	DNR	DNR
Spring Lake Point	300	30	90%	\$0.84	\$1.01
St. Charles Place Apartments	226	6	97%	DNR	DNR
Stockwell Landing	241	15	94%	\$0.84	\$1.05
Tallow Wood	152	3	98%	\$0.82	\$1.17
The Landing at Willow Bayou	224	22	90%	\$0.92	\$1.09
The Pier Landing	444	49	89%*	DNR	DNR
The Reserve of Bossier City Apts	336	40	88%	0.93	DNR
The Residence at River Bend Apts	432	60	86%	DNR	DNR
The Summit of Shreveport	180	29	84%	\$0.85	\$1.05
The Willows at Wright Island	196	12	94%	\$1.13	\$1.45
Towne Oaks South	447	53	88%	DNR	DNR
Villa Del Lago Apartments	216	8	96%	DNR	DNR
Villa Marquis Apt	138	13	91%	DNR	DNR
Village at Westlake	208	17	92%	\$0.79	\$1.09
Villages of Williamsburg	193	14	93%	DNR	DNR
Villaggio	239	69	71%	\$0.88	\$1.04
TOTAL/AVERAGE	9,806	983	90%	\$0.94	\$1.17

Notes: DNR = Did Not Report, (*) Occupancy estimated at 89% for non-reporting complexes, the average occupancy rate of reported units;
Sources: Shreveport DDA, TMG Consulting research

This sample accounts for over 9,800 units in forty-four complexes. The largest complex, based on total number of units, is the Towne Oaks South, with 447 units, The Pier Landing is similarly sized with 444 total units. The smallest is Millbrook Apartments with 88 units. Many of the complexes located outside the downtown area are made up of 2 or 3-story garden-style apartment buildings that, when compared to the higher density downtown buildings, are much larger, sprawling complexes.

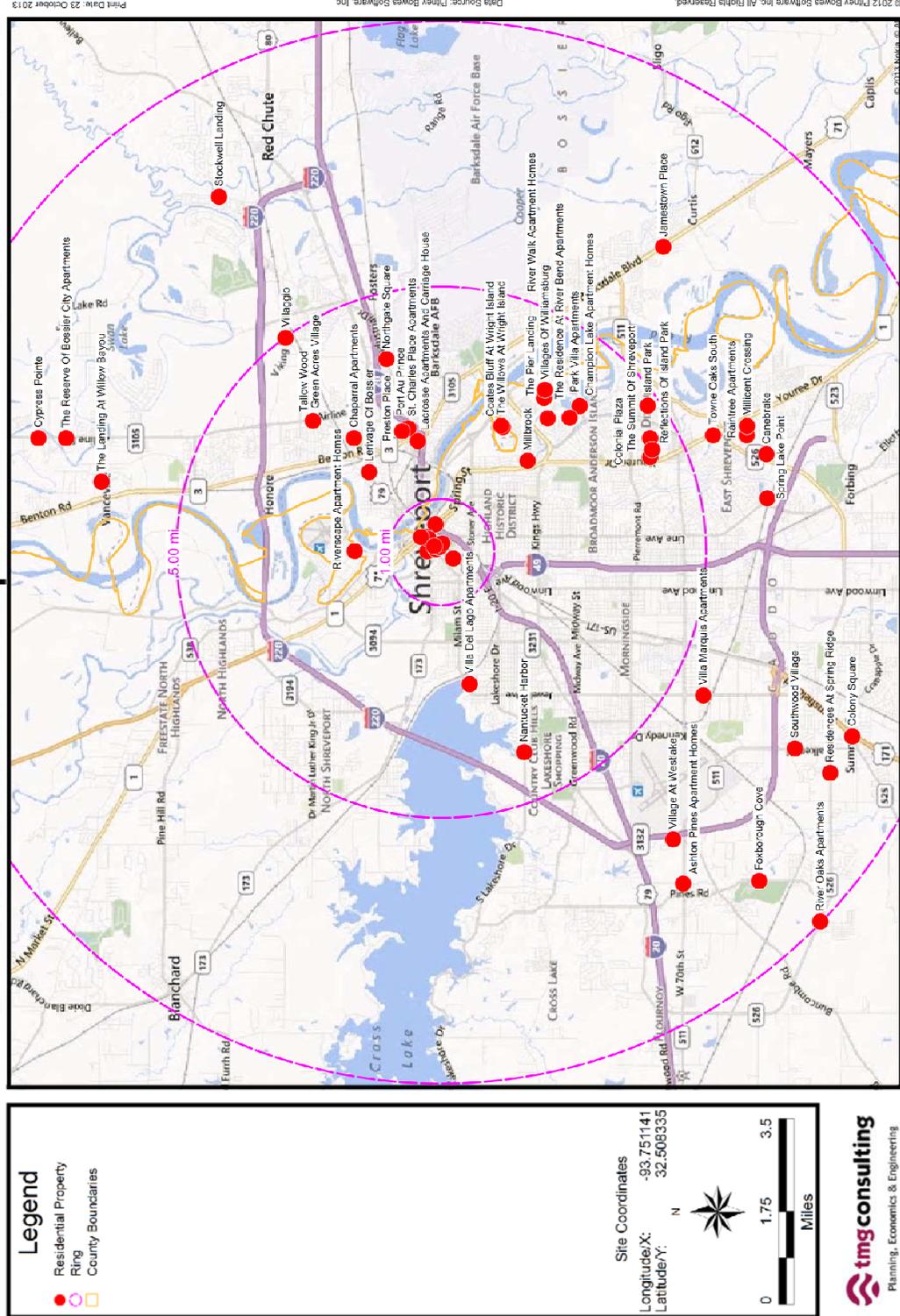
Within the 15 mile area the occupancy rate is between 71%-99%. Reflections at Island Park with 168 units boasted the highest occupancy with a rate of 99%. The 239-unit Villaggio in Bossier City reported the lowest occupancy with a rate of 71%.

