

City-Wide Rochester Housing Market Study

Analysis



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"The best city in the world in which to live and raise a family."¹

I. Introduction

Nestled between the Finger Lakes and Lake Ontario, Rochester is a unique and varied environment with a strong sense of history, place, identity and innovation that distinguishes it both regionally and nationally. Rochester has evolved from a flour mill town into an innovation center, which serves as the heart of a region and the location for internationally recognized corporations including Eastman Kodak, Xerox and Bausch & Lomb. From the "flour City" to the "flower City," Rochester's communities have creatively transformed through each era of the City's history, merging a strong grass-roots spirit with public guidance. Today, faced with limited regional growth yet a renewed interest in downtown, Rochester is at a strategic point in its continuing evolution.

The City-Wide Rochester Housing Market Study explores Rochester's many facets to develop a comprehensive neighborhood and housing strategy to guide and coordinate the activities of City agencies, not-for-profit organizations and private stakeholders. While a key objective is to understand the depth and breadth of Rochester's housing market, this Study is much more than a market assessment. The information collected and organized in this document represents a comprehensive and objective assessment of both the positive and negative trends affecting the City. All of Rochester's communities have the potential to be vibrant, diverse and healthy given the right mixture of thoughtful public, private and community leadership. This Study seeks to provide a framework through which to 'see' the City and its many possibilities.

The work of Interface Studio LLC, the lead consultant for the Study, and its team is guided by an Advisory Committee comprising public, private and not-for-profit housing partners active in all aspects of Rochester's housing environment. The City's Department of Community Development, through the Bureaus of Housing & Project Development and Planning, is managing the Study and providing technical assistance and guidance.

PURPOSE OF THE CITY-WIDE ROCHESTER HOUSING MARKET STUDY

The City of Rochester and its partners have recognized the value in determining effective strategies to leverage resources and put the best foot forward in an environment of limited and decreasing funds. This Study is one major step toward establishing a framework for directing community investment to maximize impact and outcomes.

Why is it needed? Consider the following observations:

- The last city-wide market study and housing strategy was completed in 1988. Since that time, Rochester's housing market, the amount of funds available, and the tools accessible to undertake revitalization have all changed dramatically. In short, we are working within a significantly different context than two decades ago. A new framework is needed to capitalize on existing and developing opportunities and adequately address current challenges.
- Rochester is firmly planted within a slow-growth region. Upstate New York exhibited the third lowest growth rate nationally at 1.1 percent between 1990 and 2000.² Yet, from 1982-1997, 425,000 acres were urbanized.³ Out-migration from the City – a continuing stream of people moving to the suburbs – is contributing to the increasing City vacancy rates and inhibiting an already undervalued housing market. New policies must be considered to stem some of that out-migration and rebuild neighborhoods that have continued to lose population.
- An influx of new market-rate development has emerged within Rochester for the first time in decades. There is measured optimism regarding what this means for downtown, the City and its neighborhoods. Questions about the 'depth and breadth' of the market are on the tongues of many City leaders, private investors and community groups. A thorough assessment of City's market potential is a first step to setting realistic goals for the future.

Lake Ontario and the Historic Dentzel Carousel at Ontario Beach Park.

- Despite the new market interest, Rochester has not benefited from the national housing boom that has transformed other cities. Lacking significant growth in some areas to counterbalance the continued disinvestment occurring in other neighborhoods, negative city-wide trends persist. Cities such as Rochester must carefully align resources and foster partnerships in order to add vitality to a soft market.
- Disinvestment in some neighborhoods is threatening to spread. Once vibrant communities have been feeling the stress of increasing vacancies, lowered market values and increasing poverty. These “transitional” areas require thoughtful revitalization strategies before they fall victim to more entrenched issues that necessitate greater sums of dollars to address.
- Rochester needs tools to measure progress. Although much time and effort has been spent reinvesting in neighborhoods across the City, no process is in place to evaluate the cumulative impact of these investments.
- Like many cities of similar size or larger, key stakeholders such as lenders, Realtors, developers, City agencies, service providers and community groups only sporadically coordinate their investments, programs and initiatives. A key objective of this effort is to provide a unifying and coherent framework from which to move forward.

Through this Study’s extensive outreach, it became clear that there are many factors underlying the challenges found in the local housing market and neighborhood health. This analysis seeks to review the current dynamics impacting Rochester’s neighborhoods. It is the first step in a process to create a series of recommendations and action-oriented strategies to steer neighborhood investment. This Study is guided by the following objectives:

- To assess the depth and breadth of the housing market for the entire City. This Study includes an evaluation of the potential market for different types of neighborhoods including downtown Rochester.
- To evaluate housing activities in the context of other initiatives, investments and programs. This is a neighborhood strategy.
- To create an approach for the maintenance and development of housing for all income levels.
- To maximize the public and private financial and organizational resources available to improve neighborhoods.
- To coordinate resource allocation in areas that will reinforce existing neighborhood assets and leverage both public and private financial investment.
- To synchronize the activities of housing, economic development, public improvements, programs and other services.
- To establish benchmarks on which the City and its partners can measure the revitalization progress in different neighborhoods.

This is a unique undertaking. Although many cities are completing housing studies of one kind or another, few have sought the comprehensive approach and public outreach requested in this Study. To commission this work is a testament to the foresight, creativity and optimism of local stakeholders to change the current dynamics.

Views of Rochester’s fall foliage, wintery landscape, and remnants of an industrial past.



¹ George Eastman quoted in “Rochester in Retrospect and Prospect.” *Rochester History*. Eds. Blake McKelvey. July 1961, Vol. XXIII, No 3.

