

# HMR

## HOUSING MARKET REPORT

### Sample



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## Introduction

### SCOPE OF WORK

#### The Project:

The *Joint Council for Economic Opportunity of Clinton and Franklin Counties* has commissioned *Asterhill Incorporated*, a Planning and Development Company to compile a Housing Market Report (HMR) for a proposed housing project in the Plattsburgh, NY. The project targets the development of low-income multi family housing. The subject property is approximately 45 acres of land in the Town of Plattsburgh approximately 4 miles west of the City of Plattsburgh, at the intersection of Wallace Hill Rd and Military Turnpike.

#### The Housing Market Report (HMR) includes:

- Description of the PMA.
- Demographic Analysis:
  - The Reports includes an analysis of social and demographic characteristics of the PMA
  - An analysis of housing that includes a study of renter occupied units; analyzed existing housing using the most recent census material.
- Demand Analysis:
  - The Report includes demand analysis and identifies qualified target groups, estimated demand for target products, capture rates, and market penetration rates.

### ASSUMPTION AND LIMITATIONS

#### Use of this Report

- The possession of this report does not carry with it the right of publication.
- Any person or entity other than the party for whom it was prepared without the written permission of Asterhill may not use this document for any purpose.
- The information and opinions contained herein are applicable only to the period indicated in the report.

#### Findings of the Housing Market Report (HMR)

- The statements of fact contained herein are believed to be true and correct insofar as they have been derived from sources believed to be reliable and accurate. No responsibility is assumed for legal description or matters that pertain to legal expertise.
- The findings of this market study are indicators of market trends. As such, these findings do not guarantee project success, but serve as a tool to supplement one's knowledge of the market.
- Realization of project marketability also requires competent project design, marketing, and management.

**Project Compliance**

- No representations are made with regard to compliance of legal or regulating requirements applicable to this project, including zoning, environmental or other local, state, or federal regulations, permits and licenses.

**Financial Analyses**

- Financial analyses contained as part of this report are based upon estimates, assumptions, and other information, public or private, developed from actual market research, knowledge of the industry or project-specific information provided and/or obtained.
- These analyses illustrate the financial expectations given the specific set of assumptions used. If any of the assumptions are altered, different financial expectations may result.

**Data Required by Housing Finance Agency or Other Regulatory Agency**

- No underwriting requirements for any Housing Finance Agency or other regulatory agency are addressed in this report. The following information was not included in this study:
  - Average operating costs for other agency financed housing in the Primary Market Area or region;
  - Average and maximum management fees permitted based on type and size of project or a statement that the agency does not in have the data or does not limit management fees;

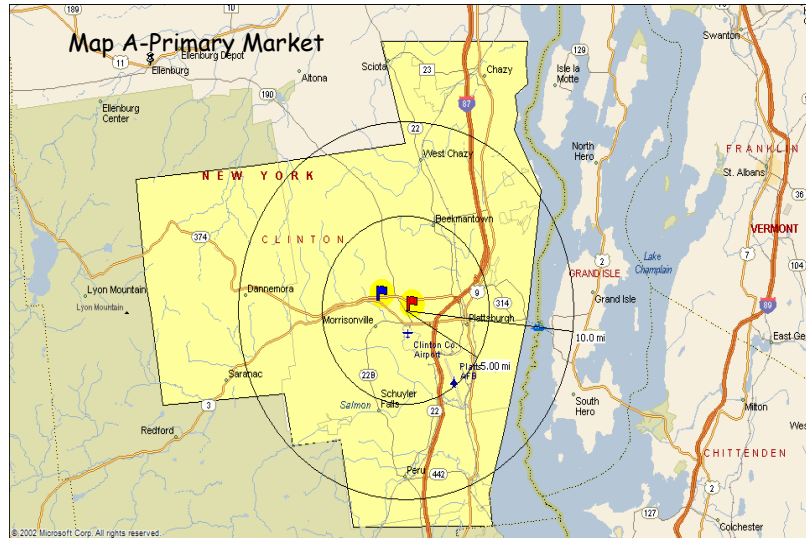
**Additional Work**

- No Housing Finance Agency, other regulatory agency or developer have requested additional work outside the scope of work defined above. Any additional documentation or analysis beyond this scope of the HMR will be performed for additional compensation above the cost of the HMR. Such additional work may include:
  - Preparation of estimates of the annual operating expenses for the operation of the subject property, upon achieving a Stabilized Level of Occupancy;
  - Report on the zoning designation of the property and comments on conformance of the subject property's conformance with zoning. This additional work also may include a zoning map, zoning ordinance or letter from the local zoning official;
  - Report on the flood zone for the property and a copy of the flood zone map;
  - Census of property in an area. Financial analyses contained as part of this report are based upon estimates, assumptions, and other information, public or private, developed from actual market research, knowledge of the industry or project-specific information provided and/or obtained.

