Appendix 4

Citywide housing market analysis

Executive Summary

Despite the nationwide housing crisis, downtown living is thriving – both across the United States, and throughout the Capital Region. Downtowns are becoming increasingly attractive to a growing number of empty-nesters, baby boomers, young singles and couples who are looking for housing near retail and dining establishments, entertainment venues, as well as recreational, cultural and historic opportunities.

The City of Troy is well positioned to capture new demand for downtown living. Troy's diversity, culture, history and recreational opportunities act as a potential draw, catering to residents of all ages. The growth of the technology sector is forecast to continue throughout the Capital District, further strengthening the local housing market. The presence of several exceptional universities in Troy provides the City with a huge possibility to appeal to young technology workers. In addition, market-rate housing in Troy could serve Albany's state workers, given the easy access via Interstates 787, 87 and 90, as well as several bus routes between the two cities.

Interviews with several local housing experts and developers involved in the City of Troy reveal that the City's housing options are already attracting specific segments of the market. Professional singles and young couples, as well as academic and professionals are actively seeking lofts in the region's urbanized areas – including Troy. Moreover, retired couples are downsizing and moving north from the Hudson Valley and the Metro New York area in search of a cheaper retirement alternative.

An analysis of Troy's existing housing market reveals that the City boasts few market-rate homes and luxury rental units that would be attractive to potential new residents. However, the tides are starting to turn in Troy. In 2006, condominiums at Power Park Lofts sold for up to $300,000, and additional high-end condominiums are planned at the Old Haskell School. New single-family units located on the edge of the City currently sell for just under $340,000. Other student housing projects and "green" housing projects are scattered throughout the City to accommodate the demand for environmentally conscious homeowners and renters. Moreover, rents for new luxury units at The Conservatory range from $1,420 to over $3,000 per month. As of June 2008, only five one-bedroom units remained available for rent. Such housing provide the local market with more diversity of choice that has proven to attract many homebuyers and renters to the City.

Interviews with local housing experts, and identified economic factors that drive demand for housing in the Capital Region and the City of Troy have indicated that the potential market segments for residential development in the City of Troy should include the following:

- Young Singles and Young Couples (Households 25 – 34 years old)
- Creative Workers
    - Professional and Technology Workers
    - University/College Personnel
    - Arts, Design and Media Workers
- Empty-Nesters (Households 55 – 64 years old)
- Active Seniors/Retirees (Households 65 - 74 years)

An analysis of migration patterns show the source of demand for new housing in Troy. Data from the Internal Revenue Service indicates that roughly 79.2 percent of new households will come from within the Capital Region – Albany, Rensselaer, Saratoga and Schenectady counties. This constitutes the Primary Market Area. Likewise, 7.4 percent of new households will likely relocate from the greater Capital Region, Hudson Valley, Metro New York Region, and from adjacent counties outside of New York State. These regions comprise the Secondary Market Area. Lastly, 13.5 percent of new households are projected to move from other parts of New York State, other states and other countries. These households comprise the Tertiary Market Area.

Over 133,000 new households comprised of young singles and couples; empty nesters, active seniors and retirees; and creative workers are projected to seek housing within the Primary and Secondary Market Areas between 2007 and 2012. This includes households that are moving from other parts of the country, as well as newly formed households resulting from those entering into the housing market, and households that have split for various other reasons. These new households represent the households that should be targeted by new residential development in the Capital Region.

In order to determine the portion of these households that the City could potentially capture, it was necessary to first examine the households that Rensselaer County could attract, relative to the Capital Region as a whole. According to the IRS, the County receives roughly 18.7 percent of all migration to the Capital Region. As such, Rensselaer County could capture roughly 24,921 of the new migrant households to the Capital Region.

Approximately 32.6 percent of the County's housing units are located in the Troy. This portion was applied to the number of units projected to be captured by Rensselaer County to determine the potential number of units that could be captured by the City of Troy. As such, the City of Troy is projected to capture 8,124 new households over a five-year period, or 1,625 households per year, if appropriate housing exists in the market.

Projected Housing Demand, City of Troy (Source: EASI Demographics; American Community Survey; Saratoga Associates)	
Total Potential Pool of Net New Target Households, Primary and Secondary Market Areas (Five-Year)	133,269
Rensselaer County, as a percentage of Primary Market Area	18.7%
Projected Number of Units Captured by Rensselaer County (Five-Year)	***24,921***
City of Troy, as percentage of Rensselaer County	32.6%
PROJECTED NUMBER OF UNITS CAPTURED BY CITY OF TROY (FIVE-YEAR)	**8,124**
PROJECTED NUMBER OF UNITS CAPTURED BY CITY OF TROY (ANNUAL)	**1,625**

A capture analysis helps determine the number of new housing units that the City of Troy could absorb over the next five years. The lack of market-rate housing units in Troy would likely generate above-average capture rates for new quality housing constructed in the City. When coupled with Troy's inherent urban appeal, it is likely that the industry standard capture rate of 5-10 percent could increase to 10-20 percent. A conservative capture rate of 10 percent would result in annual demand for 163 new housing units, while an optimistic capture rate of 20 percent would yield a demand for 325 new housing units per year. Over a five-year period, this amounts to 812 – 1,625 new housing units that could be captured by the City of Troy.

Capture Analysis, City of Troy (Source: EASI Demographics; American Community Survey; Internal Revenue Service; Saratoga Associates)		
Potential Number of Units Captured by City of Troy	**Conservative – 10%**	**Optimistic – 20%**
Projected Demand (Annual)	163	325
Projected Demand (Five-Year)	812	1,625

An analysis of housing affordability was conducted in order to help determine price points for new residential development within the City. Both HAMFI[1] income thresholds and occupational wages were examined to depict an accurate picture of what the local market can support. Workforce housing should be priced between $157,700 and $236,500 in order to be considered affordable to the targeted market. Likewise, market-rate housing can be priced over $236,500. Monthly housing costs affordable to the targeted creative occupations range from $484 per month for entry-level education, training and library occupations to $2,443 per month among experienced management occupations. As such, the market could absorb units priced up to $355,180.

Housing priced above these thresholds will not be affordable to lower-income level households. As such, these households must rely on the rental market. Fortunately, 58.3 percent of all occupied housing units in the City are rental properties. It is likely that the vast majority of extremely low-, low- and moderate-income households will depend on this type of housing, yet will be able to find it within Troy's existing housing market.

[1] U.S. Department of Housing and Urban Development's (HUD)-Area Median Family Income

Similar to owner-occupied housing, new housing that takes the form of rental units should be targeted to those households that demand workforce and market-rate rental properties. Workforce rentals should be priced between $1,326 and $1,989 per month in order to be considered affordable to households earning between 80 percent and 120 percent of the HAMFI. Likewise, market-rate rental units can be priced over $1,989 per month, and will be deemed affordable to those households earning greater than 120 percent of the HAMFI.

The proposed unit mix for new residential development in the City of Troy reflects current market trends, housing preferences for each of the targeted market segments, and the policy direction of the City of Troy. An analysis of these factors, and interviews with local housing experts indicate that the development program should favor homeowner units over rental units, and larger two and three-bedroom units over smaller one-bedroom units. The residential program is summarized as follows:

Proposed Unit Mix and Selling Prices for Workforce and Market-Rate Housing					
Unit Type	**Number of Units**	**Percent Share**	**Unit Size**	**Selling Price/ Monthly Rent per SF**	**Proposed Selling Price/Monthly Rent**
Conservative Absorption: 812 units over a five-year period					
Condominiums	***650***	***80%***			
2-Bedroom/2-Bath	325	40%	1,500 SF	$180/SF	$270,000
3-Bedroom/2.5-Bath	325	40%	1,850 SF	$180/SF	$333,000
Market-Rate/Luxury Rentals	***162***	***20%***			
1-Bedroom/1.5-Bath	20	2.5%	900 SF	$1.50/SF	$1,350
2-Bedroom/2-Bath	70	8.6%	1,500 SF	$1.40/SF	$2,100
3-Bedroom/2.5-Bath	72	8.9%	2,000 SF	$1.30/SF	$2,600
Optimistic Absorption: 1,625 units over a five-year period					
Condominiums	***1,300***	***80%***			
2-Bedroom/2-Bath	650	40%	1,500 SF	$180/SF	$270,000
3-Bedroom/2.5-Bath	650	40%	1,850 SF	$180/SF	$333,000
Market-Rate/Luxury Rentals	***325***	***20%***			
1-Bedroom/1.5-Bath	40	2.5%	900 SF	$1.50/SF	$1,350
2-Bedroom/2-Bath	140	8.6%	1,500 SF	$1.40/SF	$2,100
3-Bedroom/2.5-Bath	145	8.9%	2,000 SF	$1.30/SF	$2,600

Residential construction in Troy faces strong competition from other communities throughout the Capital Region – especially those that have already established themselves in the local housing market. Not only must new housing in the City of Troy be competitively priced, but it must include a variety of innovative features, unit and community amenities and technology amenities. In addition, environmental consciousness, sustainability and rising energy costs have resulted in an increased demand in green building technology and energy efficient features. These features will appeal to savvy homebuyers and renters in the local market, while furthering sustainable development throughout the City of Troy.

Section 1: Housing Market Overview

1.1 NATIONAL TRENDS

Despite the nationwide housing crisis, downtown living is thriving in urban areas across the United States. According to Christopher Leinberger, an urban planning professor at the University of Michigan and visiting fellow at the Brookings Institution, "the American dream is absolutely changing."[2] Shifting lifestyles, rising gas prices and long commutes have changed developers' focus on accommodating the growing number of empty-nesters, baby boomers, young singles and couples who are looking for housing close to downtown and/or major transportation corridors. Across the country, many households choose to trade life in suburbia for the convenience of denser and revitalized neighborhoods. This allows for a greater variety of and better access to jobs, a wide range of shopping, restaurants, cultural amenities, entertainment and services, as well as access to public transit and shorter work commutes.

This shift to downtown living is reflected in a recent survey of real estate agents with Coldwell Banker. The survey indicates that 78 percent of prospective homebuyers are now more inclined to live in an urban area, due to high fuel prices.[3] This demand has subsequently spurred much investment in downtowns over the past several years. U.S. Census Bureau statistics show that Houston, Seattle, Chicago, Denver, Portland, Atlanta, Memphis, and San Diego all experienced greater percentage increases in their downtown populations than in their entire urban areas over the past decade. Other cities, including Cleveland, Baltimore, Philadelphia, and Detroit incurred downtown population increases while losing population as a whole.

