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V. An Analysis of Residential Market Potential

INTRODUCTION

This Study was undertaken to determine the depth and breadth of the market for newly-introduced housing units—created both through the adaptive re-use of existing non-residential buildings as well as through new construction—in the City of Rochester, in downtown Rochester, and in four transitional neighborhoods, one in each quadrant of the city. The four transitional neighborhoods include Maplewood, in the northwest quadrant; North and South Marketview Heights, in the northeast quadrant; South Wedge, in the southeast quadrant; and Plymouth Exchange, in the southwest quadrant.

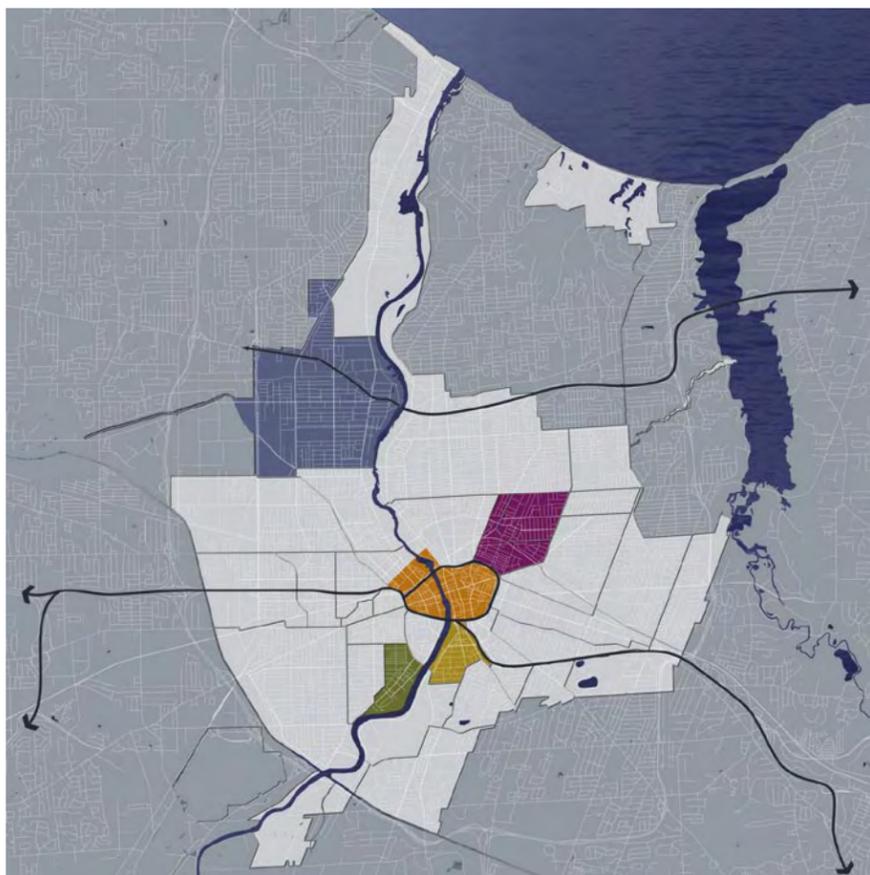


Figure 69. Market Analysis Study Areas: Downtown, Maplewood, North / South Marketview Heights, South Wedge, Plymouth Exchange. Source: Interface Studio

As is typical of many older central cities in expanding regions, the City of Rochester has struggled to maintain its economic base in the face of significant employment contraction in its core industries, and loss of population, commerce and retail businesses to the lower-density suburbs surrounding the City. For several years now, Rochester has lost more residents through out-migration than it has gained through in-migration. Claritas estimates that between 2000 and 2006, the City experienced a net loss of

more than 570 households per year, falling from 88,999 households in 2000 to an estimated 85,572 households in 2006. The ramifications over time of this household outflow could be catastrophic: if this trend were to continue, Rochester could be home to fewer than 75,000 households by 2026, or a decline in total households of more than 13 percent in 20 years.

A core premise for the City of Rochester, then, should be that it is just as important to retain current residents as it is to attract new ones. Because strong residential neighborhoods are critical to the economic and social sustainability of a city, it is vital that Rochester provide and maintain secure and comfortable neighborhoods that offer housing options for a broad range of lifestyles, ages and incomes.

This Study therefore identifies the depth and breadth of the potential market for new and existing housing units within the City of Rochester, including those households already living in the City and those households that are likely to move into the City if appropriate housing options were to be made available.

The extent and characteristics of the potential market for new and existing housing units within the City and the five Study Areas were identified using Zimmerman/Volk Associates' proprietary target market methodology. This methodology was developed in response to the challenges that are inherent in the application of supply/demand analysis to urban development and redevelopment. Supply/demand analysis ignores the potential impact of newly-introduced housing units on settlement patterns, which can be substantial when those units are specifically targeted to match the housing preferences and economic capabilities of the draw area households.

In contrast to supply/demand analysis—which is based on supply-side dynamics and baseline demographic projections—target market analysis determines the depth and breadth of the potential market derived from the housing preferences and socio-economic characteristics of households in the defined draw areas. Because it considers not only basic demographic characteristics, such as income qualification and age, but also less-frequently analyzed attributes such as mobility rates, lifestyle patterns and household compatibility issues, the target market methodology is particularly effective in defining a realistic housing potential for urban development and redevelopment.

In brief, using the target market methodology, Zimmerman/Volk Associates determined the following for the City of Rochester and the five Study Areas:

- Where the potential renters and buyers for new and existing housing units would be moving from (the draw areas);
- How many would be likely to move to the City of Rochester (depth and breadth of the market);
- What their housing preferences are in aggregate (rental or ownership, multi-family or single-family);

- How many new dwelling units, both income-qualified and market-rate, could be leased or sold over the next 10 years (market capture);
- Who the households are that represent the potential market (target household groups); and
- Why purchasers are moving to the City of Rochester.

The optimum market position for the City would therefore be that mix of rental and ownership, multi-family and single-family dwelling units that best matches the lifestyle and economic characteristics of those households that comprise the potential market.

NOTE: This Analysis document covers all of the market study findings. Reference tables mentioned throughout the text as well as other background information on the target market methodology are included as an appendix to this Study.

CITY-WIDE MARKET POTENTIAL

American households, perhaps more than any other nation's, have always demonstrated extraordinary mobility. During 2006, depending on region, between 15 and 20 percent of American households moved from one dwelling unit to another. Household mobility is higher in urban areas and in the West; a higher percentage of renters move than owners; and a higher percentage of younger households move than older households.

An understanding of these mobility trends, as well as analysis of geo-demographic characteristics of households currently living within defined draw areas, is therefore integral to the determination of the depth and breadth of the potential market for new and existing housing units within a given area. The draw areas are derived primarily through migration analysis, but also incorporate information obtained from real estate brokers, sales and leasing agents and other knowledgeable sources, as well as from Zimmerman/Volk Associates' field investigation.

Analysis of Monroe County migration and mobility patterns from 2000 through 2004—the latest data available from the Internal Revenue Service—shows that the County continues to experience net migration losses to other counties in the region, net migration gains from numerous New York State counties outside the region, but overall net migration loss to other regions in the United States. More than a third of the net losses were attributable to out-migration from the City of Rochester.

In 2000, more than 12,600 households moved out of Monroe County, compared to the 10,660 households that moved into the county that year, for a net loss of just under 2,000 households. By 2004, the number of households moving out of Monroe County had fallen to 12,350; however, the number moving in declined as well, to just over 9,600 households, resulting in an even larger net loss of more than 2,700 households.

Even though net migration provides insights into a city or county's historical ability to attract or retain households compared to other locations, it is those households likely to move into an area (gross in-migration) that represent that area's external market potential. Wayne, Ontario and Livingston Counties together accounted for nearly 20 percent of the household in-migration to Monroe County and the City of Rochester in 2004.

Where does the potential market for new and existing housing units in the City of Rochester currently live?

Based on the migration analysis, and mobility trends within the City itself, the draw areas for the City of Rochester have been delineated as follows:

- The primary (or internal) draw area, covering households currently living within the Rochester city limits. Each year over the past several years, between 10 and 14 percent of the households living in the City have moved to another residence within the city limits.
- The local draw area, covering households currently living in the balance of Monroe County. On average, between two and three percent of the households living in the balance of Monroe County move to a residence in the City each year.
- The regional draw area, covering households with the potential to move to the City of Rochester from Wayne, Ontario, and Livingston Counties. Historically, each year, Rochester has lost significantly more households to the region than it has gained. Since the City has averaged a net loss of approximately 500 to 600 households each year, reversing the regional trend could have a significant impact on net migration.
- The national draw area, covering households with the potential to move to the City of Rochester from outside the region. Approximately 1,700 households move into the City of Rochester from elsewhere in the United States each year; a small additional number are households moving from outside the United States.

As derived from migration and mobility analysis, then, the draw area distribution of the potential housing market (those households likely to move both within and to the City of Rochester) would be as follows:

| | |
|---|-------------|
| City of Rochester (Primary Draw Area): | 58% |
| Monroe County (Local Draw Area): | 30% |
| Wayne/Ontario/Livingston Counties (Regional Draw Area): | 2% |
| Balance of US (National Draw Area): | 10% |
| Total: | 100% |

TABLE 3. SOURCE: Zimmerman/Volk Associates, Inc., 2007.

How many households would be likely to move within and to the City of Rochester and what are their housing preferences?

As determined by the target market methodology—which accounts for household mobility within the City of Rochester as well as migration and mobility patterns for households currently living in all other cities and counties—approximately 17,250 households represent the annual potential market for new and existing housing units within the City. The housing preferences of these draw area households—according to tenure (rental or for-sale) and general financial capacity—can be arrayed as follows (*reference* ZVA Appendix Table 1; the ZVA Appendix—a separate document that supports the findings of this Study—presents the Market Potential tables in greater detail and provides an explanation of the methodology used in the tables' derivation):

| Housing Type | Number of Households | Percent Of Total |
|--|----------------------|------------------|
| Multi-family for-rent (BMR*) | 3,670 | 21.3% |
| Multi-family for-rent (market-rate†) | 4,620 | 26.8% |
| Multi-family for-sale (all ranges) | 2,380 | 13.8% |
| Single-family attached for-sale (all ranges) | 1,650 | 9.6% |
| Single-family detached for-sale (BMR*) | 1,410 | 8.2% |
| Single-family detached for-sale (market-rate†) | 3,520 | 20.3% |
| Total | 17,250 | 100.0% |

* BMR: Below Market-Rate.
 † Market rate is defined as affordable to households with incomes no less than 80 percent of the Rochester Area Median Family Income (AMI), in 2007, of \$64,100 for a family of four.

TABLE 4. SOURCE: Zimmerman/Volk Associates, Inc., 2007.

Nearly 52 percent of the market would choose some form of ownership housing (compared to the current homeownership rate of 40 percent). Of the 48.1 percent that comprise the market for rental dwelling units, some are renters by choice; many, however, would prefer to own but cannot afford the type of housing they desire in neighborhoods where they would want to live. Just 29 percent of the market prefers single-family detached units; the remaining 71 percent represent the market for single-family attached (townhouses/rowhouses) or multi-family units.

These numbers represent the market potential for new and existing housing units within the City of Rochester, and should not be confused with projections of housing need or household change.

The general housing types covered in this analysis include the following:

- Multi-family for-rent (along with multi-family for-sale, the highest-density housing type; multiple rental apartments located within buildings ranging from three- to four- and five-story apartment buildings);
- Multi-family for-sale (along with multi-family for-rent, the highest-density housing type; multiple apartments for-sale through condominium or cooperative ownership located within buildings ranging from three- to four- and five-story apartment buildings);
- Single-family attached (a medium-density housing type; rowhouses or one-, two- or three-story townhouses; duplexes or two-family houses); and
- Single-family detached houses (ranging from the highest-density single-family housing type, such as cottages and bungalows, typically developed on small lots, to the lowest-density single-family housing type developed on large lots).

The optimum proportions of these housing types within the City should be based on the housing preferences and income levels of those households that are moving within the City as well as those households moving into the City from the external draw areas.

ROCHESTER'S OPTIMUM MARKET POSITION

The determination of Rochester's optimum market position is the outcome of the aggregate results of the research and analysis. Rochester's optimum market position is defined by both the appropriate balance of rental and ownership units and the mix of housing types within the City that will enhance the City's competitive position within the region.

From the perspective of draw area target market propensities (their preferred types of housing) and compatibility (their preferred types of neighborhoods), and within the context of the competitive marketplace in the Rochester market area, the potential market for new and existing housing units within the City of Rochester included a full range of housing types, from multi-family rental apartments to single-family detached for-sale houses.

Therefore, based on the housing preferences and income levels of households moving from within the draw areas, the optimum mix of housing units in the City of Rochester would be as follows:

| | Rental Multi-Family | For-Sale Multi-Family | For-Sale Attached Single-Family | For-Sale Detached Single-Family |
|-------|---------------------|-----------------------|---------------------------------|---------------------------------|
| Total | 48% | 14% | 10% | 28% |
| 100% | 48% | 14% | 10% | 28% |

TABLE 5. SOURCE: Zimmerman/Volk Associates, Inc., 2007.

