

APPENDIX Z

Survey of Downtown Rental Housing

SURVEY OF DOWNTOWN RENTAL HOUSING

2007, First Quarter
(Version #1, June 2007)



Rochester Downtown Development Corporation

100 Chestnut Street, Suite 1910 ~ Rochester, New York 14604

Phone (585) 546-6920 ~ Fax (585) 546-4784

rddc@rddc.org ~ www.rochesterdowntown.com

Table of Contents

I. SURVEY RESULTS

▪ Executive Summary, 2006-07.....	3
▪ National Picture: Vacancy rates unchanged in 2006.....	3
▪ Northeast & Local Markets.....	5
▪ Downtown Rochester Market.....	7
▪ Absorption	7
▪ Additional Findings	8
▪ Rent Price-Per-Square-Foot	8
▪ A Brief Tour of Downtown	9
▪ About the 2007Survey.....	11

II. APPENDICES

▪ A: Sample Survey Documents	12
▪ B: Vacancy and Rent Data by Unit Type.....	14
▪ C: Loft Living Units.....	15
▪ D: Units by Neighborhood.....	16
▪ E: Tenant Profile, Market Demand, & Amenities Analysis.....	17
▪ F: Proposed, Under Construction, and Existing, 1980-2007.....	18
▪ G: Survey Overview, 1980-2007.....	19
▪ H: Project Briefs – 2007-08	20

SURVEY OF DOWNTOWN RENTAL HOUSING, 2007

EXECUTIVE SUMMARY, 2006-07

In a year that saw a myriad of downtown residential development stories unfold, the strong demand for and rapid absorption of new units at *Corn Hill Landing*, *Buckingham Commons*, and *Riverview Lofts* clearly carried the day.

While the overall market-rate vacancy rate ticked up just less than a point from 5.7 to 6.6 percent in early 2007, the demand for the new products and excitement about proposed residential projects belied any suggestion that the downtown residential market was ready to cool off. In fact, the vacancy rate for units coming on-line since 1999-2000 remained a dizzying 4 percent, with much of the total market-rate vacancies reported being attributable to properties in the middle of ownership and management changes.

Downtown Rochester also saw a spike in interest and investment by out-of-town developers in 2006-07, with New York City, Florida, and California real estate "players" touring and purchasing downtown residential properties.

NATIONAL PICTURE: VACANCY RATES UNCHANGED IN 2006

2006 Overview

The national vacancy rate for apartments in buildings with five or more units was 9.9% in the fourth quarter of 2006, reflecting a continued "downward trend" for the second half of 2006, according to a February 2007 National Apartment Association (NAA) report. The rate fell .03 percent from the 3rd quarter of 2006, propelled by an "improvement in the economy and job market", according to Robert Sheehand, a consulting economist for the NAA. However, no statistically significant vacancy changes were reported from the fourth quarter of 2005 in any of the US Census Bureau rental housing categories: suburban, principle cities, or Metropolitan Statistical Areas (MSA).

The South continued to experience the highest vacancy rates at 12.4%, followed by the Midwest at 11.9%, the West at 7.0%, and the Northeast at 6.5%.

Meanwhile, household growth numbers fell dramatically to 667,000 in December 2006, from an estimated 1.3 million in the same month in 2005. At the same time, the fourth quarter homeownership rate (68.9 %) was "not statistically different from the fourth quarter 2005 rates or the third quarter of 2006 (69.0% each).

By region, the Northeast and Western home ownership rates were the lowest, at 65.3% and 64.5% respectively. Likewise, the South and Midwest, at 70.8% and 73% respectively, showed no difference from their 2005 rates.

In October 2006 the *New York Times* reported that U.S. Census Bureau data revealed that people were spending a larger percentage of their income on housing in every part of the nation. According to the *Times*, developers in fast growth suburbs and exurbs were focusing on upscale single-family housing, “not cheaper multifamily or rental units”.

In the first quarter of 2007 national attention turned to falling home prices and reports of a mortgage crisis in the high-interest, subprime sector fueled by rising adjustable mortgage loan rates and economic troubles in manufacturing communities. In March the *New York Times* reported that in some communities officials were moving to shore up appearances in suburbs where new and older homes were being abandoned or lost to foreclosure to “distant banks and owners who can’t find buyers”.

Nevertheless, in late March 2007 the National Association of Realtors reported that sales of existing homes rose 3.9% in February 2007 – the highest increase since March 2004.

2007 and Beyond

Offering a longer-term perspective, rental housing analysts at one of the nation’s largest financial services, TIAA-CREF, predicted that:

“Rental demand will surge in the coming decade as “echo boomers” enter the workforce. Echo boomers, who are currently 20-24-years-old, will be the fastest growing cohort over the next ten years, and households in this age range are predominantly renters...Demand will also be generated by baby boomers...these cohorts will be the source of rental demand growth by virtue of their sheer numbers and the fact that small changes in their overall lifestyle preferences and living arrangements have major repercussions in the US housing markets.”

Furthermore, a recent US Census Bureau *Survey of Market Absorption of Apartments* cited the following demographic factors as influencing trends in household formation rates:

- Age at first marriage (expected to increase, although slower than previously);
- Divorces (trending down since 1979 heights);
- Non-marital childbearing;
- Postponed or foregone childbearing; and,
- Longer life expectancy.

All these demographic factors may be accentuated by changes in the ‘age composition of the population’.

NORTHEAST & LOCAL MARKETS

Owners of residential rental properties on the northeastern seaboard have seen their average rents rise and were able to cut concessions to tenants in 2006-2007, bolstered by a small stock of apartments, surging mortgage rates, high home prices, and a widely held perception that housing prices will fall further. Consequently, rental vacancy rates dropped in 2006 in particularly “hot markets” like Washington, Philadelphia, New York metro, Boston, and Portland, Maine. Boston alone recorded an vacancy rate of just 3.9%.

Such financial advances have reportedly helped property owners in those markets to counteract rising utility costs and enjoy net operating income (NOI) growth.

Providing a local window to the regional marketplace, the Rochester-based REIT Home Properties responded to these fundamentals by recently completing its sale of units in “low barriers (to entry), low growth” markets, and in its 2006 Annual Report reported a portfolio of “92% in high barrier, high growth geographic markets”. Officials at Home Properties cited the benefits of concentrating on such markets as “limited new apartment supply, a greater spread between the cost of owning a home and renting, reduced vulnerability to economic downturns, a larger renter population, and better job growth”.