New lofts, condominiums and apartments have emerged to cater to this rising demand for downtown living. For example, in downtown Nashville, Tennessee, the number of residential units jumped from 1,380 to 2,146 units between 2001 and 2007, an increase of over 55 percent. In the same location, the number of condominiums in the housing stock grew from 15 percent in 2003 to 35 percent of all housing units in 2006.[4] This indicates the significant demand for such detached units in downtown Nashville.

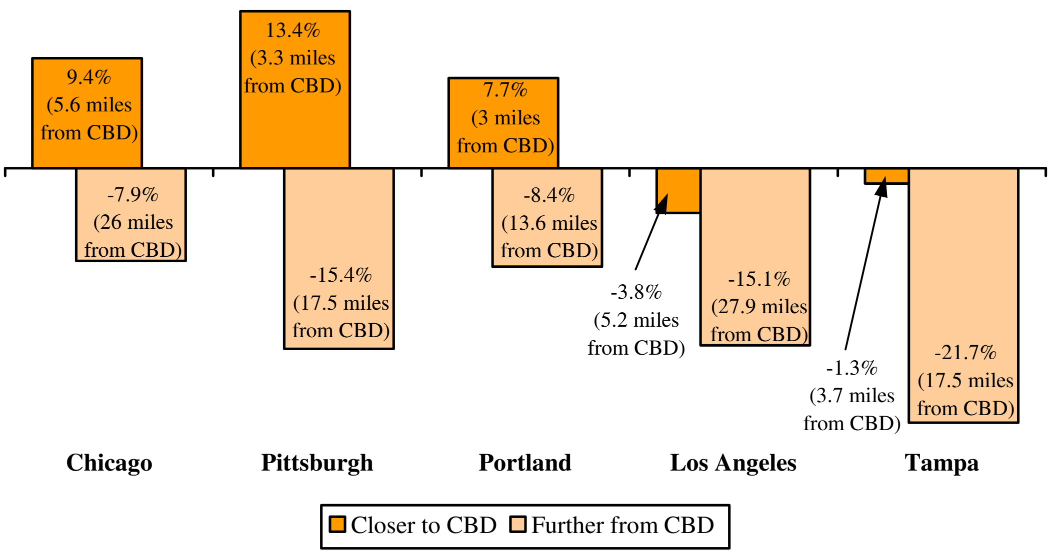
While home prices continue to drop in suburban neighborhoods across the country, the demand for downtown living has greatly strengthened home sales specific to downtown areas. Real estate prices among housing units in urban neighborhoods are 40 to 200 percent higher than those located in traditional suburban neighborhoods. Furthermore, a study focused on Austin, Texas, revealed that a home located one mile closer to downtown was valued at $8,000 more than a home located one mile further away. Each minute shaved off the average commute time increased the home value by $4,700.[5]

A recent study reinforces these findings, revealing that housing located closer to downtown fared much better than suburban housing in five large metropolitan areas across the United States between 2006 and 2007. As depicted in the following table, median prices among housing units located an average of 5.6 miles from the Central Business District (CBD) in Chicago increased by 9.4 percent, compared to units located an average of 26 miles from the CBD, which decreased by 7.9 percent. Similar trends were seen in Pittsburgh where home prices increased by 13.4 percent among units located 3.3 miles from the CBD. Units located 17.5 miles from the CBD

[2] Farrar, Lara, "Is America's suburban dream collapsing into nightmare?" CNN, June 16, 2008, via http://www.cnn.com/2008/TECH/06/16/suburb.city/index.html?eref=ib_technology
[3] Goodman, Peter S., *"Fuel Prices Shift Math for Life in Far Suburbs,"* New York Times, June 25, 2008.
[4] Nashville Downtown Partnership, *"Residential Report: Downtown Nashville"* July 2007.
[5] Bina, M., and K.M. Kockelman, et al, *"Location Choice vis-à-vis Transportation: The Case of Recent Homebuyers,"* 2006. Accessed via Cortright, Joe, *"Driven to the Brink: How the Gas Price Spike Popped the Housing Bubble and Devalued the Suburbs,"* CEOs for Cities, May 2008.

decreased in price by 15.4 percent. Likewise, homes located three miles from Portland's CBD increased by 7.7 percent while units 13.6 miles from the CBD decreased by 8.4 percent. Median housing prices in Los Angeles and Tampa experienced a similar trend, however, median prices decreased across the board. In Los Angeles, the median housing price among homes located 5.2 miles from the CBD actually decreased by 3.8 percent; however, the decline was much less than the 15.1 percent decrease in units located 27.9 miles from the CBD. Similarly, housing prices decreased by 1.3 percent in homes within 3.7 miles from Tampa's CBD while prices decreased by 21.7 percent among units located 17.5 miles from Tampa's CBD.[6]

Change in Median Housing Price vs.
Distance from Central Business District: 2006-2007
(Source: Impresa analysis of Zillow.com data, via CEO for Cities, May 2008)



Despite the downtown housing boom, the nationwide housing crisis is still affecting hundreds of thousands of suburban households across the country. The combination of weak housing sales, falling home values, tighter mortgage lending criteria and a slowing U.S. economy has left financially strapped homeowners with fewer options to avoid foreclosure.

Over 243,000 homes received at least one foreclosure-related filing in April 2008 – up 65 percent from April 2007. This was most prevalent in Nevada, Arizona, California and Florida, where as many as one in every 146 households received a foreclosure-related notice in April 2008. As the number of foreclosed properties rise, they drive up the supply of homes on the market, which in turn causes prices to fall. The national median priced home for all existing-housing types dropped by 8.2 percent – to $195,900 – between February 2007 and February 2008.[7]

According to the latest forecast by the National Association of Realtors, the worst of the mortgage crisis has passed. The seven consecutive rounds of interest rate cuts have helped to counter the housing crisis and the stress on financial markets. In addition, it is anticipated that Government Sponsored Enterprises (i.e. Fannie Mae, Freddie Mac, etc.) will begin to pick up jumbo loans and replenish lenders' capital. In turn, this would allow for a greater number of loans with more affordable interest rates. As this becomes more widespread, and

[6] Impresa analysis of Zillow.com data; via CEO for Cities report
[7] Veiga, Alex, *"U.S. foreclosure filings surge 65 percent in April,"* Associated Press, May 14, 2008.

when coupled with the distribution of the recently released fiscal stimulus package, it is projected that home sales will improve and the number of foreclosures will decline in the second half of 2008.[8]

1.2 Local Trends

While the mortgage crisis has affected the Capital District, the region has not suffered nearly as much as other parts of New York State or the nation. Reflective of national trends, existing housing prices have declined over the past year throughout the Albany-Schenectady-Troy, New York, Metropolitan Statistical Area. According to the National Association of Realtors, the median price for existing single-family homes fell during the first quarter of 2008 to $194,100 – a 3.8 percent decline since the first quarter of 2007.[9] Despite the declining selling prices among existing housing, construction for new housing in the Capital Region has remained steady – driven by employment growth, relative affordability, exceptional elementary and secondary school performance, and first-rate post-secondary educational facilities. As such, median sales prices on single-family homes – both existing and new – has actually increased by 3 percent in the Capital Region in the first quarter of 2008.[10]

Housing sales and selling prices have varied between counties, with sales down between 13 to 39 percent in Albany, Saratoga, Schenectady and Schoharie counties, and up 15 percent in Montgomery County. While Rensselaer County did not experience a change in sales over the first few months of 2008, the median priced single-family home increased 12 percent to $178,500. Likewise, the median priced single-family home has increased by 6 percent in Albany County, 4 percent in Schenectady County and 39 percent in Montgomery County. Saratoga and Schoharie counties each witnessed a decline in selling prices, by 3 percent and 12 percent respectively.[11]

Inexpensive homes are not selling in the Capital District, which is reflected in the relatively higher selling prices throughout the local housing market. In the aftermath of the subprime mortgage crisis, lower-income homebuyers are facing extreme difficulty in obtaining credit. Thus, middle- and upper- income households that have access to credit and can afford a higher-priced home are making the majority of the purchases in the Capital Region.[12]

Residential real estate agents remain positive about the housing market in the Capital Region. Local realtors depict the market as stable and believe that the worst of the real estate slump has passed.[13] The growth of the technology sector is forecast to continue throughout the Capital District, which will further assist in strengthening the local housing market. High-paying jobs will attract technology workers from across the nation to the region's many technology parks including the RPI Technology Park, and the proposed Luther Forest Technology Campus, Vista Technology Center and the Harriman Research and Technology Park. Continued attraction of creative individuals and entrepreneurs will undoubtedly result in an expanded housing market in the region.

[8] Molony, Walt, *"Soft Existing-Home Sales Expected Near-Term But to Rise Midsummer,"* National Association of Realtors, May 7, 2008.

[9] *"Existing home prices fell in Albany, nationally in 1Q,"* The Business Review (Albany), May 13, 2008.

[10] Greater Capital Association of Realtors

[11] *"Housing sales drop by double digits for third consecutive month,"* The Business Review (Albany), March 24, 2008.

[12] Greater Capital Association of Realtors

[13] Churchill, Chris. *"Housing market bucks the trend,"* Albany Times Union, April 23, 2008. Accessed May 9, 2008 via http://timesunion.com/ASPStories/storyPrint.asp?StoryID=682977

Section 2: Identification of Target Markets

2.1 DRIVERS OF DEMAND

The City of Troy is well positioned to capture demand for downtown living in the Capital Region. Three major factors drive demand for housing in the City of Troy:

- The Tech Valley Initiative
- Public Sector employment
- The City of Troy's urban setting

The Tech Valley Initiative

The creation of the Tech Valley Initiative has stimulated growth from the Canadian border to north of Westchester County. Tech Valley was established in 2002, when 18 counties came together to brand the region with the purpose of attracting investment. The core area of the Capital Region, including Albany County, Rensselaer County, Schenectady County, and Saratoga County[14], comprise the heart of Tech Valley. Tech Valley is gaining a reputation as a hub of innovation and technology. The region boasts over 1,000 technology companies providing 50,000 jobs and an annual payroll of $2 billion.[15] The Tech Valley Region is also home to twenty-one (21) colleges and universities.

A joint study of the Center for Economic Growth and the Lally School of Management and Technology at RPI initially identified six key industries that will serve as focus for the Tech Valley Region's attraction efforts. These target industries include:

- Advanced Materials: Plastics, Composites, and Ceramics
- Biotechnology/Life Sciences: Life Sciences, Drug Delivery and Tissue Engineering
- Energy: Fuel Cells, Power Management and Distribution
- Information Technology: Software and Telecommunications
- Homeland Security/Defense
- Nanotechnology: Nanoelectronics and Semiconductors

Tech Valley is (or is proposed to be) home to several technology parks that specialize in a variety of related sectors. These tech parks include the following:

- Arsenal Business & Technology Partnership
- Greene Business & Technology Park and Kalkberg Commerce Park
- Harriman Research and Technology Park
- Luther Forest Technology Campus
- Queensbury Industrial Park
- Rensselaer Technology Park
- Saratoga Technology + Energy Park (STEP)
- Tech Meadows at Glen Falls, and
- Vista Technology Center.

