RESIDENTIAL MARKET POTENTIAL

Downtown Utica
City of Utica, Oneida County, New York

November, 2005

On Behalf of the
CITY OF UTICA

Conducted by
ZIMMERMAN / VOLK ASSOCIATES, INC.
6 East Main Street
Clinton, New Jersey 08809

ZIMMERMAN/VOLK ASSOCIATES, INC.
6 East Main Street
Clinton, New Jersey 08809

908 735-6336 • 908 735-4751 *facsimile*
www.ZVA.cc • info@ZVA.cc

Research & Strategic Analysis

STUDY CONTENTS

ZIMMERMAN/VOLK ASSOCIATES, INC.
6 East Main Street
Clinton, New Jersey 08809

(908) 735-6336 • (908) 735-4751 *facsimile*
www.ZVA.cc • info@ZVA.cc

Research & Strategic Analysis

RESIDENTIAL MARKET POTENTIAL

Downtown Utica

City of Utica, Oneida County, New York

November, 2005

INTRODUCTION

The purpose of this study is to identify the market potential for newly-introduced market-rate housing units—created both through the adaptive re-use of existing non-residential buildings as well as through new construction—to be leased or sold in Downtown Utica. For purposes of this study, Downtown Utica has been defined as an area encompassing the Central Business District—bounded by Oriskany Boulevard to the north, John and Park Streets to the east, Oneida Square to the south, and State Street to the west; and includes Bagg's Square East and West, as well as the Broad Street Corridor. Although the Brewery District is technically located outside the Downtown Study Area, there is a general consensus is that this area has many of the characteristics that make an attractive downtown neighborhood; the conclusions and recommendations of this study could, therefore, encompass the Brewery District.

The extent and characteristics of the potential market for Downtown housing units 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 conventional supply/demand analysis to urban development and redevelopment. Supply/demand analysis ignores the potential impact of newly-introduced housing supply on settlement patterns, which can be substantial when that supply is specifically targeted to match the housing preferences and economic capabilities of the draw area households.

In contrast to conventional supply/demand analysis, then—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 area. 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:

- Where the potential renters and buyers for new housing units in Downtown Utica are likely to move from (the draw areas);
- Who currently lives in the draw areas and what they are like (the target markets);
- How many are likely to move to Downtown Utica if appropriate housing units were to be made available (depth and breadth of the market);
- What their housing preferences are in aggregate (rental or ownership, multi-family or single-family);
- What their alternatives are (existing housing stock in the city);
- What they will pay to live in Downtown Utica (market-rate rents and prices); and
- How quickly they will rent or buy the new units (market capture/absorption forecasts).

The target market methodology is described in detail in the METHODOLOGY section at the end of this study.

NOTE: Tables 1 through 6, included in this document, contain summaries of the market potential and optimum market position for new market-rate housing units created through adaptive re-use of existing buildings and/or new construction within Downtown Utica, in the City of Utica, Oneida County, New York. Tables 7 through 14, also included in this document, outline the relevant demographic and supply-side context. The appendix tables, provided in a separate document, contain migration and target market data covering the appropriate draw areas for the Downtown Utica Study Area..

MARKET POTENTIAL

American households, perhaps more than any other nation's, have always demonstrated extraordinary mobility. Last year, depending on region, approximately 15 percent of American households moved from one dwelling unit to another. In general, 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.

Analysis of migration, mobility and 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 market-rate housing units within Downtown Utica.

Analysis of Oneida County migration and mobility patterns from 1999 through 2003—the latest data available from the Internal Revenue Service—shows that the number of households moving <u>into</u> the county has increased from approximately 2,750 households in 1999 to 3,125 households in 2003. Nearly a third of the county's in-migration is from adjacent or nearby counties—households moving to Oneida County from Herkimer, Madison and Onondaga Counties.

Over the same period, the number of households moving <u>out</u> of the county declined from just under 3,800 households in 1999 to 3,465 households in 2003. As a result, the annual <u>losses</u> in households due to net out-migration experienced by Oneida County have fallen from more than 1,000 households in 1999 to just 340 households in 2003.

Between the 1990 Census and the 2000 Census, the City of Utica lost more than 3,250 households: the number of households living within the city limits fell from 28,358 households in 1990 to 25,100 households in 2000, a loss of approximately 11 percent. To achieve a stable household population then, a core premise for the City of Utica should be that <u>it is just as important to retain current residents as it is to attract new ones</u>.

This study therefore identifies the depth and breadth of the potential market for market-rate housing units within both the City of Utica and Downtown Utica, including those households already living in the city and those households that are likely to move into the city if appropriate housing options were available.

Where will the potential market for housing in the City of Utica move from?

The depth and breadth of the potential market for market-rate housing units in the City of Utica was determined through migration, mobility and target market analyses of households currently living within defined draw areas. The draw areas for the City of Utica have been delineated as follows:

- The local (internal) draw area, covering households currently living within the Utica city limits, as well as those currently living in the balance of Oneida County. Approximately 12 percent of the households living in the city move to another residence within the city each year. Just over three percent of the households living in the balance of Oneida County move to a residence within the city each year.

- The regional draw area, covering households with the potential to move to the City of Utica from surrounding and nearby counties (Herkimer, Madison and Onondaga Counties, New York). Households moving to Oneida County from this area comprise a third of total in-migration.

- The national draw area, covering households with the potential to move to the City of Utica from all other U.S. counties. Just over 69 percent of all households moving into Oneida County are moving from all other counties in the United States not included in the regional draw area.

As derived from migration, mobility and target market analysis, then, the draw area distribution of market potential (those households with the potential to move within or to the City of Utica and the financial capacity to rent or purchase market-rate housing units) would be as follows:

Market Potential by Draw Area
City of Utica, Oneida County, New York

City of Utica (Local Draw Area):	30.9 percent
Oneida County (Local Draw Area):	44.4 percent
Adjacent and Nearby Counties (Regional Draw Area):	7.3 percent
Balance of US (National Draw Area):	17.4 percent
Total:	100.0 percent

SOURCE: Zimmerman/Volk Associates, Inc., 2005.

MARKET POTENTIAL FOR DOWNTOWN UTICA

Utica is a very attractive and historic city of approximately 59,200 people; although located in the easternmost portion of Oneida County, the city is the regional center of the Mohawk Valley. Utica occupies just over 16 square miles, and is the largest city in Oneida County. The New York Thruway (Interstate 90) crosses the northern part of the city, as do the Mohawk River and the historic Eric Canal. The Utica Marsh State Wildlife Management Area occupies a large area in the northern half of the city, which is also the location of the Riverside Center Mall.

Utica currently contains approximately 28,550 housing units, of which an estimated 24,570 were occupied. In 2005, median housing value citywide is $75,900, just under 50 percent below that of the national median of $149,300, in large part because more than two-thirds of the city's housing units were built before 1950. The Utica median income of $27,000 which, although 44 percent below the national median of $47,800, is the same as the median household income in the City of Syracuse. However, more than 25 percent of Utica's households have annual incomes of $50,000 or more.

Downtown Utica is the location of most of the county and city's civic buildings, the Memorial Auditorium, a number of churches, several banks, the Hotel Utica and Radisson Hotel, and Union Station. Several arts and cultural institutions are located in Downtown, including the Children's Museum, the restored Stanley Theater—home to the Utica Symphony Orchestra, the Mohawk Valley Ballet, the Great Artists Series, and the Broadway Theatre League—and the Munson-Williams-Proctor Arts Institute, with its Museum of Art, Performing Arts, and School of Art gallery.

Currently, Downtown Utica offers limited neighborhood-oriented retail and services, although there are venues attractive to young people—the Chatterbox and Space 26 on Bank Place—as well as a small selection of clothing stores, jewelry stores, pizza parlors and coffee shops located within the Downtown. During the summer months, Utica is also home to the Bank Place Jazz Fest, Utica Monday Nite, and Saranac Thursdays, which are attracting greater crowds each year.

Where will the potential market for housing in Downtown Utica move from?

The target market methodology also identifies those households with a preference for Downtown living. After discounting for those segments of the potential market with preferences for suburban and/or rural locations, the distribution of draw area market potential for new housing units in Downtown Utica would be as follows:

Market Potential by Draw Area
DOWNTOWN UTICA
City of Utica, Oneida County, New York

City of Utica (Local Draw Area):	42.4 percent
Oneida County (Local Draw Area):	31.1 percent
Adjacent and Nearby Counties (Regional Draw Area):	4.5 percent
Balance of US (National Draw Area):	22.0 percent
Total:	100.0 percent

SOURCE: Zimmerman/Volk Associates, Inc., 2005.

The City of Utica and the national draw area represent a significantly larger proportion of market potential for new housing in Downtown than for the city as a whole. Conversely, the balance of Oneida County and the regional draw area represent significantly smaller segments of market potential for Downtown than for the city.

How many households are likely to move to Downtown Utica?

Based on the target market analysis, in the year 2005, up to 1,000 younger singles and couples, empty nesters and retirees, and family-oriented households represent the potential market for new market-rate housing units within Downtown Utica. The housing preferences of these draw area households—according to tenure (rental or ownership) and broad financial capacity—can be arrayed as follows (*see also* Table 1):

Potential Market for New Housing Units
DOWNTOWN UTICA
City of Utica, Oneida County, New York

HOUSING TYPE	NUMBER OF HOUSEHOLDS	PERCENT OF TOTAL
Multi-family for-rent	310	31.0%
Multi-family for-sale	270	27.0%
Single-family attached for-sale	200	20.0%
Low-range single-family detached	70	7.0%
Mid-range single-family detached	110	11.0%
High-range single-family detached	40	4.0%
Total	1,000	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2005.

These 1,000 households comprise approximately 38 percent of the nearly 2,600 households that represent the potential market for all of the City of Utica, a share of the total market that is consistent with Zimmerman/Volk Associates' experience in other cities. For example, in recent analyses, the downtown market was found to represent approximately 23 percent of the city's potential market in Birmingham, Alabama and Atlanta, Georgia; 26 percent in Norfolk, Virginia, Redding, California, and Toledo, Ohio; 30 percent in Detroit and Grand Rapids, Michigan, Spokane, Washington, and Baltimore, Maryland; 35 percent in Lexington, Kentucky and Buffalo, New York; and 36 percent and 38 percent in Louisville, Kentucky and New Haven, Connecticut, respectively.

As in Utica, many of these cities are in low-growth or slow-growth regions, where the majority of any increase in the number of households has typically occurred outside the city limits. In most cases, the introduction of newly-created, appropriately-positioned housing units within the city limits, particularly in the downtown, has had an impact on settlement patterns by providing appropriate new housing options for households that previously had none.