Efforts to return older northeastern cities to such “high growth” levels were the focus of *Restoring Prospects to Older Industrial Cities*, a report released by the Brookings Institute in May 2007. Seven of the 65 “weak performing cities” identified by Brookings’ researchers are in Upstate New York (including Buffalo, Rochester, and Syracuse). In brief, the Brookings’ report argues that “the moment is ripe for the revival of older industrial urban economies, states have an essential role to play in this effort, and finally, that the overall benefit of city revitalizations are potentially enormous”.

Such optimism was reportedly reflected in the decision by another Rochester-based company, Morgan Management, to team in late 2006 with partners in Albany to purchase 4,600 of Home Properties’ units in Buffalo, Rochester, and Syracuse.

Western and Central New York

Despite having lost 22,400 residents in the Greater Buffalo region since 2000, downtown Buffalo continued its resurgence in 2006, with the *Buffalo News* reporting that 400 new apartments had been developed in center city Buffalo in the last three years. Another 350 apartments, townhouses, and condominiums are currently on the drawing board or under construction.

One prominent Buffalo developer, Rocco Termini, heralded efforts there to create “work-force-rate housing that has attracted a youthful collection that includes teachers, freshman bankers, hospitality industry workers, and soon-to-be-college graduates”.

Among the tools being used in both downtown Buffalo and Rochester are home ownership tax breaks. According to Carl Palladino, chief executive of Ellicott Development Co., whose efforts include a waterfront, residential development in Buffalo, the special tax abatement districts and

low property tax bills afforded by the location of residential units in Empire Zones are “a powerful incentive”.

Meanwhile, in Central New York the U.S. Census Bureau reported in mid-2006 that the Syracuse region also continued to experience very slow population growth, counting only 1,619 new residents since 2000, with a year-to-date decline of slightly over 1,000 people between July 2004 – 2005 (653,128 to 651,763).

However, as with its two western neighbors, downtown Syracuse continued its positive trajectory. In mid-2006 Metropolitan Development Authority chief Irwin Davis reported that 2,500 residents call downtown Syracuse home. He further highlighted the stunning 99% occupancy rate for downtown residential units. Additional efforts there include the recent opening of a Syracuse University wing in the Armory Square neighborhood, \$180 million in total investment, 550 new hotel rooms, 1,500 new parking spaces, and 180 market-rate apartments.

Greater Rochester Region

The 2006-07 regional residential property story in the Greater Rochester area clearly turned on the Morgan Management Co.’s aforementioned purchase of several apartment communities -- \$252 million worth in late 2006, and \$47 million more in early Spring 2007. As reported by the Rochester *Democrat & Chronicle*, with the 2007 acquisitions, Morgan Management was “in every segment of the (regional) apartment business”.

Similar to its Syracuse counterparts to the east, the Rochester region, according to the U.S. Census Bureau, has reportedly gained slightly over a 1,000 new residents since 2000; however, very recent out-migration has resulted in 2000 people having reportedly left the area since 2004 (1,041,138 in 2004 and 1,039,028 in 2005).

This year the Rochester region moved to capitalize on another national and local housing growth sector – student housing. Described by one industry analyst as a former high-risk business that “has become more mainstream and (can be) very lucrative”, the student housing market is being addressed both on and off campus by officials at the Rochester Institute of Technology, University of Rochester, and Monroe Community College; as well as by Konar Properties at its Erie Station Village complex in Henrietta and Costello & Sons at their proposed CityGate lifestyle center site at the junction of Brighton, Henrietta, and the City of Rochester.

As noted elsewhere in this report, downtown developers also continued to compete for the student residents in the Grove Place, East End, Upper East End, and St. Paul Quarter neighborhoods, offering amenities like music practice rooms and wireless internet connectivity to attract Eastman School and other young tenants.

On a different note, overall housing sales remained sluggish at best, although regional single-family, for-sale housing prices climbed in the fourth quarter of 2006. Analysts at the *Rochester Business Journal* attributed the sales price increases to a local “trading up” trend, continued movement from inexpensive urban neighborhoods to more expensive suburban developments, and, most pointedly, the rising costs of building a new home—rather than the appreciation of existing housing.

DOWNTOWN ROCHESTER MARKET

June 2007 Update

As of June 2007, 162 residential units were either under active construction (63) or proposed (99). Furthermore, since 2000 approximately 582 new rental and owner-occupied housing units have been constructed downtown. In 2005-06 alone approximately 260 new residential units opened. By the end of 2007-08 these additional housing units -- recently built, under construction, and planned -- will have translated into approximately 2,692 downtown rental units, bringing the total residential population to over 4,000.

In total, the 2007 survey accounted for approximately 90% of the 2,434 known rental units in the market, 822 (or 36%) of which are subsidized. (Only vacancy figures reported by March 1, 2007, were used for this survey's computations; however, interview and anecdotal survey work continued through the end of May 2007.)

The 5% vacancy mark is considered a bellwether in the real estate industry, reflecting a healthy market wherein a would-be, first-time tenant can find a unit, and once in the marketplace, a downtown resident has the option of either increasing their unit size or downsizing.

Downtown Vacancy Rate at 6.6%

The vacancy rate for all downtown's rental housing market was 6.6% in the 1st quarter of 2007, including both market-rate and subsidized units. The rate rose from 4.7% in 2006, according to information provided to the Rochester Downtown Development Corporation (RDDC) in the first quarter of 2007 by property owners and managers. Of the 2,206 total units surveyed, 146 were reported vacant. Notably, a full 81 of the reported vacancies were attributable to three complexes.

The overall vacancy rate for market-rate units also edged up slightly, moving from 5.7% in 2006 to 6.7% in 2007. Of the 1,494 market-rate units surveyed, 100 were reported vacant. As noted, approximately 48 of the market-rate vacancies were concentrated in two properties where new ownership took control in 2006.

Absorption

Since the commencement of its residential survey work, RDDC has sought to track the "unit style" and "amenities" interests of downtown residential tenants. Furthermore, property owners and managers have been polled annually regarding their perception of the demand for their respective products – anecdotally and statistically – as expressed by the maintenance of waiting lists and/or lack of demand.

More recently, RDDC has sought to better understand the absorption rate of both new residential products and those units that become available across the course of the year. Regarding the former, accessing "real-time" numerical feedback on the lease-up rates of new units has been slowed by proprietary issues, "overloaded" leasing agents, and varied tracking processes.