[14] For the purpose of this analysis, the core of the Capital Region comprises of the four counties of Albany, Rensselaer, Schenectady, and Saratoga. It is important to note that this may differ from what is defined as the Capital Region by the New York State Department of Labor and the Center for Economic Growth, which includes multiple counties – including Albany, Columbia, Fulton, Greene, Montgomery, Schoharie, Warren and/or Washington – that surround the core of the Capital Region.

[15] Center for Economic Growth, "Regional Overview." http://www.ceg.org/regional-overview.php. Accessed May 15, 2008.

The presence of several exceptional universities in the City of Troy – Rensselaer Polytechnic Institute, Sage College, Hudson Valley Community College as well as the University at Albany East Campus within Rensselaer County, and the RPI Technology Park – provide the City with a huge possibility to appeal to young technology workers.

The Capital Region's reputation as a technology hub continues to grow with the many companies and their creative class workers moving to the area. Over the past year, SEMATECH of Austin, Texas has reached an agreement to become an anchor partner at the University at Albany's NanoTech Complex. SEMATECH North will involve the development and commercialization of leading-edge lithography, 3D interconnect, metrology (the science of measurement), and other advanced technologies. Ultimately, this will bring 700 jobs for researchers, scientists, engineers, and technicians to the center.[16]

Advanced Micro Devices (AMD) of Sunnyvale, California, has announced plans to build a $3.2 billion computer chip plant in Luther Forest. The technology firm has until July 2009 to commit to the project. The state has offered $1.2 billion in incentives to build the plant in the Town of Malta. The creation of more than 5,500 jobs is projected should AMD build the chip plant in the Capital Region.[17]

In his book ***Who's Your City?***[18], Richard Florida ranks the Albany-Schenectady-Troy, New York, MSA, as one of the best medium-sized regions for young singles (aged 20-29), mid-career professionals (29-44), empty-nesters (45-64), retirees (over 65) and families with children.[19] For all of these life stages, the Capital Region was ranked within the top 30 medium-sized regions across the country.[20] The growing economy of the Capital Region has kept housing prices stable despite declining home values throughout the country.[21]

Public Sector Employment

The Capital Region, particularly the City of Albany, is the seat of government for New York State. The public sector employs nearly a quarter of all workers in the Albany-Schenectady-Troy MSA, providing almost 110,000 jobs with federal, state, and local government entities.[22] The presence of state government and federal agencies in Albany have given the Capital Region economic stability, with government job growth increasing by nearly 1 percent from 2006 to 2007.[23]

The City of Troy could potentially supply the housing needs of state and federal workers working nearby. Troy's diversity, culture, history and recreational opportunities act as a major draw, catering to residents of all ages. In addition, market-rate housing in Troy would provide state workers easy access via Interstates 787, 87 and 90, as well as with several bus routes offering an easy commute between the two cities.

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[16] SEMATECH News, "SEMATECH Statement on Pending Albany Agreement." May 9, 2007. http://www.sematech.org/corporate/news/releases/20070509.htm. Accessed May 15, 2008.

[17] Richard A. D'Errico, "AMD, Luther Forest officials to discuss future visions." The Business Review (Albany), May 13, 2008. Accessed May 15, 2008.

[18] Richard Florida, **Who's Your City?** (New York: Basic Books, 2008).

[19] Florida uses his own age cohort classifications in his book. These differ from typical age cohort classifications used elsewhere in this report.

[20] Medium-sized region is defined as having a population of 500,000 to 999,999.

[21] Chris Churchill, "Housing market bucks the trend: Capital Region shows stability as median sale prices climb despite drop in number of homes sold." Times Union, April 23, 2008. http://timesunion.com/AspStories/story.asp?storyID=682977&category=BUSINESS&BCCode=HOME&newsdate=4/23/2008. Accessed May 15, 2008.

[22] NYS Department of Labor, Nonfarm Employment by Industry (NAICS), Current Employment Statistics Survey. May 19, 2008.

[23] Federal Reserve Bank of New York. "Upstate New York at a Glance," Volume 3, December 2007.

The City of Troy's Urban Setting

The City of Troy provides the urban setting that is often attractive to creative class workers: bohemian type artists, graphic designers, media workers, venture capitalists and consultants. In his book, ***The New Geography***,[24] internationally renowned economic and social trend forecaster, Joel Kotkin, noted that revitalized inner cities are often characterized by a mixture of diversity, retail, art, and culture. These urban places have not only drawn the younger set of technology workers, but have also been attracting middle-aged, middle-class educated people.

Within the Capital Region, the City of Troy has the potential of attracting creative class urban dwellers, particularly singles, professionals, empty nesters and retirees. In a Place and Happiness Survey conducted as research for his book, Florida writes that urban dwellers "value their ability to meet new colleagues and make new friends; they prize their access to diverse cultural resources such as theaters, museums, art galleries, live music, and vibrant nightlife filled with bars, clubs, and restaurants. They appreciate the availability of public transit…They also derive satisfaction from living in communities that are open to a wide range of groups – racial and ethnic minorities, immigrants, young people, and gays and lesbians…there are other incentives for living in cities: Some people trade their suburban house for an urban condo when the kids move away, or they decide to live closer to the city center."[25]

While Saratoga Springs has succeeded in revitalizing itself and becoming a prime destination for visitors and homebuyers, Troy has the elements that would make the City attractive to those looking for similar traits in an urban setting. With an ethnically diverse population, Troy has an up-and-coming downtown area with a growing variety of retail and dining establishments. Cultural and entertainment opportunities abound with a 1,200-seat concert hall and a year-round calendar of events. The well-preserved historic architecture in its downtown area provides the City with its charm. Troy also attracts artists of different media with its relatively inexpensive stock of historic housing. The Arts Center of the Capital Region, located in Downtown Troy, provides support and services to artists in the visual and performing arts. Where one finds technology and art together, mature householders that include empty nesters and active retirees will soon follow. The key is to provide a variety of housing that will appeal to these market segments.

2.2 TARGET MARKET AREAS

While Troy is well positioned to capture new demand for downtown living, it is important to understand where this demand will stem from in order to understand and accurately determine desirable housing types, size, characteristics and affordability.

Target Market Areas define the location from where demand for housing in the City of Troy will come. These target market areas were classified based on the different levels of demand in the housing market. For purposes of this study, migration patterns based on information provided by the Internal Revenue Service (IRS) for Rensselaer County were examined for a five-year period, from the period ending in 2002 to the period ending in 2006. This methodology allows for an analysis of the movement of households as documented through income tax returns.[26] In addition, the percentage of residents in Rensselaer County that move to a new residence were estimated using historic data from the U.S. Census Bureau.

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[24] Joel Kotkin, **The New Geography: How the Digital Revolution is Reshaping the American Landscape**. (New York: Random House, 2001).
[25] Richard Florida, **Who's Your City?** (New York: Basic Books, 2008).
[26] Only county-to-county migration data is available from the Internal Revenue System (IRS).

The **Primary Market Area** is where the strongest potential demand for movement to the City of Troy is anticipated. Typically, 50 to 75 percent of potential homebuyers and renters for a residential development come from the Primary Market Area. Based on the analysis of IRS migration data, residential development within the City of Troy comes mainly from the Capital Region, particularly Albany County, Schenectady County, and Saratoga County. Approximately 9.3 percent of Rensselaer County households moved to another location within the County in 2006; over 28,000 households moved within the County over a five-year period between 2002 and 2006. As such, Rensselaer County is also included within the Primary Market Area. In sum, an analysis of the IRS migration data indicates that around 79.2 percent of potential homebuyers and renters for residential development in the City of Troy could potentially come from the Capital Region.

The **Secondary Market Area** has a secondary influence on the population and economic expansion of the study area. The Secondary Market Area includes the Greater Capital Region of New York, the Hudson Valley, the New York Metropolitan Region[27], and counties adjacent to Rensselaer County but outside of New York State, which includes Bennington County, Vermont and Berkshire County, Massachusetts. Approximately 7.4 percent of potential homebuyers and renters are anticipated to come from these areas.

The **Tertiary Market Area** extends beyond the Primary and Secondary Market Areas. IRS migration data indicates that Rensselaer County has attracted new residents from other parts of New York State. A sizable number of households also move to the county every year from outside of the state. For example, an average of 24 households move to Rensselaer County every year from Middlesex County, Massachusetts, which is home to Harvard, MIT, and Tufts University. This is likely attributed to the presence of the Rensselaer Polytechnic Institute (RPI) and RPI Technology Park in the community, which attracts other academic and technology workers to the area. The presence of Sage College also attracts academic and creative class workers to the community.

Analysis of migration patterns shows that 13.5 percent of households moving into Troy came from distant parts of the state, other parts of the country and abroad. This broad attraction is not surprising given the presence of world-class learning institutions and the Rensselaer supercomputer, the most powerful based at a university.[28]

The accompanying table illustrates the number of households, the former place of residence and the projected market share among households moving into Rensselaer County between 2002 and 2006.

TARGET MARKET AREAS

Primary Market Area
Capital Region, New York
> Rensselaer County
> Albany County
> Saratoga County
> Schenectady County

Secondary Market Area
Greater Capital Region, New York
> Washington County
> Warren County
> Montgomery County
> Schoharie County
> Fulton County

Hudson Valley, New York
> Columbia County
> Greene County
> Dutchess County
> Ulster County
> Orange County

Metro New York Region
> New York County
> Kings County
> Queens County
> Bronx County
> Richmond County
> Westchester County
> Rockland County
> Nassau County
> Suffolk County
> Hudson County, NJ
> Middlesex County, NJ

Adjacent Counties Outside of New York
> Berkshire County, MA
> Bennington County, VT

Tertiary Market Area
> Other Parts of New York
> Other States
> Foreign

[27] IRS historic data shows that over a five-year period, no households moved from Richmond County (Staten Island) to Rensselaer County.
[28] Rensselaer Research Review, "Rensselaer Computer Ranked Seventh in the World," accessed via http://www.rpi.edu/research/magazine/summer07/ccni1.html. May 14, 2008.