² Pendall, Rolf. “Upstate New York’s Population Plateau: The Third-Slowest Growing ‘State’.” The Brookings Institution. August, 2003.

³ Pendall, Rolf. “Sprawl Without Growth: The Upstate Paradox.” The Brookings Institution. October, 2003.





STUDY PROCESS

The information presented in this Analysis is the result of six months of data collection, analysis and discussion. Quantitative data was combined with secondary, qualitative information to provide a broad perspective to this analysis based both in facts and in perceptions – how it feels on the ground. Although the Study focuses on Rochester, the majority of data is placed in regional, State and National contexts for comparison purposes.

Our work follows on the heels of many valuable plans and studies that have been completed in the area (listed in the Interface Studio Appendix to this Analysis document). The approach was to recognize and build upon this body of work, which forms a strong foundation of knowledge and experience. Reflective of the quality of work completed to date, many organizations have a firm grasp on multiple aspects of the local housing environment. This Study seeks to organize and cross reference findings to identify the common threads around which a policy can be based.

Using the existing reports as a strong foundation, up-to-date quantitative data was collected from a wide number of sources both within the City and through regional, State, and National venues. A key method to making sense of the information and tying the datum as closely as possible to the physical environment of the City was through the use of Geographic Information Systems (GIS) data. The City already has an extensive GIS system in place. This Analysis brought information together that usually resides in different offices of the City and merged it with external data related to Rochester with GIS technology.

This includes information regarding:

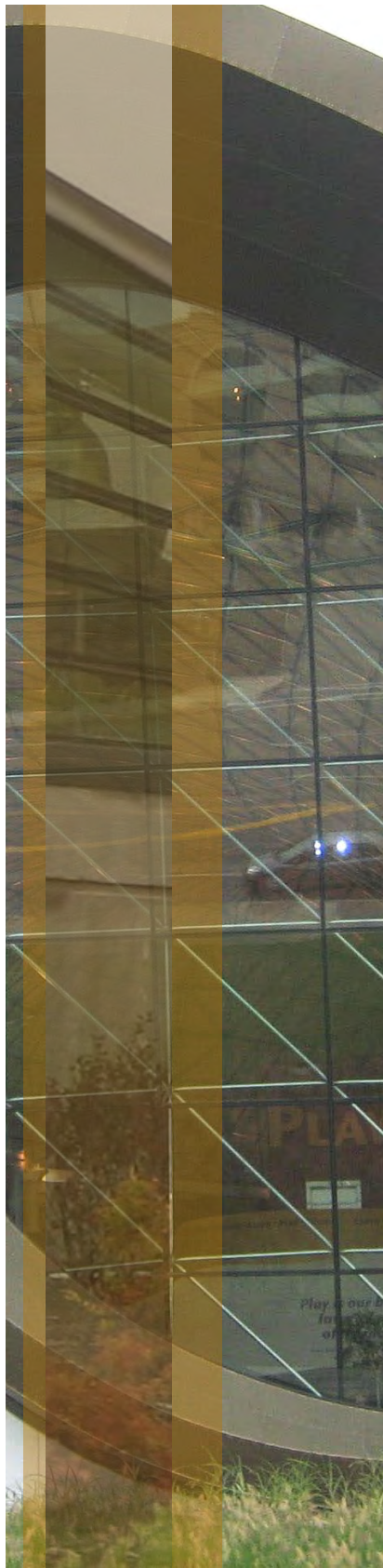
- Brownfields;
- Building permits;
- City assessments;
- City housing investments;
- Claritas demographic and socio-economic forecasting from 2000-2011;
- Code violations;
- Crime statistics;
- Land use and zoning;
- Multiple Listing Service sales data from the Greater Rochester Association of Realtors;
- Public ownership;
- Rental information from the Housing Council's Rental Registry and rental-focused websites;
- Targeted program areas including the Rochester Children's Zone and the Asset Control Area Program;
- U.S. Census data from 1990-2000;
- U.S. Internal Revenue Service data; and
- Vacancy information.

This data was analyzed side by side with additional City characteristics collected from other sources as well as first-hand observation. This includes the mapping of everything from active neighborhood watch groups to key City amenities such as parks, libraries and community centers. Over 80 different maps and diagrams were created to graphically illustrate trends in Rochester.

Supplementing this analysis was an extensive public outreach process designed to gain an understanding of perceptions, challenges and opportunities from individuals and organizations active in Rochester's revitalization efforts as well as to share our findings with interested stakeholders. The comments and insights of local stakeholders obtained through this outreach process are folded into this Analysis. There were three components to the public outreach conducted:

- **Personal interviews:** With the guidance of the Advisory Committee, the consultant team conducted over 90 one-on-one confidential interviews. A cross-section of City residents, not-for-profit and community organization leaders, social service and housing providers, City employees, developers, real estate brokers, lenders, political representatives, housing advocates, foundations, and other stakeholders were interviewed. Their perspectives inform a significant portion of the Analysis.
- **Focus Groups:** In November 2006, seven focus groups were held to discuss our preliminary findings with different interest groups:
 - *Developers* – Discussion addressed the market environment, City permitting and zoning review process, interaction with community organizations and their suggestions for change.
 - *Real Estate Brokers* – Discussion focused on the different neighborhood markets, the issues impacting sales and efforts by the City to market for-sale homes.
 - *Service Providers* – Discussion revolved around the current “gaps” in the housing support system for low- and moderate-income families and identified new programs and policies needed to form a healthier housing environment for Rochester residents.
 - *Lenders* – Discussion centered on available local lending products, predatory lending and foreclosure rates.
 - *Neighborhood Organizations* – Discussion focused on understanding each neighborhood's specific issues and how the City could better support grass-roots planning.
 - *Residents* – Discussion targeted entirely to market preferences ranging from neighborhoods and amenities to housing type.
 - *City Staff* – Discussion identified where different departments coordinate their work and where gaps exist as well as what staff believed would make their jobs more effective.