Table 1

Potential Housing Market

Derived From New Unit Purchase And Rental Propensities Of Draw Area Households
With The Potential To Move To The Area In 2005

Downtown Utica

The City of Utica, Oneida County, New York

City of Utica; Balance of Oneida County;
Herkimer, Madison and Onondaga Counties, New York; All Other U.S. Counties
Draw Areas

Total Target Market Households With Potential To Rent/Purchase In The City of Utica, Oneida County, New York	2,590
Total Target Market Households With Potential To Rent/Purchase In Downtown Utica	1,000

Potential Housing Market

	Multi- Family		*Single- Family*				
			Attached	*Urban Detached*			
	For-Rent	*For-Sale*	*All Ranges*	*Low-Range*	*Mid-Range*	*High-Range*	Total
Total Households:	310	270	200	70	110	40	1,000
{Mix Distribution}:	31.0%	27.0%	20.0%	7.0%	11.0%	4.0%	100.0%

Target Residential Mix
(Excluding Single-Family Detached)

	Multi- Family		*Single- Family*	
			Attached	
	For-Rent	*For-Sale*	*All Ranges*	Total
Total Households:	310	270	200	780
{Mix Distribution}:	39.8%	34.6%	25.6%	100.0%

NOTE: Reference Appendix One, Tables 1 through 11.

SOURCE: Claritas, Inc.;
Zimmerman/Volk Associates, Inc.

The market potential numbers therefore indicate the depth of the potential market for new housing units within Downtown Utica, not housing need and not projections of household change. These are the households that are likely to move within or to Downtown if appropriate housing options were to be made available.

From the perspective of draw area target market propensities and compatibility, and within the context of the new housing marketplace in the Utica market area, the potential market for new housing units within the Downtown could include the full range of housing types, from rental multi-family to for-sale single-family detached. However, redevelopment of existing buildings is limited to multi-family housing; opportunities for new construction should also concentrate on higher-density housing types, which support urban development and redevelopment most efficiently and include:

- Rental lofts and apartments (multi-family for-rent);
- For-sale lofts and apartments (multi-family for-sale); and
- Townhouses, rowhouses, live-work or flex units (single-family attached for-sale).

The creation of "loft" dwelling units through adaptive re-use of existing buildings has been instrumental in the establishment of successful residential neighborhoods in or near the downtowns of numerous American cities, from Louisville, Kentucky, where the first loft apartment building was successfully introduced and leased in 2002, to Saint Louis, Missouri, where, over the past three years, more than 900 loft apartments in the Washington Avenue Loft District have been completed and occupied, are under construction, or are in development. In addition to the major cities of New York, Boston, San Francisco and Chicago, other cities where loft development has occurred or is underway include Albuquerque, Atlanta, Baltimore, Birmingham, Buffalo, Charlotte, Dallas, Denver, Detroit, Lexington, Louisville, Grand Rapids, Minneapolis, Richmond, Nashville, New Orleans, Portland, Roanoke, Saint Paul, Syracuse and Toledo.

• • •

Excluding single-family detached units, then, this analysis has determined that in the year 2005, just under 800 households currently living in the defined draw areas represent the pool of potential renters/buyers of new market-rate housing units (new construction and/or adaptive re-use of formerly non-residential structures) within Downtown Utica (*see again* Table 1). As derived from the tenure and housing preferences of those draw area households, the distribution of rental and for-sale multi-family and for-sale single-family attached housing types would be as follows:

Potential Housing Market
Market-Rate Higher-Density Housing Units
DOWNTOWN UTICA
City of Utica, Oneida County, New York

HOUSING TYPE	NUMBER OF HOUSEHOLDS	PERCENT OF TOTAL
Rental Multi-Family (lofts/apartments, leaseholder)	310	39.8%
For-Sale Multi-Family (lofts/apartments, condo/co-op ownership)	270	34.6%
For-Sale Single-Family Attached (townhouses/rowhouses, fee-simple ownership)	200	25.6%
Total	780	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2005.

Again, these numbers indicate the depth of the potential market for market-rate housing units within Downtown Utica if appropriate housing options were available. These households represent a "lost" opportunity for the city. Without an appropriate range of available housing options in Downtown Utica, these households have either moved elsewhere or have moved less frequently than their typical mobility rates would indicate.

How fast will the units lease or sell?

After nearly 20 years' experience in cities across the country, and in the context of the target market methodology, 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 downtown study area, where few or no market-rate housing units currently exist, an annual capture of between 10 and 15 percent of the potential market, depending on housing type, is achievable. Based on a 15 percent capture of the potential market for rental and for-sale multi-family units, and a 10 percent capture of for-sale single-family attached units, then, Downtown Utica should be able to support up to 108 new units per year, as follows:

Annual Capture of Market Potential
DOWNTOWN UTICA
City of Utica, Oneida County, New York

HOUSING TYPE	NUMBER OF HOUSEHOLDS	CAPTURE RATE	NUMBER OF NEW UNITS
Rental Multi-Family (lofts/apartments, leaseholder)	310	15%	47
For-Sale Multi-Family (lofts/apartments, condo/co-op ownership)	270	15%	41
For-Sale Single-Family Attached (townhouses/rowhouses, fee-simple ownership)	200	10%	20
Total	780		108

SOURCE: Zimmerman/Volk Associates, Inc., 2005.

Based on the migration and mobility analyses, and dependent on the creation of appropriate new housing units, more than 57 percent of the annual market potential of 108 new dwelling units in Downtown Utica, or approximately 60 units per year, could be from households moving from <u>outside</u> Utica. Over five years, the realization of that market potential could lead to an increase of 300 households living in Downtown Utica that moved from a location other than the city.

This analysis examines market potential over the next five years. Because of the significant changes in the composition of American households that occurred during the 1990s (*see* THE TARGET MARKETS *below*), and the likelihood that significant changes will continue, both the depth and breadth of the potential market for downtown living is likely to expand. The experience of other American cities has been that, once the downtown residential alternative has been established, the percentage of households that will consider downtown housing typically increases.

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 **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 **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.

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.

TARGET MARKET ANALYSIS

Who is the potential market?

The market for urban housing, particularly within downtowns, is now being fueled by the convergence of the two largest generations in the history of America: the 82 million Baby Boomers born between 1946 and 1964, and the 78 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 40 million Americans between the ages of 20 and 29, forecast to grow to 44 million by 2015. In that same year, the population aged 50 to 59 will have also reached 44 million, from 36 million today. The synchronization of these two demographic waves will mean that there will be an additional 12 million potential urban housing consumers 10 years from now.

As determined by the target market analysis, and reflecting the national trend, the potential market for new market-rate housing units in the Downtown can be characterized by general household type as follows (*see also* Table 2):

Downtown Residential Mix By Household Type
DOWNTOWN UTICA
City of Utica, Oneida County, New York

HOUSEHOLD TYPE	PERCENT OF TOTAL	RENTAL MULTI-FAM.	FOR-SALE MULTI-FAM.	FOR-SALE ROWHOUSES
Empty-Nesters & Retirees	31%	20%	41%	35%
Traditional & Non-Traditional Families	7%	3%	4%	20%
Younger Singles & Couples	62%	77%	55%	45%
Total	100%	100%	100%	100%

SOURCE: Zimmerman/Volk Associates, Inc., 2005.

- **The largest general market segment is composed of younger, mostly childless households (younger singles and couples). These households typically choose to live in neighborhoods that contain a diverse mix of people, housing types, and uses.**

The most significant potential markets for Downtown Utica in this segment are *Small-City Singles*, *Twentysomethings*, *Suburban Achievers* and *The VIPs*—young professionals and office workers; small business owners; and artists or artisans. These households prefer to live downtown for its diversity, as well as for the availability of a variety of activities, including employment and cultural opportunities, as well as restaurants and clubs.

Younger singles and couples currently represent between 45 and 77 percent of the market, depending on housing type, for market-rate housing units in Downtown Utica. However, as noted above, the "Millennials" are likely to become an even larger market for Downtown housing. If the preference for urban housing demonstrated by the leading edge of this group is representative of the entire generation, the market potential from this segment should increase significantly over the next decade.

Table 2

Target Residential Mix By Household Type

Derived From New Unit Purchase And Rental Propensities Of Draw Area Households
With The Potential To Move To The Area In 2005

Downtown Utica

The City of Utica, Oneida County, New York

		Multi- Family		*Single- Family*
				Attached
	Total	*For-Rent*	*For-Sale*	*All Ranges*
Number of Households:	780	310	270	200
Empty Nesters & Retirees	31%	20%	41%	35%
Traditional & Non-Traditional Families	7%	3%	4%	20%
Younger Singles & Couples	62%	77%	55%	45%
	100%	100%	100%	100%

SOURCE: Claritas, Inc.;
Zimmerman/Volk Associates, Inc.

- **The next largest market segment is comprised of older households (empty nesters and retirees). A significant number of these households have children who have grown up and moved away; another large percentage are retirees, with incomes from pensions, savings and investments, and social security. Many of them are currently living in Utica's older neighborhoods and suburbs.**

  These older households are quite dissimilar in their attitudes from either younger or family-oriented households. They have different expectations, and paramount among them is the perceived ease and convenience of apartment living, without the maintenance and repairs required for single-family detached houses.

  The most significant potential markets for Downtown Utica in this segment are *Middle-Class Move-Downs*, *Middle-American Retirees* and *Affluent Empty Nesters*, predominantly empty-nest couples (many of whom lived in Downtown Utica in their youth and still retain strong emotional and cultural ties to the Downtown) who are likely to be attracted to appropriately-designed downtown housing. An additional significant empty-nester market is *Cosmopolitan Elite*. In other cities, these households have been among the first to move into downtown units, particularly once larger and more amenity-oriented condominiums have become available.

  Empty-nest and retiree households currently represent between 20 percent and 41 percent of the market for housing units in Downtown Utica, depending on housing type. However, as with the Millennial Generation, over the next several years this market segment should substantially increase, because larger numbers of the "Baby Boom" generation will be entering the empty-nest life stage. In 2005, the oldest Baby Boomers are celebrating their 59th birthdays; in city after city across the country, a significant number of Baby Boomers have already made the decision to move from detached houses in the suburbs to rental or condominium apartments in or near downtowns, when those units have been available. This will be a significant segment of the empty-nest market in Downtown Utica.

- **The third, and smallest, general market segment is comprised of family-oriented households (traditional and non-traditional families). 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 parent with one or more children, an adult caring for younger siblings, a grandparent with grown children and grandchildren, to an unrelated same-sex couple 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 each has 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—good schools, safe and secure streets, and sufficient green space—are perceived to be at risk. Although this is the smallest market segment, the households within the family groups—*Full-Nest Urbanites*, *Multi-Cultural Families*, *Unibox Transferees*, *Multi-Ethnic Families* and *The Entrepreneurs*—are households that have a preference for urban living. Most of the adults in these households were raised 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 three and 20 percent of the market for housing units within Downtown Utica.