The optimum housing mix as outlined above implies a significant increase in the number of owner-occupied units in the City. Nationwide, during the 1990s, cities of all sizes experienced a decline in the percentage of owner-occupied dwelling units due to a variety of factors, ranging from the out-migration to the suburbs of homeowners, to the transformation of detached houses from single-family residences to multiple rental units. In 2006, Rochester's owner-occupied housing stock was estimated at just over 40 percent of all occupied dwelling units, down substantially from more than 44 percent in 1990, but up slightly from just under 40 percent in 2000. Of the single-family detached homes in Rochester, 30 percent are now renter-occupied. These single-family homes that have been converted to rental units are included in the "multi-family rental" portion of this market analysis.

The successful transformation of Rochester's housing stock from predominantly rental to a more balanced ratio of rental and for-sale units must therefore include the following residential strategies:

- Preservation of the Built Environment: the restoration, repositioning and/or adaptive re-use of existing houses and buildings. This will serve to increase the range of housing options available to the potential market, particularly through the upgrading of existing houses.
- New Residential Construction: the introduction of housing types, unit types, and sizes, not currently available or under-represented, in appropriate locations within the City.
- Demolition of obsolete structures.

How many new dwelling units, both income-qualified and market-rate, could be leased or sold within the City over the next 10 years?

After more than 18 years' experience in numerous cities across the country, and in the context of the target market methodology, Zimmerman/Volk Associates has determined that those households that prefer new dwelling units—either newly constructed or newly-developed through adaptive re-use of existing buildings—comprise approximately five to 10 percent of the potential market. Based on a capture rate of five to 10 percent of Rochester's annual market potential, the City could support between 863 and 1,725 new units per year, as follows:

| Housing Type | Number of Households | Capture Rate | Number of New Units |
|---|----------------------|--------------|--------------------------|
| Rental Multi-Family (below market) (lofts/apartments, leaseholder) | 3,670 | 5 - 10% | 184 - 367 |
| Rental Multi-Family (market rate) (lofts/apartments, leaseholder) | 4,620 | 5 - 10% | 231 - 462 |
| For-Sale Multi-Family (all ranges) (lofts/apts, condo/co-op /own.) | 2,380 | 5 - 10% | 119 - 238 |
| For-Sale Single-Family Attached (all ranges) (townhouses/rowhouses, fee-simple/condo ownership) | 1,650 | 5 - 10% | 83 - 165 |
| For-Sale Single-Family Detached (below market) (urban houses, fee-simple) | 1,410 | 5 - 10% | 71 - 141 |
| For-Sale Single-Family Detached (market rate) (urban houses, fee-simple) | 3,520 | 5 - 10% | 176 - 352 |
| Total | 17,250 | | 863 - 1,725 units |

TABLE 6. SOURCE: Zimmerman/Volk Associates, Inc., 2007.

Based on the migration and mobility analyses, and dependent on the creation of appropriate new housing units, up to one-quarter of the annual market capture of 863 to 1,725 new dwelling units—or from 215 to 430 units per year—could be from households moving from outside Rochester's city limits. Over 10 years, the realization of that market potential could lead to an increase of between 2,150 to 4,300 households living in Rochester that moved from a location other than elsewhere within the City. Moreover, if the remainder of the new units were to be leased or purchased by households who would have otherwise moved out of the City due to lack of appropriate housing options, the City would begin to reverse the trend of household loss, demonstrating the substantial impact that the introduction of well-positioned new housing can have to revitalize and diversify urban neighborhoods.

A five to 10 percent capture rate would mean the construction of 8,630 to 17,250 new dwelling units within the City over 10 years, of which 52 percent would be new ownership dwelling units and 48 percent would be new rental units. Given the financial capacities of the target market households, approximately 29 percent of the new units are likely to be subject to income qualifications, ranging from replacement public housing to units affordable to households with incomes at or below 80 percent of the area median family income. Although the five to 10 percent capture rates could potentially be achieved through pure market forces, it is likely that the City will be instrumental in assuring that the full impact of the market potential is realized, particularly in the development of the affordable components.

NOTE: Target market capture rates are a unique and highly-refined measure of feasibility. Target market capture rates are *not* equivalent to—and should not be confused with—penetration rates or traffic conversion rates.

The **target market capture rate** is derived by dividing the *annual* forecast absorption—in aggregate and by housing type—by the number of households that have the potential to purchase or rent new housing within a specified area *in a given year*. The **target market capture rate** is a measure developed over nearly two decades of empirical, site-specific analysis that establishes the feasible percentages that can reasonably be applied to the potential market for each housing type.

The **penetration rate** is derived by dividing the *total* number of dwelling units planned for a property by the *total* number of draw area households, sometimes qualified by income. The **penetration rate** is largely an academic measure that establishes the percentage of households from within a defined area that must move to a housing project to achieve 100 percent occupancy.

The **traffic conversion rate** is derived by dividing the *total* number of buyers or renters by the *total* number of prospects that have visited a site. The **traffic conversion rate** is a measure of the effectiveness of sales and leasing efforts.

Because the prospective market for a location is more precisely defined, target market capture rates are higher than the more grossly-derived penetration rates. However, the resulting higher capture rates are well within the range of prudent feasibility.

Who are the households that represent Rochester’s potential markets?

The market for urban housing is now being fueled by the convergence of the two largest generations in the history of America: the 79 million Baby Boomers born between 1946 and 1964, and the 77 million Millennials, who were born from 1977 to 1996.

Boomer households have been moving from the full-nest to the empty-nest life stage at an accelerating pace that will peak sometime in the next decade and continue beyond 2020. Since the first Boomer turned 50 in 1996, empty-nesters have had a substantial impact on urban, particularly downtown housing. After fueling the dramatic diffusion of the population into ever-lower-density exurbs for nearly three decades, Boomers, particularly affluent Boomers, are rediscovering the merits and pleasures of urban living.

At the same time, Millennials are just leaving the nest. The Millennials are the first generation to have been largely raised in the post-’70s world of the cul-de-sac as neighborhood, the mall as village center, and the driver’s license as a necessity of life. As has been the case with predecessor generations, significant numbers of Millennials are heading for the city. They are not just moving to New York, Chicago, San Francisco and the other large American cities; often priced out of these larger cities, Millennials are discovering second, third and fourth tier urban centers.

The convergence of two generations of this size—simultaneously reaching a point when urban housing matches their life stage—is unprecedented. This year, there are about 41 million Americans between the ages of 20 and 29, forecast to grow to over 44 million by 2015. In that same year, the population aged 50 to 59 will have also reached 44 million, from 38 million today. The synchronization of these two demographic waves will mean that there will be an additional eight million potential urban housing consumers eight years from now.

As determined by the target market analysis, and reflecting national trends, the potential market for new and existing housing units in the City of Rochester can be characterized by general household and housing type as follows (*reference* ZVA Appendix Table 2):

| Household Type | Percent Of Total | Multi-Family Rental | | | Single-Family For Sale | | |
|--|------------------|---------------------|--------------|-------------|------------------------|-------------|--------------|
| | | BMR* Apts | Market† Apts | All Apts | All Att. | BMR* Det. | Market† Det. |
| Empty-Nesters & Retirees | 29% | 16% | 18% | 50% | 30% | 40% | 40% |
| Traditional & Non-Traditional Families | 41% | 53% | 37% | 21% | 41% | 43% | 45% |
| Younger Singles & Couples | 30% | 31% | 45% | 29% | 29% | 17% | 15% |
| Total | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

* BMR: Below market rate.
 † Market rate is defined as affordable to households with incomes no less than 80 percent of the Rochester Area Median Family Income (AMI), in 2007, of \$64,100 for a family of four.

TABLE 7. SOURCE: Zimmerman/Volk Associates, Inc., 2007.

- **The largest general market segment is comprised of family-oriented households (traditional and non-traditional families).**

A significant percentage of these family-oriented households are non-traditional families, notably single parents with one or two children. Non-traditional families, which during the 1990s became an increasingly larger proportion of all U.S. households, encompass a wide range of family households, from a single mother with one or more children, a male adult with younger siblings, a grandmother with daughter and grandchildren, to an unrelated couple of the same sex with children. Traditional families contain a married man and woman with an average of two or more children. These can also include “blended” families, in which each parent was previously married to another individual and one or both have children from that marriage.

Households with school-age children have historically been among the first to leave a city when one or all of three significant neighborhood elements—safe and secure streets, sufficient green space, and good schools—are perceived to be at risk. This outward movement of family households has accounted for the majority of new construction, typically single-family detached houses, in areas outside the city limits.

In the 1980s, when the majority of the Baby Boomers were in the full-nest lifestage, the “traditional family household” (married couple with one or more children) comprised more than 45 percent of all American households. That market segment has now fallen to less than 25 percent of all American households, and the subset of the one wage-earner traditional family has fallen to less than 15 percent of all American households. This significant transformation reflects the increasing diversity of households with children, as well as the aging of the Baby Boomers into the empty-nest lifestage.

The largest target family groups for the City of Rochester are *Multi-Cultural Families*, predominantly middle-income families already living in the City of Rochester; and *Full-Nest Urbanites*, householders that are, typically, couples in their 30s and 40s with school-age children, and with a preference for urban living. Most of these households grew up in or near an urban center and have rejected the suburban alternative; most will already have made appropriate school accommodations—public, parochial or private.

Depending on housing type, family-oriented households comprise between 21 and 53 percent of the market for new and existing housing units in Rochester.

- **The next largest general market segment is composed of younger households (younger singles and couples).**

The target groups in this segment typically choose to live in neighborhoods that contain a diverse mix of people, housing types, and uses. In Rochester, the revitalization of several neighborhoods has been pioneered by younger singles and couples, who, when appropriate housing options have been available, helped re-populate those neighborhoods. For the most part, younger households tend to be “risk-tolerant.” The target households in this market segment prefer to live in a city, for the availability of a variety of activities, cultural opportunities, restaurants and clubs and, for some, the potential to walk to work.

The largest potential market for Rochester in this segment is *Urban Achievers*—young professionals, office workers, retail employees, and “knowledge workers,” as well as undergraduates and graduate students, and other higher-education affiliates.

Depending on housing type, younger singles and couples represent between 15 and 45 percent of the market for new and existing housing units in Rochester.

- **The third general market segment is comprised of older households (empty nesters and retirees).**

A significant number of these households have grown children who have recently moved away; another large percentage are retired, with incomes from pensions, savings and investments, and social security.

Many of these households are currently living in older single-family detached houses in the City and or in suburban subdivisions located outside the City; typically, their neighborhoods offer few, if any, appropriate housing options for empty-nesters or retirees. These older households are quite dissimilar in their attitudes from either younger or family-oriented households. They have different expectations, and among them, for many, is the perceived ease and convenience of single-level living, typically, a master suite on the same floor as the main living areas, and few stairs in the unit. The high maintenance and capital costs associated with old and often obsolete housing stock is an underestimated contributing factor in household out-migration; when the only new housing is located outside an urban area, that is where households will move.

The largest potential market for Rochester in this segment is *Multi-Ethnic Empty Nesters*, a diverse group of older households currently living in the City who would prefer to remain in their neighborhoods but would prefer housing that requires less maintenance and expense.

Empty-nest and retiree households represent between 16 percent and 50 percent of the market for new and existing housing units in the City, depending on housing type.