Households Moving into Rensselaer County: 2002 – 2006 (Sources: Internal Revenue Service, American Community Survey 2006)		
Former Place of Residence	**Total Households Moving into Rensselaer County: 2002 – 2006**	**Historic Market Share**
Primary Market Area		
Capital Region, NY		
Rensselaer County	28,429	
Albany County	7,799	
Saratoga County	2,360	
Schenectady County	854	
Total Primary Market Area	**39,442**	**79.2%**
Secondary Market Area		
Greater Capital Region, NY		
Washington County	327	
Warren County	123	
Montgomery County	112	
Schoharie County	67	
Fulton County	82	
Sub-Total Greater Capital Region, NY	***711***	***1.4%***
Hudson Valley, NY		
Columbia County	812	
Greene County	180	
Dutchess County	156	
Ulster County	119	
Orange County	119	
Sub-Total Hudson Valley	***1,386***	***2.8%***
Adjacent Counties Outside NYS		
Berkshire County, MA	217	
Bennington County, VT	335	
Sub-Total Adjacent Counties Outside NYS	***552***	***1.1%***
Metro New York Region		
New York County, NY	138	
Kings County, NY	206	
Queens County, NY	153	
Bronx County, NY	127	
Richmond County, NY	11	
Westchester County, NY	106	
Rockland County, NY	11	
Nassau County, NY	114	
Suffolk County, NY	118	
Hudson County, NJ	30	
Middlesex County, NJ	10	
Sub-Total Metro NY Region	***1,024***	***2.1%***
	3,673	**7.4%**

Households Moving into Rensselaer County: 2002 – 2006 (Sources: Internal Revenue Service, American Community Survey 2006)		
Former Place of Residence	**Total Households Moving into Rensselaer County: 2002 – 2006**	**Historic Market Share**
Total Secondary Market Area		
Tertiary Market Area		
Other Parts of New York State	1,271	
Other States	4,540	
Foreign	906	
Total Tertiary Market Area	**6,717**	**13.5%**
TOTAL: ALL MARKET AREAS	**49,832**	

Section 3: Existing Competition

3.1 Housing Market Characteristics

As seen in *Section 1: Housing Market Overview*, the housing market in the Capital Region remains strong, despite the ongoing nationwide mortgage and housing crisis. This is largely attributed to the Tech Valley Initiative that has brought many new households to the region over the past several years. As a result, the Capital Region has witnessed population growth of over 26,000 persons between 2000 and 2007. In the same time, the region experienced an increase of over 25,000 households – nearly as many new households as persons to the region. This indicates an increasing number of single-person households.

The Capital Region has a wide distribution of tenure. Homeownership rates range from nearly 40 percent in the urban areas of Troy, Albany and Schenectady to 80 percent in the suburbs of Delmar, Clifton Park and Ballston. A mere 31.4 percent of Troy's housing units are single-family homes, and there are nearly as many duplexes. The high portion of multi-family housing units – over 39 percent of all units in the City – is reflected in the substantial renter population residing in Troy. Over 58 percent of all occupied housing units are renter-occupied. This is slightly higher than the rental population in both Albany (56.1 percent) and Schenectady (53.9 percent) and reflective of trends in highly urbanized areas. The considerable renter population has led City officials to encourage that new construction take the form of owner-occupied units to support increased homeownership among City residents.

Existing Housing Stock Characteristics, City of Troy: 2007 (Source: EASI Demographics)	
1-unit, detached	27.2%
1-unit, attached	4.2%
2-units	28.7%
3-9 units	24.3%
10+ units	14.9%
Mobile home	0.7%
Other	0.0%

The City of Troy serves as the municipality in the Capital Region with the largest vacancy rate, at 11.4 percent in 2007. While high vacancy is not unusual in old industrial-based cities such as the Collar City, Troy has a higher vacancy rate than Schenectady (11.0 percent), Albany (8.5 percent), and even New York City (4.9 percent).

Housing Characteristics, City of Troy: 2007 (Source: EASI Demographics)	
Number of Units	22,696
Occupied Units	88.6%
Homeowners	41.7%
Renters	58.3%
Vacant Units	11.4%

Reflective of the population boom of the early 20th century, the City's housing stock is quite dated. As seen in the accompanying table, 57.3 percent of all housing units in Troy are at least 70 years old, having been constructed prior to 1940. This indicates a large percentage of historic downtown structures that could be attractive to creative class workers and active seniors who desire housing units that could be rehabbed and transformed to historic gems.

Age of Housing Stock, City of Troy: 2007 (Source: EASI Demographics)	
1999 or later	5.7%
1990 - 1998	3.4%
1980-1989	3.7%
1970-1979	6.8%
1960-1969	7.1%
1950-1959	9.1%
1940-1949	6.9%
1939 or earlier	57.3%

Indicative of the substantial growth experienced in the region, the median housing values have increased significantly between 2000 and 2007. In 2000, the median housing value in the Capital Region was $109,600. When adjusted for inflation and expressed in 2007 dollars, this represents nearly $132,000. In 2007, the median housing value jumped 27 percent, to over $167,000.

Data on prevailing housing values indicate that less than 10 percent of owner-occupied units in the Capital Region are valued under $100,000, while 63.4 percent are valued between $100,000 and $200,000. An additional 15.4 percent are within the $200,000 to $300,000 range, and 12 percent of all homeowner units have values over $300,000.

Distribution of Housing Values, Capital Region: 2007 (Source: EASI Demographics)	
Less than $60,000	2.4%
$60,000 - $99,999	6.8%
$100,000 - $149,999	29.7%

$150,000 - $199,999	33.8%
$200,000 - $299,999	15.4%
$300,000 - $399,999	3.6%
$400,000+	8.4%

A snapshot of the real estate listings in the region reveals current selling prices for both existing housing units and newly constructed units. As seen in the accompanying table, there is a wide range of sales prices among housing units in the Capital District. Selling prices among existing units are considerably lower in Troy, when compared to other communities that are attracting residents throughout the Capital Region. Sales prices tend to be slightly lower in North Troy and Lansingburgh when compared to other parts of the City, where a typical three-bedroom/two-bathroom home is selling for just under $188,000. Conversely, the median-priced four-bedroom/two and a half-bathroom home in Clifton Park is selling for $385,000, while a similar home in Saratoga Springs is listed at nearly $424,000. The higher home prices in Clifton Park, Halfmoon, Loudonville and Saratoga Springs are reflective of the most desirable communities in the region.

A comparison of median housing prices among newly constructed units in the region reinforces these findings. However, it is important to note that new housing by Brunswick Rustic Homes located on the edge of the City of Troy near the border of Brunswick, are selling for a median price of just under $340,000. The relatively higher selling prices, especially when compared to the sales prices among existing housing units for sale in the City, indicate that there is a market for new higher-end housing units within the City of Troy.

While the demand for new housing units in Troy certainly exists, residential construction in Troy faces strong competition from other communities throughout the Capital Region – especially those that have already established themselves in the local housing market. In Clifton Park, new housing at Carlson Farms, Chandler Estates, Addison Estates and Silver Oaks are selling for nearly $450,000, while developments in Latham and Loudonville are selling in the $480,000 to $500,000 range. New units in Saratoga Springs are the most expensive on the market, with a median selling price of over $525,000 for a four-bedroom/two and a half-bathroom unit at Washington Crossing in Saratoga Springs. Furthermore, new units under construction at Park Place Condominiums in Saratoga Springs are pre-selling from $663,000 for a two-bedroom/one and a half-bathroom 1,625 square feet unit to $1,984,410 for a three-bedroom/four and a half-bathroom 3,680 square feet unit. As of May 2008, there were no new construction listings located within North Troy, Lansingburgh, nor Delmar.[29] New housing in the City of Troy will need to be competitively priced, with a variety of innovative features, unit and community amenities, technology amenities, and green building technology and energy efficient features that will appeal to savvy homebuyers and renters in the local market.

[29] Multiple Listing Service, via Miranda Real Estate Group, Inc., Homescape National Real Estate, and National Association of Realtors

Median Housing Selling Prices, MLS Listings: May 2008 (Source: Multiple Listing Service, via Miranda Real Estate Group, Inc., Homescape National Real Estate, and National Association of Realtors)				
	All Housing Units		**New Construction**	
	Unit Mix	**Selling Price**	**Unit Mix**	**Selling Price**
Troy	3-BR/2-Bath	$187,900	3.5-BR/2.5-Bath	$339,450
North Troy	4-BR/1.5-Bath	$139,900	N/A	N/A
Lansingburgh	4-BR/2-Bath	$179,900	N/A	N/A
Clifton Park	4-BR/2.5-Bath	$385,000	4-BR/2.5-Bath	$449,900
Delmar	4-BR/2-Bath	$269,900	N/A	N/A
Halfmoon	4-BR/2.5-Bath	$381,900	4-BR/3-Bath	$386,900
Latham/ North Colonie	4-BR/2.5-Bath	$339,000	4-BR/2.5-Bath	$499,900
Loudonville	4-BR/2.5-Bath	$409,000	4-BR/2.5-Bath	$489,800
Saratoga Springs	3-BR/2.5-Bath	$423,775	4-BR/3-Bath	$525,440

Median monthly rents follow similar patterns as owner-occupied housing values. Less than 19 percent of renters in the Capital Region spend less than $500 per month on rent. Nearly 58 percent of renter households devote $500 - $750 in monthly rents, with the majority of renters spending between $750 and $1,000 per month. Just over 15 percent of households pay between $1,000 and $1,500 per month in rent, and a mere 2.1 percent pay in excess of $1,500 per month in rent. This indicates the relatively few luxury rental units throughout the Capital District.

Distribution of Monthly Rents, Capital Region: 2007 (Source: EASI Demographics)	
Less than $250	4.9%
$250 - $499	14.0%
$500 - $749	22.2%
$750 - $999	35.7%
$1,000 - $1,499	15.3%
$1,500+	2.1%
No cash rent	5.7%

A snapshot of the listed rental properties reveals current rental rates among housing units in the Capital Region. Similar to sales prices among owner-occupied units, monthly rents are also considerably lower in Troy – especially in North Troy and Lansingburgh – when compared to other desirable communities throughout the Capital Region. Where a three-bedroom/one-bathroom unit rents for $800 per month in Troy, a similar sized unit would rent for more than double in Halfmoon. Likewise, a three-bedroom/two and a half-bathroom unit is currently renting for $1,650 per month in Clifton Park and $1,750 in Loudonville. However, it is important to note that these units are likely suburban single-family homes, whereas the majority of the units in Troy are urban multi-family dwellings that have been converted into year-round apartment units.[30]

[30] Rental units were not examined in the City of Saratoga Springs, as the majority of available rentals at the time of the analysis were seasonal units for tourists. As such, these units rent for considerably more than the market-rate.