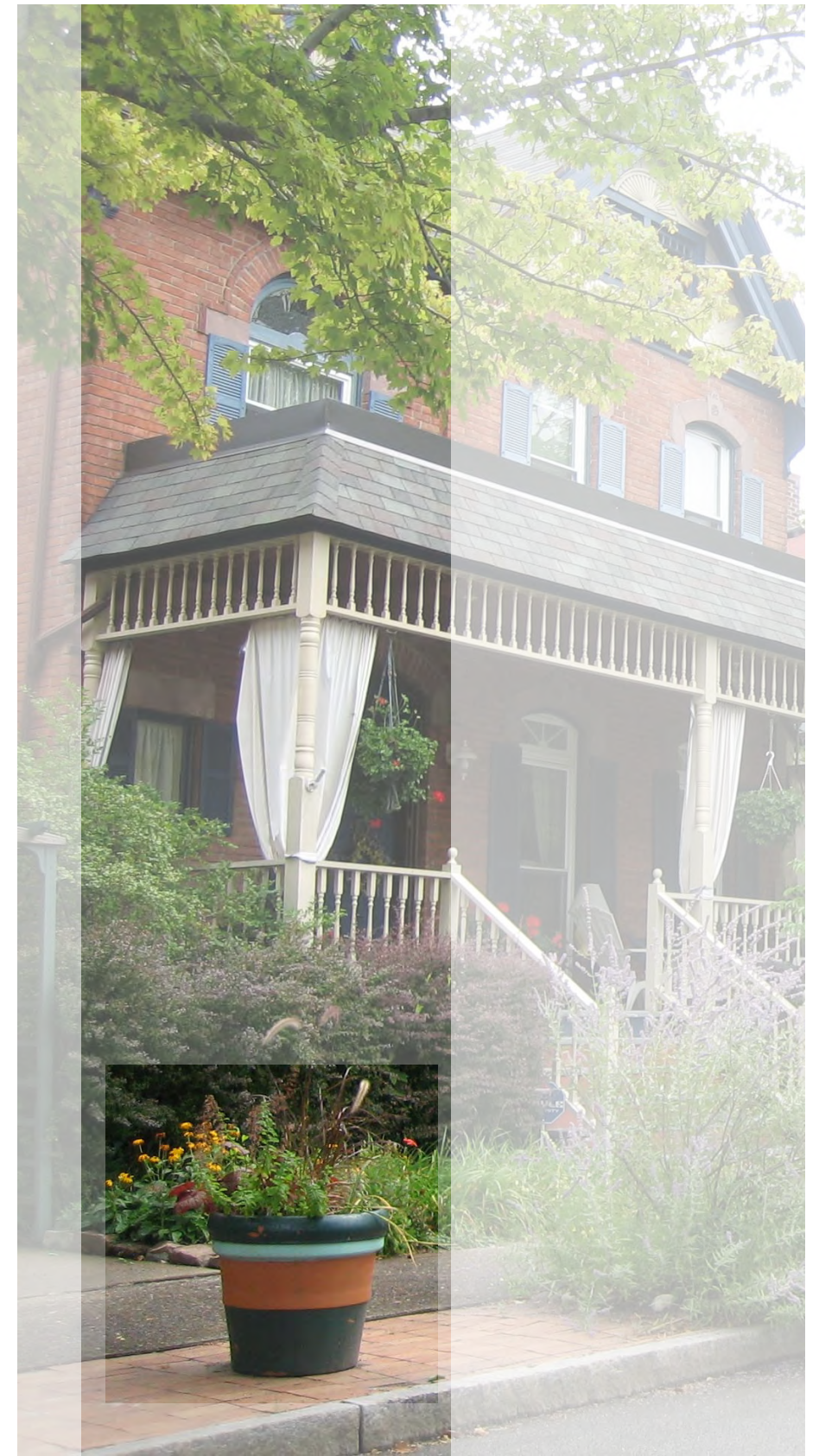
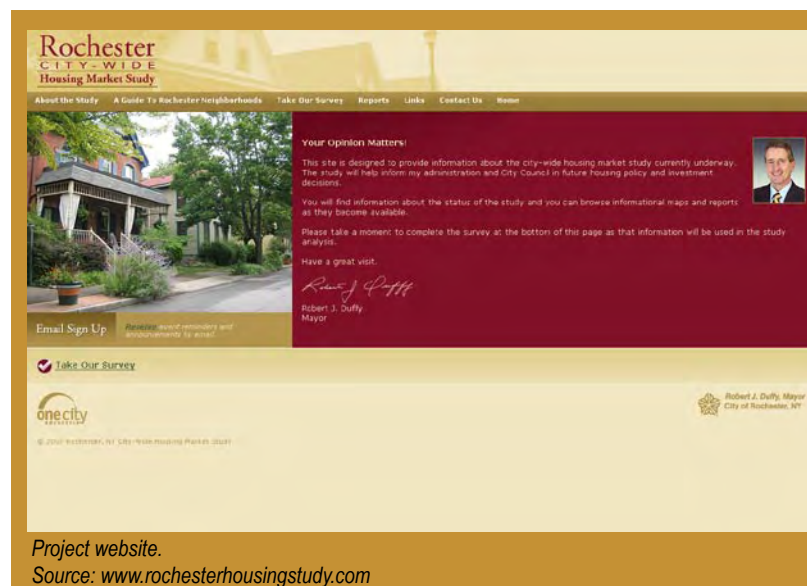


- **Project Website:**
www.rochesterhousingstudy.com was created to distribute information about the Study and its main findings. The website includes an on-line survey designed to poll respondents about their housing and neighborhood preferences. An interactive map is also available that allows users to scroll through and compare a range of data sets at different scales for the City.