The primary target groups, their median and range of incomes, and median home values, are as follows:

Primary Target Groups
(In Order of Median Income)
DOWNTOWN UTICA
City of Utica, Oneida County, New York

Household Type	Median Income	Broad Income Range	Median Home Value (if owned)
Empty Nesters & Retirees			
Old Money	$220,700	$150,000–$350,000	$352,500
Suburban Establishment	$82,700	$45,000–$125,000	$194,100
Affluent Empty Nesters	$82,300	$40,000–$135,000	$191,200
Cosmopolitan Elite	$76,500	$40,000–$125,000	$190,100
Cosmopolitan Couples	$65,700	$35,000–$120,000	$216,000
Mainstream Retirees	$64,200	$35,000–$100,000	$122,400
Multi-Ethnic Empty Nesters	$53,300	$35,000–$90,000	$144,800
Middle-Class Move-Downs	$51,200	$30,000–$80,000	$141,900
Middle-American Retirees	$49,700	$30,000–$75,000	$111,100
Traditional & Non-Traditional Families			
The Entrepreneurs	$114,200	$75,000–$150,000	$296,900
Unibox Transferees	$82,600	$50,000–$125,000	$195,900
Full-Nest Urbanites	$74,300	$40,000–$100,000	$257,000
Multi-Ethnic Families	$51,300	$30,000–$80,000	$124,500
Multi-Cultural Families	$49,300	$30,000–$75,000	$162,800
Younger Singles & Couples			
e-Types	$81,700	$50,000–$125,000	$234,900
The VIPs	$72,500	$45,000–$100,000	$168,800
Fast-Track Professionals	$68,200	$40,000–$90,000	$162,800
Upscale Suburban Couples	$67,900	$40,000–$85,000	$149,200
New Bohemians	$54,800	$30,000–$90,000	$188,300
Twentysomethings	$53,900	$30,000–$80,000	$132,800
Suburban Achievers	$52,600	$25,000–$90,000	$134,200
No-Nest Suburbanites	$51,800	$25,000–$85,000	$125,400
Urban Achievers	$47,700	$25,000–$80,000	$169,200
Small-City Singles	$46,200	$25,000–$75,000	$125,600

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.

SOURCE: Zimmerman/Volk Associates, Inc., 2005.

The mix of general household types often progresses during the establishment of downtown living. In city after American city, the successful establishment of new market-rate housing options in previously non-residential areas has often been initially dependent upon "risk-oblivious" households. "Risk-oblivious" households are mostly young singles and couples, often with a large contingent of gays and a high percentage of artists and artisans seeking inexpensive live-work space. These pioneers will typically begin neighborhood transformation by living illegally in commercial space. Eventually, once the area becomes populated, restaurants, bars, clubs and innovative or off-beat retail establishments begin to define the neighborhood character. At this point, these neighborhoods become sought after by "risk-tolerant" households. "Risk-tolerant" households are also usually young and almost always childless. The "risk-tolerant" includes those willing to make investments in ownership housing—sometimes they are the former "risk oblivious" seeking to recoup years of sweat equity.

In every case, however, the neighborhood established by these households has grown to encompass more than simply housing; its flavor and tone has been reinforced by the non-residential uses—*avant garde* shops, cutting-edge galleries, trendy clubs, and stylish eating and drinking establishments—that follow the risk-oblivious and risk-tolerant households, make the neighborhood acceptable for the "risk-aware" households that follow and contribute to the area's residential rent/price escalation and perceived economic stability.

The target market analysis indicates that there is a growing number of younger and older, single- and two-person households who already live within the Utica city limits, and a significant market with the potential to move from other urban areas, particularly the City of Syracuse.

DOWNTOWN MARKET-RATE RENT AND PRICE RANGES

What is the market currently able to pay?

Based on the tenure preferences of draw area households and their income and equity levels, the general range of rents and prices for newly-developed market-rate residential units that could currently be sustained by the market is as follows (*see also* Table 3):

Rent, Price and Size Range
Newly-Created Housing
DOWNTOWN UTICA
City of Utica, Oneida County, New York

HOUSING TYPE	RENT/PRICE RANGE	SIZE RANGE	RENT/PRICE PER SQ. FT.
Rental—			
Hard Lofts *	$550-$1,050/month	500-1,000 sf	$1.05-$1.10 psf
Soft Lofts †	$750-$1,450/month	650-1,350 sf	$1.07-$1.15 psf
For-Sale—			
Soft Lofts †	$80,000-$150,000	600-1,200 sf	$125-$133 psf
Luxury Apartments	$165,000-$275,000	950-1,750 sf	$157-$174 psf
Townhouses	$145,000-$250,000	1,000-2,000 sf	$125-$145 psf

* Unit interiors of "hard lofts" typically have high ceilings and commercial windows and are either minimally finished, limited to architectural elements such as columns and fin walls, or unfinished, with no interior partitions except those for bathrooms.

† Unit interiors of "soft lofts" may or may not have high ceilings and often include full or partial interior partitions.

SOURCE: Zimmerman/Volk Associates, Inc., 2005.

Table 3

Optimum Market Position
Downtown Utica
City of Utica, Oneida County, New York
November, 2005

Housing Type	*Base Rent/Price Range**	*Base Unit Size Range*	*Base Rent/Price Per Sq. Ft.**
Multi-Family For-Rent			
Hard Lofts	$550 to	500 to	$1.05 to
Open Floorplans	$1,050	1,000	$1.10
Soft Lofts	$750 to	650 to	$1.07 to
Studios to 3-Bedrooms	$1,450	1,350	$1.15
Multi-Family For-Sale			
Soft Lofts	$80,000 to	600 to	$125 to
1- and 2-Bedrooms	$150,000	1,200	$133
Luxury Apartments	$165,000 to	950 to	$157 to
2- and 3-Bedrooms	$275,000	1,750	$174
Single-Family Attached For-Sale			
Townhouses	$145,000 to	1,000 to	$125 to
2- and 3-Bedrooms	$250,000	2,000	$145

NOTE: Base rents/prices in year 2005 dollars and exclude floor and view premiums, options and upgrades.

SOURCE: Zimmerman/Volk Associates, Inc.

The above rents and prices are in year 2005 dollars, are exclusive of consumer options and upgrades, or floor or location premiums, and cover the broad range of rents and prices currently sustainable in Downtown. These rents and prices are also "market rates"—that is, within the current economic capability of the target households that represent the initial market for downtown housing; however, depending on acquisition and construction costs, units in these price and rent ranges could require substantial subsidy to bring to market.

Significant premiums are typically achievable on units that face squares, parks or greens, or are located on high floors with view potential. The rents and prices will depend not only on location and adjacencies, but also on the number of new units created in that location; the larger the number of units created, the greater the potential for a wider range of values.

To meet the expectations of potential urban residents, all units should be wired for cable television and high-speed internet or, if practical, be served by a building-wide WiFi system. For "hard lofts" or "soft lofts" in adaptive re-use structures, existing floors should be salvaged and refinished wherever possible; in new construction, stained and polished concrete would be appropriate, with ceramic tile for the bathroom and kitchen areas.

In the kitchens, buyers in particular will expect countertops to be polished concrete or some other solid material, *e.g.*—Corian, granite, with integral or undermount sinks, mid-scale appliances, and plain-front European-style cabinetry; renters will expect contemporary, durable finishes appropriate to urban living, as opposed to the "beige" interiors of suburban multi-family housing. Although hard lofts are typically designed without interior walls, with the exception of the bathroom, as much closet and storage space as possible should be provided. "Soft lofts" are units that are fully finished and partitioned into individual rooms but also contain architectural elements reminiscent of "hard lofts," such as exposed beams, ductwork and masonry or brick walls, reconditioned floors and large, commercial-style windows.

The "luxury apartments" will require more conventional finishes, such as crown molding, chair rails, five-panel interior doors, carpeted bedroom floors, with carpet or hardwood in living and dining areas and tile in the kitchens and baths. Kitchen countertops should be Corian, granite or bluestone, with integral or undermount ceramic sinks and upscale appliance, such as stainless steel, and a choice of European or traditional cabinets. Bathrooms should have ceramic tile floors and high-style, traditional fixtures.

Rental Distribution

The market-rate rent range covers leases by households with annual incomes ranging between \$25,000 and \$75,000 or more. A one-person household with an income of \$25,000 per year, paying no more than 30 percent of gross income for rent and utilities (the national standard for affordability) would qualify for a rent of \$550 per month. A two-person household, with an income of \$75,000 or more per year, paying no more than 30 percent of gross income for rent and utilities, would qualify for a rent of \$1,450 per month.

Based on the incomes of the target households, the distribution by rent range of the 47 market-rate rental units that could be absorbed each year over the next five years in Downtown Utica is as follows (*see also* Table 4):

Loft/Apartment Distribution by Rent Range
DOWNTOWN UTICA
City of Utica, Oneida County, New York

MONTHLY RENT RANGE	UNITS PER YEAR	PERCENTAGE
\$450–\$600	8	16.1%
\$600–\$750	13	29.0%
\$750–\$900	11	22.6%
\$900–\$1,050	9	19.4%
\$1,050 and up	6	12.9%
Total:	47	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2005.

Table 4

Target Groups For Rental Lofts/Apartments
Downtown Utica
City of Utica, Oneida County, New York

Empty Nesters & Retirees	*Number of Households*	*At 15 Percent Capture*
Multi-Ethnic Empty Nesters	10	2
Middle-Class Move-Downs	20	3
Mainstream Retirees	10	2
Middle-American Retirees	20	3
Subtotal:	60	10
Traditional & Non-Traditional Families		
Multi-Ethnic Families	10	2
Subtotal:	10	2
Younger Singles & Couples		
e-Types	10	2
New Bohemians	10	2
Urban Achievers	20	3
The VIPs	20	3
Twentysomethings	50	7
Small-City Singles	70	9
Upscale Suburban Couples	10	2
Suburban Achievers	40	5
No-Nest Suburbanites	10	2
Subtotal:	240	35
Total Households:	**310**	47

SOURCE: Claritas, Inc.;
Zimmerman/Volk Associates, Inc.

For-Sale Distribution

The market-rate price range covers purchases by households with annual incomes ranging between $30,000 and $100,000. A one-person household with an income of $30,000 per year, paying no more than 25 percent of gross income for housing costs, including mortgage principal, interest, taxes, insurance and utilities, would qualify for a mortgage of $75,000 at current interest rates. A two- or three-person household with an income of $100,000 per year, paying no more than 25 percent of gross income for housing costs, including mortgage principal, interest, taxes, insurance and utilities, would qualify for a mortgage of at least $250,000 at current interest rates.

Based on the incomes of the target households, the distribution by price range of the 41 market-rate for-sale apartments that could be absorbed each year over the next five years in Downtown Utica is as follows (*see* Table 5):

Loft/Apartment Distribution by Price Range
DOWNTOWN UTICA
City of Utica, Oneida County, New York

PRICE RANGE	UNITS PER YEAR	PERCENTAGE
$50,000–$100,000	6	14.8%
$100,000–$150,000	18	44.5%
$150,000–$200,000	11	25.9%
$200,000 and up	6	14.8%
Total:	41	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2005.

Table 5

Target Groups For For-Sale Apartments
Downtown Utica
City of Utica, Oneida County, New York

Empty Nesters & Retirees	*Number of Households*	*At 15 Percent Capture*
Cosmopolitan Couples	10	2
Multi-Ethnic Empty Nesters	10	2
Cosmopolitan Elite	10	2
Middle-Class Move-Downs	20	3
Old Money	10	1
Suburban Establishment	10	2
Affluent Empty Nesters	20	3
Mainstream Retirees	10	1
Middle-American Retirees	10	1
Subtotal:	110	17
Traditional & Non-Traditional Families		
Multi-Cultural Families	10	2
Subtotal:	10	2
Younger Singles & Couples		
e-Types	10	1
New Bohemians	10	1
Urban Achievers	10	2
The VIPs	20	3
Twentysomethings	20	3
Small-City Singles	20	3
Fast-Track Professionals	20	3
Upscale Suburban Couples	20	3
Suburban Achievers	20	3
Subtotal:	150	22
Total Households:	**270**	41

SOURCE: Claritas, Inc.;
Zimmerman/Volk Associates, Inc.