The lowest rental rates of those reported, on a per-square-foot basis, are offered at the Village at Westlake Apartments, at a monthly rate of \$0.79 PSF. Rent for one-bedroom apartments in this building start at \$718 per month, and two-bedrooms apartments start at \$843 per month. The highest PSF rates are offered at the Willows at Wright Island where some units may cost up to \$1.45 PSF. A 641 sqft one-bedroom apartment in this complex could rent for \$960, and a 1,039 sq. ft. two-bedroom could start at up to \$1,250 per month. The average per-square-foot monthly rental rate among all of the apartments was between \$0.94 and \$1.17.

The following map illustrates the location of these forty-four multi-family apartment complexes within fifteen miles of the Shreveport Common Cultural District. The maps illustrate how the complexes are distributed throughout the area and how the accessibility to highways makes most of the complexes easily accessible to the downtown area and vice versa.

SHREVEPORT COMMON CULTURAL DISTRICT

Residential Properties



POTENTIAL LOCATIONS FOR HOUSING DEVELOPMENT IN THE SHREVEPORT COMMON

Using the *Shreveport Common Cultural District Vision Plan* published in 2011 and the *Shreveport Common Implementation Plan 2013-2014*, TMG compiled a list of all potential real estate locations within the Shreveport Common Cultural District along with the estimated units for each site.

Potential Residential Development Sites in Shreveport Common

Site Name/Location	Estimated Units
Grand Site Main Building	96
Grand Site Austin Place I	24
Grand Site Austin Place II	10
655 Common Street	32
Wilsons Corner	46
Texas Street (Luxury Lofts)	42
Total	250

Source: Shreveport Common Cultural District Vision Plan 2011, Shreveport Common Implementation Plan 2012-2013, TMG Consulting Analysis

The largest residential development site is the Grand Site Main Building with 96 estimated units. The Grand Site Austin Place I and II could provide an additional 34 units to the area. Along with 655 Common Street and the Wilsons Corner site, the *Shreveport Common Vision Plan* anticipated about 208 potential units. Two other properties on Texas Avenue are located within the Cultural District and, although they are not part of the *Vision Plan*, they are estimated to provide an additional 42 units if developed. For planning purposes, the total number of potential units anticipated for the Shreveport Common Cultural District is 250, although more space could be identified for future development or expansion if needed.

POTENTIAL HOUSING MARKET SUPPLY

The market supply represents the current total of rental housing units added to the planned units in the area and expected units for the Shreveport Common.

In the 0-1 Mile ring there are currently 1,979 units of rental housing. There are approximately 145 rental units in the pipeline within the one mile area, based upon interviews and TMG research. Shreveport Common has the potential for 250 units of residential housing. The total available future units in the 0-1 Mile area is 2,374.

In the 0-15 Mile ring there are currently 50,092 units of rental housing. There are approximately 1,000 rental units in the pipeline within the fifteen mile area, based upon interviews and TMG research. Shreveport Common has the potential for 250 units of residential housing. The total available future units in the 0-15 Mile area is 51,342.

Potential Market Supply

Category	0-1 Mile	0-15 Mile
Current Rental Housing Units	1,979	50,092
Planned Rental Units	145	1,000
Expected Shreveport Common Rental Units	250	250
Total Available Future Units	2,374	51,342

Sources: Anysite, TMG Consulting

Demand

The population growth rate is applied to the number of current occupied rental units in order to determine the future demand for rental units.

In the 0-1 Mile ring there are currently 1,540 occupied rental units and an expected population growth rate of -1.0% (from 2012 to 2017). Since there is expected to be negative population growth, it is anticipated that the future demand is for 15 fewer rental units when the demand is dependent on growth within the 1-mile ring. Adding the currently occupied rental units to the future demand for rental units results in the forecast of occupied units of 1,525 within the 1 mile ring.

In the 0-15 Mile ring there are currently 44,593 occupied rental units. Population is expected to grow by a total of 2.4% over the five year period. This positive growth results in a future demand for 1,092 rental units when demand is dependent on the 15 mile ring. Adding the currently occupied rental units to the future demand for rental units results in the forecast of occupied units of 45,685 within the 15 mile ring.

Potential Market Demand

Category	0-1 Mile	0-15 Mile
Currently Occupied Rental Units	1,540	44,593
Population Growth (2012-2017)	-1.0%	2.4%
Future Demand for Rental Units	(15)	1,092
Forecast of Occupied Units	1,525	45,685

Sources: Anysite, TMG Consulting

The market average occupancy rate expresses the anticipated occupancy rates for the two areas based upon dividing the total available units by the forecast of occupied units. The forecast of occupied units is the sum of currently occupied rental units and the future demand for rental units.

In the 0-1 Mile Ring there are 2,374 total available units and expected demand for 1,525 units which represents a market average occupancy rate of 64%. This is a conservative value that is based only on current population forecasts. It does not take into account the potential for new residents that could be attracted to the area because of the new development.

In the 0-15 Mile Ring there are 51,342 total available units and expected demand for 45,685 units, resulting in a market average occupancy rate of 89%. This figure shows that when drawing from the larger 15 mile area, the Shreveport Common units will be expected to benefit from an occupancy rate much greater than the 0-1 Mile area.