Nevertheless, interviews with leasing agents at the three of the newest complexes, *Medical Arts Building*, *Corn Hill Landing* and *Buckingham Commons*, revealed a picture of rapid pre-leasing and leasing rates at par with the availability of new units. At *Riverview Lofts* on Water Street extremely strong demand was reported, with rapid and immediate lease-up of the units slowed only by initially tentative demand for “unorthodox” spaces -- all which have since been rented.

Regarding the lease-up rates of existing units, in 2007 RDDC surveyors for the first time asked owners and managers how long it was taking them to re-lease vacated units. Of the 52 respondents, 23 reported that were refilling units *immediately or within one week*; 18 reported that their units were re-leasing in *two weeks to a month*; and 4 reported units sitting vacant for a *month or more*. The latter group’s report echoed survey findings that vacancies were concentrated in older buildings that haven’t been recently renovated or are located in neighborhoods not yet benefiting from the downtown residential surge.

Additional Findings

Among the other key findings from the 2007 Survey were the following:

- Vacancy figures were the tightest for two-bedroom and loft units (3.3 and 4.3%, respectively) with more than 100 units surveyed.
- The 254 loft units surveyed continued to command the highest average monthly rents at \$1,168.
- Occupancy rates in the Corn Hill (98.2%), St. Paul Quarter (97.5%), and the Upper East End (96%), were the strongest among residential neighborhoods with a significant amount of market-rate units (more than 100).
- Professionals, seniors, students, and empty nesters comprised a large majority of the market-rate downtown tenancy, according to the descriptions of property owners and managers. “Seniors”, families, and ADA tenants totaled a large percentage of some of the bigger subsidized apartment units and complexes.
- Secure parking facilities was again cited as the amenity most desired by existing and would-be residents. Updated kitchens, security systems, laundry facilities, and internet connectivity followed, respectively, in order of importance.

Rent Price-Per-Square-Foot

RDDC surveyors enjoyed their largest ever response to the rent-price-per-square-foot question in 2007, with figures for over 23 buildings being recorded. Property owners and managers reported that tenants were paying an average of \$1.10 per square foot in 2006-2007. (In early 2006 just eight properties responded to this query, reporting an average of approximately \$1.12 psf.)

The reported pricing range for 2007 started at \$.50 psf (\$.60/2006) and reached as high as \$1.76 psf (\$1.80 in 2006).

Background: In response to the urging of developers and lenders, property owners were first queried regarding their price-per-square-foot (psf) rents in 2004. According to those surveyed for this study and throughout the year, the \$1.00 psf return is seen as a minimum requirement for building renovators. For developers of new construction units, the psf requirement is seen as hovering at approximately \$1.35 or greater. Property owners receiving \$1.00 or greater are

universally located in updated structures or prestigious locations. In those cases where the psf is reportedly \$1.25 or and greater, the psf reportedly declines as the unit size crests 1,500 square feet.

A BRIEF TOUR OF DOWNTOWN: Project Briefs 2007-08

Corn Hill

Starting in the Corn Hill neighborhood, the *Corn Hill Landing* project besides the Genesee River underscores the continued enthusiasm in the Rochester community for downtown living. A mixed-use facility featuring 127 apartments and developed by Mark IV Enterprises, *Corn Hill Landing's* residential spaces filled nearly as quickly as they came on-line, and by the Spring of 2007 the addition of four eateries, a wine and spirits retail outlet, and a variety of other retailers and services had resulted in the beginning of the street and riverside 'scene' long imagined by the developers and City officials.

Cascade District

Moving to the Cascade District on the west side of town, in May 2007 the Loftus Brothers neared completion of three new lofts in the *Cascade Center* to accompany their 17, highly sought after *Knowlton Building* units, with the expectation of occupancy in late summer 2007. Residents there will now enjoy not only views of Frontier Field, the Kodak world headquarters, and the bustle of the Inner Loop, but too their neighbors in the fully occupied, mixed-use *Buckingham Commons Building*.

Topped by a rooftop deck offering clear views of the action on Frontier Field, the pumpkin-yellow *Buckingham Commons* projects a campus-like feel -- greeting westside commuters as they enter downtown, and providing the same mix of old, post-and-beam-construction and modern amenities that its developer, Buckingham Properties, put to good use at *Michaels-Stern*, its mixed-use development in the St. Paul Quarter.

Four Corners

Meanwhile, a Florida-based developer, George Traikos has put the first residential "toes in the water" of the traditionally legal and commercial *Four Corners* district. His plans for the much-beloved Academy Building on Fitzhugh Street include both residential rentals and destination eateries.

High Falls

Moving up the river and over the High Falls, several developers are either already constructing or planning to add housing to the newly repositioned "*High Falls Village*". In the next two years over 100 new residential units are scheduled to be added to that already vibrant, historic Class A/R office park, as follows: Kend Enterprises and another local development team led by Peter Freund and Mimi Freund Tilton are renovating the Parazin and Parry buildings, respectively; and, the Urban League of Rochester's development subsidiary is planning the *Mills at High Falls*, a new residential construction project at Kodak's parking lot at Mill and State St.

St. Paul Quarter & St. Joseph's Neighborhood

The largest of the residential neighborhoods, in recent months the St. Paul Quarter both welcomed new residents at the *Riverview Lofts* and *116 St. Paul Street*, and it began preparations for additional rental units at the Warner Place (planned), Cox (under construction), and Kirstein buildings (planned). Furthermore, Rural Opportunities Inc. continued to move forward with Phase 1 of its efforts to reinvigorate the 518-unit *Plaza Apartments*.

The managers at Plaza Apartments were not alone in aggressively overhauling units in preparation for a new tenant population. On Liberty Pole Way, in Grove Place, and on Main Street, property owners faced with increasing competition sought to quickly renovate units as they attempted to fashion a strategy to capture a portion of the burgeoning residential demand.

Grove Place

The strong appeal of the historic Grove Place neighborhood also continued to be felt, as Empire Living LLC received approval in early 2007 to move another step forward with its proposal to site a “sliver” residential building behind its fully occupied *Halo Lofts* building. New construction remained the theme in the East End as well, where negotiations continued regarding the Charlotte Street site, and on East Avenue a proposal to build four, for-sale condos at *230 East Avenue* received early acclaim. Even further east, Belmont Properties purchased and then completely closed down two apartment buildings at *325 and 345 Alexander Street* in the Upper East End and set its crews at a total rehabilitation of these strategically positioned, but long-troubled facilities.