Based on the incomes of the target groups, the distribution by price range of the 20 market-rate townhouse units that could be absorbed each year over the next five years in Downtown Utica is as follows (*see* Table 6):

Townhouse Distribution by Price Range
DOWNTOWN UTICA
City of Utica, Oneida County, New York

PRICE RANGE	UNITS PER YEAR	PERCENTAGE
\$100,000–\$150,000	6	30.0%
\$150,000–\$200,000	10	50.0%
\$200,000 and up	4	20.0%
Total:	20	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2005.

Table 6

Target Groups For For-Sale Townhouses
Downtown Utica
City of Utica, Oneida County, New York

Empty Nesters & Retirees	*Number of Households*	*At 10 Percent Capture*
Multi-Ethnic Empty Nesters	10	1
Cosmopolitan Elite	10	1
Middle-Class Move-Downs	10	1
Suburban Establishment	10	1
Affluent Empty Nesters	20	2
Middle-American Retirees	10	1
Subtotal:	70	7
Traditional & Non-Traditional Families		
Full-Nest Urbanites	10	1
Unibox Transferees	10	1
Multi-Ethnic Families	10	1
The Entrepreneurs	10	1
Subtotal:	40	4
Younger Singles & Couples		
Urban Achievers	10	1
The VIPs	20	2
Twentysomethings	10	1
Small-City Singles	10	1
Fast-Track Professionals	10	1
Upscale Suburban Couples	20	2
Suburban Achievers	10	1
Subtotal:	90	9
Total Households:	**200**	20

SOURCE: Claritas, Inc.;
Zimmerman/Volk Associates, Inc.

THE CURRENT CONTEXT

Demographic Overview

The changes in number of households, incomes, tenure and vacancy rates, and housing values that are projected to occur in Oneida County and the City of Utica between 2005 and 2010 show that, as is typical in many small regions across the country, unless historical trends are reversed, the city will continue to lose population to the county. New residential and mixed-use development is encouraged in the downtown and in vacant buildings and parcels located elsewhere within the city limits to help reverse this trend.

Population

According to the U.S. Bureau of the Census, the population of Oneida County will decline by 1,220 residents between 2005 and 2010, a loss of 0.5 percent. (*See* Table 7.) By 2010, the county is projected to be home to 233,195 persons.

In 2005, more than 25 percent of the county's population, or 59,215 persons, is estimated to live in the City of Utica. (*See* Table 8.) By the year 2010, it is projected that the city's population will fall by 1,520 persons to 57,695 persons (a loss of 2.6 percent). Because the city is projected to lose more population than the county over the study period, the balance of Oneida County is projected to gain population. As a result, by 2010, the population of the city will comprise 24.7 percent of the county's population.

Households and Income

Although the Oneida County population is projected to decline between 2005 and 2010, the number of households is expected to rise slightly, due to a projected decrease in average household size and increase in the number of single-person households. According to the Census Bureau, the number of households in Oneida County is projected to reach 91,355 households by 2010, an increase of 0.2 percent, or 140 households, over five years. (*See again* Table 7.) Median household income should rise by 10.5 percent between 2005 and 2010, increasing from an estimated $40,600 in 2005 to a projected $44,800 in 2010.

Table 7

Estimates And Projections

Household Income Groups As A Share Of Total Households

Oneida County, New York

2005, 2010

	Estimates		*Projections*		*Change*	
	2005		**2010**		**2005-2010**	
Income†	*Number*	*Share*	*Number*	*Share*	*Number*	*Percent*
Less than $15,000	15,030	16.5%	13,350	14.6%	-1,680	-11.2%
$15,000 to $24,999	12,755	14.0%	11,510	12.6%	-1,245	-9.8%
$25,000 to $34,999	12,295	13.5%	11,260	12.3%	-1,035	-8.4%
$35,000 to $49,999	14,935	16.4%	14,655	16.0%	-280	-1.9%
$50,000 to $74,999	17,975	19.7%	17,775	19.5%	-200	-1.1%
$75,000 to $99,999	8,900	9.8%	10,070	11.0%	1,170	13.1%
$100,000 to $149,999	6,525	7.2%	8,750	9.6%	2,225	34.1%
$150,000 or More	2,800	3.1%	3,985	4.4%	1,185	42.3%
Total:	91,215	100.0%	91,355	100.0%	140	0.2%
Median Household Income:	$40,600		$44,800		$4,200	10.3%
Population:	234,415		233,195		-1,220	-0.5%
Average Household Size:	2.40		2.37		-0.03	-1.2%

† Current dollars for each year.

SOURCE: U.S. Bureau of Census; Claritas, Inc.; Zimmerman/Volk Associates, Inc.

Table 8

Estimates and Projections

Household Income Groups As A Share Of Total Households

City of Utica, Oneida County, New York

2005, 2010

	Estimates		*Projections*		*Change*	
	. . . . . . 2005		**. . . . . . 2010 . . . . . .**		**. . . . 2005-2010 . . . .**	
Income†	*Number*	*Share*	*Number*	*Share*	*Number*	*Percent*
Less than $15,000	7,110	28.9%	6,485	27.1%	-625	-8.8%
$15,000 to $24,999	4,480	18.2%	4,185	17.5%	-295	-6.6%
$25,000 to $34,999	3,470	14.1%	3,325	13.9%	-145	-4.2%
$35,000 to $49,999	3,520	14.3%	3,530	14.8%	10	0.3%
$50,000 to $74,999	3,345	13.6%	3,320	13.9%	-25	-0.7%
$75,000 to $99,999	1,380	5.6%	1,505	6.3%	125	9.1%
$100,000 to $149,999	910	3.7%	1,105	4.6%	195	21.4%
$150,000 or More	355	1.4%	445	1.9%	90	25.4%
Total:	24,570	100.0%	23,900	100.0%	-670	-2.7%
Median Household Income:	$27,000		$28,900		$1,900	7.0%
Population:	59,215		57,695		-1,520	-2.6%
Average Household Size:	2.26		2.26		0.00	0.0%

† Current dollars for each year.

SOURCE: U.S. Bureau of Census; Claritas, Inc.; Zimmerman/Volk Associates, Inc.

Compared to many other cities in Central and Western New York, which are projected to see significant declines in the number of households over the next five years, the City of Utica is projected to lose just 2.7 percent of its household population, with the number of households falling from 24,570 in 2005 to 23,900 in 2010. (*See again* Table 8.) The number of households in the city with annual incomes below $25,000 per year should fall by 920 households over the study period; conversely, the number of households earning more than $75,000 a year should increase substantially—by more than 400 households. Median household income for the city should therefore rise slightly from $27,000 in 2005 to $28,900 in 2010, a seven percent increase over five years.

Housing Stock

Between 2005 and 2010, the number of housing units in Oneida County is projected to rise by just 155 units, from an estimated 103,590 dwelling units in 2005. (*See* Table 9.) The vacancy rate in the county should remain at just under 12 percent of all units over the study period. Over the same period, the county is projected to experience a 1.7 percent decline in multi-family rental units and a one percent increase in ownership dwelling units.

The City of Utica is projected to lose approximately 2.7 percent of its housing stock between 2005 and 2010, falling from 28,500 dwelling units in 2005 to 27,770 units in 2010. (*See* Table 10.) As in the county, the vacancy rate is likely to remain stable over the study period, at just under 14 percent of all units.

In 2005, owner-occupied housing is estimated to represent just over 49 percent of all occupied housing units in the city; by 2010, given projected losses in the city's housing stock, and barring significant new-home construction within the city limits, owner-occupied housing should rise to just 49.6 percent of all occupied housing units. (*See again* Table 10.)

Table 9

Estimates and Projections

Housing Stock, Tenure And Vacancy

Oneida County, New York

2005, 2010

	Estimates		*Projections*		*Change*	
	2005		**2010**		**2005-2010**	
	Number	*Share*	*Number*	*Share*	*Number*	*Percent*
Total Housing Units:	**103,590**	**100.0%**	**103,745**	**100.0%**	**155**	**0.1%**
Occupied:	91,215	88.1%	91,355	88.1%	140	0.2%
Owner	*61,905*	*67.9%*	*62,530*	*68.4%*	*625*	*1.0%*
Renter	*29,310*	*32.1%*	*28,825*	*31.6%*	*-485*	*-1.7%*
	91,215	100.0%	91,355	100.0%	140	0.2%
Vacant:	12,375	11.9%	12,390	11.9%	15	0.1%

SOURCE: Claritas, Inc.;
Zimmerman/Volk Associates, Inc.

Table 10

Estimates And Projections

Housing Stock, Tenure And Vacancy

City of Utica, Oneida County, New York

2005, 2010

	Estimates		*Projections*		*Change*	
	2005		**2010**		**2005-2010**	
	Number	*Share*	*Number*	*Share*	*Number*	*Percent*
Total Housing Units:	**28,550**	**100.0%**	**27,770**	**100.0%**	**-780**	**-2.7%**
Occupied:	24,570	86.1%	23,905	86.1%	-665	-2.7%
Owner	*12,100*	*49.2%*	*11,850*	*49.6%*	*-250*	*-2.1%*
Renter	*12,470*	*50.8%*	*12,055*	*50.4%*	*-415*	*-3.3%*
	24,570	100.0%	23,905	100.0%	-665	-2.7%
Vacant:	3,980	13.9%	3,865	13.9%	-115	-2.9%

SOURCE: Claritas, Inc.;
Zimmerman/Volk Associates, Inc.

The specified ownership housing stock in Oneida County should rise by just one percent between 2005 and 2010, with 625 more owner-occupied housing units in 2010 than are estimated to exist in 2005. (*See* Table 11.) Median housing value in the county is estimated to have reached $98,700 in 2005; by 2010, median housing value should exceed $119,000, an increase of 20.6 percent over the study period.

In the City of Utica, the specified ownership housing stock is projected to fall by more than two percent, with 250 fewer ownership housing units in 2010 than are estimated to exist in 2005. (*See* Table 12.) Median housing value in the city is estimated to have reached $75,900 in 2005; by 2010, median housing value should approach $88,800, an increase of 17 percent over the study period.

The Supply Side

Only a few rental properties of any size—all older construction—are located in Oneida County. Nearly all are leasing one- and two-bedroom apartments; studio/efficiency and three-bedroom apartments are only occasionally available. (*See* Table 13.) Of the properties included in the survey, monthly rents for one-bedroom units range from $315 to $510 a month for apartments of approximately 500 to over 700 square feet ($0.71 to $0.87 per square foot). Rents for two-bedroom apartments or townhouses start at $400 per month and go as high as $960 a month, for approximately 750 square feet to 1,200 square feet of living space ($0.55 to $0.80 per square foot). All of the rental properties included in the survey are at functional full occupancy (more than 95 percent occupied).