Once the recommendations are completed, there must be a continued emphasis on public involvement. The website can serve as a venue for some of this interaction, but the process that began with the Advisory Committee advocating for this Study must be extended and expanded to further include stakeholders that have willingly participated to date. A meaningful and achievable plan can only emerge from the actions of many residents, businesses and agencies working in unison.

To date, the planning process has culminated in an assessment of Rochester through multiple lenses that forms the organization of this Analysis.

1. *The Rochester Atlas – Where is the City now? A review of the socio-economic and physical characteristics of Rochester and its neighborhoods.*
2. *Rochester Neighborhoods by the Numbers – How can neighborhood health be measured? How competitive is each neighborhood locally and regionally? An assessment of Rochester’s neighborhoods, including a replicable process for measuring the health of each community, is provided. The analysis identifies six neighborhood “types” based on available data, which will form the basis of investment policies and recommendations developed in the last phase of this Study.*
3. *Market Assessment – What is the potential future for the City? A comprehensive picture of the City’s market potential based on IRS, Census, Claritas and other data. Market demand was projected for the City as a whole, downtown Rochester and four different neighborhoods.*
4. *Housing System – What resources are available to meet the housing needs and demands in the City? Are these resources effectively used? An analysis of the use of public and private funds, local housing programs and services, vacant land management and disposition, and the development review and permitting process.*



BACKGROUND: HOUSING IN CONTEXT

319,650. On March 11, 1964, the City of Rochester released the first Comprehensive Master Plan completed in 35 years. Undertaken to guide development through 1980, the Rochester Bureau of Municipal Research estimated that the City's population would stabilize, resulting in 319,650 residents in 1980.⁴ Only six years after the plan was completed, the population dropped to 296,233. The anticipated growth in the suburbs (then estimated to surpass the City's population by 1965) had accelerated. As government, private and not-for-profit leaders struggled for answers, Rochester continued to fall victim to a national trend away from city living.

This certainly was not the first time a city over-estimated its future population. The Housing Act of 1949 (a key component of urban renewal) and, later, the Model Cities Program both sought to restore confidence in cities through large-scale, government-sponsored investment. Despite major "slum clearance" and redevelopment projects in Rochester, the trends of suburbanization and de-industrialization continued.



Urban Renewal in Rochester.
Source: Rochester City Hall Photo Lab

In the 1970s, new programs and procedures were put into place, and community development took on a whole new tone and approach. Large scale redevelopment projects (along with some of their unintended consequences) were no longer possible. Progressively smaller amounts of money were available, and cities were forced to blend public dollars with private resources. Cities were forced to do more with less. Community groups, foundations, not-for-profit organizations, developers and a wide range of other stakeholders emerged as necessary partners, fueling a movement toward grass-roots planning.

One of the primary roles of cities in this new context of participatory planning and public outreach is ensuring a strong link between planning and implementation. In response, cities experimented with a different menu of programs and investment strategies intended to bring about sustained change. Unfortunately, without a strong private market, there was little that could be done to effectively alter the growth dynamic. Most cities continued to lose population to other more culturally "attractive" cities or simply to the surrounding suburbs.

Over the last decade, that elusive private market has resurfaced in many cities. Downtowns and surrounding, often historic, neighborhoods have seen growth and investment across the country. Lured by the close proximity of urban amenities, reduced time spent in traffic, and the unique and eclectic architectural diversity, many cities are finding a new niche – young professionals, empty nesters and couples without children to name a few. An opportunity was presented that allowed city initiatives to leverage private dollars and expand the housing market. Some of this has happened in Rochester, and downtown has experienced a small but steady growth in population.

Counterbalancing these positive trends, however, is continued disinvestment in other neighborhoods, greatly distinguishing the "haves" from the "have-nots." Even cities with attractive and vibrant economies have faced the disparity between healthy in-town development and increasingly impoverished neighborhoods. The extreme issues of concentrated poverty, vacancy and diminishing services are too visible to ignore, and limited city dollars often only "shore-up" these communities before they pass the point of no return, instead of providing the framework for true revitalization.

The imperative to balance the need for serious and sustained community investment for low-income communities with the need to encourage growth in middle-income families has resulted in a growing number of new housing strategies across the country. Cities like Philadelphia have undertaken initiatives that place neighborhoods first, in effect exploring a range of strategies to capitalize and leverage growth to benefit the city as a whole. Across the country, public debate, interest and political will have reinvigorated proactive planning as a key vehicle for guiding meaningful change.



Rochester's neighborhoods are home to a vast spectrum of existing conditions.