East End, Upper East End, & Washington Square extension

Swinging back to the south and east, *East Avenue Commons* and the *Alexandrian Apartments* on East Avenue and Alexander Street began to reveal the desire of its new owners, Encore Properties, to reinvigorate these two, beautifully sited, apartment houses. Landscaping plans for both facilities were inked in early 2007. Down by the river, Belmont Properties, again, has also purchased and is seeking to restart the stalled *Capron-South Building* project at 228 South Street, increasing the number of proposed units from 13 to 22. Meanwhile, on an adjacent parcel, Plan Architectural Studios has begun to publicize the plans and renderings that helped it capture a City of Rochester request for proposals bid. Highlighted by a penthouse rental residence overlooking the Genesee River, Rt. 490, and downtown, the former *Natatorium* pump house promises to be a energetic and modern addition to the skyline.

Other new construction projects planned and underway include:

- *Charlotte Street Townhouses* - The City of Rochester has facilitated the clearing and cleanup of a development site on Charlotte Street (East End) in anticipation of the development of for-sale townhouses and rental units. Directly to the north of the highly successful Chevy Place complex, the Charlotte Street site is considered an important test of the mid-range, for-sale market. In April 2005, City of Rochester officials issued a much-anticipated Request for Proposals (RFP), and since then they have been in negotiations with would-be developers.

- *The Kirstein Building* - A series of developers have taken a thorough look at redevelopment of this six-story former commercial building at the intersection of Andrews and Bittner Streets. The most recent owners are reportedly interested in offering 61 for-sale units by adding additional square footage to the site (a new building on Bittner), and they have listed the property for \$75,000 per unit, or \$4.575 million for the site.

ABOUT THE 2007 SURVEY

RDDC surveyed downtown rental properties between January 1 and March 1, 2007, located as follows:

- All “Inner Loop” addresses
- In the High Falls Historic District
- Corn Hill rental properties border on either side of Exchange Street
- Market-rate units in the Alexander and Upper East End districts

Representatives of 72 total buildings were contacted, representing 2,434 total units. There are approximately 1,612 market-rate units and 822 subsidized units in the study area, partitioned into 67% and 33% of the market respectively. The 2,206 units surveyed is the largest total surveyed to date and represents 90% of the total housing market. In fact, in 2007 RDDC tracked an additional 137 units that had been recently withdrawn from the marketplace for renovation.

The subsidized units are concentrated in three buildings and were identified by property owners and managers.

Eight different unit styles were tracked in this survey, including:

1. Studio apartments
2. One-bedroom units
3. Two-bedroom units
4. Three-bedroom units
5. Four-bedroom units
6. Lofts
7. Work/live combinations
8. Penthouse units

Any properties under renovation at the time of the study were not included in the vacancy analysis, although their feedback regarding demand and amenities are reflected in this text wherever pre-occupancy leasing activity was underway.

This survey is based on the following chronological compilations: a list of downtown rental properties prepared in 1995 by the Cultural Center Commission; edited and expanded by RDDC in 2000 under a City of Rochester-funded downtown housing study; updated by RDDC in advance of the mid-2002 launch of its www.rochesterdowntown.com website; and newly surveyed on an annual basis in 2003-2007.

RDDC tracks the increasingly diverse product offerings in the downtown rental market as part of a larger effort to provide investors and lenders with detailed and relevant data, thereby encouraging the development of more market-rate housing in the Center City core.

Using direct input from individual property owners and managers, RDDC regularly updates information for residential rental units on its www.rochesterdowntown.com website. In addition to listing all of the rental units downtown, the properties listed in the “Living” section of the website can be searched using a number of different variables, such as: bedroom configuration, unit type, pricing, and neighborhood.



APPENDIX A

***** PLEASE MAKE ANY CORRECTIONS NEEDED AND ADD 2007 INFORMATION *****

2007 Rental Housing Survey

Property Address _____
Owner Name: _____
Contact Name: _____
Contact Company: _____
Contact Address: _____
City, State, Zip: _____
Contact Phone No.: _____
Contact e-mail: _____

**SAMPLE
DOCUMENT**

<i>Type of Unit</i>	<i># of Units</i>	<i># of Units Available As of 1/07</i>	<i>Rent Range</i>
Studio			
1-Bedroom			
2-Bedroom			
3-Bedroom			
4-Bedroom			
Loft			
Penthouse			
Townhouse			

Amenities:

Please check which of the following are available.

- | | |
|---|--|
| <input type="checkbox"/> Cable Hook-Up | <input type="checkbox"/> Fireplace |
| <input type="checkbox"/> High Speed Internet Access | <input type="checkbox"/> Shared Common Space |
| <input type="checkbox"/> Security | <input type="checkbox"/> Balcony |
| <input type="checkbox"/> Doorman | <input type="checkbox"/> Elevators |
| <input type="checkbox"/> Concierge | <input type="checkbox"/> ADA |
| <input type="checkbox"/> Laundry Hook-Up in units | <input type="checkbox"/> Near Mass Transit |
| <input type="checkbox"/> Laundry Room | <input type="checkbox"/> Utilities Included |
| <input type="checkbox"/> Storage Space | <input type="checkbox"/> Covered Parking |
| <input type="checkbox"/> Updated Kitchen | <input type="checkbox"/> Parking Lot |
| <input type="checkbox"/> Health Club | <input type="checkbox"/> On-street Parking |

Additional amenities: _____

Thank you for participating.

2007 DOWNTOWN RENTAL HOUSING SURVEY

Tenant Profile: (Please describe your current tenant profile):

Young professionals _____%

Empty-nesters, older professionals _____%

Students _____%

Seniors _____%

Families with children _____%

Disabled _____%

Corporate units _____%

Market Demand: (please check one)

More applicants than units available _____

Experiencing “hard-to-fill” vacancies _____

Absorption:

On average, how many weeks does it take to fill an apartment once a tenant has departed?

Additional Questions

1. What unit style is in the greatest demand today (e.g. *1-bed, loft*, etc.)? _____

2. Which types of amenities are in the greatest demand? _____

3. What is your approximate price-per-square-foot rent range (eg. \$.75-\$1.35)?

Additional comments? Question suggestions? Write on back.