Potential Market Average Occupancy Rates

Category	0-1 Mile	0-15 Mile
Total Available Units	2,374	51,342
Forecast of Occupied Units	1,525	45,685
Market Average Occupancy Rate	64%	89%

Sources: TMG Consulting

Shreveport Common Housing Fair Share Analysis

The fair share is determined by applying the market average occupancy rate to the 250 units expected in the Shreveport Common. This results in the fair share of occupancy with a distribution of that is equal among all of the competitive units in the area.

If the Shreveport Common were to capture its fair share of demand from housing within the 0-1 Mile area, it would likely achieve a 64% occupancy rate, or 161 occupied units.

Considering the 0-15 mile ring, if the Shreveport Common were to capture its fair share of demand from housing within the area, it would likely achieve an occupancy rate of 89%, or 222 occupied units.

Shreveport Common Potential Fair Share

Category	0-1 Mile	0-15 Mile
Expected Shreveport Common Rental Units	250	250
Market Average Occupancy Rate	64%	89%
Shreveport Common's Potential Fair Share of Occupied Rental Units	161	222

Source: TMG Consulting

SHREVEPORT COMMON ADJUSTED FAIR SHARE

The adjusted fair share takes into account the discount or premium to fair share that a development earns or is expected to earn. Prior to forecasting the potential premium or discount for the Shreveport Common development, TMG evaluated the current market dynamics. The current market performance was then considered when modeling the potential future performance of the Shreveport Common units as well as the larger market area. In this simple analysis, TMG projected that existing properties which have historically performed well will continue to do so. Properties that have performed poorly in the past are expected to see occupancy levels decline further.

0-1 Mile Area

In the 0-1 mile area, the properties with a 100% occupancy rate are earning a premium to the market of 1.29. The poorest performing property, the Fairmont Towers, operates at a discount to fair share, at 0.95.

0-1 Mile Area Fair Share Analysis

Development Name	Units	Vacant	Occupied	Vacancy Rate	Occupancy Rate	Fair Share of Rented Units	Effective Premium/Discount to Fair Share
United Jewelers Apartments	54	4	50	7%	93%	42	1.19
Lee Hardware Apartments	55	3	52	5%	95%	43	1.21
710 Crockett Street Lofts (Salvation Army)	7	0	7	0%	100%	5	1.29
1023 Texas Avenue Apartments	3	0	3	0%	100%	2	1.29
Fairmont Towers Apartments	254	67	187	26%	74%	198	0.95
Jefferson Apartments	69	5	64	7%	93%	54	1.19
Ogilvie Hardware	90	9	81	10%	90%	70	1.16
All other rental housing	1,447	351	1,096	24%	76%	1,126	0.97
TOTAL	1,979	439	1,540	22.2%	78%	1,540	1.00

Source: TMG Consulting Research and Analysis

In this forecast TMG utilized the very conservative projection that the properties in this area will only draw from the existing (and projected) population in the 0-1 mile ring. Considering this population, and the absorption of new supply, the market occupancy rate is expected to drop to 64%.

0-1 Mile Area Adjusted Fair Share Projection (Low)

Development	Units	Fair Share of Future Needed Units	Fair Share of Future Vacant Units	Market Occupancy Rate	Potential Premium/Discount to Fair Share	Potential Future Occupied Units	Potential Future Occupancy Rate	Change in current occupied units
Shreveport Common	250	161	89	64%	1.10	177	71%	177
Novena	12	8	4	64%	1.30	10	84%	10
Johnson Building	49	31	18	64%	1.30	41	84%	41
Fairfield Building	39	25	14	64%	1.30	33	84%	33
Sears/Tipitina's Foundation	45	29	16	64%	1.30	38	84%	38
United Jewelers Apartments	54	35	19	64%	1.40	49	90%	-1
Lee Hardware Apartments	55	35	20	64%	1.40	49	90%	-3
710 Crockett Street Lofts (Salvation Army)	7	4	3	64%	1.50	7	96%	0
1023 Texas Ave Apartments	3	2	1	64%	1.50	3	96%	0
Fairmont Towers Apartments	254	163	91	64%	0.95	154	61%	-33
Jefferson Apartments	69	44	25	64%	1.40	62	90%	-2
Ogilvie Hardware	90	58	32	64%	1.40	81	90%	0
All other rental housing	1,447	929	518	64%	0.88	822	57%	-274
TOTAL	2,374	1,525	849	64%		1,525	64%	-15

Source: TMG Consulting Research and Analysis

The preceding table details the performance projection for the Shreveport Common development in comparison to the potential performance of its nearest competitors. Due to its "newness" and the potential for attracting urban dwellers with unique and interesting historic architecture as well as the expected area improvements, TMG assigned the Shreveport Common properties a premium to fair share of 1.10. Applying this premium results in a potential occupancy rate of 71%, or 177 occupied units.

0-15 Mile Area

When looking at the greater region, the relative discounts and premiums to fair share change somewhat. The Crockett Street Lofts earned a premium of 1.12 when compared to the larger market (versus 1.29 when compared to the 0-1 mile region). The poorest performing property operates at a discount to fair share, at 0.80.