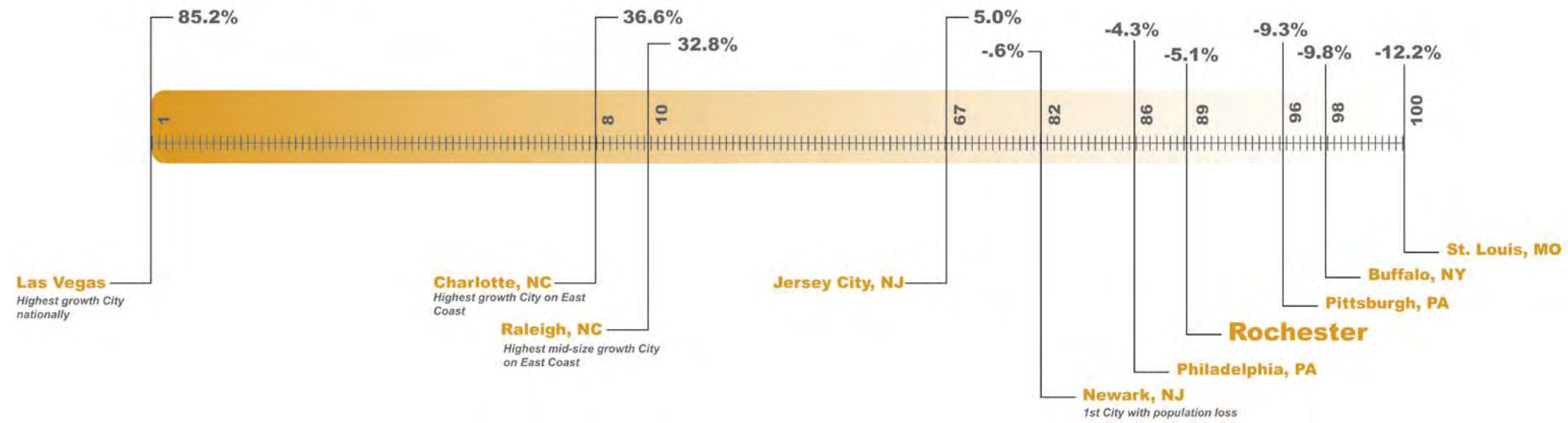
In Rochester, these trends are both familiar and distinctly different. As evidenced by the commissioning of this Study as well as by efforts to buoy downtown Rochester with new uses, capture lakefront amenities, reinforce the University of Rochester and other key institutions, and transform distressed areas into mixed-income neighborhoods, proactive planning has found a voice in the City. United in the drive for both thoughtful planning and effective implementation are a growing number of dedicated stakeholders from City agencies to not-for-profit partners.

However, while there is much promise in the growing housing market in places such as downtown, Rochester has not experienced the degree of interest and growth that cities like Atlanta, Baltimore or Providence have. The population in 2000 was 219,773, only reinforcing what has been a long-term trend of disinvestment with real impacts in the community. When comparing population trends to other cities on the east coast and / or similar population sizes, Rochester is 89th out of the largest 100 cities in terms of population change at -5.1 percent between 1990 and 2000. Other "rustbelt" cities such as Pittsburgh, Buffalo and St. Louis fared worse. At the same time, when looking at suburban growth⁵, Rochester is 90th out of the 100 largest cities at a 5.7 percent growth rate during the same time frame. The suburbs are continuing to grow at the expense of the City, but they are also not experiencing a high rate of growth. In essence, Rochester faces a steeper hill to climb.

Nationally, there have been two primary responses by the cities that share similar characteristics. One approach, taken by Richmond, Norfolk and St. Louis, is to develop comprehensive market strategies and investment plans in an effort to better understand how to grow. These cities face their futures with the hope of strategic growth, targeting limited dollars and building coalitions around key projects. The alternative approach has been termed "smart decline" and is best represented by Youngstown, Ohio. Youngstown's plan seeks to right-size the City, planning for a smaller population by making some difficult choices regarding City investment and the provision of infrastructure.

At the heart of both of these approaches is the recognition that housing does not operate in a vacuum. It is impacted by the diversity of local services, the quality of local infrastructure, the coordinated provision of city services, the effectiveness of local and regional economic development initiatives, and political will to name a few. These cities have all attempted to break down the traditional boundaries that have existed between city agencies, not-for-profits and other organizations with a direct or indirect stake in the success of housing programs. Addressing the varied challenges that face housing today means expanding the scope and reach of conventional approaches. An emphasis must be placed on *neighborhoods* of which housing is one component.

Population Change, 1990-2000 100 Largest Cities



Suburban Population Change, 1990-2000 100 Largest Cities



1990 - 2000 population change in Rochester and its suburbs, as compared to that of other cities.
Source: The Brookings Institution

The future health of Rochester will depend on the health of its neighborhoods. Residents identify their neighborhood by name when being introduced and have strong bonds with their community. This ambitious Study will integrate the lessons of patience, investment, strategy and commitment learned from other cities facing challenges similar to Rochester with the experience and opinions shared by local stakeholders committed to this City's future. The Study will then apply the lessons learned to all of Rochester's neighborhoods.

⁴ Rochester Comprehensive Master Plan, March 11, 1964.

⁵ Suburban refers to all areas within the Rochester MSA excluding the City.

II. Executive Summary

Our Study is the result of extensive data collection and analysis as well as the knowledge gained from the wide range of residents and stakeholders who provided insight into issues that the data alone cannot explain. The planning process included over 90 stakeholder interviews and seven different focus groups.

Through this public outreach, it became clear that Rochester has a strong hold on the collective imagination and hopes of its residents. Many people take great pride in Rochester’s distinctive natural environment, diversity of neighborhoods and cultural attractions, the quality and extent of which are rare for a mid-size city. Some residents have lived in Rochester their entire lives. Others have returned after living in other cities. This is the Rochester that the Advisory Committee, the City and their partners are working to further cultivate as a destination for all individuals and families.