The household groups that represent the market for new and existing housing units in the City of Rochester, their median household incomes and median home values, are as follows:

| Target Market Household Groups (In Order Of Median Income) | | |
|--|---------------|------------------------------|
| HouseholdType | Median Income | Median Home Value (if owned) |
| Empty Nesters & Retirees | | |
| <i>Old Money</i> | \$242,800 | \$310,200 |
| <i>Urban Establishment</i> | \$110,100 | \$254,500 |
| <i>Suburban Establishment</i> | \$91,000 | \$170,800 |
| <i>Affluent Empty Nesters</i> | \$90,500 | \$168,200 |
| <i>Small-Town Establishment</i> | \$89,300 | \$158,400 |
| <i>Cosmopolitan Elite</i> | \$84,200 | \$167,300 |
| <i>Cosmopolitan Couples</i> | \$83,700 | \$221,300 |
| <i>New Empty Nesters</i> | \$78,100 | \$198,200 |
| <i>Multi-Ethnic Empty Nesters</i> | \$71,900 | \$168,400 |
| <i>Mainstream Retirees</i> | \$70,600 | \$107,700 |
| <i>RV Retirees</i> | \$60,400 | \$133,700 |
| <i>Middle-Class Move-Downs</i> | \$56,300 | \$124,800 |
| <i>Middle-American Retirees</i> | \$54,600 | \$97,800 |
| <i>Heartland Empty Nesters</i> | \$40,400 | \$130,700 |
| <i>Small-Town Seniors</i> | \$40,000 | \$99,000 |
| <i>Blue-Collar Retirees</i> | \$39,200 | \$98,100 |
| <i>Suburban Retirees</i> | \$36,000 | \$88,500 |
| <i>Suburban Seniors</i> | \$32,000 | \$87,500 |
| <i>Back Country Seniors</i> | \$31,400 | \$91,400 |
| <i>Rural Seniors</i> | \$30,800 | \$68,500 |
| <i>Struggling Retirees</i> | \$30,100 | \$58,400 |
| <i>Downtown Retirees</i> | \$28,800 | \$97,400 |
| <i>Hometown Retirees</i> | \$27,300 | \$75,700 |
| <i>Multi-Ethnic Seniors</i> | \$24,800 | \$99,700 |
| <i>Second City Seniors</i> | \$23,600 | \$64,700 |
| Traditional & Non-Traditional Families | | |
| <i>The Social Register</i> | \$215,500 | \$261,300 |
| <i>Nouveau Money</i> | \$125,600 | \$238,700 |
| <i>The Entrepreneurs</i> | \$118,000 | \$230,700 |
| <i>Full-Nest Urbanites</i> | \$98,600 | \$282,600 |
| <i>Unibox Transferees</i> | \$90,900 | \$172,400 |
| <i>Late-Nest Suburbanites</i> | \$82,000 | \$169,100 |
| <i>Full-Nest Suburbanites</i> | \$80,800 | \$166,500 |
| <i>Multi-Cultural Families</i> | \$62,900 | \$166,700 |
| <i>Blue-Collar Button-Downs</i> | \$56,500 | \$123,500 |
| <i>Multi-Ethnic Families</i> | \$56,400 | \$109,600 |
| <i>Kids 'r' Us</i> | \$40,400 | \$109,400 |
| <i>Rustic Families</i> | \$39,800 | \$98,900 |
| <i>Struggling Suburbanites</i> | \$35,500 | \$102,000 |
| <i>In-Town Families</i> | \$31,400 | \$82,300 |
| <i>Single-Parent Families</i> | \$31,000 | \$78,600 |
| <i>Urban Public Housing</i> | \$23,900 | \$72,100 |

| Target Market Household Groups (In Order Of Median Income) continued | | |
|--|---------------|------------------------------|
| HouseholdType | Median Income | Median Home Value (if owned) |
| Younger Singles & Couples | | |
| <i>e-Types</i> | \$114,100 | \$299,500 |
| <i>Fast-Track Professionals</i> | \$83,000 | \$149,400 |
| <i>The VIPs</i> | \$79,700 | \$148,600 |
| <i>Ex-Urban Power Couples</i> | \$78,900 | \$198,000 |
| <i>New Bohemians</i> | \$75,800 | \$199,300 |
| <i>Upscale Suburban Couples</i> | \$75,700 | \$131,300 |
| <i>Cross-Training Couples</i> | \$64,000 | \$111,400 |
| <i>Urban Achievers</i> | \$61,000 | \$150,200 |
| <i>Twentysomethings</i> | \$59,300 | \$116,800 |
| <i>Suburban Achievers</i> | \$57,800 | \$118,100 |
| <i>No-Nest Suburbanites</i> | \$57,000 | \$110,300 |
| <i>Small-City Singles</i> | \$50,800 | \$110,500 |
| <i>Exurban Suburbanites</i> | \$47,700 | \$97,900 |
| <i>Country Couples</i> | \$40,300 | \$93,400 |
| <i>Rural Singles</i> | \$33,800 | \$63,700 |
| <i>Rural Strivers</i> | \$33,300 | \$62,500 |
| <i>Suburban Strivers</i> | \$33,200 | \$100,300 |
| <i>Blue-Collar Singles</i> | \$30,800 | \$74,800 |
| <i>Soul City Singles</i> | \$24,700 | \$80,500 |

NOTE: The names and descriptions of the market groups summarize each group's tendencies—as determined through geo-demographic cluster analysis—rather than their absolute composition. Hence, every group could contain "anomalous" households, such as empty-nester households within a "full-nest" category.

TABLE 8. SOURCE: Zimmerman/Volk Associates, Inc., 2007.

THE SUPPLY-SIDE CONTEXT

Market-Rate Multi-Family Rental

A wide range of market-rate rental properties—predominantly older construction including adaptive re-use of existing buildings—are located in the City of Rochester. Most of the larger properties are leasing the full range of studios, and one- and two-bedroom apartments; three-bedroom apartments are less frequently found.

The newest rental properties to have entered the market are in downtown Rochester. In downtown Rochester, monthly rents for studios generally range between \$325 to \$900 for apartments of approximately 300 to nearly 900 square feet (\$1.00 to \$1.62 per square foot). One-bedroom apartments generally start at \$625 per month and go up to nearly \$1,500 a month, for approximately 450 square feet to 1,500 or more square feet of living space (generally \$0.98 to \$1.39 per square foot).

Two-bedroom units range in rent from \$650 to \$2,000 per month, with unit sizes ranging between 850 and 2,100 square feet, (\$0.95 to \$1.25 per square foot, although many individual units fall below this rent-per-square-foot range). Occupancy rates generally range between 90 and 100 percent; however, the majority of the rental properties are at functional full occupancy (more than 95 percent occupied). (Reference ZVA Appendix Table 3.)

Market-Rate Multi-Family and Single-Family Attached For-Sale

There has been limited development of market-rate for-sale housing in the City of Rochester. At the time of the field investigation, six townhouses were being marketed just outside the Inner Loop on the East Side. The asking prices were \$349,900 for the smaller 2,280-square-foot model and \$379,000 for the 2,400-square-foot unit (\$153 to \$158 per square foot). Site work had not yet begun, and none of the units had been sold. In downtown Rochester, 22 of the 23 Sagamore on East condominiums had been sold at prices exceeding those for new single-family detached houses in Rochester's suburbs. At the time of the field investigation, three units were on the market priced between \$485,000 and nearly \$600,000 (\$226 to \$249 per square foot). Outside the City, new townhouses, ranging in size between just over 1,200 to just under 2,000 square feet, were selling for prices starting at approximately \$140,000, with the most expensive unit priced at \$235,000 (\$95 to \$151 per square foot). (Reference ZVA Appendix Table 4.)

Several resale condominiums and townhouses were listed on the market in January in the City of Rochester. Asking prices for the older one- and two-bedroom condominiums started at approximately \$75,000, for a 1,500-square-foot two-bedroom, and went as high as \$209,900 for a similarly-sized unit on the East Side. Prices per square foot ranged from \$50 to \$135; the newest of the units on the market was built in 1986. (Reference ZVA Appendix Table 5.)

A variety of one- to three-bedroom townhouses were also on the market, ranging in size from just under 700 square feet to more than 3,000 square feet. Asking prices started at less than \$65,000, for a 1,326-square-foot three-bedroom townhouse on Wangman Street, to nearly \$400,000 for a three-bedroom/three-bath townhouse built in 2003 in Grove Place. The prices per square foot were comparable to those of the condominiums, although one of the most expensive townhouses had a price per square foot of \$169. All of the townhouses were of a more recent vintage (the oldest townhouse on the market was built in 1983) than the condominiums, largely because most of the condominiums had been developed within older large single-family houses.

Newly-Constructed Market-Rate Single-Family Detached For-Sale

All of the newly-constructed market-rate single-family detached houses currently for sale in the region are located outside the city limits. (Reference ZVA Appendix Table 6.) In adjacent municipalities, the majority of the new construction is occurring in Greece, where there are numerous subdivisions with one or more new houses either under construction or already built but not yet sold. Prices for new detached houses in Greece start at just under \$100,000 for a 792-square-foot, one-bedroom cottage on

Wendy Lane (\$126 per square foot), although the majority of new houses are priced between \$125,000 and \$300,000. The most expensive house on the market in Greece was priced just below \$600,000 for a 3,168-square-foot, three-bedroom/three-bath house on Whisper Creek Court (\$189 per square foot).

There were considerably fewer new houses on the market in Irondequoit, where the least expensive house was priced at \$114,900 for 900 square feet, and the list price of the most expensive house was less than \$145,000 for 1,200 square feet (\$106 to \$120 per square foot). A comparable number of new houses were for sale in Brighton; however, the price range started at \$630,000 for a 3,400-square-foot four-bedroom house, and approached \$950,000 for a four-bedroom house containing 4,263 square feet of living space (\$185 to \$222 per square foot).

In Chili, the least expensive new house on the market was priced at just under \$140,000 for a 1,200-square-foot three-bedroom unit (\$117 per square foot). The most expensive house was on the market for \$349,900; it contained three bedrooms and three baths in just over 3,000 square feet of living space (\$115 per square foot). Nearly all of the houses on the market in Chili had three bedrooms, and the asking price per square foot ranged between \$97 and \$128.

MARKET POTENTIAL FOR THE DOWNTOWN STUDY AREA

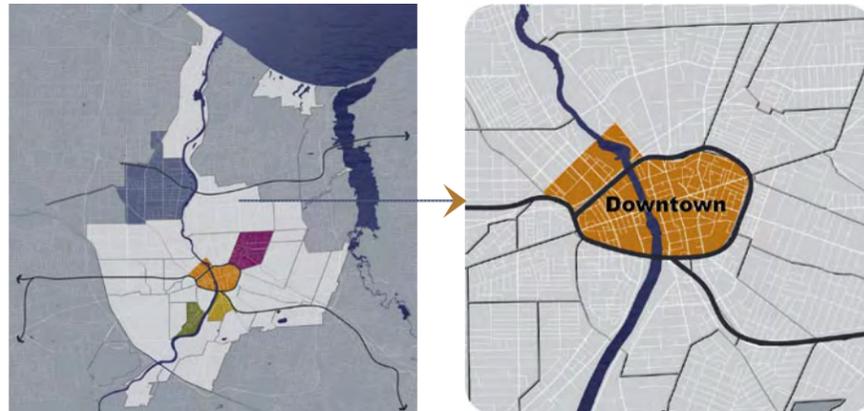


Figure 70: Downtown Study Area. Source: Interface Studio

Downtown Rochester is comprised of several residential districts located within the Inner Loop (Interstate 490): Grove Place, the St. Paul Quarter, the Cascade District, and the East End, as well as the High Falls area, bounded by the Inner Loop on the south, St. Paul Street on the east, Brown Street on the north, and West Broad Street on the west.

Currently, more than 93 percent of the households that live in the Downtown Study Area contain one or two persons. Because of large, subsidized rental complexes, the median income is low, at \$14,000, compared to that of the City. In comparison, the median home value in 2006 as estimated by Claritas of those few units that are owned is very high, at \$248,700, largely because of the high prices obtained by the condominiums at The Sagamore on East.

Ninety-seven percent of the Study Area households are renters; just three percent own their units. Nearly 60 percent do not own automobiles. The majority of Rochester's downtown residents are employed in professional or sales and office work, with 67 percent in white-collar occupations, 16 percent blue-collar, and 17 percent service occupations. Only six percent are unemployed, although 59 percent are not currently in the labor force.

Based on historic data, and barring significant development activity in downtown Rochester, Claritas projects that, over the next five years, the population of the Downtown Study Area will increase by two percent.

As determined by the target market methodology, which accounts for household mobility within the City of Rochester and the balance of Monroe County, as well as mobility patterns for households currently living in all other cities and counties, in the year 2007, more than 3,000 younger singles and couples, empty nesters and retirees, and families with children currently living in the draw areas represent the potential market for new and existing housing units (excluding single-family detached houses) within the Downtown Study Area.

These 3,090 households comprise 17.9 percent of the approximately 17,250 households that represent the potential market for new and existing housing in all of the City of Rochester, a share of the total market that is consistent with Zimmerman/Volk Associates' experience in other cities. The housing preferences of these 3,090 draw area households—based on tenure (rental/ownership) choices and financial capacity—are outlined as follows (reference ZVA Appendix Table 7):

Annual Potential Market For New and Existing Housing Units
THE DOWNTOWN STUDY AREA

| Housing Type | Number of Households | Percent Of Total |
|--|----------------------|------------------|
| Multi-family for-rent (BMR*) | 610 | 19.7% |
| Multi-family for-rent (market-rate†) | 1,130 | 36.6% |
| Multi-family for-sale (all ranges) | 890 | 28.8% |
| Single-family attached for-sale (all ranges) | 460 | 14.9% |
| Total | 3,090 | 100.0% |

* BMR: Below Market-Rate.
† Market rate is defined as affordable to households with incomes no less than 80 percent of the Rochester Area Median Family Income (AMI), in 2007, of \$64,100 for a family of four.

TABLE 9. SOURCE: Zimmerman/Volk Associates, Inc., 2007.