[illegible]

APPENDIX C

Downtown Rochester, New York

LOFT LIVING UNITS, JUNE 2007

	<u>UNITS</u>
<i>EXISTING</i>	
Michaels/Stern Bldg.	45
Temple Building	40
Buckingham Commons	36
Riverview Lofts. (Water St.)	36
Smith-Gormley Bldg.	22
East End Lofts	17
Knowlton Bldg.	17
Halo Lofts @ 60 Grove	12
Cox Bldg.	10
116 St. Paul (Harry Forman Bldg.)	5
Andrews Bldg.	5
54 University Ave.	3
Searle Bldg	3
Gauss Bldg.	3
High Falls Lofts@104 Platt Street	2
Daily Record Bldg.	2
State Street Bldgs. (121 &139)	3
234 Mill Street	1
TOTAL, EXISTING	262
<i>UNDER CONSTRUCTION</i>	
Cascade Center Lofts	3
Parry Bldg. (High Falls)	6
TOTAL, UNDER CONST.	9
<i>PROPOSED</i>	
Capron & South Ave. Lofts	22
State St. Bldgs. (143 &151)	19
Natatorium (250 South Ave.)	5
TOTAL, PROPOSED	24
<i>TOTAL, EXISTING & UNDER CONSTRUCTION</i>	295

APPENDIX D					
Rochester Downtown Development Corporation					
2007 DOWNTOWN RENTAL HOUSING SURVEY - Rochester, New York					
<u>Units By Neighborhood</u>					
	TOTAL UNITS	UNITS	NUMBER	PERCENT	RENT
NEIGHBORHOOD	TRACKED	SURVEYED	VACANT	VACANT	RANGE
Cascade District	55	55	0	0%	\$825 - 3,200
Corn Hill	222	222	4	1.8%	\$690-1,950
East End	536	521	46	8.8%	\$350-2,200
Four Corners	5	5	0	0.0%	\$495-975
Grove Place	124	68	7	10.3%	\$400-1,650
High Falls	3	1	0	0%	\$780
Manhattan Square	576	576	46	8.0%	\$359-1009
St. Joseph's Park	69	50	16	32.0%	\$400-800
St. Paul Quarter	737	592	15	2.5%	\$450-1,500
Upper East End	107	116	12	4%	\$400 - 2,200
TOTALS	2,434	2,206	146	6.6%	\$250-3,200
(RDDC - First Quarter 2007)					

APPENDIX E

2007 Downtown Rental Housing Survey

TENANT PROFILE, MARKET DEMAND, & AMENITIES ANALYSIS

TENANT PROFILE (Market-Rate Only)

When asked to describe their tenant composition, owners and managers of market-rate units described their residents as follows: (2006 figures in parenthesis)

- Professionals **25%** (42%)
- Students **19%** (27%)
- Seniors **25%** (11%)
- “Empty Nesters” **8%** (14%)
- Corporate **1%** (1%)
- Families w/children **5%** (1%)
- ADA **13%** (4%)
- Other **4%** (n/a)

APARTMENT STYLE DEMAND (All Units)

When asked to describe overall demand for their units, the 52 respondents indicated as follows:

- More inquiries than available product -- 34
- Experiencing “hard-to-fill” vacancies -- 18

When asked which unit size or type was in the greatest demand, the respondents (50) indicated the following order of preference:

- Loft-style (15)
- 1-bedrooms (14)
- Studios (10)
- 2-bedrooms (9)
- 3-bedrooms (2)

AMENITIES DEMAND ANALYSIS (All Units)

When asked which type of amenities were in greatest demand, the respondents indicated the following (in order of frequency):

- Off-street parking
- Updated Kitchens/New Appliances
- Security
- Laundry facilities, hook-ups or laundry rooms
- High Speed Internet
- “High” ceilings
- Utilities included in monthly rent
- Shopping
- Schools
- “Pricing”
- Separate HVAC controls
- Other: balcony; exercise facilities; on-site management; fireplaces; views; mass transportation; pools; “aesthetics”; new “build-out”; clubhouse; cable.

CURRENT AMENITIES OFFERED (All Units)

When asked which type of amenities they currently offer tenants, the respondents indicated the following (in order of frequency):

- | | |
|---|----------------------------------|
| • Access to mass transit (54) | • Elevators (24) |
| • Cable TV (52) | • Shared Common Areas (20) |
| • Storage Space (46) | • Fireplaces (19) |
| • Fast Internet Service available (44) | • Laundry Hook-ups in units (17) |
| • Surface Parking Lot available (44) | • ADA accessible (14) |
| • Laundry Room (41) | • Covered Parking (14) |
| • Security System (40) | • Balconies (13) |
| • Updated Kitchens (35) | • Exercise Rooms (7) |
| • Street Parking (31) | • Concierge (2) |
| • Utilities included in monthly rent (26) | • Doorman (0) |

APPENDIX F

Rochester Downtown Development Corporation, May 2007

DOWNTOWN HOUSING: Proposed, Under Construction and Existing, 1984 - 2007

	2007		2006		2005		2004		2003		2002		2001		2000		1995		1984
		Owner		Owner		Owner		Owner		Owner		Owner		Owner		Owner	Owner		All
	Rental	Occ.	Rental	Occ.	Rental	Occ.	Rental	Occ.	Rental	Occ.	Rental	Occ.	Rental	Occ.	Rental	Occ.	Rental	Occ.	Units
PROPOSED	121	4	19	0	78	33	68	20	125	23	125		307		202				
96 Liberty Pole Way																			
Natatorium (5)	5																		
State St. Buildings (14)	14																		
The Lofts at Capron St. (22)	22																		
The Mills at High Falls (80)	80																		
230 East Ave. (4)		4																	
Subtotal, Proposed	125		19		111		88		148		125		307		202				
UNDER CONSTRUCTION	39	66	98	60	147	36	188	36	93	9	93	9	35		67				
Cox Building (11)	11																		
Kirstein Bldg.+ Bittner lot (60)		60																	
Parry Building (6)	6																		
State St. Buildings (5)	5																		
60 Grove St. Flats (14)	14																		
Cascade Center (3)	3																		
Union Place (6)		6																	
Subtotal, Under Construction	105		158		183		224		102		102		35		67				
SUBTOTAL, PROPOSED																			
& UNDER CONSTR.	230		177		294		312		250		227		342		269				
EXISTING (New)	2,458	64	2,339	62	2,212	39	2,095	39	2,012	30	2,012	30	2,012	30	2,012	30	1,748	22	1,078
+ 104 Platt St. (2)																			
+ Gauss (3)																			
+ Grove Place Townhomes (9)																			
+ Michaels/Stern (45)																			
+ Temple Bldg. (40)																			
+ State Street (6)																			
+ Searle Building (7)																			
+ Medical Arts Bldg. (31+9)																			
+ Corn Hill Landing (127)																			
+ Sagamore on East (23)																			
+ Riverview Lofts (36)																			
+ Halo Lofts (12)																			
+ 116 St. Paul Street (6)																			
+ Buckingham Commons (36)																			
Subtotal, Existing	2,523		2,401		2,251		2,134		2,042		2,042		2,042		2,042		1,770		1,078
TOTAL UNITS PROPOSED,																			
UNDER CONST. & EXISTING	2,757		2,578		2,545		2,446		2,292		2,269		2,384		2,311		1,770		1,078