To provide a realistic road map to achieve this vision of Rochester, this analysis has also identified a number of challenges that stem from the City’s long-term population losses and slow market growth. As is typical of many older central cities of the Upstate New York area, the City of Rochester has struggled to maintain its economic base in the face of significant employment contraction in its main industries, and loss of families, commerce and retail businesses to the lower-density suburbs surrounding the City.

The analysis seeks to offer a look into the state of Rochester today from both perspectives and provides a critical perspective from which to discuss new policies and strategies that may be considered to change the current dynamics.

The Executive Summary follows the organization of the overall analysis, which is divided into four chapters:

- The Rochester Atlas
- Neighborhoods by the Numbers
- Market Assessment
- Housing System

ROCHESTER ATLAS

The Rochester Atlas was created as a means to ‘see’ the City through multiple lenses. Socio-economic data, parcel-based information, sales information and on-the-ground observation were used to create a series of illustrations and accompanying text that describe Rochester today and over time. Some of the key findings include:

- For several years now, Rochester has lost more residents through out-migration than it has gained through in-migration. Between 2000 and 2006, the City experienced an estimated net loss of more than 570 households per year. The ramifications over time of this household outflow could be

catastrophic: if this trend were to continue, Rochester could be home to fewer than 75,000 households by 2026, or a decline in total households of more than 13 percent in 20 years.

- Although the City leadership and their partners are focused on boosting homeownership rates, the percentage of households who own dropped to 40 percent in the 1990s. Claritas estimates indicate that between 2000 and 2006, the ownership remained steady.
- There is increasing concern that the focus on homeownership has ignored the growing problems of the City’s rental properties. Some neighborhoods have experienced an increasing number of conversions from single-family to multi-family structures. Some of this is due to the undervalued housing market which has created a large pool of “accidental” or “reluctant” landlords who are unprepared for the actual cost and maintenance of renting their home.
- The interest in downtown development has spawned additional proposals for new projects that promise to change the perception of inner city living.
- Although the City’s median sales prices are the lowest in Monroe County, some neighborhoods are competitive and, at times, outpace even the County’s best housing markets.
- As the housing market grows in some neighborhoods, it has steadily dropped in others. The low value of homes in these areas has fueled the cycle of deterioration, including increasing vacancy rates, higher crime rates and a diminishing level of supporting services and amenities.
- Rochester is identified as an affordable place to live; however, many households are priced out of the newer, rental units unless the units are subsidized or the household has a Section 8 Housing Choice Voucher. Based upon data from the 2000 Census, in 1999, 50 percent of all renter households in Rochester were paying more than 30 percent of their income for rent. Even more concerning is the fact that, in 1999, 29 percent of all renters were paying more than 50 percent of their income for rent.
- Some neighborhoods are experiencing the most extreme effects of concentrated poverty: high numbers of youth, extremely low incomes, high numbers of households composed of a single female with children, poor educational attainment and high poverty rates. As an example, 51 percent of families with children under the age of five had incomes in 1999 below the poverty level.
- Rochester is an increasingly diverse yet segregated city. In 2000, the average white resident lived in an area that was 62 percent white. Rochester ranks 45th nationally in terms of white / Latino segregation. With an increase in foreign born residents, further segregation is probable, as 1 in 5 households in some neighborhoods are “linguistically isolated.”

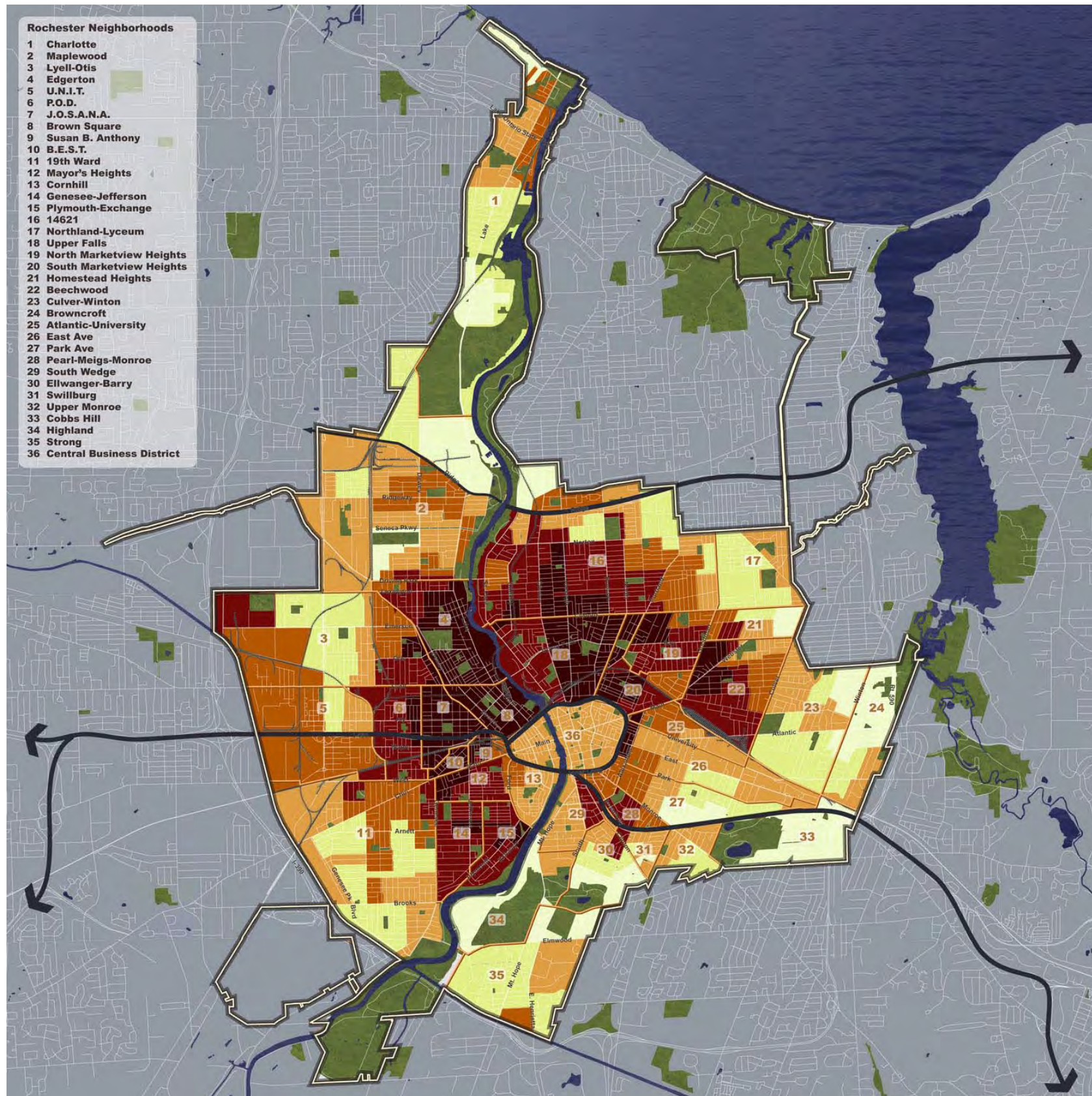
- Unlike many cities of similar size, Rochester has a strong base of community organizations with capacity. However, there remains a gap in planning capacity at the grass-roots level.
- Rochester’s street pattern is disconnected. The City is connected by only a few main streets, which funnel the majority of traffic into downtown neighborhoods. These streets divide strong housing markets from undervalued ones. The isolation of some neighborhoods represents significant reinvestment challenges.
- Commercial services that once lined these main corridors of the City have declined in step with population loss. Once vibrant ‘seams’ between neighborhoods, these streets now negatively impact surrounding housing.
- Rochester’s existing housing stock is limited in terms of type, density and design. There are many historic homes and neighborhoods that are valuable assets for the City, but as the market preferences have changed, Rochester lags behind other cities in terms of offering a wide range of housing types from which to choose. An emphasis on innovative design, at the scale of the building and the neighborhood is needed. In short, the City’s built environment should be reflective of its innovative spirit.