At the present time, other than scattered infill sites, there is very limited development of new for-sale housing, either attached or detached, in Utica. (*See* Table 14.) Most of the new construction is occurring in New Hartford, to the south of the city. One infill project—Ridgewood Cottage Homes—is a 15-lot subdivision in south Utica. At the time of the site visit, two houses had been built, and one 1,700-square-foot house had been sold, for just under $200,000 ($114 per square foot).

Table 11

Estimates And Projections

Housing Value, Specified Owner-Occupied Housing Units

Oneida County, New York

2005, 2010

	Estimates		*Projections*		*Change*	
	. . . . . . 2005		**. . . . . . 2010 . . . . . .**		**. . . . 2005-2010 . . . .**	
Value†	*Number*	*Share*	*Number*	*Share*	*Number*	*Percent*
Less than $59,999	10,285	16.6%	7,490	12.0%	-2,795	-27.2%
$60,000 to $99,999	21,475	34.7%	15,130	24.2%	-6,345	-29.5%
$100,000 to $149,999	19,065	30.8%	22,810	36.5%	3,745	19.6%
$150,000 to $199,999	6,250	10.1%	8,885	14.2%	2,635	42.2%
$200,000 to $299,999	3,405	5.5%	5,845	9.3%	2,440	71.7%
$300,000 to $499,999	1,115	1.8%	1,900	3.0%	785	70.4%
$500,000 or More	310	0.5%	470	0.8%	160	51.6%
Total:	61,905	100.0%	62,530	100.0%	625	1.0%
Median:	$98,700		$119,000		$20,300	20.6%

† Current dollars for each year.

SOURCE: U.S. Bureau of Census; Claritas, Inc.;
Zimmerman/Volk Associates, Inc.

Table 12

Estimates And Projections

Housing Value, Specified Owner-Occupied Housing Units

City of Utica, Oneida County, New York

2005, 2010

	Estimates		*Projections*		*Change*	
	2005		**2010**		**2005-2010**	
Value†	*Number*	*Share*	*Number*	*Share*	*Number*	*Percent*
Less than $59,999	3,655	30.2%	2,560	21.6%	-1,095	-30.0%
$60,000 to $99,999	5,695	47.1%	4,830	40.8%	-865	-15.2%
$100,000 to $149,999	2,220	18.3%	3,505	29.6%	1,285	57.9%
$150,000 to $199,999	340	2.8%	630	5.3%	290	85.3%
$200,000 to $299,999	155	1.3%	250	2.1%	95	61.3%
$300,000 to $499,999	25	0.2%	55	0.5%	30	120.0%
$500,000 or More	10	0.1%	20	0.2%	10	100.0%
Total:	12,100	100.0%	11,850	100.0%	-250	-2.1%
Median:	$75,900		$88,800		$12,900	17.0%

† Current dollars for each year.

SOURCE: U.S. Bureau of Census; Claritas, Inc.;
Zimmerman/Volk Associates, Inc.

Table 13

Summary Of Selected Rental Properties

Portions of Oneida County, New York

July, 2005

Property (Date Opened) / *Address*	*Number of Units*	*Reported Base Rent*		*Reported Unit Size*		*Rent per Sq. Ft.*		*Additional Information*
				. . . . . Utica				
Academy Square Apartments (1992)								**100% occupancy**
301 Elizabeth Street	**44**							*Tax credit and*
	1BR/1BA	$315						*subsidized units.*
	2BR/1BA	$399						
Candlewyck Apartments	**96**							**98% occupancy**
31 Candlewyck Lane	Studio	$365		401		$0.91		
	1BR/1BA	$460	to	559		$0.82	to	
		$485				$0.87		
	2BR/1BA	$490	to	893		$0.55	to	
		$550				$0.62		
				. . . . . New Hartford				
Lewiston Properties	**24**							**96% occupancy**
194 Clinton Road	2BR/1.5BA TH &	$720	to	1,100	to	$0.62	to	
	2BR/2.5BA TH	$740		1,200		$0.65		
	24							
	2BR/1.5BA Flat	$910	to	1,200		$0.76	to	
		$960				$0.80		
				. . . . . Rome				
Wood Creek Apts. (1988)	**194**							**97% occupancy**
23 Wood Creek Drive	1BR/1BA	$510		720		$0.71		*Pool*
	2BR/1BA	$609		925		$0.66		
	3BR/1BA	$698		1,075		$0.65		

SOURCE: Zimmerman/Volk Associates, Inc.

Only a limited number of resale units are available at any given time in the city or the county. In July, 16 houses priced above $100,000 were on the market in Utica, ranging from just under $114,000 for a 1,600-square-foot one-story house to just over $450,000 for a house containing more than 3,800 square feet. Prices per square foot for re-sale houses in this price range generally fall between $61 and $119 per square foot.

In New Hartford, 19 houses priced above $100,000 were on the market. The least expensive house in this price range was listed at $110,000, and the most expensive house was listed at $369,900. Resale prices per square foot ranged from $66 to $120.

Summary Of Selected Individual Listings
$100,000 and up

Oneida County, New York

July, 2005

Year Built	List Price	Unit Size	Price Per Square Foot	Unit Configuration
		. . . . . Single-Family Detached		
		. . . . . Utica		
		. . . . . Ridgewood Cottage Homes {new construction}.		
2005	$194,000	1,700	$114	15 lots; 1 sold
		. . . . . Resales		
	$113,900	1,578	$72	3BR/1BA
	$134,900	1,244	$108	3BR/1BA
1967	$134,900	1,820	$74	4BR/2.5BA
	$149,900	2,448	$61	3BR/1.5BA
	$149,900	2,044	$73	4BR/1.5BA
1970	$159,900	1,701	$94	3BR/2.5BA
1988	$179,000	2,500	$72	3BR/3BA
	$269,900	2,722	$99	4BR/3.5BA
	$295,900	2,666	$111	4BR/2.5BA
1928	$339,000			4BR/2.5BA
1922	$369,900			5BR/3BA
1993	$435,000	5,000	$87	5BR/4BA
1992	$455,000	3,818	$119	5BR/3.5BA
		. . . . . New Hartford		
1955	$110,000			2BR/1BA
1950	$119,500	1,664	$72	3BR/2BA
1970	$119,900	1,132	$106	3BR/2.5BA
1973	$136,000	1,600	$85	3BR/2BA
1973	$136,000	1,600	$85	3BR/2BA
1951	$142,900			3BR/2BA
	$144,900	1,920	$75	5BR/2.5BA
1980	$156,900	1,820	$86	3BR/1.5BA
	$186,500	2,112	$88	3BR/1BA
1973	$189,000	2,060	$92	5BR/2.5BA
	$247,900	2,664	$93	4BR/2.5BA

SOURCE: Multiple Listing Service;
Zimmerman/Volk Associates, Inc.

Summary Of Selected Individual Listings
$100,000 and up

Oneida County, New York

July, 2005

Year Built	*List Price*	*Unit Size*	*Price Per Square Foot*	*Unit Configuration*
		. . . . . New Hartford {continued}.		
1820	$250,000	2,500	$100	3BR/3.5BA
	$264,000	3,400	$78	4BR/2.5BA
	$299,000	4,500	$66	4BR/2.5BA
	$325,000	3,800	$86	4BR/3.5BA
1993	$329,000	3,300	$100	4BR/2.5BA
2002	$347,900	3,600	$97	4BR/2.5BA
1972	$364,500	3,050	$120	5BR/3.5BA
	$369,900			4BR/2.5BA
		. . . . . Whitesboro		
	$119,900	1,803	$67	2BR/2BA
1950	$129,900	1,152	$113	3BR/1BA
1967	$199,900			4BR/2.5BA

SOURCE: Multiple Listing Service;
Zimmerman/Volk Associates, Inc.

DOWNTOWN HOUSING TYPES

Adaptive re-use of existing, non-residential buildings can yield either lofts or fully-finished apartments. The lofts, whether for-rent or for-sale, new construction or adaptive re-use, should include work space as a permitted use.

Building and unit types most successfully used in residential redevelopment or new residential construction in other downtowns comparable in size and scale to Downtown Utica, include:

- Courtyard Apartment Building: In new construction, an urban, pedestrian-oriented equivalent to conventional garden apartments. An urban courtyard building is four or more stories, often combined with non-residential uses on the ground floor. The building should be built to the sidewalk edge and, to provide privacy and a sense of security, the first floor should be elevated significantly above grade. Parking is either below grade or in an integral structure.

  The building's apartments can be leased, as in a conventional income property, or sold to individual buyers, under condominium or cooperative ownership, in which the owner pays a monthly maintenance fee in addition to the purchase price.

- Loft Apartment Building: Either adaptive re-use of older warehouse, manufacturing or other non-residential buildings or a new-construction building type inspired by those buildings. The new-construction version is usually elevator-served with double-loaded corridors.

  Hard Lofts: Unit interiors typically have high ceilings and commercial windows and are minimally finished (with limited architectural elements such as columns and fin walls), or unfinished (with no interior partitions except those for bathrooms).

  Soft Lofts: Unit interiors typically have high ceilings, are fully finished and often include full or partial interiors. Units may also contain architectural elements reminiscent of "hard lofts," *e.g.*—exposed ductwork, scored and polished concrete floors, brick walls and iron railings, particularly if the building is an adaptive re-use of an existing industrial structure.

The building's loft apartments can be leased, as in a conventional income property, or sold to individual buyers, under condominium or cooperative ownership, in which the owner pays a monthly maintenance fee in addition to the purchase price. (Loft apartments can also be incorporated into multifamily buildings along with conventionally-finished apartment units.)

- Townhouse/Rowhouse: Similar in form to a conventional suburban townhouse except that the garage—either attached or detached—is located to the rear of the unit and accessed from an alley or auto court. Unlike conventional townhouses, urban townhouses conform to the pattern of streets, typically with shallow front-yard setbacks. To provide privacy and a sense of security, the first floor should be elevated significantly above grade.

- Flex Rowhouse (Live-Work Rowhouse): The façade is similar to that of a rowhouse, except that the ground floor contains additional "unfinished" space, designed to be used separately, as office, retail or studio space, or as an accessory dwelling unit (from which income can help in mortgage qualification). This space could also be used for future expansion when finished by the homeowner, but should have the widest range of permitted uses. The owner/occupant can lease the flex space separately; the flex space rowhouse can also be purchased as an investment, in which both the residential space and flex space are leased independently.

DOWNTOWN HOUSING STRATEGIES

From the perspective of draw area target market propensities and compatibility, a broad range of new construction as well as adaptive re-use of existing buildings will be required to support and sustain residential diversity in Downtown Utica.

An effective housing strategy to attract the target households should include:

- The creation of a variety of housing types, both rental and for-sale including higher-value market-rate as well as affordable housing units, throughout the Downtown;
- The establishment of general neighborhood guidelines to assure the compatibility of every scale and type of housing;
- Preservation of the built environment: the restoration, repositioning and/or adaptive re-use of existing buildings;
- New residential construction: the introduction of housing types not currently available or under-represented in Downtown Utica;
- Mixed-use development: the inclusion of a residential component within mixed-use buildings, either adaptive re-use or new construction; and
- The development of new, and continuation of existing programs and policies that encourage the creation of Downtown housing.