More than 56 percent of the potential market is for rental units, of which nearly 65 percent qualify as "market-rate," meaning households who do not require financial assistance to cover the monthly rents. The remaining 44 percent of the potential market is for ownership units, distributed between for-sale apartments (multi-family, all price ranges) and townhouses/rowhouses (single-family attached, all price ranges).

As determined by this analysis, the potential market for new and existing housing units in the Downtown Study Area can be characterized by general household type as follows (reference ZVA Appendix Table 8):

Annual Potential Market by Household and Unit Types
THE DOWNTOWN STUDY AREA

| Household Type | Percent Of Total | Rental | | For-Sale | |
|--|------------------|-------------|--------------|-------------|-------------|
| | | BMR* Apts | Market† Apts | All Apts | SF Att. |
| Empty-Nesters & Retirees | 37% | 26% | 22% | 61% | 43% |
| Traditional & Non-Traditional Families | 17% | 34% | 17% | 6% | 14% |
| Younger Singles & Couples | 46% | 40% | 61% | 33% | 43% |
| Total | 100% | 100% | 100% | 100% | 100% |

* BMR: Below Market-Rate.
† Market rate is defined as affordable to households with incomes no less than 80 percent of the Rochester Area Median Family Income (AMI), in 2007, of \$64,100 for a family of four.

TABLE 10. SOURCE: Zimmerman/Volk Associates, Inc., 2007.

- Although they represent just 30 percent of the total city-wide housing market, younger singles and couples comprise up to 46 percent of the market for housing units in the Downtown Study Area. As mentioned above, younger households tend to gravitate to high-activity neighborhoods, and downtowns typically contain a concentration of cultural and entertainment activities. If the preference for downtown housing demonstrated by the leading edge of the Millennials is representative of the entire generation, the market potential from this segment is likely to become even more significant over the next decade.
- Empty nesters and retirees represent 37 percent of the market for housing units in the Downtown Study Area, a higher percentage than their 29 percent share of the city-wide market. In city after city across the country, new construction in downtowns has become increasingly attractive to empty-nest households, who are seeking both lower maintenance in housing and higher concentrations of neighborhood activities.
- The target families for downtown Rochester locations are either non-traditional families (e.g., a single mother with one or two children) or younger couples that have been living downtown and recently had their first child. These families typically prefer townhouses to condominiums. Non-traditional family households represent just 17 percent of the market for new and existing housing units in the Downtown Study Area, considerably below their 41 percent share of the city-wide market.

Zimmerman/Volk Associates has determined that, for new development (including both adaptive re-use of existing non-residential buildings as well as new construction) within a downtown, an annual capture of between five and 10 percent of the potential market, depending on housing type, is achievable. Based on those capture rates, the Downtown Study Area should be able to support between 156 to 309 new housing units per year, as follows:

| Annual Capture of Market Potential THE DOWNTOWN STUDY AREA | | | |
|---|----------------------|--------------|------------------------|
| Housing Type | Number of Households | Capture Rate | Number of New Units |
| Rental Multi-Family (below market) (lofts/apartments, leaseholder) | 610 | 5 - 10% | 31 - 61 |
| Rental Multi-Family (market rate) (lofts/apartments, leaseholder) | 1,130 | 5 - 10% | 57 - 113 |
| For-Sale Multi-Family (all ranges) (lofts/apts, condo/co-op ownership) | 890 | 5 - 10% | 45 - 89 |
| For-Sale Single-Family Attached (all ranges) (townhouses/rowhouses, fee-simple/condominium ownership) | 460 | 5 - 10% | 23 - 46 |
| Total | 3,090 | | 156 - 309 units |

TABLE 11. SOURCE: Zimmerman/Volk Associates, Inc., 2007.

Over 10 years, the realization of the five to 10 percent market capture could mean the addition of 1,500 to 3,000 new dwelling units in downtown Rochester, of which 36 percent would be affordable to households earning at or below 80 percent of the area median family income. Based on the migration and mobility analyses, and dependent on the creation of appropriate new housing units, up to 44 percent of the 10-year market capture of 1,500 to 3,000 new dwelling units—or from 700 to 1,400 units—could be from households moving from outside Rochester’s city limits. It is evident from this analysis that new housing development in downtown Rochester represents a significant opportunity to attract new residents to the City.

NOTE: See explanation of capture rates following the section on Annual Capture of Market Potential for the City of Rochester.

Rental Distribution

Based on the target household mix (reference ZVA Appendix Table 9) and the incomes of the target households, the distribution by rent range of the 174 rental units that could be absorbed each year over the next five to 10 years in the Downtown Study Area is as follows:

| Loft/Apartment Distribution by Rent Range THE DOWNTOWN STUDY AREA | | | |
|--|--------------------|-------------|--|
| Monthly Rent Range | New Units Per Year | Percentage | |
| \$500–\$750 | 73 | 42% | |
| \$750–\$1,000 | 30 | 17% | |
| \$1,000–\$1,250 | 24 | 14% | |
| \$1,250–\$1,500 | 18 | 10% | |
| \$1,500–\$1,750 | 15 | 9% | |
| \$1,750 and up | 14 | 8% | |
| Total: | 174 | 100% | |

TABLE 12. SOURCE: Zimmerman/Volk Associates, Inc., 2007.

For-Sale Distribution

Based on the target household mix (reference ZVA Appendix Table 10) and incomes of the target households, the distribution by price range of the 89 for-sale lofts/apartments that could be absorbed each year over the next five to 10 years in the Downtown Study Area is as follows:

| Loft/Apartment Distribution by Price Range THE DOWNTOWN STUDY AREA | | | |
|---|--------------------|-------------|--|
| Price Range | New Units Per Year | Percentage | |
| \$50,000–\$100,000 | 18 | 20% | |
| \$100,000–\$150,000 | 18 | 20% | |
| \$150,000–\$200,000 | 15 | 17% | |
| \$200,000–\$250,000 | 14 | 15% | |
| \$250,000–\$300,000 | 12 | 14% | |
| \$300,000 and up | 12 | 14% | |
| Total: | 89 | 100% | |

TABLE 13. SOURCE: Zimmerman/Volk Associates, Inc., 2007.

Based on the target household mix (reference ZVA Appendix Table 11) and incomes of the target groups, the distribution by price range of the 46 townhouse/live-work units that could be absorbed each year over the next five to 10 years in the Downtown Study Area is as follows:

| Townhouse Distribution by Price Range THE DOWNTOWN STUDY AREA | | | |
|--|--------------------|-------------|--|
| Price Range | New Units Per Year | Percentage | |
| \$100,000–\$150,000 | 12 | 26% | |
| \$150,000–\$200,000 | 16 | 35% | |
| \$200,000–\$250,000 | 12 | 26% | |
| \$250,000–\$300,000 | 4 | 9% | |
| \$300,000 and up | 2 | 4% | |
| Total: | 46 | 100% | |

TABLE 14. SOURCE: Zimmerman/Volk Associates, Inc., 2007.

MARKET POTENTIAL FOR THE MAPLEWOOD STUDY AREA

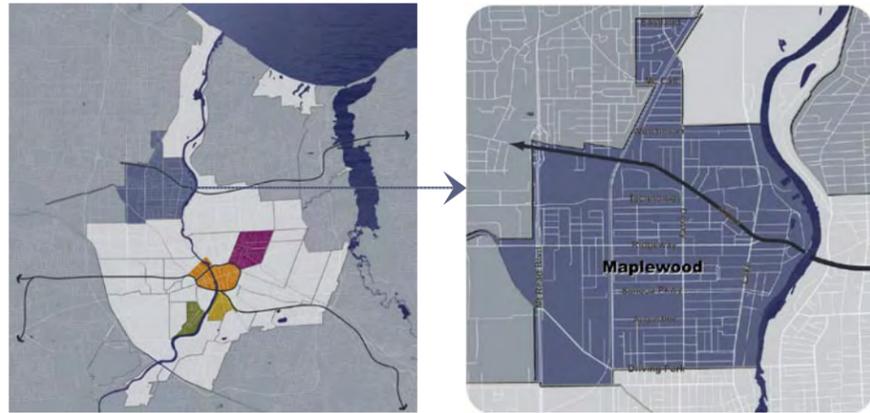


Figure 71. Maplewood Study Area. Source: Interface Studio

For purposes of this Study, the Maplewood Study Area, situated in the northwest quadrant of the City, includes those blocks bounded by the Genesee River on the east, Winchester Street on the north, the city limits on the west, and Lexington Avenue on the south.

Currently, up to 59 percent of the households that live in the Maplewood Study Area contain one or two persons. Median income in the Study Area is considerably higher, at \$33,900, than the \$28,500 City median. However, the median home value in 2006 estimated by Claritas of \$74,400 in Maplewood is slightly lower than the \$75,200 in the City as a whole.

Just over half of the households own their units. 15 percent do not own automobiles. The majority of the Maplewood residents are employed in sales and office or production, transportation, and material moving work, with half in white-collar occupations, 30 percent blue-collar, and 20 percent service occupations. Only five percent are unemployed, and less than 29 percent are not currently in the labor force.

Based on historic data, and barring significant development activity in Maplewood, Claritas projects that, over the next five years, the population of the Maplewood Study Area will decline by more than two percent.

As determined by the target market methodology, which accounts for household mobility within the City of Rochester and the balance of Monroe County, as well as mobility patterns for households currently living in all other cities and counties, in the year 2007, up to 1,550 traditional and non-traditional families, empty nesters and retirees, and younger singles and couples currently living in the draw areas represent the potential market for new and existing housing units within the Maplewood Study Area.

These 1,550 households comprise nearly nine percent of the approximately 17,250 households that represent the potential market for new and existing housing in all of

the City of Rochester, a share of the potential market that is comparable to the Study Area's share of the City's total population. The housing preferences of these 1,550 draw area households—based on tenure (rental/ownership) choices and financial capacity—are outlined as follows (reference ZVA Appendix Table 12):

| Housing Type | Number of Households | Percent Of Total |
|--|----------------------|------------------|
| Multi-family for-rent (BMR*) | 350 | 22.6% |
| Multi-family for-rent (market-rate†) | 320 | 20.6% |
| Multi-family for-sale (all ranges) | 200 | 12.9% |
| Single-family attached for-sale (all ranges) | 50 | 3.3% |
| Single-family detached for-sale (BMR*) | 210 | 13.5% |
| Single-family detached for-sale (market-rate†) | 420 | 27.1% |
| Total | 1,550 | 100.0% |

* BMR: Below Market-Rate.

† Market rate is defined as affordable to households with incomes no less than 80 percent of the Rochester Area Median Family Income (AMI), in 2007, of \$64,100 for a family of four.

TABLE 15. SOURCE: Zimmerman/Volk Associates, Inc., 2007.

Based on the tenure preferences of the target households, new construction in the neighborhood should be weighted more to ownership housing: nearly 57 percent of the potential market would prefer to purchase their dwelling unit; the majority of those units (more than 71 percent) should be single-family detached houses, of which a third should be available to households earning less than 80 percent of the area median family income. Although not recommended, affordability can be accomplished by subsidizing the units, i.e., reducing the prices of the houses; however, this policy tends to make the market-rate houses less attractive to those households that can afford them, since the appraised value is often set lower than the actual prices paid. The preferred alternative is to subsidize the buyer, through soft seconds, grants, and other financial instruments, as these policies maintain the value of the units for the market-rate buyers. Of the 43 percent of the market that are renters, just over half do not have the incomes to support market-rate units.

As determined by this analysis, the potential market for new and existing housing units in the Maplewood Study Area can be characterized by general household type as follows (reference ZVA Appendix Table 13):

Annual Potential Market by Household and Unit Types
THE MAPLEWOOD STUDY AREA

| Household Type | Percent Of Total | Multi-Family Rental | | | Single-Family For-Sale | | |
|--|------------------|---------------------|--------------|-------------|------------------------|-------------|--------------|
| | | BMR* Apts | Market† Apts | All Apts | All Att. | BMR* Det. | Market† Det. |
| Empty-Nesters & Retirees | 34% | 23% | 16% | 40% | 20% | 62% | 40% |
| Traditional & Non-Traditional Families | 34% | 34% | 34% | 30% | 60% | 24% | 39% |
| Younger Singles & Couples | 32% | 43% | 50% | 30% | 20% | 14% | 21% |
| Total | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

* BMR: Below market rate.

† Market rate is defined as affordable to households with incomes no less than 80 percent of the Rochester Area Median Family Income (AMI), in 2007, of \$64,100 for a family of four.

TABLE 16. SOURCE: Zimmerman/Volk Associates, Inc., 2007.