0-15 Mile Area Fair Share Analysis

Development	Units	Vacant	Occupied	Vacancy Rate	Occupancy Rate	Fair Share of Rented Units	Effective Premium/Discount to Fair Share
United Jewelers Apartments	54	4	50	7%	93%	48	1.04
Lee Hardware Apartments	55	3	52	5%	95%	49	1.06
710 Crockett Street Lofts (Salvation Army)	7	0	7	0%	100%	6	1.12
1023 Texas Ave Apartments	3	0	3	0%	100%	3	1.12
Fairmont Towers Apartments	254	67	187	26%	74%	226	0.83
Jefferson Apartments	69	5	64	7%	93%	61	1.04
Ogilvie Hardware	90	9	81	10%	90%	80	1.01
Ashton Pines Apt Homes	184	24	160	13%	87%	164	0.98
Reflections of Island Park	168	2	166	1%	99%	150	1.11
Island Park	314	8	306	3%	97%	280	1.09
Villa Marquis Apt	138	13	125	9%	91%	123	1.02
Coates Bluff at Wright Island	252	28	224	11%	89%	224	1.00
Colonial Plaza	192	21	171	11%	89%	171	1.00
Millbrook	88	10	78	11%	89%	78	1.00
The Willows at Wright Island	196	12	184	6%	94%	174	1.05
Chaparral Apartments	184	20	164	11%	89%	164	1.00
Tallow Wood	152	3	149	2%	98%	135	1.10
Green Acres Village	104	11	93	11%	89%	93	1.00
Preston Place	148	16	132	11%	89%	132	1.00
Port Au Prince	124	14	110	11%	89%	110	1.00
Northgate Square	128	14	114	11%	89%	114	1.00
The Pier Landing	444	49	395	11%	89%	395	1.00
Raintree Apartments	288	32	256	11%	89%	256	1.00
Millicent Crossing	240	26	214	11%	89%	214	1.00
Southwood Village	136	15	121	11%	89%	121	1.00
Colony Square	196	19	177	10%	90%	174	1.01
Park Villa Apartments	130	8	122	6%	94%	116	1.05
Villa Del Lago Apartments	216	8	208	4%	96%	192	1.08
Foxborough Cove	272	4	268	1%	99%	242	1.11
Nantucket Harbor	224	33	191	15%	85%	199	0.96
River Oaks Apartments	188	13	175	7%	93%	167	1.05
River Walk Apartment Homes	208	6	202	3%	97%	185	1.09
RiverScape Apartment Homes	208	40	168	19%	81%	185	0.91
Village at Westlake	208	17	191	8%	92%	185	1.03
Stockwell Landing	241	15	226	6%	94%	215	1.05

Champion Lake Apt Homes	256	12	244	5%	95%	228	1.07
Villages of Williamsburg	193	14	179	7%	93%	172	1.04
The Residence at River Bend	432	60	372	14%	86%	385	0.97
Towne Oaks South	447	53	394	12%	88%	398	0.99
St. Charles Place Apartments	226	6	220	3%	97%	201	1.09
The Summit of Shreveport	180	29	151	16%	84%	160	0.94
The Reserve of Bossier City	336	40	296	12%	88%	299	0.99
The Landing at Willow Bayou	224	22	202	10%	90%	199	1.01
Canebrake	200	20	180	10%	90%	178	1.01
LaCrosse Apts & Carriage House	132	15	117	11%	89%	118	1.00
LeRivage of Bossier	240	42	198	18%	83%	214	0.93
Residences at Spring Ridge	256	61	195	24%	76%	228	0.85
Cypress Pointe	240	12	228	5%	95%	214	1.07
Jamestown Place	334	17	317	5%	95%	297	1.07
Spring Lake Point	300	30	270	10%	90%	267	1.01
Villaggio	239	69	170	29%	71%	213	0.80
All other rental housing	39,754	5,411	35,326	11%	89%	35,390	1.00
TOTAL	50,092	6,482	44,593	11.0%	89.0%	44,593	1.00

Source: TMG Consulting Research and Analysis

When compared to the properties in the larger market (the 0-15 mile ring), the Shreveport Common development properties are expected to perform at their fair share. This is expected as the Shreveport Common will be competing with other newly built and attractive rental communities within the 15 mile area. Therefore, the adjusted fair share forecast results in 222 occupied units in the Shreveport Common, or an 89% occupancy rate.

0-15 Mile Adjusted Fair Share Projection (High)

Development Name	Units	Fair Share of Future Needed Units	Fair Share of Future Vacant Units	Occupancy Rate	Potential Premium/Discount to Fair Share	Potential Future Occupied Units	Potential Future Occupancy Rate	Change in current occupied units
Shreveport Common	250	222	28	89%	1.00	222	89%	222.5
New Units	1,000	890	110	89%	1.00	890	89%	889.8
United Jewelers Apartments	54	48	6	89%	1.04	50	93%	0.0
Lee Hardware Apartments	55	49	6	89%	1.06	52	95%	0.0
710 Crockett Street Lofts (Salvation Army)	7	6	1	89%	1.12	7	100%	0.0
1023 Texas Avenue Apartments	3	3	0	89%	1.12	3	100%	0.0
Fairmont Towers Apartments	254	226	28	89%	0.83	187	74%	-0.1
Jefferson Apartments	69	61	8	89%	1.04	64	93%	0.0
Ogilvie Hardware	90	80	10	89%	1.01	81	90%	0.0
Ashton Pines Apt Homes	184	164	20	89%	0.98	160	87%	-0.1
Reflections of Island Park	168	149	19	89%	1.11	166	99%	-0.1
Island Park	314	279	35	89%	1.09	306	97%	-0.1
Villa Marquis Apt	138	123	15	89%	1.02	125	91%	-0.1
Coates Bluff at Wright Island	252	224	28	89%	1.00	224	89%	-0.1
Colonial Plaza	192	171	21	89%	1.00	171	89%	-0.1
Millbrook	88	78	10	89%	1.00	78	89%	0.0
The Willows at Wright Island	196	174	22	89%	1.05	184	94%	-0.1
Chaparral Apartments	184	164	20	89%	1.00	164	89%	-0.1
Tallow Wood	152	135	17	89%	1.10	149	98%	-0.1
Green Acres Village	104	93	11	89%	1.00	93	89%	0.0
Preston Place	148	132	16	89%	1.00	132	89%	-0.1
Port Au Prince	124	110	14	89%	1.00	110	89%	0.0
Northgate Square	128	114	14	89%	1.00	114	89%	-0.1
The Pier Landing	444	395	49	89%	1.00	395	89%	-0.2
Raintree Apartments	288	256	32	89%	1.00	256	89%	-0.1
Millicent Crossing	240	214	26	89%	1.00	214	89%	-0.1
Southwood Village	136	121	15	89%	1.00	121	89%	-0.1
Colony Square	196	174	22	89%	1.01	177	90%	-0.1
Park Villa Apartments	130	116	14	89%	1.05	122	94%	-0.1
Villa Del Lago Apartments	216	192	24	89%	1.08	208	96%	-0.1
Foxborough Cove	272	242	30	89%	1.11	268	98%	-0.1
Nantucket Harbor	224	199	25	89%	0.96	191	85%	-0.1
River Oaks Apartments	188	167	21	89%	1.05	175	93%	-0.1