NEIGHBORHOODS BY THE NUMBERS

A housing and neighborhood strategy for the City must be attuned to capture the subtle variations within neighborhoods. Every neighborhood is distinct and, as discovered in cities across the country, taking a one-size fits all policy often does not yield significant results. A major objective of this Study has been to analyze the data in ways that can identify micro-trends and move away from broad labels such as the “crescent,” which overgeneralizes the extent of the challenges.

To evaluate the cross-cutting data collected for the Rochester Atlas, we used GIS to generate a map that identifies the relative health of neighborhoods using 8 indicators - housing assessment; code violations; vacancy rate; crimes against persons; crimes against property; building permits, homeownership rate; and household income. All of the indicators use 2006 data.

The resulting Neighborhood Classifications map is a summary of general trends only and represents one snapshot in time. Prior to determining any revitalization strategies, a reading of the analysis in the context of surrounding neighborhoods is necessary. In sum, the analysis serves two inter-related purposes:



Neighborhood Classifications, 2006. Source: Interface Studio

1. To provide a benchmark of key data that can be utilized and updated regularly to measure trends and the impact of investments, and
2. To enrich the decision making process regarding where investment should be targeted and what types of activities are necessary for different neighborhood types. **It is important to emphasize that the classifications map is not a statement of policy or approach.** More detailed study at the neighborhood-scale is required to develop specific action strategies that recognize these variations in the housing environment.

The six neighborhood types include:

- Exceptional – neighborhoods that are the most competitive, locally and regionally, in all indicators.
- Stable – attractive neighborhoods with strong housing demand.
- Transitional High – neighborhoods generally experiencing the first signs of decline or, alternatively, improved conditions.
- Transitional Low – neighborhoods experiencing more turbulence in the housing market often with higher vacancies.
- Depreciated – neighborhoods that have experienced decline among multiple indicators for some time.
- Distressed – neighborhoods that represent the most entrenched of social, economic and physical issues.

The distribution of neighborhood types reinforces some perceptions and confirms other observations made by residents about how their neighborhoods are changing. What was clearly uncovered is the need to carefully evaluate the transitional neighborhoods and determine their true potential for growth.

MARKET ASSESSMENT

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

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

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

City-Wide Market Potential

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

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

As determined by the target market methodology—which accounts for household mobility within the City of Rochester as well as migration and mobility patterns for households currently living in all other cities and counties—approximately 17,250 households represent the annual potential market for new and existing housing units within the City. Zimmerman/Volk Associates has determined that those households that prefer new dwelling units—either newly constructed or newly-developed through adaptive re-use of existing buildings—comprise approximately five to 10 percent of the potential market. Based on a capture rate of five to 10 percent of Rochester’s annual market potential, the City could support between 863 and 1,725 new units per year, as follows:

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

Source: Zimmerman/Volk Associates, Inc., 2007.