The residential re-use of existing non-residential structures is one of the most beneficial redevelopment types because it creates and enhances a pedestrian-oriented street environment at a familiar, and often historic, urban scale. The City of Utica should encourage residential redevelopment of existing buildings, particularly those of architectural merit, because of the demonstrated positive impact historic rehabilitation has had on housing and neighborhood values nationally.

• • •

In order to achieve maximum positive impact of downtown housing, three elements—location, design, and marketing—should be carefully considered and executed.

1. <u>Designate Areas For Residential Development</u>

In general, areas or buildings slated for new development or redevelopment should be evaluated relative to the following criteria for successful urban housing initiatives:

(a) Advantageous adjacency. It is critical to "build on strength," not only to provide maximum support for any proposed housing initiatives, but also, conversely, so that housing initiatives will reinforce existing or proposed adjacent developments (commercial, retail, or residential).

(b) Building and/or land availability. At present, several parcels within the Downtown are underutilized or vacant. From the City's perspective, poorly-located or under-used surface parking lots are better utilized as sites for new infill mixed-use development.

(c) Potential for expansion. Each housing initiative should be located in an area where, at the successful completion of the initial project, adjacent or nearby buildings and/or land appropriate for the continuation or extension of the neighborhood, either through new construction or adaptive re-use would potentially be available. Each housing initiative should be viewed not as a "stand-alone" project, but rather as a potential catalyst for additional residential or commercial development in surrounding areas.

(d) Anchors/linkage. Each housing initiative must be seen as part of an overall urban strategy to build a critical mass of both housing and related non-residential uses. "Anchor" locations establish the potential for economic activity in an underutilized area; "linkage" locations build on the strength of two or more established, but disconnected assets.

Successful residential development/redevelopment in Downtown Utica will require the establishment of residential "addresses," leading to the creation of a downtown residential neighborhood where none currently exists. A neighborhood is established when enough "mass" is created—both in number of people and in number of residential buildings. Rental apartments in particular are instrumental in the rapid establishment of "mass." Rentals allow households to experiment with living in a particular location without the commitment of home ownership; and Downtown renters will form a pool of potential purchasers of ownership units that may be developed at a later date.

The location and proximity to each other of various existing uses suggest at least three mixed-use neighborhoods. One of the most promising is <u>Bagg's Square East</u> and <u>West</u>—in general, the blocks bounded by Water Street to the north, Seneca Street to the west, and Oriskany Boulevard to the south and east—the historic core of old Utica.

On the east side, several anchors are already in place—the Children's Museum, Union Station, Lupino's Trackside Tavern, and the Hurd Building, which has recently been converted to residential and office space. There are several buildings in this area—the Doyle Hardware building and the Cobblestone building are two excellent examples—that have significant market potential for hard or soft lofts, depending on the internal configuration of the buildings. As this area evolves into a neighborhood, the larger buildings along Broad Street will represent potential for expansion of residential initiatives.

The west side of Bagg's Square contains a larger concentration of older buildings, many of them partially occupied by offices or businesses. Several attractive older buildings front North Genesee Street, and the upper stories of these and other buildings in the area could be converted to either rental or for-sale lofts.

The second neighborhood—the <u>Downtown Core</u>—extends from Oriskany Boulevard in the north, Broadway to the west, Court and Hopper Streets in the south, and Charlotte Street to the east. This area contains several multi-story office buildings, the Hotel Utica and the Radisson Hotel, as well as smaller two- and three-story buildings, with retail or vacant space on the ground floor, and office or vacant space on the upper floors. The four upper floors of the Hotel Utica are currently vacant, although the internal infrastructure was put in place when the hotel was refurbished. Because of the uniqueness of the building, and the extraordinary views available, redevelopment of these upper floors as condominiums, with access to hotel amenities, would be a very attractive first project for Downtown Utica. It is likely that between six and seven units per floor, on floors 10 through 12, could be created ranging in size from approximately 850 square feet to 1,350 square feet. The top floor could be developed as penthouses, with phasing undertaken on a per-floor basis. From a market perspective, the upper floors of several other buildings along Genesee Street could be converted to soft lofts or luxury condominiums, depending on each building's internal configuration.

The third neighborhood—the Arts District—includes the area from Court and Hopper Streets south to Oneida Square, and is home to the Stanley Theater, the Utica Public Library, and the Munson-Williams-Proctor Arts Institute, as well as several restaurants and shops. New construction in this area would provide a residential alternative for that segment of the market that prefers modern amenities and floorplans.

2. Ensure Appropriate Urban Design

A neighborhood is the sum of a variety of elements: the configuration of the street and block network, the arrangement of lots on those blocks, and the manner in which buildings are disposed on their lots and address the street. Successful residential development in Downtown will depend upon the preservation, enhancement, and restoration of the Downtown's urban character. A Downtown residential neighborhood succeeds when its physical characteristics consistently emphasize urbanity and the qualities of city life; conversely, attempts to introduce suburban scale and housing types (or, indeed, suburban building forms in general) into urban areas have invariably yielded disappointing results. Therefore, appropriate urban design—which places as much emphasis on creating quality streets and public places as on creating or redeveloping quality buildings—will be essential to success. The important elements can be summarized in several practical inter-related guidelines:

- Preservation or restoration of the urban fabric. Emphasis should be on adaptive re-use, with new construction used as infill among rehabilitated structures.

- Respect for the urban context. Major renovation and new infill construction should maintain the building lot disposition and "build-to" line. When building heights are increased, the new floors should be set back from the historic cornice line. Pedestrian entrances should always be from the sidewalk; automobile entrances should always be minimized. Buildings should never present a blank wall to the street.

- Streets designed for pedestrian comfort. Automobiles are accommodated on great urban streets; however, they are not given precedence over ease of pedestrian movement. The emphasis on streets can have significant, long-term impact on both street safety (providing "eyes on the street") and usable parks and squares.

- Continuing improvement of the streetscape. Local artists can create a unique physical environment which could be extended to the Downtown's "street furniture"—the trash receptacles, seating areas, public sculptures, and other small street amenities that make the difference between an "automobile-oriented road" and a "neighborhood street."

- Reduced parking requirements. Urban, rather than suburban, parking ratios should be utilized, with 1.3 parking spaces per rental unit and 1.5 parking spaces per for-sale unit. Although lack of parking is a recurring complaint in many cities, detailed analysis of parking capacity typically reveals under-utilization of existing parking. A number of cities have recently begun to shrink parking requirements. For example, Portland, Oregon now exempts downtown residential development from required off-street parking; Olympia, Washington has no minimum parking requirements in its downtown.

  Parallel parking should be encouraged wherever possible not only to enhance pedestrian safety but also to help meet residents' parking needs. Resident parking on designated streets should be ensured through a permit system; permits should be issued at the cost of administering the program, including the added cost of enforcement.

Shared parking should be encouraged in the core Downtown. The overall number of required parking spaces could be significantly reduced if businesses and residential development shared parking facilities.

3. Market and Monitor the Downtown

A high-profile marketing program should be undertaken to promote the Downtown as a viable and exciting housing alternative. An effective marketing program will require advertising and public relations, merchandising and promotion. This could be undertaken as an adjunct to the marketing of Downtown as a destination for events and entertainment.

- Advertising and public relations should include an "image" campaign that not only keeps the Downtown within the public consciousness, but also reinforces the positive aspects of urban living. The City of Norfolk, Virginia adopted the slogan "Come Home to Norfolk Now" as the centerpiece of their marketing campaign that focuses on Downtown and surrounding in-town neighborhoods. The campaign has been highly effective in attracting new residents, not only to the Downtown but also to the city's in-town neighborhoods.

- Merchandising includes consistent street amenities, such as lighting and trash receptacles with uniform and distinctive designs (*see above*).

- Many cities sponsor annual downtown housing tours, which have been enormously successful in familiarizing the public with the housing options available in the core downtown and in-town neighborhoods. In Louisville, Kentucky, the first Downtown housing tour attracted over 100 people with minimal marketing; tours now require several buses to accommodate the hundreds of participants. Many cities charge fees for the tours, with the fees donated to downtown public or charitable organizations, ranging from arts organizations to the public library. Utica should undertake a tour once there are at least 10 downtown apartments available.

- Special events, such as Utica Monday Nite, Bank Place Jazz Fest, and Saranac Thursdays, attract large numbers of households to the city. These types of events are critical to establishing the Downtown as a center for public activity. Another proven tactic is the extended charity event, in which multiple reproductions of a common iconic image (the cows of Chicago, the mermaids of Norfolk, Virginia, the Mastodons of Fort Wayne, Indiana) are decorated by sponsored artists and displayed throughout the Downtown. These events typically draw significant crowds, including suburban families, to the Downtown and encourage visitors to explore the city on foot.

Marketing efforts are most effective when they are constantly fine-tuned based on results, which requires some means of monitoring marketing impact. In the City of Baltimore, Maryland, the Downtown Partnership maintains a database of all existing residential properties located within the Downtown. The Partnership updates, on a quarterly basis, the monthly rents, vacancy and turnover rates at each rental building; the values and sales of newly-developed units in new construction or adaptive re-use of existing buildings; and the values and frequency of resale activity within older condominium buildings, to determine value escalation, if any. In addition, the Partnership monitors the status of all new development proposals. This information is readily available to potential developers via the Partnership's website.

Downtown, and most of Baltimore's in-town neighborhoods, are actively marketed through another website, "Live Baltimore," which is linked to the Downtown Partnership website. This site describes in detail each neighborhood's assets, from cultural institutions to architectural characteristics, and also provides comprehensive listings of available rental apartments (with location, asking rent and photograph) and for-sale units on the market (also accompanied by information on location, asking price, unit size, and a photograph).

POLICIES, PROGRAMS AND BEST PRACTICES

Impediments to Downtown residential development and redevelopment that could discourage the private sector include regulatory obstacles (zoning and code requirements), high asking prices for existing, underutilized buildings and vacant land, and potentially high production cost relative to the initial value of completed units. The cost problem may actually be more acute in adaptive re-use, since the existing structure often complicates the design effort while costing nearly as much as or, under some circumstances, more than new construction.

Strategies for Downtown housing should be supported by targeted policies and programs that are coordinated for effective and efficient implementation. Policies and programs appropriate for Utica and that have been effective across the country are outlined here.

1. POLICIES AND PROGRAMS

The City of Utica has already adopted a mixed-use tax exemption to encourage redevelopment throughout the city. The legislation, Section 485-a of the Real Property Tax Law, provides for a partial tax exemption for non-residential buildings that are converted to residential and commercial uses. However, general awareness of this exemption is very low, and the city needs to make a concerted effort to market the benefits of this legislation to potential building redevelopers.