## Primary Market Area (PMA)

The **Primary Market Area (PMA)** is the most likely geographic area from which a project would draw its support and competition. Often these areas have been combined with other adjacent MSAs into a larger consolidated PMA. The Primary Market Area (PMA) is generally defined as a geographic area from which a Property is expected to draw the majority of its residents.<sup>1</sup> It is common to start with a 5-10 mile radius around the project site. The PMA is then further defined after an analysis of:

- Census data and tracts
- Transportation and commuting patterns
- Neighborhood boundaries
- Availability of services and shopping
- Demographic and development trends
- Competitive environment



### Project Location:

The map specifically defines the boundaries of the PMA for this Study. The proposed project is located in the town of Plattsburgh, less than 4 miles from downtown Plattsburgh, 2 west miles from I-87 and less than one mile from route 3 west and south. It is near the intersection of Tom Miller Road and Military Turnpike.

Demographic Data and the PMA boundaries were drawn from the following census tracts and town.

1002	1006	1007	1008	1015	1017	1019	1009	1010	1011	1012	1013	1014	1016	Dennamore	Saranac
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<sup>1</sup> **Primary Market Area Definition** by The National Council of Affordable Housing Market Analysts (NCAHMA) is an autonomous council formed within the National Housing & Rehabilitation (NH&RA)

## Census Data

### Population Analysis

The population of the Clinton County has approximately a population of 81,336. The population of the County declined by 7.02 % between 1990 and 2000. The primary reason for this decline was the closing of the Plattsburgh AFB. However, since 2000, the county population has grown by 1-2% overall. Within Clinton County, the population has shifted. The Town of Denmemora and the City of Plattsburgh populations have declined by 5-10%. Towns such as Plattsburgh, Chazy, Saranac, and Schyuler have grown by 6-13%. Seniors, represent about 20% of the PMA population. The future growth will come from those between the ages of 15-34 and 55-74. **This creates an opportunity to target a housing product to fit the expected growth in the market over the next 5-10 years.**

The PMA had a household population of 60,234 in 2000. The median age was 35 years. 37.8% of the population is under 25 years and 18.7% is 55 years and older. Seniors, age of 65 years and over represents about 11 % of the PMA. Although the population estimates show 11-34% increase in the total number of seniors, the population segments between the ages of 15-34 will show an increase of 12-15% through 2010.

Table 1. PMA Population Estimates

Population Forecast PMA	2,000	2,003	2,004	2,005	2,006	2,007	2,008	2,009	2,010
Under 5 years	3,029	3,041	3,335	3,629	3,644	3,658	3,673	3,688	3,702
5 to 9 years	3,724	3,700	3,673	3,646	3,622	3,598	3,575	3,551	3,527
10 to 14 years	4,205	4,169	4,243	4,318	4,281	4,244	4,207	4,171	4,132
15 to 19 years	5,163	5,206	5,770	6,333	6,386	6,439	6,492	6,546	6,595
<b>20 to 24 years</b>	<b>5,772</b>	<b>5,886</b>	<b>5,643</b>	<b>5,400</b>	<b>5,507</b>	<b>5,616</b>	<b>5,727</b>	<b>5,841</b>	<b>5,934</b>
<b>25 to 34 years</b>	<b>8,128</b>	<b>8,275</b>	<b>8,248</b>	<b>8,222</b>	<b>8,370</b>	<b>8,521</b>	<b>8,675</b>	<b>8,831</b>	<b>8,963</b>
<b>35 to 44 years</b>	<b>10,215</b>	<b>9,975</b>	<b>9,774</b>	<b>9,572</b>	<b>9,347</b>	<b>9,127</b>	<b>8,913</b>	<b>8,703</b>	<b>8,447</b>
<b>45 to 54 years</b>	<b>8,044</b>	<b>8,110</b>	<b>8,111</b>	<b>8,112</b>	<b>8,179</b>	<b>8,246</b>	<b>8,313</b>	<b>8,381</b>	<b>8,444</b>
<b>55 to 59 years</b>	<b>2,748</b>	<b>2,789</b>	<b>3,648</b>	<b>4,507</b>	<b>4,574</b>	<b>4,641</b>	<b>4,709</b>	<b>4,779</b>	<b>4,839</b>
60 to 64 years	2,304	2,391	2,955	3,519	3,652	3,790	3,934	4,083	4,185
65 to 74 years	3,931	3,989	4,561	5,134	5,209	5,286	5,363	5,442	5,510
75 to 84 years	2,261	2,238	2,669	3,100	3,068	3,036	3,005	2,974	2,940
85 years and over	800	817	975	1,133	1,157	1,181	1,206	1,232	1,253
	<b>60,324</b>	<b>60,584</b>	<b>63,605</b>	<b>66,626</b>	<b>66,995</b>	<b>67,384</b>	<b>67,793</b>	<b>68,221</b>	<b>68,472</b>
PMA Growth Yr from 2000		.43%	5.44%	10.45%	11.06%	11.70%	12.38%	13.09%	13.51%
<b>PMA Target Population 20-59</b>	<b>34,907</b>	<b>35,034</b>	<b>35,424</b>	<b>35,814</b>	<b>35,977</b>	<b>36,151</b>	<b>36,337</b>	<b>36,535</b>	<b>36,628</b>
PMA Target Pop. Growth Yr from 2000		.36%	1.48%	2.60%	3.06%	3.56%	4.10%	4.66%	14.93%