Median Monthly Rents, MLS Listings: July 2008 (Source: National Association of Realtors)		
	Unit Mix	**Monthly Rent**
Troy	3-BR/1-Bath	$800
North Troy	3-BR/1-Bath	$750
Lansingburgh	1-BR/1-Bath	$425
Clifton Park	3-BR/2.5-Bath	$1,650
Delmar	2-BR/1-Bath	$950
Halfmoon	3-BR/1-Bath	$1,650
Latham/ North Colonie	2-BR/1.5-Bath	$850
Loudonville	3.5 BR/2.5 Bath	$1,750

3.2 COMPETITIVE RESIDENTIAL DEVELOPMENT

An analysis of the current real estate market shows the trends among new residential construction within the City of Troy and throughout the Capital District. The type of residential units developed for these projects is a strong indicator of the housing that is currently in demand in the City, and throughout the region. The following information stems from a series of interviews that were conducted with various local housing experts that are involved in residential development in Troy.[31]

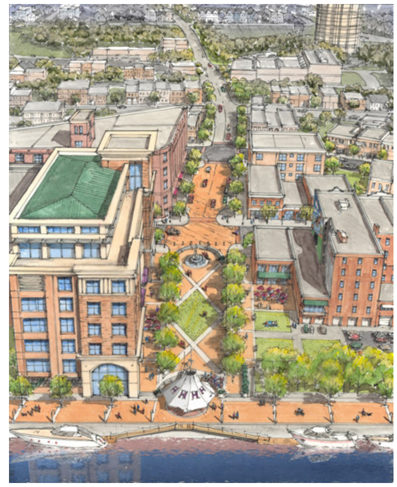
Power Park Lofts

The Power Park Lofts were the Capital Region's first true factory loft condominium project. Located at 387 Third Avenue in Lansingburgh, the former four-story factory has been converted into 18 loft condominiums. The original architectural details have been preserved in each unit, and boasts open floor plans, 12'-22' ceilings with exposed timbers, brick and duct work. One-, two-, and three-bedroom units range in size from 1,300 to 2,220 SF, and sold from $162,000 and $300,000 in 2006. All units have oak flooring in kitchens, living and den areas and carpeting in bedrooms. Kitchens are equipped with top of the line appliances and cabinetry, laminate countertops and breakfast bars. Bedrooms include ample closet and storage space; master bedrooms boast walk-in closets. Bathrooms feature ceramic tiled floors and pedestal sinks; double vanities can be found within each master bathroom. Each unit has been pre-wired for cable and Internet, and an audio intercom access security system provides for additional safety. Energy efficient windows, and washer/dryer hookups were installed in each unit. Each unit has been designated one parking space. A "fitness

The Conservatory

[31] Interviews with Judy Meyer, June 12, 2008; Deanne Pfeil, Pfeil & Company, June 13, 2008; Sam Judge, Judge Development, June 23, 2008; Michael Schneider, Bi – Coastal Development, June 30, 2008; Sid Fleisher, The Madison Project, July 9, 2008; Kevin Bette, First Columbia Development, July 2008.

center" is housed in one of the building's common rooms for the use of all homeowners. The lofts are part of a Condominium Owners Association; residents are charged a $201 fee per month, which covers all landscaping, plowing and maintenance of common areas, courtyards and sidewalks.



Hedley District

Haskell School

"Rensselaer Approach" connecting the former Best Western Hotel (left) to RPI (top of the hill)

The Conservatory offers some of the most lavish rental units in the Capital Region. The former five-story department store on Third Street has been converted into 19 apartments on four floors with street-level retail. One and two-bedroom units are smoke-free, with 9' – 12' ceilings and open floor plans ranging in size from 964 – 2,244 SF. Gourmet kitchens offer granite countertops, eat-in breakfast bars, top of the line stainless steel appliances and maple cabinetry. Bathrooms feature ceramic tiled floors, cultured marble vanity tops with integrated sinks, and polished chrome faucets. Additional features including walk-in closets, high efficiency gas-fired heating and air-conditioned systems, energy efficient windows, French doors, en-suite washer and dryer, and electric fireplaces provide for the utmost luxury. Moreover, each unit has been pre-wired for cable and high-speed Internet, and an intercom entry access system provides for additional safety. Heated sidewalks, and a secure underground parking garage allows for additional convenience. These features and amenities allow for much higher monthly rents than other units throughout Troy and the rest of the region. Rents range from $1,420 to over $3,000 per month, depending on the size, the amenities and the location in the building. As of June 2008, only five one-bedroom units remained available for rent. This indicates less desirability for smaller high-end units, and a relatively stronger preference toward two- and three-bedroom luxury units. Such rental units provide the local housing market with more diversity of choice that has proven to attract many high-end renters to the City.

Judy Meyer – a new resident of the City – has begun to purchase, rehabilitate and sell homes in Troy. She has done three such houses – two on Washington Street and one on Fourth Street – to combat neglected and deteriorated buildings. Her latest unit is a three-bedroom, two-bathroom, 2,112 SF townhome in Washington Park. The home is listed at $189,900 and features original doors, hardware and wood trim, refinished hardwood floors, thermal windows, ceramic tile flooring, skylights, walk-in closets and a full basement.

Similarly, Sid Fleisher, a former architect at RPI, has collaborated with two other members of the community – Karla Kavanaugh and Carole Furman – to start The Madison Project. The Project aims to rehab empty buildings one at a time, with renovations focused on reusing existing housing stock and on incorporating energy-efficient strategies wherever possible. Such green techniques include tightly sealed windows; on-demand water heaters; new insulation between the walls, floors and beneath the roof; hookups for solar thermal panels and solar photovoltaic panels; and energy efficient furnaces.[32] The first homes under the Madison Project are appropriately located at 109 and 111 Madison Street. Upon completion, the homes are envisioned as modern and efficient, boasting several loft – like units.[33]

In addition, several new developments exist in Troy's pipeline. One of the largest is the Hedley District planned along River Street. This mixed-use development proposes office space, a six-story 138-room hotel, a three-story 25,000 SF conference center, and a six-story 1,100-space parking garage.[34] While the Hedley District was originally proposed to include 1,000 new housing units, the developer is only planning commercial and office space along the waterfront at this time. Over 280,000 SF of office space exists at Hedley Park Place, of which over 47,000 SF are still available. An additional 113,000 SF of office space at Flanigan Square is fully leased, indicating the increasing attractiveness and shift toward living and working downtown.

Eight high-end condominiums are planned at the old Haskell School on Sixth Avenue, on the border of Lansingburgh and the north central neighborhoods. The former school was built in 1894, and was last used as a school more than thirty years ago. In 2003, the building was added to the National Register of Historic Places.[35]

The former Best Western Hotel on Sixth Avenue is undergoing substantial renovations, and will soon provide housing to approximately 300 students of Rensselaer Polytechnic University (RPI). Situated at the bottom of the "Rensselaer Approach," the new dormitory will greatly enhance the 'Town-Gown' relations within the City, acting to further connect the City of Troy and RPI. The new dormitory conversion, developed by BBL Construction Services, includes structural changes and roof replacement, installation of new safety systems, furniture and fixtures. When complete, the 78,500 SF building will host 148 dorm rooms with interior bathrooms, four rooms for Resident Assistants, and one apartment for live-in professional staff. In addition, a common area will include a food service facility, a full kitchen, dining area, exercise room, and several multi-purpose classrooms for student use. On-site parking will be available for residents of the new dormitory. The building will increase undergraduate dorm space by roughly 15 percent and is anticipated to be available for the start of the 2009 – 2010 academic year.[36]

Section 4: Demand for Residential Development in the City of Troy

4.1 Target Market Segments

As seen in *Section 2: Identification of Target Markets,* the majority of new households will come from the Capital Region, as well as the Greater Capital Region, Hudson Valley, the Metro New York region, and adjacent counties outside of New York State. While helpful in determining desirable housing characteristics, it is necessary to identify specific segments of these targeted markets to better understand the composition of future residential development in Troy.

Interviews with several local housing experts and developers involved in the City of Troy reveal that many of the new housing options are attracting segments of the market. Professional singles and young couples are actively

[32] Caprood, Tom, *"Good Morning; five questions…"* The Record, April 2008.
[33] Churchill, Chris, *"Saving a City One Home at a Time,"* Times Union, May 14, 2008.
[34] Crowe, Kenneth C. II., *"Parking garage planned for Troy; Proposed River Street project will open up a key section for development,"* Times Union, April 6, 2007.
[35] Sanzone, Danielle, *"Condos in future for Haskell School,"* The Record, October 6, 2007.
[36] Subik, Jason. *"RPI plans to convert hotel into dorm space,"* Daily Gazette, February 13, 2008.

seeking lofts in the region's urbanized areas. Many academic and professionals working at RPI, SEMATECH, General Electric, Wadsworth Institute, Rensselaer Energy Plant and other local high-tech employers come from places as far as Boston, New Jersey, Maine Washington D.C., and Dallas. Likewise, the Experimental Media and Performing Arts Center (EMPAC) has attracted young artists to the City. Moreover, older couples are downsizing and moving north from the Hudson Valley and the Metro New York area as a cheaper retirement alternative.[37]

Based on these interviews, and identified economic factors that drive demand for housing in the Capital Region and Troy, the potential market segments for residential development in the City of Troy include the following:

By Occupation:

- Professional and Technology Workers
- University/College Personnel
- Arts, Design and Media Workers

By Life Stage:

- Young Singles and Young Couples (Households 25 – 34 years old)
- Empty-Nesters (Households 55 – 64 years old)
- Active Seniors/Retirees (Households 65 - 74 years)

4.2 POTENTIAL RESIDENTIAL DEMAND

As seen in the following table, over 133,000 new households comprised of young singles and couples; empty nesters, active seniors and retirees; and creative workers are projected to seek housing within the Primary[38] and Secondary Market Areas[39] between 2007 and 2012. This includes households that are moving from other parts of the country, as well as newly formed households resulting from those entering into the housing market, and households that have split for various other reasons. These new households represent the households that should be targeted by new residential development in the Capital Region.

Of the 133,000 new households, it is projected that over 45,500 net new households comprised of young singles and young couples will seek to reside within both the Primary and Secondary Market Areas over the next five years. In addition, over 37,600 households employed within creative occupations will emerge over the five-year period. An additional 33,142 empty nester households, and nearly 17,000 new active senior households are projected to demand housing within the two market areas between 2007 and 2012. In total, it is anticipated that young singles and young couples will comprise just over one-third of the targeted households; creative workers another 28.2 percent; empty nesters just under 25 percent; and active seniors would comprise roughly 12.7 percent of the targeted households.