- Empty nesters and retirees represent a larger percentage of the market for new and existing housing units in the Maplewood Study Area (34 percent) than city-wide (29 percent) in large part because a large percentage of these households have lived in Maplewood for many years and are reluctant to leave, even when their lifestyles are no longer consonant with their housing. However, affordability is a real issue for these older households. Depending on housing type, empty nesters and retirees make up between 16 percent (market-rate multi-family for-rent) and 62 percent (below market-rate single-family detached houses) of the market for housing units in the Maplewood Study Area.
- Since the Maplewood Study Area contains a higher percentage of family households than many other Rochester neighborhoods, traditional and non-traditional families comprise a share of the market equal to that of the empty nesters and retirees. Many of the heads of households in this Study Area were born and raised in Maplewood; a significant number are, or were employed by Kodak. Depending on housing type, traditional and non-traditional family households represent between 24 percent (below market-rate single-family detached houses) and 60 percent (single-family attached for-sale) of the market for new and existing housing units in the Maplewood Study Area.

- Only slightly smaller in size than the other two market segments, younger singles and couples represent 32 percent of the market for housing units in the Maplewood Study Area, comparable to their 30 percent share of the city-wide market. The housing preferences of this market segment are concentrated in multi-family and attached units, particularly rental, as a majority of younger singles and couples do not have sufficient capital for a down payment on an ownership unit. Younger singles and couples comprise half of the market for the market-rate rental units, but only 14 percent of the market for below market-rate single-family detached houses.

Zimmerman/Volk Associates has determined that, for new development (in this case, most likely to be new construction rather than adaptive re-use) in the Maplewood Study Area, an annual capture of between 10 and 15 percent of the potential market, depending on housing type, would be achievable. Although the market for new construction in individual neighborhoods is typically smaller than the market for new units in downtown, it comprises a higher percentage of households moving from the local and/or regional draw areas, making it easier to capture a higher percentage of the market.

There are several large, currently vacant Kodak parking lots at the northern end of the Study Area, with proximity to the River, that would be excellent locations for redevelopment as new traditional neighborhoods. Several cities—Norfolk, Virginia (East Beach); Louisville, Kentucky (Park du Valle); Charlotte, North Carolina (First Ward); and Pittsburgh, Pennsylvania (Somerset at Frick Park), among others, have instigated the redevelopment of large parcels as new traditional urban neighborhoods, and, as a result, have seen a significant renewal of market interest in existing traditional neighborhoods. The values achieved by the new neighborhoods have been substantially higher than the values of older housing stock, and provide residential options for households that prefer new construction but would also prefer to live in a traditional neighborhood.

It is likely that 15 percent of the multi-family market and 10 percent of the single-family attached and detached market could be captured by new construction in the Maplewood Study Area, particularly if a large enough parcel could be assembled to create a new traditional neighborhood. Based on those capture rates, then, the Maplewood Study Area should be able to support between 155 to 233 new housing units per year, as follows:

| Annual Capture of Market Potential THE MAPLEWOOD STUDY AREA | | | |
|---|----------------------|--------------|------------------------|
| Housing Type | Number of Households | Capture Rate | Number of New Units |
| Rental Multi-Family (below market) (lofts/apartments, leaseholder) | 350 | 10 - 15% | 35 - 53 |
| Rental Multi-Family (market rate) (lofts/apartments, leaseholder) | 320 | 10 - 15% | 32 - 48 |
| For-Sale Multi-Family (all ranges) (lofts/apts, condo/co-op ownership) | 200 | 10 - 15% | 20 - 30 |
| For-Sale Single-Family Attached (all ranges) (townhouses/rowhouses, fee-simple/condominium ownership) | 50 | 10 - 15% | 5 - 8 |
| For-Sale Single-Family Detached (below market) (urban houses, fee-simple) | 210 | 10 - 15% | 21 - 32 |
| For-Sale Single-Family Detached (market rate) (urban houses, fee-simple) | 420 | 10 - 15% | 42 - 63 |
| Total | 1,550 | | 155 - 233 units |

TABLE 17. SOURCE: Zimmerman/Volk Associates, Inc., 2007.

Over 10 years, and if there was sufficient land for development, the realization of the 10 to 15 percent market capture could mean the addition of 1,550 to 2,330 new dwelling units in the Maplewood Study Area, of which 34 percent would be rental and for-sale units affordable for households earning below 80 percent of the area median family income. Based on the migration and mobility analyses, and dependent on the creation of appropriate new housing units, nearly 25 percent of the 10-year market capture of 1,550 to 2,330 new dwelling units—or from 380 to 580 units—could be from households moving from outside Rochester’s city limits. However, the higher value of new traditional neighborhood developments in Maplewood would be the retention of households that would otherwise move out of the City in order to lease or purchase the newly-constructed housing units that they prefer.

Rental Distribution

Based on the target household mix (reference Table ZVA Appendix 14) and the incomes of the target households, the distribution by rent range of the 101 rental units that could be absorbed each year over the next five to 10 years in new traditional neighborhood developments in the Maplewood Study Area is as follows:

| Loft/Apartment Distribution by Rent Range THE MAPLEWOOD STUDY AREA | | | |
|---|--------------------|-------------|--|
| Monthly Rent Range | New Units Per Year | Percentage | |
| \$500–\$700 | 12 | 12% | |
| \$700–\$900 | 14 | 13% | |
| \$900–\$1,100 | 12 | 12% | |
| \$1,100–\$1,300 | 12 | 12% | |
| \$1,300–\$1,500 | 12 | 12% | |
| \$1,500–\$1,700 | 12 | 12% | |
| \$1,700–\$1,900 | 9 | 9% | |
| \$1,900–\$2,100 | 9 | 9% | |
| \$2,100 and up | 9 | 9% | |
| Total: | 101 | 100% | |

TABLE 18. SOURCE: Zimmerman/Volk Associates, Inc., 2007.

For-Sale Distribution

Based on the target household mix (reference ZVA Appendix Table 15) and incomes and financial capacities of the target households, the distribution by price range of the 30 for-sale lofts/apartments that could be absorbed each year over the next 10 years within new traditional neighborhoods in the Maplewood Study Area is as follows:

| Loft/Apartment Distribution by Price Range THE MAPLEWOOD STUDY AREA | | | |
|--|--------------------|-------------|--|
| Price Range | New Units Per Year | Percentage | |
| \$50,000–\$100,000 | 8 | 27% | |
| \$100,000–\$150,000 | 6 | 20% | |
| \$150,000–\$200,000 | 6 | 20% | |
| \$200,000–\$250,000 | 4 | 13% | |
| \$250,000–\$300,000 | 4 | 13% | |
| \$300,000 and up | 2 | 7% | |
| Total: | 30 | 100% | |

TABLE 19. SOURCE: Zimmerman/Volk Associates, Inc., 2007.

Based on the target household mix (reference ZVA Appendix Table 16) and incomes and financial capacities of the target groups, the distribution by price range of the five townhouse/live-work units that could be absorbed each year over the next 10 years within new traditional neighborhood developments in the Maplewood Study Area is as follows:

Townhouse Distribution by Price Range

THE MAPLEWOOD STUDY AREA

| Price Range | New Units Per Year | Percentage |
|---------------------|--------------------|-------------|
| \$150,000–\$200,000 | 1 | 20% |
| \$200,000–\$250,000 | 2 | 40% |
| \$250,000–\$300,000 | 1 | 20% |
| \$300,000 and up | 1 | 20% |
| Total: | 5 | 100% |

TABLE 20. SOURCE: Zimmerman/Volk Associates, Inc., 2007.

Based on the target household mix (reference ZVA Appendix Table 17) and incomes and financial capacities of the target groups, the distribution by price range of the 63 affordable and market-rate single-family detached houses that could be absorbed each year over the next 10 years within new traditional neighborhood developments in the Maplewood Study Area is as follows:

Single-Family Detached Distribution by Price Range

THE MAPLEWOOD STUDY AREA

| Price Range | New Units Per Year | Percentage |
|---------------------|--------------------|-------------|
| \$50,000–\$100,000 | 3 | 5% |
| \$100,000–\$150,000 | 6 | 9% |
| \$150,000–\$200,000 | 8 | 13% |
| \$200,000–\$250,000 | 12 | 19% |
| \$250,000–\$300,000 | 18 | 29% |
| \$300,000–\$350,000 | 10 | 16% |
| \$350,000–\$400,000 | 4 | 6% |
| \$400,000 and up | 2 | 3% |
| Total: | 63 | 100% |

TABLE 21. SOURCE: Zimmerman/Volk Associates, Inc., 2007.

MARKET POTENTIAL FOR THE NORTH AND SOUTH MARKETVIEW HEIGHTS STUDY AREA



Figure 72. North and South Marketview Heights Study Area. Source: Interface Studio

For purposes of this Study, the North and South Marketview Heights Study Area, situated in the northeast quadrant of the City, includes those blocks bounded by North Goodman Street to the east, Clifford Avenue to the north, North Street on the west, and the Inner Loop on the south.

Currently, just over 48 percent of the households that live in the North and South Marketview Heights Study Area contain one or two persons. At \$20,300, the median income in the Study Area is 29 percent below the City median; the \$55,400 median home value in 2006 estimated by Claritas is more than 26 percent lower than the city-wide \$75,200 median home value.

Only 29 percent of the households own their units, and up to 43 percent do not own automobiles. The majority of the North and South Marketview Heights residents are employed in service or sales and office employment, with 38 percent in white-collar occupations, 28 percent blue-collar, and 34 percent service occupations. More than 11 percent of the North and South Marketview Heights households are unemployed, and more than 45 percent are not currently in the labor force.

Based on historic data, and barring significant development activity in North and South Marketview Heights, Claritas projects that, over the next five years, the population of the Study Area will decline by more than six percent.

As determined by the target market methodology, which accounts for household mobility within the City of Rochester and the balance of Monroe County, as well as mobility patterns for households currently living in all other cities and counties, in the year 2007, up to 1,300 traditional and non-traditional families, empty nesters and retirees, and younger singles and couples currently living in the draw areas represent the potential market for new and existing housing units within the North and South Marketview Heights Study Area.

These 1,300 households comprise approximately 7.5 percent of the 17,250 households that represent the potential market for new and existing housing in all of the City of Rochester, a share of the potential market that is slightly higher than the Study Area's share of the City's total population. The adjacency of North and South Marketview Heights to downtown Rochester, and the extensive number of vacant lots, parcels and buildings located throughout the Study Area, represent significant potential for development of mixed-income housing, not just affordable dwelling units. The housing preferences of the 1,300 draw area households—based on tenure (rental/ownership) choices and financial capacity—are outlined as follows (reference ZVA Appendix Table 18):

Annual Potential Market For New and Existing Housing Units

THE NORTH AND SOUTH MARKETVIEW HEIGHTS STUDY AREA

| Housing Type | Number of Households | Percent Of Total |
|--|----------------------|------------------|
| Multi-family for-rent (BMR*) | 350 | 26.9% |
| Multi-family for-rent (market-rate†) | 300 | 23.1% |
| Multi-family for-sale (all ranges) | 290 | 22.3% |
| Single-family attached for-sale (all ranges) | 70 | 5.4% |
| Single-family detached for-sale (BMR*) | 130 | 10.0% |
| Single-family detached for-sale (market-rate†) | 160 | 12.3% |
| Total | 1,300 | 100.0% |

* BMR: Below Market-Rate.

† Market rate is defined as affordable to households with incomes no less than 80 percent of the Rochester Area Median Family Income (AMI), in 2007, of \$64,100 for a family of four.

TABLE 22. SOURCE: Zimmerman/Volk Associates, Inc., 2007.

Similar to the Downtown Study Area, half of the potential market in the North and South Marketview Heights Study Area is for rental units, with over 46 percent of the units qualifying as “market-rate.” The remaining 50 percent of the potential market is for ownership units, 45 percent of which, to correspond with market preferences, should be for-sale lofts or apartments (multi-family, all price ranges), just over 10 percent should be townhouses/rowhouses (single-family attached, all price ranges), and the remaining 45 percent should be a mix of affordable and market-rate single-family detached houses. Again, wherever possible, affordability should be accomplished by subsidizing the buyers, rather than the units.

As determined by this analysis, the potential market for new and existing housing units in the North and South Marketview Heights Study Area can be characterized by general household type as follows (reference ZVA Appendix Table 19):

| Annual Potential Market by Household and Unit Types THE NORTH AND SOUTH MARKETVIEW HEIGHTS STUDY AREA | | | | | | | |
|--|------------------|---------------------|--------------|-------------|------------------------|-------------|--------------|
| Household Type | Percent Of Total | Multi-Family Rental | | | Single-Family For-Sale | | |
| | | BMR* Apts | Market† Apts | All Apts | All Att. | BMR* Det. | Market† Det. |
| Empty-Nesters & Retirees | 38% | 29% | 17% | 58% | 43% | 62% | 44% |
| Traditional & Non-Traditional Families | 38% | 42% | 46% | 28% | 43% | 23% | 44% |
| Younger Singles & Couples | 24% | 29% | 37% | 14% | 14% | 15% | 12% |
| Total | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

* BMR: Below market rate.
 † Market rate is defined as affordable to households with incomes no less than 80 percent of the Rochester Area Median Family Income (AMI), in 2007, of \$64,100 for a family of four.

TABLE 23. SOURCE: Zimmerman/Volk Associates, Inc., 2007.