River Walk Apartment Homes	208	185	23	89%	1.09	202	97%	-0.1
RiverScape Apartment Homes	208	185	23	89%	0.91	168	81%	-0.1
Village at Westlake	208	185	23	89%	1.03	191	92%	-0.1
Stockwell Landing	241	214	27	89%	1.05	226	94%	-0.1
Champion Lake Apt Homes	256	228	28	89%	1.07	244	95%	-0.1
Villages of Williamsburg	193	172	21	89%	1.04	179	93%	-0.1
The Residence at River Bend Apts	432	384	48	89%	0.97	372	86%	-0.2
Towne Oaks South	447	398	49	89%	0.99	394	88%	-0.2
St. Charles Place Apartments	226	201	25	89%	1.09	220	97%	-0.1
The Summit of Shreveport	180	160	20	89%	0.94	151	84%	-0.1
The Reserve of Bossier City Apts	336	299	37	89%	0.99	296	88%	-0.1
The Landing at Willow Bayou	224	199	25	89%	1.01	202	90%	-0.1
Canebrake	200	178	22	89%	1.01	180	90%	-0.1
LaCrosse Apts & Carriage House	132	117	15	89%	1.00	117	89%	-0.1
LeRivage of Bossier	240	214	26	89%	0.93	198	82%	-0.1
Residences at Spring Ridge	256	228	28	89%	0.85	194	76%	-0.1
Cypress Pointe	240	214	26	89%	1.07	228	95%	-0.1
Jamestown Place	334	297	37	89%	1.07	317	95%	-0.1
Spring Lake Point	300	267	33	89%	1.01	270	90%	-0.1
Villaggio	239	213	26	89%	0.80	170	71%	-0.1
All other rental housing	39,754	35,374	4,380	89%	1.00	35,311	89%	-15.8
TOTAL	51,342	45,685	5,657	89%		45,685	89%	1,092

Source: TMG Consulting Research and Analysis

SUMMARY OF PROJECTIONS

The following table summarizes the outputs of our fair share model forecasts. The Shreveport Common area could likely maintain between 177 and 222 occupied units, or operate at an occupancy rate of between 71% and 89%.

Shreveport Common Adjusted Fair Share Projections

Category	0-1 Mile (LOW)	0-15 Mile (HIGH)
Shreveport Common's Fair Share of Occupied Rental Units	161	222
Discount/Premium to Fair Share	1.1	1.0
Forecast of Occupied Units in the Shreveport Common	177	222

Source: TMG Consulting

In the remainder of this study, the 0-1 mile forecast is referred to as the "Low" projection, and the 0-15 mile forecast is referred to as the "High" projection.

Potential for Artist Housing in the Shreveport Common

There are many factors that attract artists to specialized housing throughout the United States. Affordability, availability of artist-specific amenities, and the presence of a supportive artist community at-large are three of the top characteristics of successful artist housing. Most importantly the demand for artist housing must be present in order for an artist housing community to thrive. Specific data regarding demand for artist housing in the Shreveport area is not available, but a cross-section of data from the National Endowment of the Arts and information from a survey of Northwest Louisiana Artists provide insight to the artist population in the area.¹⁰⁴ The following are summaries of the key points:

- In the **United States** there are 2,081,735 artists; 54% are male and 46% are female. Of these artists, 40% are identified as Designers, 10% as Architects, 10% as Fine Artists, and 9% as Musicians. 47% of artists in the US are between 16 and 39 years of age and only 3% are over 70. Regarding race and ethnicity, the majority of artists (78%), are white; the second largest ethnic group are Hispanic/Latino with 8% of the artist population.
- In **Louisiana** there are 20,155 artists; 57% are male and 43% are female. 45% of artists in the State are between the ages of 16 and 39 and, similar to the National average, 4% are over the age of 70. Regarding race and ethnicity, 79% of the artists in Louisiana are white; the second largest race group is African Americans with 14% of the artist population.
- In the **Shreveport-Bossier City MSA** there are 1,705 artists, representing 8% of the total artist population in the State. The top three occupations amongst Shreveport-Bossier Artists include Designers (38%), Musicians (21%) and Fine Artists (10%).
- According to the survey of approximately 140 **Northwest Louisiana Artists**,¹⁰⁵ 61% of the respondents were female and 39% were male. 56% of respondents were between the ages of 46 and 65 and only 5% were 25 and under. 81% of the respondents were Caucasian and 9% were African American. When asked where they currently create art, 54% responded at home and 24% in a studio. The survey specifically asked, "Would You Seriously Consider Living in Shreveport Common?" to which 41% responded "Yes".