—Special Code for Adaptive Re-Use—

Although New York State has revised its construction code for adaptive re-use, it still does not go far enough to ease many of the challenges of converting non-residential buildings. New Jersey was the first state to adopt a separate construction code for existing buildings. One important element of the code is that it is responsive to scale, easing compliance for small projects; code requirements increase with the scope of the rehabilitation project. This is of primary importance, since most neighborhoods will derive maximum benefits from residential and, indeed, non-residential initiatives that occur on a variety of scales. In cities across the country, it has become clear that neighborhoods with significant historic rehabilitation efforts have fared best in the maintenance and building of housing value. These historic rehabilitations have ranged in scale from the professional renovation and rehabilitation of large, multi-unit buildings to sweat-equity efforts of individual owner occupants.

Since the New Jersey code's adoption in 1998, the amount of rehabilitation in the state's largest cities has increased by 60 percent. Utica could adopt a similar code, following the example of Wilmington, Delaware, which was the first of many cities to adopt a code modeled on the New Jersey statute. [New Jersey Department of Community Affairs, Division of Codes and Standards: Rehab Subcode of the Uniform Construction Code (NJAC 5:23-6).]

—Loft Overlay Zoning—

If raw-space, live-work lofts are to be practical, a zoning overlay for a specified area should be established to provide specific, as-of-right variances to make the entitlement process more predictable. A specific study of code compliance issues should be undertaken to identify appropriate standard variances.

—Adaptive Re-Use Handbook—

Once the code for existing buildings has been adopted, a handbook for developers and building professionals should be produced that summarizes the code and, if applicable, typical trade-offs and variances required. Qualification for regulatory relief should be presented clearly and unambiguously to assist in the evaluation of building suitability. The handbook could be used in the redevelopment of other city neighborhoods, not just the Downtown.

—Adaptive Re-Use "Ombudsman"—

Even with an appropriate and clearly-presented code for existing structures, given the wide variety of conditions represented by existing buildings, it should be anticipated that an equally wide variety of solutions to code compliance of adaptive re-use will be required. The coordination of the regulatory process can be overwhelming. The City can smooth the process by appointing a single code officer—an adaptive re-use "ombudsman"—to provide technical assistance to owners and developers. The ombudsman's oversight of all adaptive re-use would also assure an informed and even-handed treatment of all cases. Again, depending on the volume of development, the ombudsman could also oversee development and redevelopment in other city neighborhoods.

—Sales and Income Tax Incentives—

Revitalization of urban neighborhoods across the country has often been initiated by the arts community. Since resident artists are critical to the establishment of a recognizable urban arts district, they can be encouraged through targeted tax relief. The City of Providence, Rhode Island has populated its DownCity Arts and Entertainment District by sales and income tax exemptions. Artists and artisans in DownCity are exempt from state and local sales taxes; and resident artists are exempt from personal state income tax. The program has been deemed so successful that the Rhode Island General Assembly recently passed legislation to establish similar districts in two other Rhode Island cities, Westerly and Pawtucket.

—Gap Financing Pool—

Compared to suburban locations, infill development opportunities within Downtown Utica are likely to be small scale—in most cases, fewer than 50 units and usually fewer than 25. These small properties lack development efficiency; since fixed costs are spread over fewer units, the cost per unit is higher without any corresponding increase in market value. Small properties have historically had difficulties attracting public capital assistance in any form; because of their small size, they are generally not considered to have the potential for catalytic impact. (This is one of the long-standing ironies of American urban initiatives: the properties that are large enough to have gained government support are often self-contained and have significantly less impact on surrounding uses than the same number of units in smaller, pedestrian-oriented properties.)

A revolving loan pool for subordinated, low-interest gap funding should be established to put the financial feasibility of smaller Downtown properties on an equal footing with larger suburban properties.

<u>Gap funding should be available to both adaptive re-use and to new construction</u>. The gap fund should be very flexible in order to respond to the special needs of each small, highly-individual

property. Gap funding is typically structured as low-interest debt in a second or third position, but can incorporate interest accrual or other features designed to address the short-term financing impediments to residential developments that are essentially sound when viewed over the long term.

The Greater Downtown Partnership of Detroit recently assembled a $23 million fund to provide gap financing; the fund is currently being utilized to assist in the renovation and conversion of a number of downtown buildings from commercial to residential use.

Smaller cities can be successful with smaller funds: Louisville, Kentucky matched the $3 million dollars contributed by six downtown banks, the sum of which, when augmented by $1 million from the State and local businesses, created a $7 million gap financing pool.

—*"Live Where You Work"*—

In order to increase homeownership opportunities, many cities have, in collaboration with local employers, universities, and medical institutions, created employer-assisted housing benefit plans for employees. Through these initiatives, employers provide eligible employees with a forgivable loan of a set amount—typically between $5,000 and $15,000, depending on local housing costs—housing information and education, and innovative financing options. These initiatives are designed to promote urban revitalization by targeting dwelling units in the downtowns and in-town neighborhoods.

—*City-Owned Land*—

City-owned land or buildings in key Downtown locations should be used to leverage residential development. To ensure maximum beneficial impact, the city could require that each appropriately-located development parcel include residential uses.

—*"Arts District" Housing*—

A proven approach to maintaining a stock of affordable housing and live-work space for artists is the use of dedicated Low-Income Housing Tax Credits (LIHTC). In addition to household-size income qualification, prospective residents are also subject to a portfolio review to assure that at least one member of the household is a working artist. This program can be augmented with federal and state historic tax credits to redevelop existing buildings within an historic district.

Artspace Projects, Inc., based in Minneapolis, Minnesota, has redeveloped several buildings for artists in St. Paul, Minneapolis and Duluth using this strategy and has provided consultation services, with planned projects, for equivalent redevelopments in Buffalo, New York; Jackson, Michigan; Salt Lake City, Utah; Detroit, Michigan; and Philadelphia, Pennsylvania, among others.

2. BEST PRACTICES

—*Smart Growth Zoning Codes: A Resource Guide*—

A publication of the California-based Local Government Commission, the guidebook is based on research on more than 150 "smart growth" zoning codes from across the nation. The guidebook is designed to encourage walkable, mixed-use neighborhoods and the revitalization of existing places. Each chapter analyzes a critical issue—such as design, streets and parking—and highlights exemplary codes from across the country. The guidebook comes with a CD-ROM that contains copies of some of the beset zoning codes in the United States and other resources.

—*Form-Based Zoning Codes*—

Form-based zoning—a technique for regulating development to achieve a specific urban form—is a new system of zoning recently adopted in a wide variety of municipalities, ranging from Arlington, Virginia to Waynesville, North Carolina, to Charleston, South Carolina, to Contra Costa County, California. In contrast to Euclidian zoning models, which regulate land use and only indirectly deal with the form of buildings and streets, form-based zoning deals directly with building form and sets only broad parameters for use. Form-based zoning regulates the size, shape and organization of streets and buildings to create a walkable, transit-friendly collection of inter-connected streets and to foster the development of a dense mix of housing and businesses.

Form-based zoning codes assert that a community's physical form—its buildings—is its most defining characteristic. As such, form-based codes avoid regulating development based on the use of a tract of land, but rather make design of the buildings, streetscape and civic infrastructure the central issue. Proponents of form-based coding claim that it regulates fewer elements than a typical zoning ordinance because it does not encompass every combination of setback and density, but prescribes upfront what types of developments are acceptable and then graphically illustrates them to promote usability. Form-based codes seek to control only the most important physical attributes of a group of buildings. This often includes their alignment on a street, the disposition of space between them and their overall height. Typically, such controls are not expressed as absolutes, but rather as ranges of acceptable values. For example, building heights along a street can range from two to eight stories. The ultimate design objectives can vary from seeking an absolutely consistent eave line, requiring nearly uniform building heights, to one that allows a tower location that clearly rises above nearby buildings to "punctuate" a key location.

METHODOLOGY

The technical analysis of city-wide and Downtown market potential included delineation of the draw area(s) and evaluation of Downtown Utica's market potential.

The delineation of the draw area(s) for housing within the City of Utica was based on historic settlement patterns, migration trends for Oneida County, and other market dynamics.

The evaluation of Utica's market potential was derived from target market analysis of households in the draw areas, and yielded:

- The depth and breadth of the potential housing market by tenure (rental and ownership) and by type (apartments, attached and detached houses); and
- The composition of the potential housing market (empty-nesters/retirees, traditional and non-traditional families, younger singles/couples).

NOTE: The Appendix Tables are provided in a separate volume.

DELINEATION OF THE DRAW AREAS (MIGRATION ANALYSIS)—

Analysis of Oneida County migration and mobility patterns from 1999 through 2003—the latest data available from the Internal Revenue Service—shows that the number of households moving <u>into</u> the county has increased from approximately 2,750 households in 1999 to 3,125 households in 2003. Nearly a third of the county's in-migration is from adjacent or nearby counties—households moving to Oneida County from Herkimer, Madison and Onondaga Counties.

Over the same period, the number of households moving <u>out</u> of the county declined from just under 3,800 households in 1999 to 3,465 households in 2003. As a result, the annual <u>losses</u> in households due to net out-migration experienced by Oneida County have fallen from more than 1,000 households in 1999 to just 340 households in 2003.

NOTE: Although net migration provides insights into the county's historic ability to attract or retain households compared to other locations, it is those households likely to move into the county (gross in-migration) that represent the county's external market potential.

Based on the migration data, the draw areas for the City of Utica have been delineated as follows:

- The local (or internal) draw area, covering households currently living within the Utica city limits, as well as those currently living in the balance of Oneida County.
- The regional draw area, covering households with the potential to move to the City of Utica from surrounding and nearby counties (Herkimer, Madison and Onondaga Counties, New York).
- The national draw area, covering households with the potential to move to the City of Utica from all other U.S. counties.

Anecdotal information obtained from real estate brokers, leasing agents, and other knowledgeable sources corresponded to the migration data.

Migration Methodology:

County-to-county migration is based on the year-to-year changes in the addresses shown on the population of returns from the Internal Revenue Service Individual Master File system. Data on migration patterns by county, or county equivalent, for the entire United States, include inflows and outflows. The data include the number of returns (which can be used to approximate the number of households), and the median and average incomes reported on the returns.

TARGET MARKET CLASSIFICATION OF CITY AND COUNTY HOUSEHOLDS—

Geo-demographic data obtained from Claritas, Inc. provide the framework for the categorization of households, not only by demographic characteristics, but also by lifestyle preferences and socio-economic factors. For purposes of this study, only those household groups with median incomes that enable most of the households within each group to qualify for market-rate housing are included in the tables. An appendix containing detailed descriptions of each of these target market groups is provided along with the study.

Appendix One, Tables 2 and 3.
Target Market Classifications

Just under 28 percent, or 6,865 households, of the estimated 24,570 households living in the City of Utica in 2005 had the capacity to rent or buy market-rate housing. Median income within the city was $27,000, nearly 44 percent lower than the national median of $47,800 in 2005. Median home value within the city was $75,900, more than 49 percent below the national median of $149,300. More than 61 percent of Utica's "market-rate" households are classified as empty nesters and retirees, another 22.8 percent are younger singles and couples, and the remaining 15.8 percent are traditional and non-traditional families. (*See* Appendix One, Table 2.)