- More than three-quarters of the market potential is equally divided between empty nesters and retirees and families, nearly all of whom are non-traditional families. As in Maplewood, empty nesters and retirees also represent a considerably larger percentage of the market for new and existing housing units in the North and South Marketview Heights Study Area (38 percent) than city-wide (29 percent), again because a large percentage of these households are long-time residents of the Study Area. As in Maplewood, housing affordability is a real issue for these older households. Depending on housing type, empty nesters and retirees make up between 17 percent (market-rate multi-family for-rent) and 62 percent (below market-rate single-family detached houses) of the market for housing units in the North and South Marketview Heights Study Area.
- Non-traditional families make up the largest share of the family market for new and existing housing units in the North and South Marketview Heights Study Area. Many of the heads of households in this Study Area are single mothers or fathers with young children. Depending on housing type, the family market represents between 23 percent (below market-rate single-family detached houses) and 46 percent (market-rate rental units) of the market for new and existing housing units in the North and South Marketview Heights Study Area.

- In this Study Area, younger singles and couples represent a considerably smaller share of the potential market (24 percent), well below their 30 percent share of the city-wide market. Two-thirds of this market segment are renters, both by necessity and by choice. Younger singles and couples comprise 37 percent of the market for market-rate rental units, but only 12 percent of the market for market-rate single-family detached houses.

Zimmerman/Volk Associates has determined that, for new development (with potential for adaptive re-use as well as new construction) in the North and South Marketview Heights Study Area, an annual capture of between five and 10 percent of the potential market, comparable to downtown Rochester's capture rates, would be achievable. Part of the challenge in achieving higher capture rates in this Study Area is the preponderance of low-value and affordable housing units. The goal of new development, then, should be to establish a market position within the context of downtown Rochester's marketplace that will attract a sufficient number of risk-tolerant households. To achieve this, the optimum residential strategy for the North and South Marketview Heights Study Area should include a number of inter-related tactics, including but not limited to:

- Strengthening the connections, from both the physical and the marketing perspectives, between the North and South Marketview Heights Study Area and downtown Rochester;
- Constructing a variety of housing types to attract a broader market, including higher-value market-rate as well as affordable housing units, rental as well as for-sale;
- Creating a mixed-use retail, commercial and residential district surrounding the Rochester Public Market, with the goal of connecting the market with downtown Rochester.

Based on the five to 10 percent capture rates, then, the North and South Marketview Heights Study Area should be able to support between 65 to 130 new housing units per year, as follows:

| Annual Capture of Market Potential THE NORTH AND SOUTH MARKETVIEW HEIGHTS STUDY AREA | | | | |
|---|--------------------|----------------|-----------------------|--|
| Number of Housing Type | Capture Households | Number of Rate | New Units | |
| Rental Multi-Family (below market) (lofts/apartments, leaseholder) | 350 | 5 - 10% | 18 - 35 | |
| Rental Multi-Family (market rate) (lofts/apartments, leaseholder) | 300 | 5 - 10% | 15 - 30 | |
| For-Sale Multi-Family (all ranges) (lofts/apts, condo/co-op ownership) | 290 | 5 - 10% | 15 - 29 | |
| For-Sale Single-Family Attached (all ranges) (townhouses/rowhouses, fee-simple/condominium ownership) | 70 | 5 - 10% | 4 - 7 | |
| For-Sale Single-Family Detached (below market) (urban houses, fee-simple) | 130 | 5 - 10% | 7 - 13 | |
| For-Sale Single-Family Detached (market rate) (urban houses, fee-simple) | 160 | 5 - 10% | 8 - 16 | |
| Total | 1,300 | | 65 - 130 units | |

TABLE 24. SOURCE: Zimmerman/Volk Associates, Inc., 2007.

Over 10 years, and if there was sufficient land for development, the realization of the five to 10 percent market capture could mean the addition of 650 to 1,300 new dwelling units in the North and South Marketview Heights Study Area, of which approximately one third would be rental and for-sale units affordable for households earning below 80 percent of the area median family income. Based on the migration and mobility analyses, and dependent on the creation of appropriate new housing units, up to 15 percent of the 10-year market capture of 650 to 1,300 new dwelling units—or from approximately 100 to 195 units—could be from households moving from outside Rochester's city limits.

Rental Distribution

Based on the target household mix (reference ZVA Appendix Table 20) and the incomes of the target households, the distribution by rent range of the 65 rental units that could be absorbed each year over the next five to 10 years in the North and South Marketview Heights Study Area is as follows:

**Loft/Apartment Distribution by Rent Range
THE NORTH AND SOUTH MARKETVIEW HEIGHTS STUDY AREA**

| Monthly Rent Range | New Units Per Year | Percentage |
|--------------------|--------------------|-------------|
| \$500–\$700 | 14 | 22% |
| \$700–\$900 | 15 | 23% |
| \$900–\$1,100 | 12 | 19% |
| \$1,100–\$1,300 | 9 | 14% |
| \$1,300–\$1,500 | 6 | 9% |
| \$1,500–\$1,700 | 6 | 9% |
| \$1,700 and up | 3 | 4% |
| Total: | 65 | 100% |

TABLE 25. SOURCE: Zimmerman/Volk Associates, Inc., 2007.

For-Sale Distribution

Based on the target household mix (reference ZVA Appendix Table 21) and incomes and financial capacities of the target households, the distribution by price range of the 29 for-sale lofts/apartments that could be absorbed each year over the next 10 years within the North and South Marketview Heights Study Area is as follows:

**Loft/Apartment Distribution by Price Range
THE NORTH AND SOUTH MARKETVIEW HEIGHTS STUDY AREA**

| Price Range | New Units Per Year | Percentage |
|---------------------|--------------------|-------------|
| \$50,000–\$100,000 | 9 | 30% |
| \$100,000–\$150,000 | 6 | 21% |
| \$150,000–\$200,000 | 6 | 21% |
| \$200,000–\$250,000 | 4 | 14% |
| \$250,000 and up | 4 | 14% |
| Total: | 29 | 100% |

TABLE 26. SOURCE: Zimmerman/Volk Associates, Inc., 2007.

Based on the target household mix (reference ZVA Appendix Table 22) and incomes and financial capacities of the target groups, the distribution by price range of the seven townhouse/live-work units that could be absorbed each year over the next 10 years within the North and South Marketview Heights Study Area is as follows:

**Townhouse Distribution by Price Range
THE NORTH AND SOUTH MARKETVIEW HEIGHTS STUDY AREA**

| Price Range | New Units Per Year | Percentage |
|---------------------|--------------------|-------------|
| \$50,000–\$100,000 | 1 | 14% |
| \$100,000–\$150,000 | 2 | 29% |
| \$150,000–\$200,000 | 2 | 29% |
| \$200,000–\$250,000 | 1 | 14% |
| \$250,000 and up | 1 | 14% |
| Total: | 7 | 100% |

TABLE 27. SOURCE: Zimmerman/Volk Associates, Inc., 2007.

Based on the target household mix (reference ZVA Appendix Table 23) and incomes and financial capacities of the target groups, the distribution by price range of the 29 affordable and market-rate single-family detached houses that could be absorbed each year over the next 10 years within the North and South Marketview Heights Study Area is as follows:

**Single-Family Detached Distribution by Price Range
THE NORTH AND SOUTH MARKETVIEW HEIGHTS STUDY AREA**

| Price Range | New Units Per Year | Percentage |
|---------------------|--------------------|-------------|
| \$50,000–\$100,000 | 9 | 30% |
| \$100,000–\$150,000 | 6 | 21% |
| \$150,000–\$200,000 | 6 | 21% |
| \$200,000–\$250,000 | 4 | 14% |
| \$250,000 and up | 4 | 14% |
| Total: | 29 | 100% |

TABLE 28. SOURCE: Zimmerman/Volk Associates, Inc., 2007.

MARKET POTENTIAL FOR THE SOUTH WEDGE STUDY AREA



Figure 73. South Wedge Study Area. Source: Interface Studio

For purposes of this Study, the South Wedge Study Area, situated in the southeast quadrant of the City, includes those blocks bounded by the Eastern Expressway to the east, the Inner Loop to the north, Mt Hope Avenue and the Genesee River to the west, and South Avenue and Linden Street on the south.

Currently, three-quarters of the households that live in the South Wedge Study Area contain one or two persons, nearly as high as the percentage in the Downtown Study Area. At \$22,300, the median income in the Study Area is 22 percent below the City median; in contrast, the \$77,500 median home value as estimated by Claritas for 2006 is more than three percent higher than the city-wide \$75,200 median home value.

Just over 21 percent of the households own their units, but only a third do not own automobiles. The majority of the South Wedge residents are employed in professional or service work, with 56 percent in white-collar occupations, 21 percent blue-collar, and 23 percent service occupations. Less than six percent of the South Wedge households are unemployed, and less than 35 percent are not currently in the labor force.

Based on historic data, and barring significant development activity in the South Wedge, Claritas projects that, over the next five years, the population of the Study Area will decline by 6.2 percent.

As determined by the target market methodology, which accounts for household mobility within the City of Rochester and the balance of Monroe County, as well as mobility patterns for households currently living in all other cities and counties, in the year 2007, nearly 1,200 empty nesters and retirees, traditional and non-traditional families, and younger singles and couples currently living in the draw areas represent the potential market for new and existing housing units within the South Wedge Study Area.

These 1,190 households comprise just under seven percent of the 17,250 households that represent the potential market for new and existing housing in all of the City of Rochester, a share of the potential market that is nearly twice the Study Area's share

of the City's total population. The location of the South Wedge—with Corn Hill to the west, the East Side to the east, and downtown Rochester to the north—represents a major opportunity for new development to capitalize on the residential strengths of the adjacent neighborhoods. The housing preferences of the 1,190 draw area households—based on tenure (rental/ownership) choices and financial capacity—are outlined as follows (reference ZVA Appendix Table 24):

| Annual Potential Market For New and Existing Housing Units THE SOUTH WEDGE STUDY AREA | | |
|--|-------------------------|------------------|
| Housing Type | Number of Housing Units | Percent Of Total |
| Multi-family for-rent (BMR*) | 230 | 19.3% |
| Multi-family for-rent (market-rate†) | 390 | 32.8% |
| Multi-family for-sale (all ranges) | 280 | 23.5% |
| Single-family attached for-sale (all ranges) | 80 | 6.7% |
| Single-family detached for-sale(BMR*) | 70 | 5.9% |
| Single-family detached for-sale (market-rate†) | 140 | 11.8% |
| Total | 1,190 | 100.0% |

* BMR: Below Market-Rate.

† Market rate is defined as affordable to households with incomes no less than 80 percent of the Rochester Area Median Family Income (AMI), in 2007, of \$64,100 for a family of four.

TABLE 29. SOURCE: Zimmerman/Volk Associates, Inc., 2007.

Again, more than half of the potential market in the South Wedge Study Area is for rental units; however, nearly two-thirds of those rental units would qualify as “market-rate.” The remaining 48 percent of the potential market is for ownership units, half of which, to correspond with market preferences, should be for-sale lofts or apartments (multi-family, all price ranges), 14 percent should be townhouses/rowhouses (single-family attached, all price ranges), and the remaining 37 percent should be a mix of affordable and market-rate single-family detached houses. Again, wherever possible, affordability should be accomplished by subsidizing the buyers, rather than the units.

As determined by this analysis, the potential market for new and existing housing units in the South Wedge Study Area can be characterized by general household type as follows (reference ZVA Appendix Table 25):

| Annual Potential Market by Household and Unit Types THE SOUTH WEDGE STUDY AREA | | | | | | | |
|---|------------------|---------------------|--------------|-------------|------------------------|-------------|--------------|
| Household Type | Percent Of Total | Multi-Family Rental | | | Single-Family For-Sale | | |
| | | BMR* Apts | Market† Apts | All Apts | All Att. | BMR* Det. | Market† Det. |
| Empty-Nesters & Retirees | 37% | 30% | 15% | 61% | 25% | 71% | 50% |
| Traditional & Non-Traditional Families | 36% | 48% | 38% | 18% | 38% | 29% | 50% |
| Younger Singles & Couples | 27% | 22% | 47% | 21% | 37% | 0% | 0% |
| Total | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

* BMR: Below market rate.

† Market rate is defined as affordable to households with incomes no less than 80 percent of the Rochester Area Median Family Income (AMI), in 2007, of \$64,100 for a family of four.

TABLE 30. SOURCE: Zimmerman/Volk Associates, Inc., 2007.