Data on artist earnings is beneficial in determining the income qualifications for affordable or subsidized housing. In both the US and Louisiana, only a very small number of artists reported no earnings; in Louisiana this figure was only 10 people. In Louisiana approximately 27% of artists, earn between \$1 and \$14,999 annually, compared to national figures where 22% of artists are within the same earnings bracket, representing the largest percentage of earners. While 5% of artists nation-wide reported earning over \$125,000, only 3.2% of artists in Louisiana reported the same earnings.

¹⁰⁴ Shreveport Regional Arts Council, Survey of Northwest Louisiana Artists, 2012

¹⁰⁵ Data not directly comparable to NEA methodology.

Artists by Earnings

Earnings Group	United States	% of US	Louisiana	% of LA
No earnings	670	0.0%	10	0.1%
\$1 to \$14,999	418,655	22.3%	5,215	27.5%
\$15,000 to \$24,999	222,500	11.8%	2,955	15.6%
\$25,000 to \$34,999	238,565	12.7%	2,909	15.3%
\$35,000 to \$49,999	316,395	16.8%	2,929	15.4%
\$50,000 to \$74,999	347,205	18.5%	2,369	12.5%
\$75,000 to \$99,999	158,855	8.4%	1,329	7.0%
\$100,000 to \$124,999	82,005	4.4%	634	3.3%
\$125,000 or more	95,545	5.1%	625	3.3%
Total	1,880,395	100.00%	18,975	100.00%

Source: National Endowment for the Arts, EEO Data Tables 2006-2010; TMG Consulting Analysis

PROJECTION OF ARTIST OCCUPIED UNITS

Determining the potential for artist housing requires looking at the overall housing market in and around the Shreveport Common Cultural District as the demand for Artist housing is related to the overall demand for housing in the market area. The fair share analysis showed that the anticipated number of occupied units in the Shreveport Common could be between 177 and 222 (of 250 units).

Based upon the Artist Population data previously reviewed, the following constraints have been used in order to determine potential artist renters and income eligibility for “affordable” artist housing.

- Artist population within the MSA was assigned the average annual population growth rate between 2012 and 2017 for the 0-15 Mile radius of 0.48% per year.
- Artist earnings in the Shreveport-Bossier MSA were distributed in accordance with the earnings reported for Louisiana artists.
- In accordance with the 15 Mile Ring, a rate of 38%¹⁰⁶ was applied to determine the number of artist renters. This is the rate of renter-occupied households in the 0-15 Mile Ring.

As the current artist households in the Shreveport-Bossier MSA are already accounted for in the current housing market fair share analysis, this projection focuses on the growth of the artist population in order to identify how many artists could potentially live in one of the 222 occupied units in the Shreveport Common.

By 2017 it is projected that the artist population in the Shreveport MSA could grow to 1,764, an increase of 59 artists from the 2010 population figures.

¹⁰⁶ Based on Shreveport-Bossier City MSA census data for renter occupied vs. owner occupied housing data for 2012

Artist Population Growth in Shreveport-Bossier City MSA (2010-2017)

Category	Amount
Projected Artist Population	1,764
Current MSA Artist Population	1,705
Projected New Artists	59

Source: Anysite, National Endowment for the Arts,
EEO Data Tables 2006-2010; TMG Consulting Analysis

It is anticipated that the population of artists in the Shreveport MSA will grow by 59 people by 2017. Applying the percentage of renters it is anticipated that 22 of those artists could be renters.

Additional Artist Renters in Shreveport-Bossier City MSA

New Artist Renters	Amount
New Artists in MSA	59
% Renter Occupied Properties in MSA	38%
Additional Artist Renters	22

Source: Anysite, National Endowment for the Arts, EEO Data Tables 2006-2010; TMG Consulting Analysis

For the purpose of this study, it is expected that the Shreveport Regional Arts Council and supporting agencies will endeavor to market housing units to area artists. Through programs and incentives, TMG expects that between 50% and 75% of these new artist renters could potentially become residents of the Shreveport Common area, occupying between 11 and 17 units.

Potential for Artist Units in Shreveport Common

Category	Low	High
Shreveport Common Occupied Units	177	222
New Artist Renters Captured	11	17
Potential % of Occupied Units	6%	8%

Source: TMG Consulting

PROJECTED DISTRIBUTION OF ARTIST OCCUPIED UNITS

The U.S Department of Housing and Urban Development (HUD) establishes income limits in order to identify households that may qualify as "Low Income". Within the Shreveport-Bossier MSA, the income limit for a single-person household is \$31,100 and \$35,550 for a two-person household. According to the percentages derived from artist earnings in Louisiana, 58% earn less than \$34,999 and 42% earn over \$35,000. Using these parameters captures most of the artists in single or double occupancy households reporting earnings within the income limits identified by HUD.

Using this data, between 6 and 10 artists (of the 11 to 17 artists) are expected to qualify for some form of affordable housing. The remaining artists may not qualify for a subsidy, but could occupy a market rate unit. It should be noted that qualifying for subsidized housing also considers other factors aside from income alone. These matters were also confirmed by TMG Consulting by interviewing local artists as well as our own research. Some artists have reported that they would not qualify for subsidized housing as

their income is too high due to their arts-related business, or because they may have other jobs that may disqualify them from income restricted housing.

Potential Income Distribution for Artists in Shreveport Common

Category	Low	High
New Artist Renters	11	17
# Earning \$34,999 or less	6	10
# Earning \$35,000 - 125,000+	5	7

Source: TMG Consulting

In order to effectively plan for the potential demand for artists it is important to continue seeking data that is specific to the artists in the Shreveport area. As some of the survey results showed, many artists had varying opinions regarding whether or not they would consider living in the Shreveport Common. In almost all cases, each artist had different needs and desires regarding their housing preferences.