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[37] Interviews with Judy Meyer, June 12, 2008; Deanne Pfeil, Pfeil & Company, June 13, 2008; Sam Judge, Judge Development, June 23, 2008; Michael Schneider, Bi – Coastal Development, June 30, 2008; Sid Fleisher, The Madison Project, July 9, 2008; Kevin Bette, First Columbia Development, July 2008.

[38] For the purpose of this analysis, the Primary Market Area is defined in *Section 2: Identification of Target Market Areas,* as the Capital Region, including Albany, Rensselaer, Saratoga and Schenectady counties.

[39] For the purpose of this analysis, the Secondary Market Area is defined in *Section 2: Identification of Target Market Areas,* as the Greater Capital Region, comprised of Fulton, Montgomery, Schoharie, Warren and Washington counties; the Hudson valley, comprised of Columbia, Dutchess, Greene, Orange and Ulster counties; the Metro New York Region, comprised of Bronx, Kings, Nassau, New York, Queens, Richmond, Rockland, Suffolk and Westchester counties, and Hudson and Middlesex counties in New Jersey; and Adjacent Counties outside of New York State, which include Berkshire County, Massachusetts and Bennington County, Vermont

Projected Pool of Targeted Households with Potential to Relocate from the Primary and Secondary Market Areas (Source: EASI Demographics; American Community Survey; Saratoga Associates)				
Net New Targeted Households (2007 – 2012)	**Target Households (Primary Market)**	**Target Households (Secondary Market)**	**Total Potential Pool of Target Households**	**% Share**
Young Singles and Young Couples (25 – 34)	3,114	42,441	45,555	34.2%
Creative Workers: Professional and Technology Worker; Arts; College/ University Worker Market Segments (35 – 54)	4,434[40]	33,214[41]	37,648	28.2%
Empty Nester Households (55 – 64)	2,967	30,175	33,142	24.9%
Active Senior Households (65 – 74)	1,879	15,045	16,924	12.7%
Total (Five-Year)	***12,394***	***120,875***	***133,269***	***100.0%***

Over 133,000 households comprise the potential pool of target households for new market-rate housing within the City of Troy between 2007 and 2012. However, only a portion of these households will actually decide to move to Troy. In order to determine the portion of these new households that the City could potentially capture, it was necessary to first examine the households that Rensselaer County currently attracts, relative to the Capital Region as a whole. According to the IRS, Rensselaer County receives 18.7 percent of all migration to the Capital Region. This percentage can be applied to the potential pool of target households, resulting in the ability of Rensselaer County to capture roughly 24,921 of the new migrant households to the Capital Region.

As of 2007, there were 69,552 housing units in Rensselaer County. Of these, 32.6 percent or 22,696 units, were located in the City of Troy. The assumption could be made that this portion of new migrant households would move to the City of Troy. This portion was applied to the number of units projected to be captured by Rensselaer County to determine the potential number of units that could be captured by the City of Troy – both annually and over a five-year period. The City of Troy is projected to capture 8,124 new households over a five-year period. This amounts to 1,625 new households per year.

[40] Based on the American Community Survey, Creative professions comprise 53.4 percent of all workers in the Albany-Schenectady-Troy, New York MSA. This percentage was applied to determine the number of Creative Workers in the 35-54 age cohort with 8,300 households. It as assumed that other age cohorts Young Singles and Young Couples, and Empty Nesters include a share of Creative Workers as the entire age cohort is considered as a target market.

[41] Based on the American Community Survey, Creative professions comprise 57.2 percent of all workers in the counties that comprise the Secondary Market Area. This percentage was applied to determine the number of Creative Workers in the 35-54 age cohort with 58,066 households. It as assumed that other age cohorts Young Singles and Young Couples, and Empty Nesters include a share of Creative Workers as the entire age cohort is considered as a target market.

Projected Housing Demand, City of Troy (Source: EASI Demographics; American Community Survey; Saratoga Associates)	
Total Potential Pool of Net New Target Households, Primary and Secondary Market Areas (Five-Year)	133,269
Rensselaer County, as a percentage of Primary Market Area	18.7%
Projected Number of Units Captured by Rensselaer County (Five-Year)	***24,921***
City of Troy, as percentage of Rensselaer County	32.6%
PROJECTED NUMBER OF UNITS CAPTURED BY CITY OF TROY (FIVE-YEAR)	**8,124**
PROJECTED NUMBER OF UNITS CAPTURED BY CITY OF TROY (ANNUAL)	**1,625**

The next step was to conduct a capture analysis, which would determine the number of new housing units that the City of Troy could absorb – both annually and over a five-year period. According to industry standards, it is typical that new developments can capture 5-10 percent of new housing in a given locale. However, the lack of market-rate housing units in Troy would likely generate above-average capture rates for new quality housing constructed in the City. This would provide for a new type of housing that is currently unavailable throughout the City. When coupled with Troy's inherent urban appeal, it is likely that the industry standard capture rate of 5-10 percent could increase to 10-20 percent.

A conservative capture rate of 10 percent would result in annual demand for 163 new housing units, while an optimistic capture rate of 20 percent would yield a demand for 325 new housing units per year. Over a five-year period, this amounts to 812 – 1,625 new housing units that could be captured by the City of Troy.

Capture Analysis, City of Troy (Source: EASI Demographics; American Community Survey; Internal Revenue Service; Saratoga Associates)		
Potential Number of Units Captured by City of Troy	**Conservative – 10%**	**Optimistic – 20%**
Projected Demand (Annual)	163	325
Projected Demand (Five-Year)	812	1,625

As seen previously in *Section 4.1: Target Market Segments*, it is anticipated that young singles and young couples will comprise just over one-third of the targeted households, creative workers another 28.2 percent, empty nesters just under 25 percent, and active seniors would comprise 12.7 percent of the targeted households. When applied to the projected number of units that could be captured by the City of Troy, it is likely that the distribution of new housing units will be occupied as outlined in the following table.

Distribution of Housing Units by Market Segment (Source: EASI Demographics; American Community Survey; Internal Revenue Service; Saratoga Associates)					
Market Segment	% Share	Projected Demand (Annual)		Projected Demand (Five-Year)	
		Conservative 10%	Optimistic 20%	Conservative 10%	Optimistic 20%
Young Singles and Young Couples (25 – 34)	34.2%	56	111	278	556
Creative Workers: Professional and Technology Worker; Arts; College/ University Worker Market Segments (35 – 54)	28.2%	46	92	229	458
Empty Nester Households (55 – 64)	24.9%	40	81	202	405
Active Senior Households (65 – 74)	12.7%	21	41	103	206
Total	***100.0%***	**163**	**325**	**812**	**1,625**

Section 5: Housing Affordability Thresholds

As seen in *Section 4: Demand for Residential Development in the City of Troy,* the potential market segments for residential development in the City of Troy include the following:

- Young Singles and Young Couples (Households aged 25 – 34 years)
- Creative Workers: Professional and Technology Worker; Arts; College/University Worker Market Segments (Households aged 35 – 54 years)
- Empty-Nesters (Households aged 55 – 64 years)
- Active Seniors/Retirees (Households aged 65 – 74 years)

Housing affordability was analyzed based on income thresholds developed by the U.S. Department of Housing and Urban Development's (HUD)-Area Median Family Income (HAMFI), for both homeowner and rental units. Occupational wages were analyzed in order to determine what the above-mentioned targeted households are able to afford. These affordability thresholds will help in determining price points for new residential units within Troy.

5.1 HOMEOWNER UNITS

The provision of workforce and market-rate housing is essential in sustaining a viable economy within the City of Troy. Households that demand workforce housing are those who earn between 80 and 120 percent of the HAMFI. Such households are typically comprised of recent graduates, young professionals, the elderly, as well as those employed within the community – including teachers, firefighters, registered nurses, artists, police officers and other entry-level professionals.

Households that demand market-rate housing earn in excess of 120 percent of the HAMFI. Households are typically comprised of at least two persons aged between 35 and 54 years of age – many are married couples or families with children. These households are likely to include those employed within creative occupations, including management, high technology, computer and mathematical, architecture and engineering, legal and academic professions.

An analysis of housing affordability based on HAMFI income thresholds depicts an accurate picture of what the local market can support. It is important to note that the large portion of extremely low-, low-, and moderate-income households in both the Primary and the Secondary Market Areas earn less than 80 percent of the HAMFI, and will likely not be able to afford to move into new market-rate housing. As such, these households are not considered target markets for new market-rate residential development. However, there exists a substantial portion of households – in both the Primary and Secondary Market Areas – who earn greater than 80 percent of the HAMFI and would not qualify for HUD programs. Rather, these households demand workforce and market-rate housing, and constitute a greater likelihood of attraction to new housing within Troy.

Several assumptions were used in determining the value of housing affordable to each of the potential market segments for residential development in Troy. The assumptions for housing affordability are as follows:

- Existing 10 percent debt;
- Available funds for down payment and closing costs based on three times monthly income[42];
- Prevailing interest rate is calculated at 5.625 percent[43];
- Loan term is assumed at 30 years fixed;
- Housing Expense-to-Income ratio is calculated at 28 percent, based on standard practice of lending institutions contrary to federal and state policy guidelines using 30 percent of income; and
- Long-term Debt-to-Income ratio is calculated at 36 percent, based on standard practice of lending institution guidelines.

As seen in the accompanying table, workforce housing should be priced between $157,700 and $236,500 in order to be considered affordable to households earning between $53,040 and $79,560 per year. Likewise, market-rate housing can be priced over $236,500, and will still be affordable to those earning greater than $79,560. Any new housing development in the City of Troy should consider these affordability thresholds when determining price points. Price points for new development in the City of Troy are discussed further in *Section 6: Proposed Residential Mix and Market Positioning.*

Housing Affordability by Income Threshold, Capital District: 2007 – 2008
(Source: EASI Demographics; National Association of Realtors; Occupational Wages, Capital District, 2007 Annual, New York State Department of Labor; Analysis by Saratoga Associates)

	Prevailing Income	Affordable Monthly Housing Costs	Affordable Housing Value
Capital District HAMFI	**$66,300**	**$1,437**	**$197,122**
Workforce Housing: 80–120% HAMFI	$53,040 - $79,560	$1,149 - $1,724	$157,698 - $236,547
Market Rate Housing: >120% HAMFI	> $79,560	> $1,724	> $236,547

An additional analysis examines affordability thresholds among creative occupations that are likely to be attracted to new residential units in Troy. Occupational Wages for the Capital Region from the New York State Department of Labor were used to determine housing affordability specific to various creative occupations, including professional and technology occupations; occupations in the field of arts; and occupations within higher

[42] These funds may include savings, retirement funds, gifts, and sale proceeds from other property in addition to money sourced from regular income.
[43] As of May 2008

educational institutions. Within these occupations, the rates reflected a range of wages ranging from entry-level to experienced.