[illegible]

APPENDIX G

Rochester Downtown Development Corporation
DOWNTOWN RENTAL HOUSING MARKET, 1984-2007

	<i>2007</i>	<i>2006</i>	<i>2005</i>	<i>2004</i>	<i>2003*</i>	<i>2000**</i>	<i>1995</i>
Existing Rental Housing Units	2,434	2,339	2,181	2,095	2,012	2,012	1,748
Increase in number of units	4%	2%	8%	4%	n.a.	15%	n.a
Rental Housing Units Surveyed	2204	2,094	2,052	1,975	1899***	n.a	n.a
Total Vacancies (reported)	146	98	81	90	67	72	55
Vacancy Rate	6.6%****	4.7%	3.9%	4.6%	3.5%	3.6%	3.1%

* In early January RDDC sends all rental property owners a survey with instructions to both update data reported the previous year and include new vacancy and rent rates. While anecdotal descriptions of the marketplace are included in the text of the survey up to the midyear publication date, vacancy and rent data are accepted only up to a predetermined mid-March date.

** Funded by a City of Rochester contract, RDDC conducted its first formal survey in 2000-2001, basing its work on data gathered by previous researchers. Beginning in 2003 RDDC took complete responsibility for the survey process and any errors.

*** There are 822 self-described, subsidized rental units distributed across three complexes. Single-room-only (SRO) units in the Cadillac and Elk Hotels, for example, are not tracked.

**** The variance between the reported vacancy rate (6.6% above) and the vacancy rate anticipated by the number of vacancies reported/units surveyed (6.2%) is a result, in part, of three property owners reporting that they have taken a percentage of their heretofore rentable unit stock out of the marketplace for renovation.



Downtown Living: Project Briefs 2007 – 2008



“250south” – 250south Development LLC (\$1.5M)

PLAN Architectural Studio, PC: In May 2006 City of Rochester officials choose PLAN Studios from a number of request for proposal contestants to redevelop this three-story, 7,500 sq. ft., former natatorium building on South Avenue -- immediately besides Rt. 490 and Geva Theater’s parking lot. In addition to a first floor commercial space, Plan’s design includes the addition of a penthouse residential unit (2,500 sq. ft. and two units on floors two and three. City officials estimate that their own revitalization plans for the Capron – South Avenue neighborhood will cost approximately \$2M.

Link: [PLAN Architectural Studios, PC](#)



Academy Building

Traikos Real Estate Group

Traikos Real Estate Group: Florida-based developer George Traikos purchased the four-story, Class A/R, Academy Building on Fitzhugh Street in early 2007 from a local investment group. Aided by historic tax credits, Traikos plans on implementing LEED Green Building Rating System guidelines in converting the structure into a mixed-use building featuring residential units (available in late 2008) and potentially a dining “destination”.

Link: [George Traikos](#)



Alexander Park – Buckingham Properties (\$83M)



Buckingham Properties: Following a four-year receivership process, Buckingham Properties purchased the 15-acre, former Genesee Hospital in 2006. The deal includes ViaHealth leasing-back a minimum of 100,000 square feet of space in the newly anointed "South Campus" for medical and health-services currently operating in the structures. The initial stages of the redevelopment project will provide needed esthetic updates to the office buildings and ramp garage. This phase also includes the relocation of utilities out of the former hospital into the South Campus structures, and the demolition of the former hospital structure to allow for future development. Dan Goldstein, Buckingham's Chief Financial Officer and, in large-part, architect of "the deal," said he envisions "a mixture of retail, office and housing, but the overall makeup could vary from an 'urban village' concept to mid-rise apartments with ground-level, drive-up retail."

Link: [Buckingham Properties](#)

329 & 345 Alexander Street apartment renovations

Belmont Properties (\$1.3M)

2007
Project
Briefs



- **Belmont Properties:** \$1.3M in renovations will add value and stability to these two Alexander Street apartment houses in the Upper East End neighborhood. The total overhaul of the two buildings 80 apartments includes the following: new kitchens, new security system, new HVAC; and new rooftop. Priced to accommodate both students and young professionals, these units will be available August 1, 2007.
- **Link:** [East End Apartments](#)

Cascade Center

Loftus Construction

Loftus Construction: Three enormous new residential lofts with views of Kodak World Headquarters, the newly refurbished Buckingham Commons, the lights of Frontier Field, railroads, and highways....Attempting to capture the same urban energy fueling the success of their neighboring Knowlton Building, the Loftus Brothers have created large-windowed units with state-of-the-art appointments, including: brand new kitchens, lots of storage, flat-panel t.v.connections, and high-speed internet connectivity. A classic freight elevator will shepherd tenants back and forth from their heated garage, and the building is within steps of the Inner Loop, High Falls, Main Street, and everything downtown.

Link: [Cascade Lofts](#)



Charlotte Street Site, 14-58 Charlotte Street

2007
Project
Briefs



City of Rochester Development Site, Charlotte Street: The City of Rochester facilitated the clearing and cleanup of this development site on Charlotte St. in the East End in anticipation of the development of for-sale townhouses and rental units. Directly to the north of the highly successful 200 East Avenue/Chevy Place complex, this site is considered a potentially important test of the mid-range, for-sale market (\$175 to \$275K). In April 2005 the City issued a much-anticipated request for proposal (RFP), and in May 2006 Christa Development was selected to to build 22 two-bedroom townhouses after Graywood Development Corp. withdrew from the project. As of mid-2007 the City remained in negotiation with Christa.