Of the estimated 91,215 households living in Oneida County in 2005, approximately 45 percent, or 41,095 households, had the capacity to rent or buy market-rate housing. Median income within the county was $40,600, 15 percent lower than the national median in 2005. Median home value within Oneida County was $98,700, approximately a third below the national median. Just over 40 percent of the county's "market-rate" households can be classified as empty nesters and retirees, approximately 36 percent are traditional and non-traditional families, and 15.7 percent are younger singles and couples. (*See* Appendix One, Table 3.)

Target Market Methodology:

The proprietary target market methodology developed by Zimmerman/Volk Associates is an analytical technique, using the PRIZM geo-demographic system, that establishes the optimum market position for residential development of any property—from a specific site to an entire political jurisdiction—through cluster analysis of households living within designated draw areas. In contrast to classical supply/demand analysis—which is based on supply-side dynamics and baseline demographic projections—target market analysis establishes the optimum market position derived from the housing and lifestyle preferences of households in the draw area and within the framework of the local housing market context, even in locations where no close comparables exist.

In geo-demographic segmentation, clusters of households (usually between 10 and 15) are grouped according to a variety of significant factors, ranging from basic demographic characteristics, such as income qualification and age, to less-frequently considered attributes such as mobility rates, lifestyle patterns and compatibility issues. Zimmerman/Volk Associates has refined the analysis of these household clusters through the correlation of more than 500 data points related to housing preferences and consumer and lifestyle characteristics.

As a result of this process, Zimmerman/Volk Associates has identified 41 target market groups with median incomes that enable most of the households within each group to qualify for market-rate housing. The most affluent of the 41 groups can afford the most expensive new ownership units; the least prosperous are candidates for the least expensive existing rental apartments.

Once the draw areas for a property have been defined, then—through field investigation, analysis of historic migration and development trends, and employment and commutation patterns—the households within those areas are quantified using the target market methodology. The potential market for new market-rate units is then determined by the correlation of a number of factors—including, but not limited to: household mobility rates; median incomes; lifestyle characteristics and housing preferences; the location of the site; and the competitive environment.

The end result of this series of filters is the optimum market position—by tenure, building configuration and household type, including specific recommendations for unit sizes, rents and/or prices—and projections of absorption within the local housing context.

DETERMINATION OF THE POTENTIAL MARKET FOR THE CITY OF UTICA (MOBILITY ANALYSIS)—

The mobility tables, individually and in summaries, indicate the number and type of households that have the potential to move within or to the City of Utica in the year 2005. The total number from each county is derived from historic migration trends; the number of households from each group is based on each group's mobility rate.

Appendix One, Table 4.
Internal Mobility (Households Moving Within the City of Utica)—

Zimmerman/Volk Associates uses U.S. Bureau of the Census data, combined with Claritas data, to determine the number of households in each target market group that will move from one residence to another within a specific jurisdiction in a given year (internal mobility).

Using these data, Zimmerman/Volk Associates has determined that up to 800 households, currently living in the City of Utica and with the capacity to rent or purchase market-rate housing, have the potential to move from one residence to another within the city this year. Half of these households are likely to be empty nesters and retirees (as characterized within seven Zimmerman/Volk Associates' target market groups); another 36.3 percent are likely to be younger singles and couples (in six market groups); and the remaining 13.8 percent are likely to be family-oriented households (in four market groups).

Appendix One, Table 5.
External Mobility (Households Moving To the City of Utica from the Balance of Oneida County)—

The same sources of data are used to determine the number of households in each target market group that will move from one area to another within the same county. Using these data, up to 1,150 households, currently living in the balance of Oneida County and with the capacity to rent or purchase market-rate housing, have the potential to move from a residence in the county to a residence in the City of Utica this year. More than 46 percent of these households are likely to be empty nesters and retirees (in seven market groups); 31.3 percent are likely to be younger singles and couples (in seven groups); and the remaining 22.6 percent are likely to be traditional and non-traditional families (in eight groups).

Appendix One, Tables 6 and 7; Appendix Two, Tables 1 through 4.
External Mobility (Households Moving To the City of Utica from Outside Oneida County)—

These tables determine the number of households in each target market group living in each draw area county that are likely to move to the City of Utica in 2005 (through a correlation of Claritas data, U.S. Bureau of the Census data, and the Internal Revenue Service migration data).

Appendix One, Table 8.
Market Potential for the City of Utica—

Appendix One, Table 8 summarizes Appendix One, Tables 4 through 7. The numbers in the Total column on page one of this table indicate the depth and breadth of the potential market for new and existing market-rate dwelling units in the City of Utica in the year 2005 originating from households currently living in the draw areas. Just under 2,600 households with the potential to rent or purchase market-rate housing have the potential to move within or to the City of Utica this year. Empty nesters and retirees are likely to account for 41.7 percent of these households (in 11 market groups); another 36.3 percent are likely to be younger singles and couples (in 12 groups); and 22 percent are likely to be traditional and non-traditional families (in 13 groups).

The distribution of the draw areas as a percentage of the potential market for the City of Utica is as follows:

Market Potential by Draw Area
City of Utica, Oneida County, New York

City of Utica (Local Draw Area):	30.9 percent
Oneida County (Local Draw Area):	44.4 percent
Adjacent and Nearby Counties (Regional Draw Area):	7.3 percent
Balance of US (National Draw Area):	17.4 percent
Total:	100.0 percent

SOURCE: Zimmerman/Volk Associates, Inc., 2005.

DETERMINATION OF THE POTENTIAL MARKET FOR DOWNTOWN UTICA—

The total potential market for Downtown Utica also includes the local, regional, and national draw areas. Zimmerman/Volk Associates uses U.S. Bureau of the Census data, combined with Claritas data, to determine which target market groups, as well as how many households within each group, are likely to move to Downtown Utica in a given year.

Appendix One, Tables 9 through 11.
Market Potential for Downtown Utica—

As derived by the target market methodology, up to 1,320 of the 2,590 households that represent the market for new and existing housing units in the City of Utica are a market for new housing units within Downtown Utica. (*See* Appendix One, Table 9.) Up to 53 percent of these households are likely to be younger singles and couples (in 10 market groups); another 40.9 percent are likely to be empty nesters and retirees (in nine groups); and just 6.1 percent are likely to be traditional and non-traditional family households (in five groups).

The distribution of the draw areas as a percentage of the market for Downtown Utica is:

Market Potential by Draw Area
DOWNTOWN UTICA
City of Utica, Oneida County, New York

City of Utica (Local Draw Area):	42.4 percent
Oneida County (Local Draw Area):	31.1 percent
Adjacent and Nearby Counties (Regional Draw Area):	4.5 percent
Balance of US (National Draw Area):	22.0 percent
Total:	100.0 percent

SOURCE: Zimmerman/Volk Associates, Inc., 2005.

The 1,320 draw area households that have the potential to move within or to the Downtown this year have been categorized by tenure propensities to determine renter/owner ratios. Just under 29 percent of these households (or 380 households) comprise the potential market for rental units, of which 310 households comprise the potential market for new market-rate rentals. The remaining 71 percent (or 940 households) comprise the market for new market-rate for-sale (ownership) housing units. (*See* Appendix One, Table 10.)

Of these 940 households, 28.7 percent (or 270 households) comprise the market for multi-family for-sale units (condominium apartments and lofts); and another 21.3 percent (200 households) comprise the market for attached single-family (townhouse or duplex) units. The remaining 50 percent (or 470 households) comprise the market for all ranges and densities of single-family detached houses. (*See* Appendix One, Table 11.) Up to 220 of these 470 households represent the market for urban single-family detached houses.

—Target Market Data—

Target market data are based on the Claritas PRIZM geo-demographic system, modified and augmented by Zimmerman/Volk Associates as the basis for its proprietary target market methodology. Target market data provides number of households by cluster aggregated into the three main demographic categories—empty nesters and retirees; traditional and non-traditional families; and younger singles and couples.

Zimmerman/Volk Associates' target market classifications are updated periodically to reflect the slow, but relentless change in the composition of American households. Because of the nature of geo-demographic segmentation, a change in household classification is directly correlated with a change in geography, *i.e.*—a move from one neighborhood condition to another. However, these changes of classification can also reflect an alteration in one of three additional basic characteristics:

- Age;
- Household composition; or
- Economic status.

Age, of course, is the most predictable, and easily-defined of these changes. Household composition has also been relatively easy to define; recently, with the growth of non-traditional households, however, definitions of a family have had to be expanded and parsed into more highly-refined segments. Economic status remains clearly defined through measures of annual income and household wealth.

A change in classification is rarely induced by a change in just one of the four basic characteristics. This is one reason that the target household categories are so highly refined: they take in multiple characteristics. Even so, there are some rough equivalents in household types as they move from one neighborhood condition to another. There is, for example, a strong correlation between the *Suburban Achievers* and the *Urban Achievers*; a move by the *Suburban Achievers* to the urban core can make them *Urban Achievers*, if the move is accompanied by an upward move in socio-economic status. In contrast, *Suburban Achievers* who move up socio-economically, but remain within the metropolitan suburbs may become *Fast-Track Professionals* or *The VIPs*.

Household Classification Methodology:

Household classifications are based on the Claritas PRIZM geo-demographic segmentation system, which was established in 1974 and is the most widely-used neighborhood target marketing system in the United States. Claritas uses 15 unique clustering algorithms to define various domains of affluence and settlement density. These algorithms isolate the key factors in each density-affluence domain that accounted for the most statistical difference among neighborhoods within that group.

Over the past 17 years, Zimmerman/Volk Associates has augmented the PRIZM cluster system for use within the company's proprietary target market methodology specific to housing and neighborhood preferences, with additional algorithms, correlation with geo-coded consumer data, aggregation of clusters by broad household definition, and unique cluster names. For purposes of this study, only those household groups with median incomes that enable most of the households within each group to qualify for market-rate housing are included in the tables.

ZIMMERMAN/VOLK ASSOCIATES, INC.
6 East Main Street
Clinton, New Jersey 08809
908-735-6336 • 908-735-4751 *facsimile*
info@ZVA.cc • www.ZVA.cc

Research & Strategic Analysis

ASSUMPTIONS AND LIMITATIONS—

Every effort has been made to insure the accuracy of the data contained within this analysis. Demographic and economic estimates and projections have been obtained from government agencies at the national, state, and county levels. Market information has been obtained from sources presumed to be reliable, including developers, owners, and/or sales agents. However, this information cannot be warranted by Zimmerman/Volk Associates, Inc. While the methodology employed in this analysis allows for a margin of error in base data, it is assumed that the market data and government estimates and projections are substantially accurate.

Absorption scenarios are based upon the assumption that a normal economic environment will prevail in a relatively steady state during development of the subject property. Absorption paces are likely to be slower during recessionary periods and faster during periods of recovery and high growth. Absorption scenarios are also predicated on the assumption that the product recommendations will be implemented generally as outlined in this report and that the developer will apply high-caliber design, construction, marketing, and management techniques to the development of the property.

Recommendations are subject to compliance with all applicable regulations. Relevant accounting, tax, and legal matters should be substantiated by appropriate counsel.

ZIMMERMAN/VOLK ASSOCIATES, INC.
6 East Main Street
Clinton, New Jersey 08809
908 735-6336 • 908 735-4751 *facsimile*
www.ZVA.cc • info@ZVA.cc

Research & Strategic Analysis