The following table shows the affordability range and the value of housing affordable for each of the occupations, based on the assumptions for housing affordability outlined previously in this section. Monthly housing costs affordable to the targeted creative occupations range from $484 per month among entry-level education, training and library occupations to $2,443 per month among experienced management occupations. As such, the market could absorb units priced between $139,543 and $355,180. Recommended price points for new development in the City of Troy are discussed further in *Section 6: Proposed Residential Mix and Market Positioning.*

Housing Affordability by Creative Occupation, Capital District: 2007 – 2008
(Source: EASI Demographics; National Association of Realtors; Occupational Wages, Capital District, 2007 Annual, New York State Department of Labor; Analysis by Saratoga Associates)

Occupations	**Prevailing Income**	**Affordable Monthly Housing Costs**	**Affordable Housing Value**
Management	$52,350 - $112,720	$1,135 - $2,443	$155,679 - $355,180
Business and Financial	$35,650 - $66,960	$772 - $1,451	$106,005 - $199,084
Computer & Mathematical	$42,000 - $74,740	$910 - $1,619	$124,874 - $222,195
Architecture & Engineering	$44,810 - $82,520	$971 - $1,788	$133,282 - $245,305
Life, Physical & Social Science	$36,270 - $77,540	$786 - $1,680	$107,870 - $230,562
Legal Occupations	$37,600 - $96,090	$815 - $2,082	$111,834 - $285,662
Education, Training & Library	$22,330 - $60,030	$484 - $1,301	$66,402 - $178,513
Arts, Design, Entertainment, Sports & Media	$23,510 - $54,460	$509 - $1,180	$69,889 - $161,898

5.2 Rental Units

Housing priced above the thresholds calculated in *Section 5.1: Homeowner Units,* will not be affordable to lower-income level households. As such, these households must rely on the rental market. Fortunately, Troy has a substantial rental market – 58.3 percent of all occupied housing units in the City are rental properties. It is likely that the vast majority of extremely low-, low- and moderate-income households will depend on this type of housing and will be able to find it within Troy's existing housing market.

In determining affordability for rental units, 30 percent of the monthly household income was used as the affordability threshold in accordance with the common practice by housing practitioners. The following table shows the affordability range and the value of housing affordable for various households, based on HAMFI income levels.

Housing Affordability, Rental Units, Capital District: 2007 – 2008 (Source: EASI Demographics; Analysis by Saratoga Associates)		
	Prevailing Income	**Affordable Monthly Rent**
Capital District HAMFI	**$66,300**	**$1,658**
Extremely Low-Income (≤ 30 percent HAMFI)	≤ $19,890	≤ $497
Low – Income (31 - 50 percent HAMFI)	$19,890 - $33,150	$497 - $829
Moderate – Income (51 - 80 percent HAMFI)	$33,150 - $53,040	$829 - $1,326
Eligible for HUD Programs (< 80 percent HAMFI)	***< $53,040***	***< $1,326***
Middle – Income (81 - 95 percent HAMFI)	$53,040 - $62,985	$1,326 - $1,575
All Other Income (> 95 percent HAMFI)	> $62,985	> $1,575
Workforce Housing (80 - 120 percent HAMFI)	***$53,040 - $79,560***	***$1,326 - $1,989***
Market Rate Housing (> 120 percent HAMFI)	***> $79,560***	***> $1,989***

An analysis of the region's fair market rents and the housing affordability reveals that extremely low-income and low-income households, earning less than or equal to $33,150 are not able to afford to rent the majority of units in the Primary Market Area.[44] These lower-income households must rely on government and privately subsidized housing, which is abundant within the City's nearly 12,000 rental properties.

Similar to owner-occupied housing, new housing that takes the form of rental units should be targeted to those households that earn greater than 80 percent of the HAMFI. Households that may demand such workforce or market-rate rental properties include visiting faculty and students at RPI, Sage and Hudson Valley Community College, transient technology workers and seniors.

It is important to note that the City's current policy direction encourages further homeownership opportunities and stable neighborhoods, rather than additional rental units throughout Troy. This indicates that the majority of new housing constructed within the City should be owner-occupied, rather than additional rental units. This is reflected in *Section 6.1: Proposed Residential Mix and Market Positioning.*

[44] As defined by the National Low-Income Housing Coalition, the fair market rent in the Albany- Schenectady- Troy, New York, MSA, ranges from $672 for a studio to $1,113 for a four-bedroom unit.

Section 6: Proposed Residential Mix and Market Positioning

6.1 UNIT MIX

As seen in *Section 4: Demand for Residential Development in the City of Troy,* a conservative projection of 812 new housing units (or 163 units per year) can be absorbed by the City of Troy over the next five years. It was projected that roughly 34.2 percent of these units (56 households per year, for a total of 278 units over the five-year period) would be occupied by young singles and young couples, while 28.2 percent of the units (46 households per year, for a total of 229 units over the five-year period) would cater to creative workers. An additional 24.9 percent (40 households per year, for a total of 202 units over the five-year period) would likely be occupied by empty nesters, and the remaining 12.7 percent (21 households per year, for a total of 103 units over the five-year period) to active seniors. An optimistic projection assumes double the number of units within each market segment, totaling 325 new housing units per year or 1,625 new units over the five-year period. The proposed split among the targeted markets would remain the same, regardless of the optimistic capture rate.

The proposed unit mix for new residential development in the City of Troy should reflect current market trends, housing preferences for each of the targeted market segments, and the policy direction of the City of Troy. An analysis of these factors, and interviews with local housing experts[45] indicate that the development program should favor homeowner units over rental units, and larger two and three-bedroom units over smaller one-bedroom units. As such, a configuration of 20 percent market-rate/luxury rental units and 80 percent condominiums/townhomes is proposed, regardless of the number of units to be constructed throughout the City. This allows the City to increase homeownership while still satisfying the demand for workforce and market-rate rental units for its more transient residents that include graduate students, technology workers on temporary assignments, and visiting academia. The residential program is summarized as follows:

[45] Interviews with Judy Meyer, June 12, 2008; Deanne Pfeil, Pfeil & Company, June 13, 2008; Sam Judge, Judge Development, June 23, 2008; Michael Schneider, Bi – Coastal Development, June 30, 2008; Sid Fleisher, The Madison Project, July 9, 2008; Kevin Bette, First Columbia Development, July __, 2008.

Proposed Unit Mix and Selling Prices for Workforce and Market-Rate Housing, City of Troy					
Unit Type	**Number of Units**	**Percent Share**	**Unit Size**	**Selling Price/ Monthly Rent per SF[46]**	**Proposed Selling Price/Monthly Rent**
Conservative Absorption: 812 units over a five-year period					
Condominiums	***650***	***80%***			
2-Bedroom/2-Bath	325	40%	1,500 SF	$180/SF	$270,000
3-Bedroom/2.5-Bath	325	40%	1,850 SF	$180/SF	$333,000
Market-Rate/Luxury Rentals	***162***	***20%***			
1-Bedroom/1.5-Bath	20	2.5%	900 SF	$1.50/SF	$1,350
2-Bedroom/2-Bath	70	8.6%	1,500 SF	$1.40/SF	$2,100
3-Bedroom/2.5-Bath	72	8.9%	2,000 SF	$1.30/SF	$2,600
Optimistic Absorption: 1,625 units over a five-year period					
Condominiums	***1,300***	***80%***			
2-Bedroom/2-Bath	650	40%	1,500 SF	$180/SF	$270,000
3-Bedroom/2.5-Bath	650	40%	1,850 SF	$180/SF	$333,000
Market-Rate/Luxury Rentals	***325***	***20%***			
1-Bedroom/1.5-Bath	40	2.5%	900 SF	$1.50/SF	$1,350
2-Bedroom/2-Bath	140	8.6%	1,500 SF	$1.40/SF	$2,100
3-Bedroom/2.5-Bath	145	8.9%	2,000 SF	$1.30/SF	$2,600

The unit mix suggests that a mix of condominiums and market-rate/luxury rental units. Typically, homeowners would not purchase single-bedroom units; rather these units would likely be more attractive to the rental market. As such, owner-occupied condominiums should take the form of two- and three-bedroom units in order to accommodate young singles and couples who may be purchasing their first home, as well as empty nesters and seniors who may be looking to downsize. It is proposed that the two-bedroom, 1,600 SF units are listed at $288,000, while the three-bedroom, 2,000 SF units are listed at $360,000. As seen in *Section 3.1: Housing Market Characteristics* and *Section 3.2: Competitive Residential Development,* these prices reflect the selling prices among newly constructed homes and competitive units throughout the Capital Region. Furthermore, as evidenced in *Section 5: Housing Affordability Thresholds,* these housing units would be deemed affordable to those earning 80-120 percent of the HAMFI, as well as many of the mid-level and experienced creative occupations targeted by residential development in the City of Troy.

A mix of one-, two-, and three-bedroom market-rate/luxury rental units are also proposed for the City of Troy. It was suggested that units favor two-, and three-bedroom units, as interviews with local housing experts indicated a strong demand toward these larger rental units. However, in order to accommodate those preferring to rent smaller units, it was proposed that 40 of the rentals are set aside as 900 SF, one-bedroom units. Roughly half of the remaining rentals are proposed as 1,500 SF, two-bedroom units, while the other half of the remaining units are

[46] The price per square foot (SF) was based upon the prevailing selling prices among new residential units in the Primary Market Area, as listed with the National Association of Realtors. For condominiums, the selling price per SF averages $178.78, and was rounded up for clarity purposes. For market-rate rental units, the rent ranged from $1.30 per SF for larger three-bedroom units to $1.50 per SF for smaller one-bedroom units.

proposed as 2,000 SF, three-bedroom units. As seen in *Section 3.1: Housing Market Characteristics* and *Section 3.2: Competitive Residential Development,* these sizes and prices are on par with other high-end rental units in the region. Furthermore, as evidenced in *Section 5: Housing Affordability Thresholds,* these market-rate/luxury rentals would be deemed affordable to those earning 80-120 percent of the HAMFI, as well as nearly all of the mid-level and experienced creative occupations targeted by residential development in the City of Troy.

6.2 AMENITIES

As seen in *Section 1: Housing Market Overview*, urban areas, especially downtowns are becoming increasingly sought after – not only by young singles and young couples, but also by empty nesters, active seniors and retirees. The diversity, availability of employment opportunities, entertainment venues, retail, eating and drinking establishments, and historic, cultural and recreational opportunities have acted as a major draw in attracting creative workers of all ages.