Cox Building

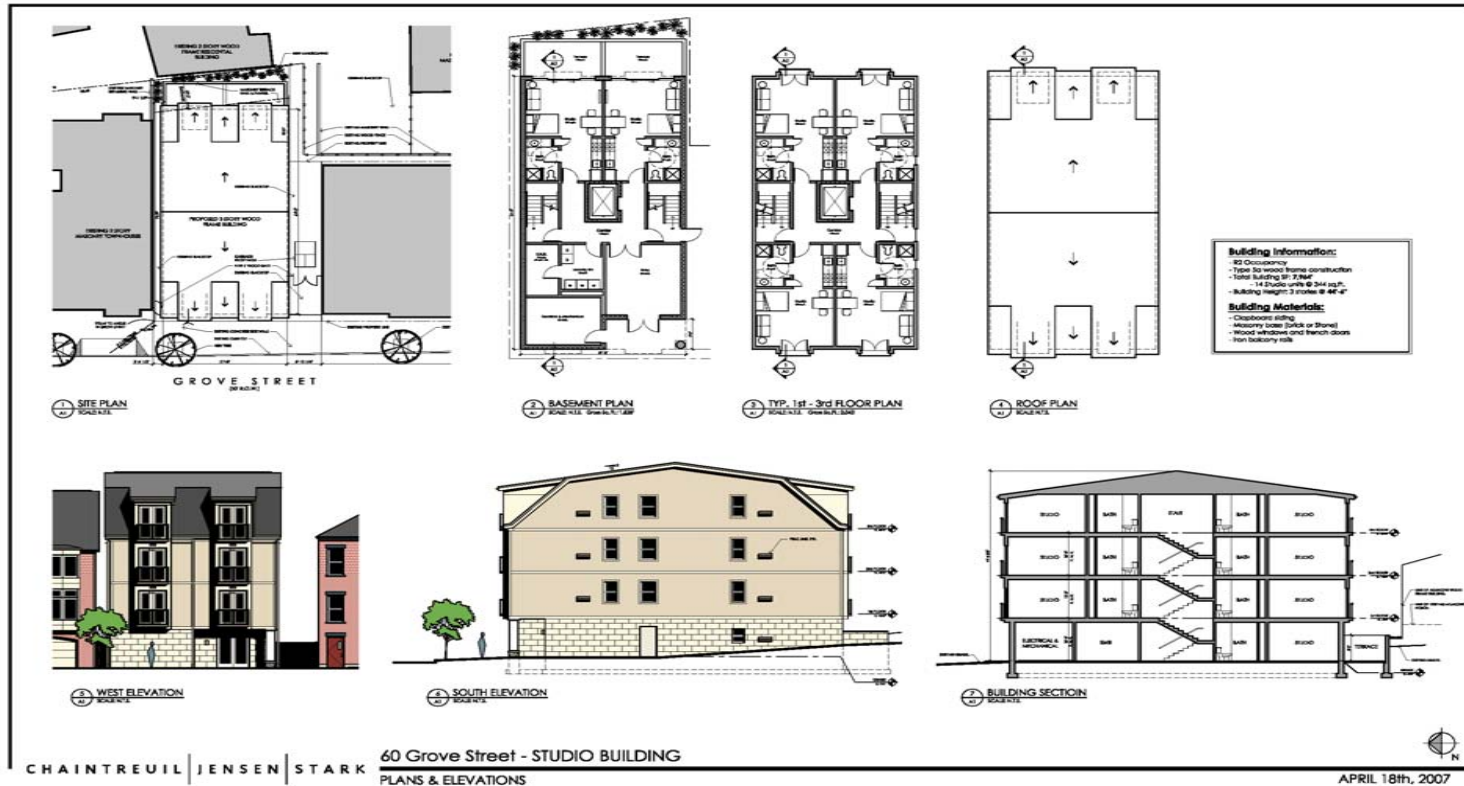
CasaBlanca Properties

CasaBlanca Properties: Strategically positioned in the northwest corner of the square-block footprint of the future Renaissance Center site, the seven-story Cox Building also serves as a linchpin between the Center and SUNY-Brockport MetroCenter and the St. Paul Quarter neighborhood to the north. A long-time haven for dot-comers, urban retailers, and entertainment venues, plans for the building now include the creation of eleven roomy lofts offering high ceilings, river and skyline views, as well as easy access to everything downtown.

Link: [CasaBlanca Properties](#)



Grove Street Flats – Empire Living LLC (\$1M)



Empire Living LLC: The site for this 14-unit, “sliver” building is nestled in between the recently built Grove Street Townhouses and Empire Living’s own Halo Lofts -- a former church converted into 12 student housing units. These rental units are targeted at Eastman graduate and doctoral students seeking a multi-roommate setting off-campus, but with the state-of-the-art amenities now expected in college dorms. Targeted occupancy = Fall 2008.

Link: [Empire Living](#)

Kirstein Building

Developer: Efraim Pawel
(\$4.75M for building and
development site)

Efraim Pawel: A series of developers have taken a thorough look at the redevelopment of this six-story, former commercial building at the intersection of Andrews and Bittner Streets. The most recent owners have reportedly re-roofed and installed new HVAC components. In 2006 the City of Rochester's Major Projects review board approved their request to build 61, for-sale units in the existing structure and in a new building on adjacent land on Bittner. The property has been listed for \$75,000 per unit, or \$4.75 million for the site.

Link: [Kirstein Building](#)



The Lofts at Capron – Belmont Properties (\$3.5M)



The Lofts at Capron: Belmont Properties plans on carving 22 for-sale condominiums out of this five-story, 40,000 sq. ft., mixed-use building on South Avenue in the southeast corner of the “Washington Square” Class A office and entertainment neighborhood. An earlier attempt to redevelop this former manufacturing and storage facility received widespread interest, and Belmont bought the building for \$600K in early 2007 with hopes to capitalize on its location both on Rt. 490 and the Genesee River. Current plans include six units on the 2nd - 4th floors, topped by 4 penthouses on the top floor and a rooftop garden. City officials estimate that their own revitalization plans for the Capron – South Avenue neighborhood will cost approximately \$2M.

The Mills at High Falls – Urban League of Rochester (\$17M)



Urban League of Rochester Economic Development Corporation (ULREDC): In actuality a collaborative effort of the Urban League, Kodak, and the City of Rochester, this 1.3 acre development will yield 80 market-rate apartments and 5,100 sq. ft. of retail space in what is currently a Kodak parking lot on State and Mill Streets in the High Falls neighborhood. Underwritten in large part by a NYS Housing Finance Agency appropriation of \$8.2M, the project will also benefit from \$2.5 in City funding and Kodak's donation of the land to the ULREDC. Rents are expected to range from \$700 to \$1,200 a month for one and two-bedroom units.