### Attribute Analysis

As the population grows over the next 10 years the number of renters will change also. According to the 2000 US Census and new 2004 updates, approximately 15% of the senior populations (*65 and older*) in the PMA are renters, compared to 22% in Clinton County. This number is expected to grow by 10-15% by the year 2010. Approximately, 99.4% of these renters currently use telephones and 92% drive at least one vehicle. Overall, the

population growth will continue with less than 10% growth through 2010. This continued growth is reflective of a stabilizing economy and new job markets.

Table 2. Occupied housing units								
	PMA		Town of Plattsburgh		Clinton County		NYS	
<b>Total Units</b>	<b>22,081</b>		<b>1,283</b>		<b>29,423</b>		<b>7,056,860</b>	
Owner-occupied housing units	14,507	65.7%	998	77.8%	20,162	68.5%	3,739,247	53.0%
Renter-occupied housing units	7,574	34.3%	285	22.2%	9,261	31.5%	3,317,613	47.0%
Rental Vacancies	532	7.0%	21	7.4%	675	7.3%	158,569	4.8%
Average household size of renter-occupied unit	2.22		1.59		2.09		2.36	

Table 3. Renter-occupied housing units by Age								
	PMA		Town of Plattsburgh		Clinton County		NYS	
<b>Totals</b>	<b>7,574</b>		<b>285</b>		<b>9,261</b>		<b>3,317,613</b>	
15 to 24 years	1,557	20.6%	30	10.5%	1,734	18.7%	232,309	7.0%
25 to 34 years	1,678	22.2%	30	10.5%	2,055	22.2%	804,598	24.3%
35 to 44 years	1,648	21.8%	71	24.9%	2,007	21.7%	761,419	23.0%
45 to 54 years	995	13.1%	70	24.6%	1,213	13.1%	563,949	17.0%
55 to 64 years	573	7.6%	-	0.0%	731	7.9%	359,249	10.8%
65 years and over	<b>1,123</b>	<b>14.8%</b>	84	<b>29.5%</b>	1,521	<b>16.4%</b>	<b>596,089</b>	<b>18.0%</b>
65 to 74 years	557	7.4%	56	19.6%	745	8.0%	283,351	8.5%
75 to 84 years	405	5.3%	19	6.7%	568	6.1%	221,800	6.7%
85 years and over	161	2.1%	9	3.2%	208	2.2%	90,938	2.7%

### Income

The US Census breakdowns and defines income down into Mean, Median and Per Capita Incomes. The Census defines these as follows:

- **Mean (Average) income.** Mean (average) income is the amount obtained by dividing the total aggregate income of a group by the number of units in that group. The means for households, families, and unrelated individuals are based on all households, families, and unrelated individuals, respectively. The means (averages) for people are based on people 15 years old and over with income.
- **Median income.** Median income is the amount which divides the income distribution into two equal groups, half having incomes above the median, half having incomes below the median. The medians for households, families, and unrelated individuals are based on all households, families, and unrelated individuals, respectively. The medians for people are based on people 15 years old and over with income.

- **Per capita income.** Per capita income is the average income computed for every man, woman, and child in a particular group. The Census Bureau derived per capita income by dividing the total income of a particular group by the total population in that group (excluding patients or inmates in institutional quarters).

The **Median income** for the PMA varies in several ways. Additionally, there is specific data about the mean income by senior age groups. For the purpose of this report, the income qualifying will use the median data. According to the 2000 Census and updates through 2004, the median income for the area can be broken down as follows:

- PMA \$43,104 (2000 Census)
- New York State \$43,393 (2000 Census)
- **Clinton County \$53,300 (2005 Median Income-HUD)**

The median income of households in Clinton County was \$45,820 in 1990 has grown 11%. 64% percent of the households earn less than \$50,000 per year, and 47% earn less than \$35,000 per year. Less than 10% received retirement income other than Social Security. About 10% of the households received Social Security. The average income from Social Security was \$16,036 in 2004. These income sources are not mutually exclusive; that is, some households received income from more than one source.