- Empty nesters and retirees are again the largest market segment, representing a considerably larger percentage of the market for new and existing housing units in the South Wedge Study Area (37 percent) than city-wide (29 percent). As in the other Study Areas, housing affordability is a real issue for these older households. Depending on housing type, empty nesters and retirees make up between 15 percent (market-rate multi-family for-rent) and 71 percent (below market-rate single-family detached houses) of the market for housing units in the South Wedge Study Area.
- A mix of traditional and non-traditional families make up the family market for new and existing housing units in the South Wedge Study Area. The South Wedge neighborhood currently is home to a significant number of university affiliates, young married graduate students as well as undergraduates. Depending on housing type, the family market represents between 18 percent (multi-family for-sale) and 50 percent (market-rate single-family detached houses) of the market for new and existing housing units in the Study Area.
- In this Study Area, younger singles and couples represent a slightly larger share of the potential market (27 percent) than the other Study Areas, but still below their 30 percent share of the city-wide market. Three-quarters of this market segment are renters, both by necessity and by choice; undergraduates comprise a significant portion of this market. Younger singles and couples are a significant segment of the market for all housing types in the South Wedge, except single-family detached houses, both affordable and market-rate, where they represent a negligible share of the market.

Zimmerman/Volk Associates has determined that, for new development (primarily new construction) in the South Wedge Study Area, an annual capture of between 10 and 15 percent of the potential market would be achievable due to its adjacency to several strong or emerging neighborhoods. Based on the 10 to 15 percent capture rates, then, the South Wedge Study Area should be able to support between 119 to 180 new housing units per year, as follows:

| Annual Capture of Market Potential THE SOUTH WEDGE STUDY AREA | | | | |
|---|-------------------------|--------------|------------------------|--|
| Housing Type | Number of Housing Units | Capture Rate | Number of New Units | |
| Rental Multi-Family (below market) (lofts/apartments, leaseholder) | 230 | 10 - 15% | 23 - 35 | |
| Rental Multi-Family (market rate) (lofts/apartments, leaseholder) | 390 | 10 - 15% | 39 - 59 | |
| For-Sale Multi-Family (all ranges) (lofts/apts, condo/co-op ownership) | 280 | 10 - 15% | 28 - 42 | |
| For-Sale Single-Family Attached (all ranges) (townhouses/rowhouses, fee-simple/condominium ownership) | 80 | 10 - 15% | 8 - 12 | |
| For-Sale Single-Family Detached (below market) (urban houses, fee-simple) | 70 | 10 - 15% | 7 - 11 | |
| For-Sale Single-Family Detached (market rate) (urban houses, fee-simple) | 140 | 10 - 15% | 14 - 21 | |
| Total | 1,190 | | 119 - 180 units | |

TABLE 31. SOURCE: Zimmerman/Volk Associates, Inc., 2007.

Over 10 years, and if there was sufficient land for development, the realization of the 10 to 15 percent market capture could mean the addition of nearly 1,200 to 1,800 new dwelling units in the South Wedge Study Area, of which approximately 25 percent would be rental and for-sale units affordable for households earning below 80 percent of the area median family income. Based on the migration and mobility analyses, and dependent on the creation of appropriate new housing units, up to 40 percent of the 10-year market capture of 1,200 to 1,800 new dwelling units—or from approximately 480 to more than 700 units—could be from households moving from outside Rochester's city limits.

Rental Distribution

Based on the target household mix (reference ZVA Appendix Table 26) and the incomes of the target households, the distribution by rent range of the 93 rental units that could be absorbed each year over the next five to 10 years in the South Wedge Study Area is as follows:

| Loft/Apartment Distribution by Rent Range THE SOUTH WEDGE STUDY AREA | | |
|---|--------------------|-------------|
| Monthly Rent Range | New Units Per Year | Percentage |
| \$500–\$700 | 16 | 17% |
| \$700–\$900 | 15 | 16% |
| \$900–\$1,100 | 14 | 15% |
| \$1,100–\$1,300 | 12 | 13% |
| \$1,300–\$1,500 | 12 | 13% |
| \$1,500–\$1,700 | 8 | 8% |
| \$1,700–\$1,900 | 6 | 7% |
| \$1,900–\$2,100 | 6 | 7% |
| \$2,100 and up | 4 | 4% |
| Total: | 93 | 100% |

TABLE 32. SOURCE: Zimmerman/Volk Associates, Inc., 2007.

For-Sale Distribution

Based on the target household mix (reference ZVA Appendix Table 27) and incomes and financial capacities of the target households, the distribution by price range of the 42 for-sale lofts/apartments that could be absorbed each year over the next 10 years within the South Wedge Study Area is as follows:

| Loft/Apartment Distribution by Price Range THE SOUTH WEDGE STUDY AREA | | |
|--|--------------------|-------------|
| Price Range | New Units Per Year | Percentage |
| \$50,000–\$100,000 | 12 | 29% |
| \$100,000–\$150,000 | 12 | 29% |
| \$150,000–\$200,000 | 6 | 14% |
| \$200,000–\$250,000 | 4 | 9% |
| \$250,000–\$300,000 | 4 | 9% |
| \$300,000–\$350,000 | 2 | 5% |
| \$350,000 and up | 2 | 5% |
| Total: | 42 | 100% |

TABLE 33. SOURCE: Zimmerman/Volk Associates, Inc., 2007.

Based on the target household mix (reference ZVA Appendix Table 28) and incomes and financial capacities of the target groups, the distribution by price range of the eight townhouse/live-work units that could be absorbed each year over the next 10 years within the South Wedge Study Area is as follows:

| Townhouse Distribution by Price Range THE SOUTH WEDGE STUDY AREA | | |
|---|--------------------|-------------|
| Price Range | New Units Per Year | Percentage |
| \$50,000–\$100,000 | 1 | 13% |
| \$100,000–\$150,000 | 1 | 13% |
| \$150,000–\$200,000 | 2 | 24% |
| \$200,000–\$250,000 | 2 | 24% |
| \$250,000–\$300,000 | 1 | 13% |
| \$300,000 and up | 1 | 13% |
| Total: | 8 | 100% |

TABLE 34. SOURCE: Zimmerman/Volk Associates, Inc., 2007.

Based on the target household mix (reference ZVA Appendix Table 29) and incomes and financial capacities of the target groups, the distribution by price range of the 21 affordable and market-rate single-family detached houses that could be absorbed each year over the next 10 years within the South Wedge Study Area is as follows:

| Single-Family Detached Distribution by Price Range THE SOUTH WEDGE STUDY AREA | | |
|--|--------------------|-------------|
| Price Range | New Units Per Year | Percentage |
| \$50,000–\$100,000 | 3 | 14% |
| \$100,000–\$150,000 | 4 | 19% |
| \$150,000–\$200,000 | 4 | 19% |
| \$200,000–\$250,000 | 4 | 19% |
| \$250,000–\$300,000 | 4 | 19% |
| \$300,000 and up | 2 | 10% |
| Total: | 21 | 100% |

TABLE 35. SOURCE: Zimmerman/Volk Associates, Inc., 2007.

MARKET POTENTIAL FOR THE PLYMOUTH EXCHANGE STUDY AREA

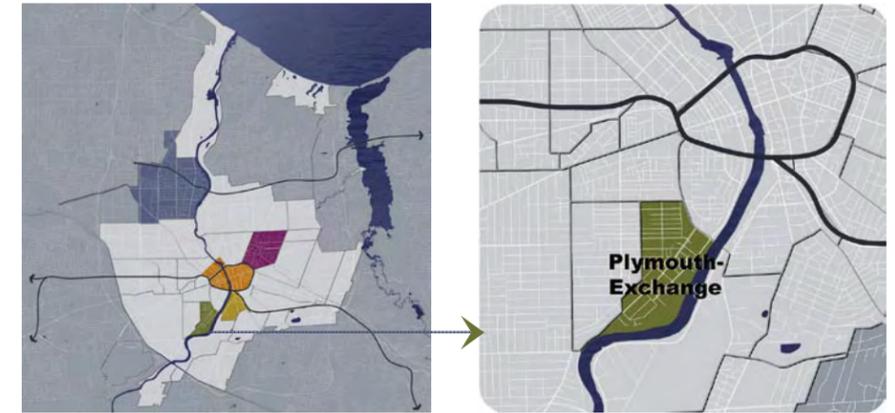


Figure 74. Plymouth Exchange Study Area. Source: Interface Studio

For purposes of this Study, the Plymouth Exchange Study Area, situated in the southwest quadrant of the city, includes those blocks bounded by Ford Street and the Genesee River to the east, Bronson Avenue to the north, Reynolds Street to the west, and the Genesee River to the south.

Currently, less than 58 percent of the households that live in the Plymouth Exchange Study Area contain one or two persons. At \$19,300, the median income in the Study Area is the lowest outside of downtown Rochester, and is 32 percent below the City median; the \$56,000 median home value estimated by Claritas in 2006 is more than 25 percent lower than the city-wide \$75,200 median home value.

Just under 31 percent of the households own their units, and 45 percent do not own an automobile. The majority of the Plymouth Exchange residents are employed in service and sales and office work, with 36 percent in white-collar occupations, 27 percent blue-collar, and 38 percent service occupations. Up to 9.4 percent of the Plymouth Exchange households are unemployed, and approximately 42 percent are not currently in the labor force.

Based on historic data, and barring significant development activity in the Plymouth Exchange, Claritas projects that, over the next five years, the population of the Study Area will decline by more than six percent.

As determined by the target market methodology, which accounts for household mobility within the City of Rochester and the balance of Monroe County, as well as mobility patterns for households currently living in all other cities and counties, in the year 2007, up to 860 younger singles and couples, empty nesters and retirees, and traditional and non-traditional families currently living in the draw areas represent the potential market for new and existing housing units within the Plymouth Exchange Study Area.

These 860 households comprise just under five percent of the 17,250 households that represent the potential market for new and existing housing in all of the City of Rochester, a share of the potential market that is less than twice the Study Area's share of the City's total population. The location of Plymouth Exchange—with Corn Hill to the northwest, the 19th Ward to the southwest, and the University of Rochester directly across the Genesee River—represents a major opportunity for university-related development. The housing preferences of the 860 draw area households—based on tenure (rental/ownership) choices and financial capacity—are outlined as follows (reference ZVA Appendix Table 30):

| Annual Potential Market For New and Existing Housing Units THE PLYMOUTH EXCHANGE STUDY AREA | | |
|--|----------------------|------------------|
| Housing Type | Number of Households | Percent Of Total |
| Multi-family for-rent (BMR*) | 170 | 19.8% |
| Multi-family for-rent (market-rate†) | 250 | 29.1% |
| Multi-family for-sale (all ranges) | 160 | 18.6% |
| Single-family attached for-sale (all ranges) | 60 | 7.0% |
| Single-family detached for-sale (BMR*) | 100 | 11.5% |
| Single-family detached for-sale (market-rate†) | 120 | 14.0% |
| Total | 860 | 100.0% |

* BMR: Below Market-Rate.

† Market rate is defined as affordable to households with incomes no less than 80 percent of the Rochester Area Median Family Income (AMI), in 2007, of \$64,100 for a family of four.

TABLE 36. SOURCE: Zimmerman/Volk Associates, Inc., 2007.

Less than half of the potential market in the Plymouth Exchange Study Area is for rental units; nearly 60 percent of those rental units would qualify as "market-rate." The remaining 51.2 percent of the potential market is for ownership units, a third of which, to correspond with market preferences, should be for-sale lofts or apartments (multi-family, all price ranges), 14 percent should be townhouses/rowhouses (single-family attached, all price ranges), and the remaining 50 percent should be a mix of affordable and market-rate single-family detached houses. Again, wherever possible, affordability should be accomplished by subsidizing the buyers, rather than the units.

As determined by this analysis, the potential market for new and existing housing units in the Plymouth Exchange Study Area can be characterized by general household type as follows (reference ZVA Appendix Table 31):

| Annual Potential Market by Household and Unit Types THE PLYMOUTH EXCHANGE STUDY AREA | | | | | | | |
|---|------------------|---------------------|--------------|-------------|------------------------|-------------|--------------|
| Household Type | Percent Of Total | Multi-Family Rental | | | Single-Family For-Sale | | |
| | | BMR* Apts | Market† Apts | All Apts | All Att. | BMR* Det. | Market† Det. |
| Empty-Nesters & Retirees | 33% | 18% | 16% | 38% | 33% | 60% | 58% |
| Traditional & Non-Traditional Families | 29% | 41% | 32% | 24% | 34% | 10% | 25% |
| Younger Singles & Couples | 38% | 41% | 52% | 38% | 33% | 30% | 17% |
| Total | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

* BMR: Below market rate.

† Market rate is defined as affordable to households with incomes no less than 80 percent of the Rochester Area Median Family Income (AMI), in 2007, of \$64,100 for a family of four.

TABLE 37. SOURCE: Zimmerman/Volk Associates, Inc., 2007.