Link: [Urban League of Rochester](http://www.urbanleagueofrochester.org)

2007 Project Briefs

Parazin Building – Kend Enterprises Inc (\$1.5M+)



Kend Enterprises Inc.: Developer Ben Kendig bought the Parazin Building from the City in April 2006 for \$1 with the goal of a limited rehabilitation of the basement and first floor of this five-story structure. However, at the urging of city officials and aided by a \$500K historic redevelopment grant, Kendig has since expanded his plans to include the Phase I development of at least six loft spaces on the buildings upper floors.

Parry Building

Parry Building LLC (\$1.5M)

Parry Building LLC: Brother and sister, Peter Freund and Mimi Freund Tilton – also co-owners of the real estate company Division Street Partners LLC – have begun to convert this centrally located, four-story, 18,000 sq. ft., High Falls manufacturing building into a mixed-use commercial and residential facility. Six spacious lofts will top Class A/R office space, and both residents and office workers will enjoy easy access to the Inner Loop, Rt. 490, and everything downtown. SEI Design Group Architects P.C. have reportedly leased the first floor of the building with the goal of a Summer 2007 occupancy.

Link: [Parry Building](#)



Quartet -- 230 East Avenue, Charter Real Estate Brokerage



Charter Real Estate Brokerage/PLAN Architectural Studio, PC: Seeking to capitalize on the growing desire for downtown residential life and a prime location in the East End, the owners of the 5,600 sq. ft., former recording studio, Charter Real Estate's Patrick Dutton, and PLAN Architectural Studio, PC have already crafted one image (*above*) of what this four-unit condominium project could look like. Legislation passed by the Rochester City Council offers property tax abatements to potential purchasers of these approximately \$400K homes.

State St. Buildings

Singer Real Estate (\$310K+)

Singer Real Estate: With their quiet redevelopment efforts beginning at 51 State St. and aimed at reaching 149-163, Singer Real Estate is both creating a residential spine along this major downtown street, and forging a key linchpin between three districts: Cascade to the west; High Falls to the north; and St. Paul Quarter to the east. Lofts and apartments are already completed at 51 and 139 State, with additional units planned for 2007-2008 at 51 and 135. Depending on those efforts, the former Bangkok Restaurant Building at 149-163 is another likely target for Singer.



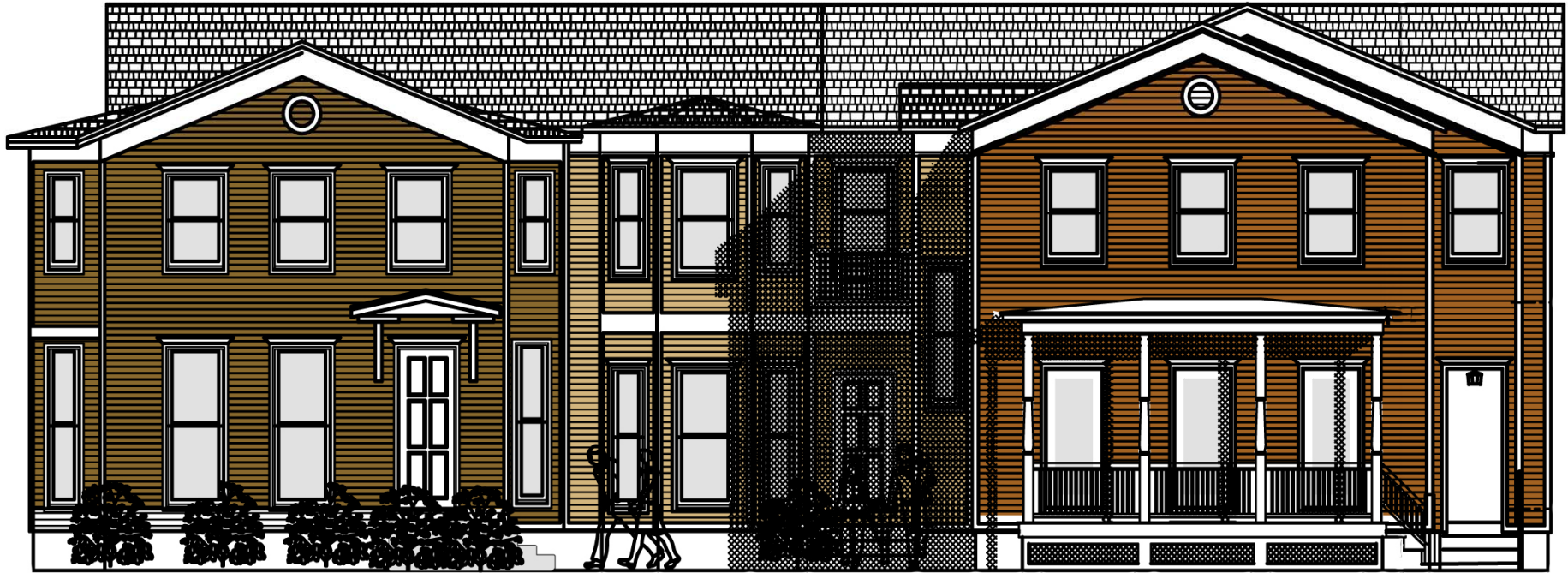
Union Lafayette Townhomes – Union Lafayette LLC (\$2M)



Union Lafayette Townhomes: Located directly across the Inner Loop from the Strong National Museum of Play, these six townhomes enjoy stunning skyline views, and spacious rear balconies overlooking a charming cul-de-sac. An architect-turned-developer Peter Morse designed the interiors and exteriors. Legislation passed by the Rochester City Council offers property tax abatements to potential purchasers of these \$300K homes. Three-story, work-live layouts are aided by an option to install elevators in each townhome. Completion is expected by the Fall of 2007.

Link: [Peter Morse](#)

Windsor Place Townhomes – Max Realty of Rochester (\$1.5M)



Windsor Place Townhomes: Tucked in a corner of the historic Grove Place neighborhood, DSB Architects & Engineers have ingeniously designed three “unique and distinct living experiences on one site”-- a contemporary new building; a historic restoration; and a converted warehouse/loft. Each home will be independently owned on a “fee simple lot” with no common charges. Priced from \$369K to \$389K, these state-of-the-art residences will be customized to the owners specifications. Legislation passed by the Rochester City Council offers property tax abatements to potential purchasers. Completion is expected by the 1st Quarter 2008.