The total number of artist units needed will fluctuate based upon external factors such as cost-effectiveness to developers, availability of incentives/subsidies, and also the potential to generate more demand from artists. If 10% of all Shreveport Common housing were set aside for artists, this would address potential demand from the growth expected in the artist population. Of these artist units, approximately 60% should be built as part of a low-income artist housing development and the remaining could be built as market rate units for the artists who do not qualify for housing subsidies.

Potential Rental Revenue

The following methodology was used in order to estimate a range of potential rental revenues. Two scenarios based upon the results of the fair share analysis are used to estimate potential rental revenue:

- Low Scenario: 71% Occupancy
- High Scenario: 89% Occupancy

Rental units of different layouts and sizes will demand different monthly rental rates. The following layout and size characteristics have been assigned in order to estimate the potential distribution of units in the Shreveport Common.

- Studio apartments have been assigned 650 square feet and 12.5% of the total units, 1 Bedrooms have been assigned 800 square feet and 65% of total units, and 2 Bedrooms have been assigned 1,200 square feet and 12.5% of the total units based upon similar distributions expressed by competitive complexes within the downtown area.
- Artist units have been assigned 750 square feet and 10% of the total units based upon the artist housing forecast.

Two rental rates are then assigned to each scenario in order to determine “low” and “high” revenue estimates.

- A PSF rental rate of \$0.76 per month is applied in order to calculate a “low” estimate in each scenario. This figure is an average of the low-range rental rate reported by the competitive units in the downtown area.

- A PSF rental rate of **\$1.14** per month is applied in order to calculate a “high” estimate in each scenario. This figure is an average of the high-range rental rate reported by the competitive units in the downtown area.
- The rental rate for artist units is based upon the median rental rate reported for the 0-1 mile area. This rate of \$417 is divided by the 750, the square footage of the artist unit, and results in a rental rate of \$0.56 per square foot per month. In order to remain conservative and address the desire to have “affordable” artist housing in the Shreveport Common, this lower rental rate is applied to artist housing within all scenarios.

The first scenario applies the 71% occupancy rate based on the 0 to 1 mile ring. This results in a total of 177 occupied, revenue generating units. The number of revenue generating units is multiplied by the low PSF rental rate estimate, and then multiplied by 12 in order to obtain the estimated annual revenue. In this first scenario it is estimated that the annual revenue could be just below **\$1.3 million**.

Scenario 1: Potential Rental Revenues – 71% Occupancy (Low PSF)

Unit Layout	Unit Square Footage	% Unit Distribution	Occupancy Rate	Revenue Generating Units	PSF	Estimated Annual Revenue	Rent/Occupied Unit
Studio	650	13%	71%	22	\$0.76	\$130,887	\$494
1BR	800	65%	71%	115	\$0.76	\$837,678	\$608
2BR	1200	13%	71%	22	\$0.76	\$241,638	\$912
Artist	750	10%	71%	18	\$0.56	\$89,024	\$420
Total	209,375	100%		177		\$1,299,228	

Source: TMG Consulting

The second scenario also applies the 71% occupancy rate based on the 0 to 1 mile ring and the high PSF rental rate estimate. In this second scenario, annual revenue could reach an estimated **\$1.9 million**.

Scenario 2: Potential Rental Revenues – 71% Occupancy (High PSF)

Unit Layout	Unit Square Footage	% Unit Distribution	Occupancy Rate	Revenue Generating Units	PSF	Estimated Annual Revenue	Rent/Occupied Unit
Studio	650	13%	71%	22	\$1.14	\$196,331	\$741
1BR	800	65%	71%	115	\$1.14	\$1,256,517	\$912
2BR	1200	13%	71%	22	\$1.14	\$362,457	\$1,368
Artist	750	10%	71%	18	\$0.56	\$89,024	\$420
Total	209,375	100%		177		\$1,904,329	

Source: TMG Consulting

The third scenario applies the 89% occupancy rate from our High demand projection model that considers the 0 to 15 mile ring. This results in a total of 222 occupied, revenue generating units. The number of revenue generating units is multiplied by the low PSF rental rate estimate, and then multiplied by 12 in order to obtain the estimated annual revenue. In this third scenario annual revenue could reach an estimated **\$1.6 million**.

Scenario 3: Potential Rental Revenues – 89% Occupancy (Low PSF)

Unit Layout	Unit Square Footage	% Unit Distribution	Occupancy Rate	Revenue Generating Units	PSF	Estimated Annual Revenue	Rent/Occupied Unit
Studio	650	13%	89%	28	\$0.76	\$164,840	\$494
1BR	800	65%	89%	145	\$0.76	\$1,054,975	\$608
2BR	1200	13%	89%	28	\$0.76	\$304,320	\$912
Artist	750	10%	89%	22	\$0.56	\$112,140	\$420
Total	209,375	100%		222		\$1,636,275	

Source: TMG Consulting

The fourth scenario also applies the 89% occupancy rate and uses the high PSF rental rate estimate, yielding potential rental revenues of nearly \$2.4 million annually.