- In this Study Area, younger singles and couples represent the largest segment of market potential for new and existing housing units (38 percent), and are significantly above their 30 percent share of the city-wide market. Because of the adjacency to the university, undergraduates also represent a significant portion of the market in this Study Area. Younger singles and couples are a significant segment of the market for all housing types in Plymouth Exchange, ranging from a low of 17 percent (market-rate single-family detached houses) to a high of 52 percent (market-rate rentals).
- Empty nesters and retirees are the next largest market segment, representing a somewhat larger percentage of the market for new and existing housing units in the Plymouth Exchange Study Area (33 percent) than city-wide (29 percent). A greater percentage of the older households that represent the market for this Study Area have the capacity to rent or buy market-rate dwelling units. Depending on housing type, empty nesters and retirees make up between 16 percent (market-rate multi-family for-rent) and 60 percent (below market-rate single-family detached houses) of the market for housing units in the Plymouth Exchange Study Area.
- A fairly even mix of traditional and non-traditional families comprise the market for new and existing housing units in the Plymouth Exchange Study Area. University affiliates, including young married graduate students as well as higher-ranking members of the faculty, make up a sizeable portion of the new housing market in this Study Area. Depending on housing type, the family

market represents between 10 percent (below market-rate single-family detached houses) and 41 percent (below market-rate rentals) of the market for new and existing housing units in the Study Area.

Zimmerman/Volk Associates has determined that, for new development (primarily new construction) in the Plymouth Exchange Study Area, an annual capture of between 10 and 15 percent of the potential market would be achievable due to its adjacency to several strong or emerging neighborhoods. Based on the 10 to 15 percent capture rates, then, the Plymouth Exchange Study Area should be able to support between 86 to 130 new housing units per year, as follows:

| Annual Capture of Market Potential THE PLYMOUTH EXCHANGE STUDY AREA | | | |
|---|----------------------|--------------|-----------------------|
| Housing Type | Number of Households | Capture Rate | Number of New Units |
| Rental Multi-Family (below market) (lofts/apartments, leaseholder) | 170 | 10 - 15% | 17 - 26 |
| Rental Multi-Family (market rate) (lofts/apartments, leaseholder) | 250 | 10 - 15% | 25 - 38 |
| For-Sale Multi-Family (all ranges) (lofts/apts, condo/co-op ownership) | 160 | 10 - 15% | 16 - 24 |
| For-Sale Single-Family Attached (all ranges) (townhouses/rowhouses, fee-simple/condominium ownership) | 60 | 10 - 15% | 6 - 9 |
| For-Sale Single-Family Detached (below market) (urban houses, fee-simple) | 100 | 10 - 15% | 10 - 15 |
| For-Sale Single-Family Detached (market rate) (urban houses, fee-simple) | 120 | 10 - 15% | 12 - 18 |
| Total | 860 | | 86 - 130 units |

TABLE 38. SOURCE: Zimmerman/Volk Associates, Inc., 2007.

Over 10 years, and if there was sufficient land for development, the realization of the 10 to 15 percent market capture could mean the addition of up to 860 to 1,300 new dwelling units in the Plymouth Exchange Study Area, of which approximately 40 percent would be rental and for-sale units affordable for households earning below 80 percent of the area median family income. Based on the migration and mobility analyses, and dependent on the creation of appropriate new housing units, up to 45 percent of the 10-year market capture of 860 to 1,300 new dwelling units—or from more than 385 to 585 units—could be from households moving from outside Rochester's city limits.

Rental Distribution

Based on the target household mix (*reference* ZVA Appendix Table 32) and the incomes of the target households, the distribution by rent range of the 64 rental units that could be absorbed each year over the next five to 10 years in the Plymouth Exchange Study Area is as follows:

| Loft/Apartment Distribution by Rent Range THE PLYMOUTH EXCHANGE STUDY AREA | | |
|---|--------------------|-------------|
| Monthly Rent Range | New Units Per Year | Percentage |
| \$500–\$700 | 9 | 14% |
| \$700–\$900 | 9 | 14% |
| \$900–\$1,100 | 9 | 14% |
| \$1,100–\$1,300 | 9 | 14% |
| \$1,300–\$1,500 | 6 | 9% |
| \$1,500–\$1,700 | 6 | 9% |
| \$1,700–\$1,900 | 6 | 9% |
| \$1,900–\$2,100 | 6 | 9% |
| \$2,100 and up | 4 | 8% |
| Total: | 64 | 100% |

TABLE 39. SOURCE: Zimmerman/Volk Associates, Inc., 2007.

For-Sale Distribution

Based on the target household mix (*reference* ZVA Appendix Table 33) and incomes and financial capacities of the target households, the distribution by price range of the 24 for-sale lofts/apartments that could be absorbed each year over the next 10 years within the Plymouth Exchange Study Area is as follows:

| Loft/Apartment Distribution by Price Range THE PLYMOUTH EXCHANGE STUDY AREA | | |
|--|--------------------|-------------|
| Price Range | New Units Per Year | Percentage |
| \$50,000–\$100,000 | 6 | 24% |
| \$100,000–\$150,000 | 4 | 17% |
| \$150,000–\$200,000 | 4 | 17% |
| \$200,000–\$250,000 | 3 | 13% |
| \$250,000–\$300,000 | 3 | 13% |
| \$300,000–\$350,000 | 2 | 8% |
| \$350,000 and up | 2 | 8% |
| Total: | 24 | 100% |

TABLE 40. SOURCE: Zimmerman/Volk Associates, Inc., 2007.

Based on the target household mix (*reference* ZVA Appendix Table 34) and incomes and financial capacities of the target groups, the distribution by price range of the six townhouse/live-work units that could be absorbed each year over the next 10 years within the Plymouth Exchange Study Area is as follows:

| Townhouse Distribution by Price Range THE PLYMOUTH EXCHANGE STUDY AREA | | |
|---|--------------------|-------------|
| Price Range | New Units Per Year | Percentage |
| \$50,000–\$100,000 | 1 | 17% |
| \$100,000–\$150,000 | 1 | 17% |
| \$150,000–\$200,000 | 1 | 17% |
| \$200,000–\$250,000 | 1 | 17% |
| \$250,000–\$300,000 | 1 | 17% |
| \$300,000 and up | 1 | 17% |
| Total: | 6 | 100% |

TABLE 41. SOURCE: Zimmerman/Volk Associates, Inc., 2007.
NOTE: Percentages do not add due to rounding.

Based on the target household mix (*reference* ZVA Appendix Table 35) and incomes and financial capacities of the target groups, the distribution by price range of the 21 affordable and market-rate single-family detached houses that could be absorbed each year over the next 10 years within the Plymouth Exchange Study Area is as follows:

| Single-Family Detached Distribution by Price Range THE PLYMOUTH EXCHANGE STUDY AREA | | |
|--|--------------------|-------------|
| Price Range | New Units Per Year | Percentage |
| \$50,000–\$100,000 | 3 | 14% |
| \$100,000–\$150,000 | 4 | 19% |
| \$150,000–\$200,000 | 5 | 24% |
| \$200,000–\$250,000 | 4 | 19% |
| \$250,000–\$300,000 | 3 | 14% |
| \$300,000 and up | 2 | 10% |
| Total: | 21 | 100% |

TABLE 42. SOURCE: Zimmerman/Volk Associates, Inc., 2007.

MARKET POTENTIAL SUMMARY

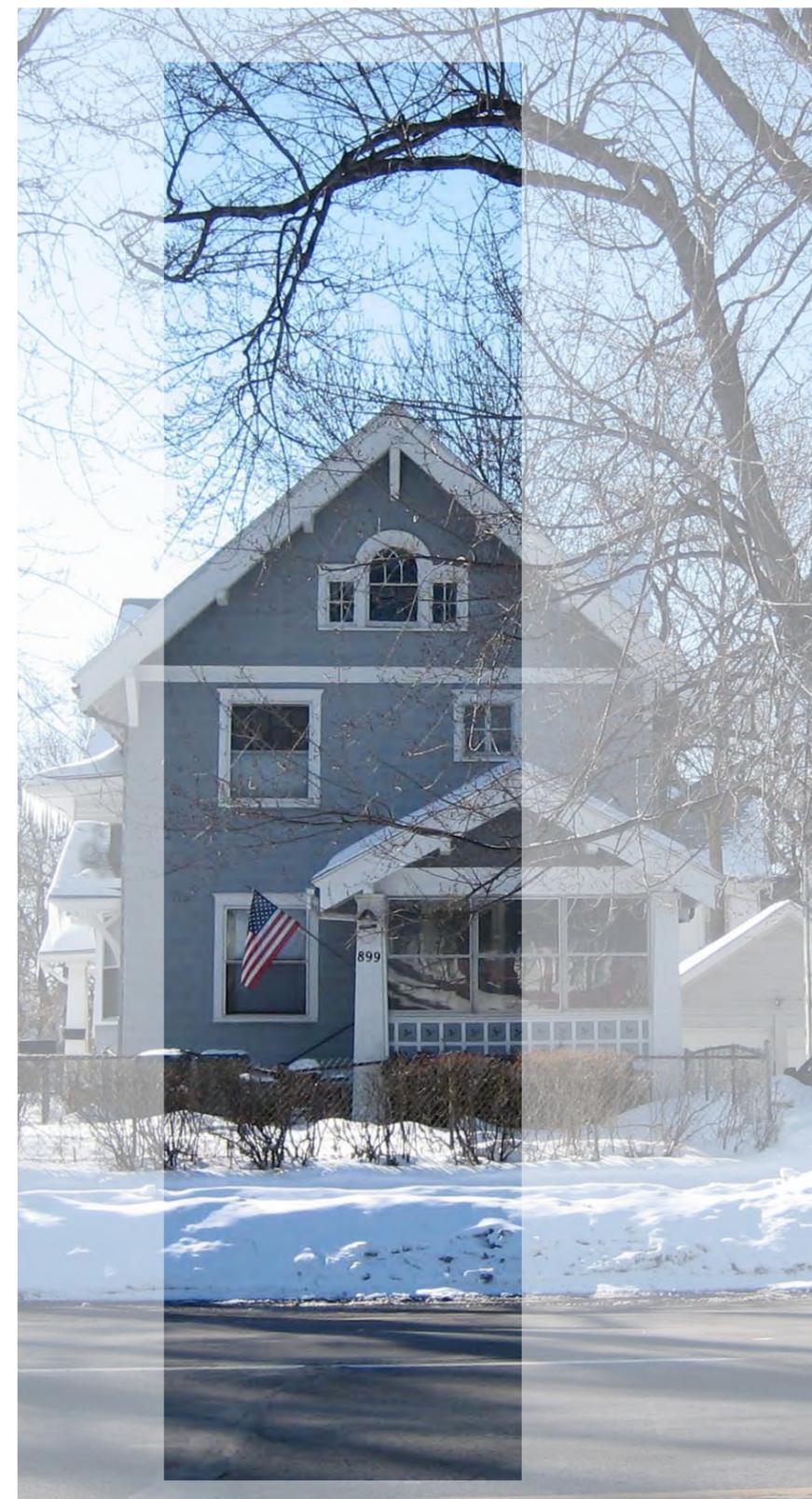
This Study determined the depth and breadth of the market for newly-introduced housing units in downtown Rochester and in four neighborhoods. From the market perspective, there is considerable untapped market potential over the next several years for new housing units within the five Study Areas. Excluding market overlap (i.e., a household will consider more than one neighborhood before purchasing or leasing a dwelling unit), the combined annual market potential of the five Study Areas for new and existing housing units is 7,990 households, which represents just over 46 percent of the total annual housing market potential for the City.

Zimmerman/Volk Associates has determined that, for new development (including both adaptive re-use of existing non-residential buildings as well as new construction) within the City and the five Study Areas, an annual capture of between five and 15 percent of the potential market, depending on the neighborhood Study Area and on housing type, is achievable. Based on those capture rates, the five Study Areas should be able to support a combined 581 to 982 new housing units per year.

The combined capture of the five Study Areas represents between 52 percent and 67 percent of the city-wide annual market capture, a share of the city-wide market that is reasonable, as it is unlikely that new housing would be introduced simultaneously in every Rochester neighborhood.

Clearly, the impact of land availability, as well as infrastructure, zoning regulations, building incentives, and financing structures, can have a significant impact on where new housing development is located and what type of housing is built. However, as this Study demonstrates, new housing supply, when targeted to the appropriate markets, can exert a significant influence on where households settle, as well as how many will move to or remain within the City of Rochester.

As has been stated previously, the market potential is not self-fulfilling. To make the market potential a reality, a thorough understanding of the local programs, investment patterns, lending and other initiatives is required. Together, these activities set the tone for the health of the City's housing market. To change the market, therefore, requires changes in City policy. The last section of the Analysis looks specifically at Rochester's "Housing System" to identify where there are opportunities effect change so as to meet this market potential.



Annual Capture of Market Potential by Study Area

| Study Area | Number of New Units |
|------------------------------------|---------------------|
| City Wide | 863 - 1,725 |
| Downtown/High Falls | 156 - 309 |
| Maplewood | 155 - 233 |
| North and South Marketview Heights | 65 - 130 |
| Plymouth Exchange | 86 - 130 |
| South Wedge | 119 - 180 |
| Total | 581 - 982 |

TABLE 43. SOURCE: Zimmerman/Volk Associates, Inc., 2007.