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

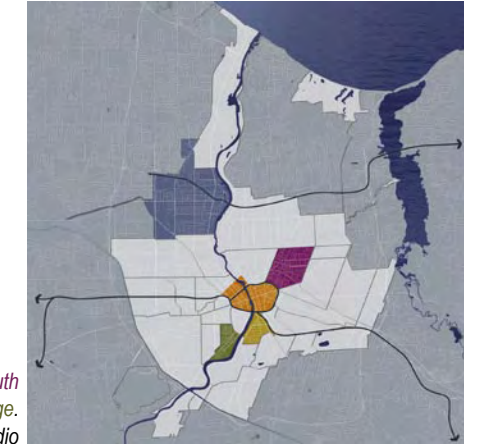
The potential market for new and existing housing units in the City of Rochester can be grouped by general household type as follows:

- Traditional and non-traditional families (41 percent);
- Younger singles and childless couples (30 percent); and
- Empty nesters and retirees (29 percent).

Market Potential for the Five Study Areas

This study also determined the depth and breadth of the market for newly-introduced housing units in downtown Rochester and in four transitional neighborhoods—Maplewood, in the northwest quadrant; North and South Marketview Heights, in the northeast quadrant; South Wedge, in the southeast quadrant; and Plymouth Exchange, in the southwest quadrant.

From the market perspective, there is considerable untapped market potential over the next several years for new housing units within the five study areas. Excluding market overlap (i.e., a household will consider more than one neighborhood before purchasing or leasing a dwelling unit), the combined annual market potential of the five study areas for new and existing housing units is 7,990 households, which represents just over 46 percent of the total annual housing market potential for the City.



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

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

Annual Capture of Market Potential by Study Area

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

Source: Zimmerman/Volk Associates, Inc., 2007.

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

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

HOUSING SYSTEM

This element of the analysis examined all of the nuts and bolts that comprise the housing network in the City of Rochester. Our analysis includes what would typically be considered part of the housing system within a community, such as funding sources and housing programs but also reviewed other community investments, such as the not-for-profit community development environment and capital investments, and the development process. Key findings include:

- In the interviews and focus groups conducted, participants frequently commented on the lack of communication and coordination among different departments within the City. This is only exacerbated by the City's decentralized approach to establishing its funding agenda – individual departments receive their allocation of funds and then they go back to their own departments to determine how and where resources are utilized.
- Although the City has taken a proactive stand on providing a business friendly zoning review process, the lack of inter-departmental coordination causes some projects to “get lost” in the system, resulting in delays.
- In comparison to many other cities, Rochester has fewer issues with transparency in decision making. The main concerns voiced by participants regarding “black box” issues related to funding decisions for housing projects and the development process at the City.
- The City's Neighbors Building Neighborhoods (NBN) program is recognized nationally as an innovative approach to linking grass-roots planning with City programs and funds. However, the program has not significantly increased capacity at the community level. Most of the neighborhoods with the greatest capacity have long-established organizations that existed prior to NBN. The neighborhoods that are lacking capacity have not been fully pushed to succeed by the NBN program. Stronger links must be forged between planning and implementation and between community organizations and City departments.
- The success of the Neighborhood Empowerment Teams (NET) is driven, in large part, by the effectiveness of each NET area administrator. Neighborhood organizations report both positive and negative experiences with NET.
- The allocation policy of CDBG and UDAG repayments to various City departments is one that was established over a decade ago and was never updated. As a result, the manner in which the allocations are made today is not based on current City priorities or needs.
- The unexpended balance at the end of the program year for CDBG dollars was \$13.6 million in FY 2004-05 and \$12.1 million in FY 2005-06. It is worthwhile for the City to examine how quickly programs are utilizing their allocated funds to see if there are ways to better maximize the City's funds.

- Twenty-eight (28) programs were awarded ESG funding with the median award being \$12,420. The approach of spreading funding across many small organizations may create an administrative burden of managing these awards.
- DHCR reports that Monroe County is the most competitive of the 17 upstate counties in applying for awards. DHCR selects two out of five projects that apply statewide; in Monroe County, it is even more competitive. Despite this fact, City contributions to developments help to make Rochester projects competitive by raising the leverage ratio and by making projects more ready to proceed - both key factors in scoring. DHCR staff believe that the City of Rochester is ‘progressive and strategic’ in allocating resources.
- Rochester has strong civic partnerships with lending institutions who participate in affordable housing development. HOME Rochester is an example of lenders, the City and the not-for-profit community working together.
- Debt for market rate projects, both condominium and rental, is available but dependent on developer equity and market analysis. For condos, pre-sales may be required. While encouraged by a strong market for downtown development, lenders and developers are watching sales, rent and economic trends carefully.
- Subprime and predatory lending are increasing nationally and in Rochester. Rochester homeowners are particularly vulnerable because of an unforgiving real estate market with low appreciation. Racial disparity in subprime lending doubly impacts low income, minority neighborhoods.
- Although foreclosures in Rochester are a subject of great concern by City leadership and their partners, there are not enough resources available to adequately address the full extent of the problem.
- There is an ongoing challenge in providing housing that is accessible to people with disabilities. In an older housing market, meeting ADA building standards or even more inclusive “Universal Design” principles is a challenge, and funds to address the issue are difficult to obtain.
- There is an imbalance between the number and availability of programs for homeowners versus landlords. Given the fact that 60 percent of the City's housing stock is comprised of rental housing, there are limited programs targeted toward landlords.

- Vacant, abandoned and foreclosed properties negatively impact neighborhoods, strain the municipal budget and have the potential to spread disinvestment. Increasingly, Rochester real estate activity in lower income neighborhoods is foreclosure-related.
- The City's tax foreclosure and auction system works efficiently, but tax foreclosed property is increasingly bought by out-of-town investors. This may contribute to a cycle of neighborhood decline.
- Rochester is a leader in redeveloping brownfields. This expertise, buttressed by new funds, will be critical as Rochester steps up to create new development opportunities in response to demand for downtown living.