Scenario 4: Potential Rental Revenues – 89% Occupancy (High PSF)

Unit Layout	Unit Square Footage	% Unit Distribution	Occupancy Rate	Revenue Generating Units	PSF	Estimated Annual Revenue	Rent/Occupied Unit
Studio	650	13%	89%	28	\$1.14	\$247,260	\$741
1BR	800	65%	89%	145	\$1.14	\$1,582,463	\$912
2BR	1200	13%	89%	28	\$1.14	\$456,480	\$1,368
Artist	750	10%	89%	22	\$0.56	\$112,140	\$420
Total	209,375	100%		222		\$2,398,342	

Source: TMG Consulting

The following is a summary of the estimated annual revenue from rental income from the four scenarios. The rental revenue for the Shreveport Common housing properties is forecast to range from approximately \$1.3 million to \$2.4 million on an annual basis.

Summary of Projected Rental Revenue

Scenario	Revenue Generating Units	PSF Rental Rate	Occupancy Rate	Potential Annual Revenue
Scenario 1	177	\$0.76	71%	\$1,299,228
Scenario 2	177	\$1.14	71%	\$1,904,329
Scenario 3	222	\$0.76	89%	\$1,636,275
Scenario 4	222	\$1.14	89%	\$2,398,342

Source: TMG Consulting

Potential Impacts to the Housing Market in the Shreveport Common Cultural District

Though many events can cause a dramatic shift in the housing market, some being unforeseeable, there are some noteworthy events that may have a direct effect on the Shreveport Common area and beyond.

ZONING AMENDMENT - SHREVEPORT COMMON ARTS SUB-DISTRICT

The Shreveport Common Management team and the Metropolitan Planning Commission have chosen to pursue the creation of a Shreveport Common sub-district under a broader zoning category of Arts, Cultural and Entertainment Districts. This designation would emphasize the aspects of the Shreveport Common zoning district, while maintaining the connectedness of the area to the community at-large. The existing zoning, mainly designated as B-4 district does not provide adequate guidelines to promote walkable, mixed-use development in the area. The new zoning would be able to provide investors with the foundational knowledge that surrounding developments in the Shreveport Common will be compatible with their developments. In accordance with the 2010 Master Plan, the sub-district zoning aims to promote:

- Residential multi-family housing with live/workspace.
- Mixed use development with street-level retail space.
- Non-residential space, including artist work studios.
- Existing and new open spaces.

At the time of this report, the Shreveport Common and the Metropolitan Planning Commission is advancing in the adoption of this new zoning ordinance.

THE HAYNESVILLE SHALE

The Haynesville Shale is approximately 9,000 square miles located in the North Louisiana Salt Basin in Northwestern Louisiana and East Texas with depths ranging from 10,500 ft. to 13,500 ft. The formation still accounts for more than 9 percent of all U.S. natural gas. In spite of recent declines in activity, natural gas production remains significantly elevated compared with the pre-boom period, and the area still has plenty of potential for future growth. Geologists estimate that the play still contains roughly 75 trillion cubic feet of technically recoverable natural gas. In addition, drillers in the area enjoy a dense network of pipelines and close proximity to refineries and petrochemical plants on the Gulf Coast. This suggests the area could see renewed activity if natural gas prices sufficiently rise in the future.¹⁰⁷

LOUISIANA ENTERTAINMENT INDUSTRY TAX CREDIT PROGRAMS

Behind New York and California, Louisiana had the third largest film industry in the country. Shreveport has attracted many film and TV productions to the area. The strength of the film industry in Shreveport could have an effect on housing in the downtown area, especially as film and production crews need corporate, short-term or long-term housing solutions. Entertainment companies may also choose to make long-term investments in Shreveport (studio space, housing, etc.) if incentives continue to be funded.

Louisiana's unique tax incentive package was created in 2002 by the State legislature to induce production companies to shoot their film and video productions (i.e., movies, television shows, commercials, music videos, etc.) in Louisiana.

¹⁰⁷ Federal Reserve Bank in Dallas Research and Data, <http://www.dallasfed.org/research/econdata/haynesville.cfm>

The Louisiana Motion Picture Tax Incentive Act provides tax credit incentives for qualified, Louisiana-based production companies with no annual cap. The production company must be headquartered and domiciled in the State of Louisiana, a \$300,000 minimum-spend is required, and only work physically performed by residents and non-residents in the

State of Louisiana and only tangible goods acquired from a source within the State qualify for the program. Tax credits may be used to offset income tax liability in Louisiana (corporate or personal). Since most out-of-state production companies have no state income tax liability, credits may be monetized and sold back to the State for 85% face value, or brokered on the open market.

The Louisiana Motion Picture Incentive Program has 2 primary components, listed below, that aide the entertainment industry by offering incentives to keep film and production in Louisiana instead of neighboring states, such as Texas and Georgia.

Motion Picture Investor Tax

The Motion Picture Investor Tax Credit is a transferable tax credit equal to 30% of an investment greater than \$300,000 for all Louisiana based production expenses.

Labor Tax Credit

The Labor Tax Credit provides a 5% tax credit based on the total payroll of Louisiana residents employed in connection with the production. This credit is meant to encourage production companies to use local crews and labor.

LOUISIANA COMMERCIAL TAX CREDIT (HISTORIC TAX CREDIT)

The Louisiana Commercial Tax Credit provides up to 25% of Qualified Costs for rehabilitation of an approved income producing historic building up to \$5m if certain criteria are followed. This credit is transferable.

FEDERAL HISTORIC REHABILITATION TAX CREDIT

The Federal Historic Credit provides up to 20% of the costs of rehabilitation expenses for an income producing building. The federal credits can be stacked with the Louisiana Commercial Tax Credit.

CADDO COMMON DEVELOPMENT

Caddo Common is the major greenspace development intended to create the nexus of Shreveport Common. The City of Shreveport has acquired all but one parcel of the 1.3 acres needed and the Caddo Parish Commission has funded \$350,000 for professional design. The Commission has also earmarked but not appropriated \$3 million for greenspace build out.