**According to the US Census and recent supplemental studies, the median income will continue to increase steadily through 2007. Applying these criteria more households will qualify for this proposed project. SEE ADDENDUM FOR DETAIL ON CENSUS DATA.**

## Demand Analysis

### Market Demand

According to the US Census 34.3% of the population in the PMA are renters. This represents about 7500 occupied household. The criterion used to qualify the population is based on income and age. This methodology qualifies residents in the PMA for the **affordable multi-family housing**. One's age needs to be between 20 and 59 years old. Their income cannot exceed 50% of the area median income. The table below identifies the income ranges for multi-family properties (Income Guidelines: *Lease payments are targeted as 30% to 48% of income for very low to moderate income*).

	Studio	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
48% of AMI	12,150	12,200	14,625	18,575	24,150
30% of AMI	19,440	19,520	23,400	29,720	38,640

Based on this information, the population in the PMA can be qualified by age and by income.

	2005	2006	2007
Qualified by Age 20-59	35,814	35,977	36,151
Qualified by Income (10K-29K)	10,928	10,988	11,052
Qualified Target Market (Renters Only-No Homeowners)	5,970	6,003	6,038
Existing and planned inventory:	5,399	5,413	5,426
Gross Estimated Demand	570	590	611
Average household size	2.22		
Estimated Market Demand	257	266	276
Project Capture Rate <sup>3</sup>	12.43%	12.02%	11.60%
Project Penetration Rate <sup>4</sup>	0.29%		
Qualified Vacancy Rate	0-5%		

With these limits, approximately 10,000 in the PMA would be income qualified. This includes renters and homeowners. Those qualified by income and age is further reduced when homeowners are removed. Over 50% of the household with income less than \$30,000 are renters.

<sup>2</sup> NYDHCR and HUD provide Income Guidelines (2005)

<sup>3</sup> JCEO Qualified the Capture and Penetration Rate by identifying the number of Unit in their proposed project

<sup>4</sup> Ibid

The total estimated unit needed to saturate this market in 2005 is approximately 257. The demand is expected to grow slightly through 2007 to 276 units and continue to grow to just over 301 by 2010, based on the existing inventory and new units planned to be built over the next five years.

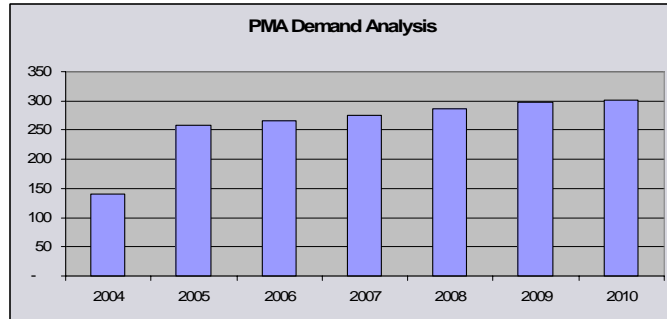


Chart B- PMA Demand

**PMA Income Analysis**

The income Analysis illustrates the depth of market from an income approach. Median incomes have continued to rise by 3-4% per year. As this trend continues, more household will qualify for low income housing. Fair market rents have continued to increase too. In 2004, they rose by an average 16%. In 2005, they grew by 4%. It is understood that operating and construction costs have continued to increase. However, lower and moderate-income families' incomes are not increasing at the same pace. The result is a growing pool of qualified families.

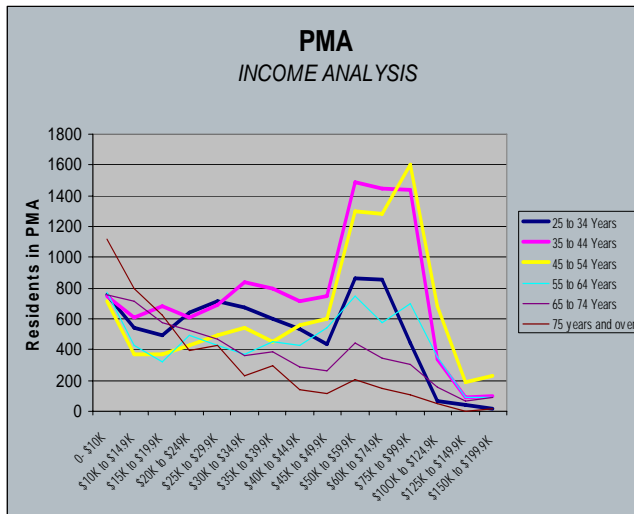


Chart C- PMA Income

The demand is expected to grow through 2025, based on the existing inventory, new units planned to be built and State and Federal projections. This estimated market demand take into account families relocating back into and leaving the PMA. Fewer low-income families can afford to own their homes. Affordable units' share 44% and Market Rate share 55% of the market respectively. Based on past projects and market conditions,