Troy offers the diversity, historic architecture, proximity to employment, entertainment and recreational opportunities that are increasingly attractive to residents throughout the region. Troy is centrally located to many existing and future high-tech facilities in the region. New market-rate housing would be quite favorable to workers in the Capital District, providing a limited commute to Rensselaer Polytechnic Institute, Sage Colleges, Hudson Valley Community College and Rensselaer Technology Park. Moreover, new housing in the City of Troy would provide a preferable commute to existing and proposed high-tech facilities at nearby Albany Nanotech, Harriman Research and Technology Park, Luther Forest Technology Campus, Saratoga Technology + Energy Park (STEP) and Vista Technology Center.

The provision of amenities, in addition to accessibility and site location, will be important to attract residents to new development. High-tech workers and savvy homebuyers have specific demands for innovative features, technology and amenities that would make housing units – whether townhomes, condominiums or rental units – more attractive for purchase. Also, environmental consciousness, sustainability and rising energy costs have resulted in an increased demand in green building technology. Energy-efficient features would provide substantial savings to homebuyers and renters alike, while furthering sustainable development throughout the City of Troy. Such amenities and features that would likely appeal to buyers that have been drawn to the Capital Region are listed on the following page.[47]

Innovative Features

- Corian/granite countertops in kitchen (marble/granite countertops in bathroom)
- Mid-grade stainless appliances
- Flush-front cabinets with contemporary hardware
- Lighting fixtures capable of accommodating compact fluorescent bulbs
- Hardwood or bamboo flooring in living and dining areas
- Tile in kitchen and bathrooms
- Carpeted bedrooms
- Crown molding, chair rails
- Flush matched-grain wood doors with stainless handles and hardware

Technology Amenities

- In-unit alarm systems with closed-circuit TV monitoring
- In-wall speaker systems with theater-quality sound

[47] List adopted from Real Estate Market Analysis, Urban Land Institute

- Units prewired for multiple phone lines, and Internet service and/or building-wide WiFi
- Computer work stations with high-speed Internet service
- Coinless laundry rooms, vending machines and business centers using smart-card systems

Unit Amenities

- Units that face parks, squares, gardens or greens, or those on high floors with views
- Private entries
- Direct-entry garage parking
- Bay windows and skylights
- Gas fireplaces
- Gourmet kitchens
- Deluxe master baths
- Large walk-in closets
- Ample storage space
- Laundry facilities

Community Amenities

- Community garden
- Storage units
- Bike racks
- Media room
- Billiard/game room
- Business center/ conference facilities
- Clubhouse with library, catering kitchen & exercise facility/fitness center

Green Building Technology and Energy Efficient Features

- On-demand water heaters
- Thermal windows
- Hookups for solar thermal panels
- Hookups for solar photovoltaic panels
- Energy efficient furnaces
- ENERGY STAR® appliances
- Water-saving fixtures and systems
- Rainwater capture and reuse systems
- Indoor air-quality management

6.3 MARKET POSITIONING

As identified in *Section 4: Demand for Residential Development in the City of Troy*, potential market segments for residential development in the City of Troy include young singles and young couples; creative workers – specifically professional and technology workers, university and college personnel, and arts, design and media workers; empty nesters; and active seniors and retirees. Troy's urban appeal and unique neighborhoods, with an abundance of restaurants, shopping, cultural amenities, historic architecture, entertainment and services is quite attractive to residents seeking new housing in the region. The City's location along Interstate 787 and

Route 7, as well as its proximity to Interstates 87 and 90 provides residents and visitors an easy commute, proving an ideal place for new downtown housing.

In order to attract these targeted households, it is essential that the City and the eventual developer partner in several essential marketing techniques to position new housing in Troy as an attractive option for those looking to relocate.

First, a website should be created to highlight new residential construction. Such a website would provide information on the location, unit mix, availability, amenities and innovative features, floor plans, prices, and photos of construction progress and model units when they become available. The website should also feature demographics, economic conditions and major employers in the community and the Capital Region. Contact information for both the developer and the City should be prominently displayed for interested buyers to easily obtain further information. Links to this website could also be created in Economic Development websites such as the Center for Economic Growth and the New York's Tech Valley website.

The developer should work with area realtors to effectively position new housing in the local housing market. In turn, local realtors can use their expertise to promote and market interested homebuyers to new housing in the City. In addition, advertisement in the Troy Record, Times Union, Daily Gazette, Saratogian, the Albany Business Review, and other local newspapers is key. Further efforts should be made to reach the downstate market, through advertising in Hudson Valley and other Metro New York-based newspapers and real estate offices and websites. Moreover, coordination should be made with those in charge of local technology parks and the region's major employers, including RPI, Sage Colleges and Hudson Valley Community College.

Housing Market Interviews

Judy Meyer
June 12, 2008
(518) 821-7284
Interviewed by Nicole McGowan

What attracted you to Troy? And, what motivated you to start flipping?

Came from Hudson, where she was very involved in doing the same projects, was attracted to nice architectural features. Visited Troy, liked what she saw, attracted to the undeveloped beauty of the City, and decided to move up here in 2006. Attended a developer's seminar, hosted by the Historical Society where she met many encouraging and friendly people.

How many homes have you "flipped"?

Just finished the third house, ready to start fourth upon sale of current home. The first home she did in Troy was the first "whole house" renovation. Previous flips were on a much smaller scale.

Where are the homes located?

She goes where the opportunity presents itself. The first home was a vacant two-family home, located on Madison, between First and Second. The second home was also a vacant single-family home, located on Madison, at Fourth (sold for $145,000). The third home was purchased before it went under foreclosure, and is located closer to downtown, in a "better neighborhood". She found that many wanted to own single-family homes, but there were not many choices for such homes downtown. She is confident of investment in the City, anywhere south of downtown.

What are the typical amenities/ features in the homes that you flip?

People moving to Troy are typically coming because of job opportunities. They want a "move-in ready" home, that does not want to do work on the home. They want as close as possible to a new home, and that is what Judy tries to provide. She tries to leave original, or restore historic features/details whenever possible – i.e. windows, doors, etc. Energy efficiency is important to her, but homebuyers do not seem to be as interested—however, she thinks that will change with the rising energy costs. Other amenities include fully insulated walls, refinished hardwood floors, new windows, gas heat (or if unable to do so, hot water baseboard heat). Supplied appliances in first and second home, but not in third.

What is the average time on the market?

The first home was not officially listed, on the market at all. As she was finishing the home, interest was generated by passersby, who purchased the home. The second home was on the market for six months. The most recent flip was just finished, and has officially been on the market for only two weeks. Regardless of the rough market, there has been a lot of interest.

What were the selling prices?

The first home, located on Madison, between First and Second sold for (unintelligible writing). The second home, located on Madison, at Fourth sold for $145,000. The third home, at 64 Washington Street is listed at $189,900.

What are the characteristics of the homeowners purchasing your homes? Singles? Couples? Families? Where are they coming from?

The first home was purchased by a young couple (~30ish), from Boston. They moved to Troy as artists, and are involved with Experimental Media and Performing Arts Center (EMPAC). The second home was purchased from a young single woman from North Adams, who moved here to work for a law office in Troy.

What is on the horizon? Are there any new projects in the pipeline?

She purchased the fourth house – an empty home located further into South Troy on Second and Harrison. She will begin work on that home upon the sale of the third home.

Deanne Pfeil, Pfeil & Company
June 13, 2008
(518) 581-8280
Interviewed by Nicole McGowan

<u>Power Park Lofts:</u>

What attracted you and your husband to invest in Troy?

Deanne is a Troy native; she loves the City and thinks it to be beautiful – at both an architectural and pedestrian standpoint. Fell in love with the former Mill building, and deemed it to be in a respectable neighborhood, a block from the river, close to 787, and near a fair amount of services. Did some research, found that there were many other industrial cities that were constructing lofts in their old buildings, and decided that it could be done in Troy.

Why did you decide to develop condominium lofts, rather than more rental units?

The City did not want more rental units in Lansingburgh; Lansingburgh is already full of rental units. The City really wanted to create a sense of ownership. As such, all (except for one) of the units are owner-occupied.

How long did it take to fill the units? Average time on the market?
18 condos went on the market January 2006, 17 were sold by July, last one went under contract in December.

Has there been any turnover since the lofts have sold? Are there any units for sale now?
Very little turnover – majority of the homeowners are original buyers and are very happy in their unit. She believes that there are two units on the market, and one just closed.

What were the selling prices (range)?
$165,000 - $300,000. Prices varied depending on the size and the height in the building. Most units were sold for between $162,000 and $220,000. The two larger units (2100/2300 SF) were sold for $270,000 and $292,000.

I noticed on the website that the lofts are part of a Condominium Owners Association. What benefits do homeowners receive under this association? What are the monthly (annual) fees?
$201 per month, which is the same fee since 2006. This covers maintenance, plowing, the elevator contract and cleaning of common areas. No bells and whistles. There is one extra common room that the homeowners put all of their extra fitness equipment into, which currently serves as a "fitness center".

What are the characteristics of the homeowners purchasing the lofts? Singles? Couples? Families? Where did they come from?
Primarily professional singles looking for lofts in the region. Only three of the homeowners were from the direct area, most of the rest were from the Capital District. One homeowner moved from Boston for his job, and another retired couple moved up from Kinderhook.

What drove the success of the lofts? Is it because they were the first in the area—something new?
Yes- this is the first of its kind in the region.

<u>The Conservatory:</u>
How many units are available for rent?
5 units left – all one bedroom + den.

What are the characteristics of the tenants? Singles? Couples? Families? Where did they come from?
One family, a few couples, mostly singles. Very attractive to those working at RPI, Sematech, etc., who are used to living in nice homes, and do not want to give up their nice spaces. Tenants came from Albany, Troy, Boston, Washington D.C., New Jersey, Dallas and Maine. Many academic and professionals, working at GE, Wadsworth Institute, Rensselaer Energy Plant, Channel News 9, etc.

Why did you decide to develop rental units, rather than more lofts, condos, Townhomes?
There exists a lot of apartment competition in general, however, few luxury units. Serving a small market niche—not many luxury rental units in the area, never mind Troy. Believes it to be the nicest urban apartments in the Capital District.

What are the monthly rents?
Rents start at $1,420, go up to $3,000+ per month, depending on size, amenities, etc.

What is on the horizon? Are there any new projects in the pipeline?
Not yet, working to first find tenants for first floor retail. No tenants yet—looking for retail that acts as a destination, specialty stores; something as a draw, that will attract others downtown.

Sam Judge, Judge Development
June 23, 2008
(802) 863-6500
Interviewed by Nicole McGowan

Where does the City Hall project currently stand? Are you still going forward with your original plan to move City Hall, demolish the old building and construct a mixed-use development?
As it currently stands, this project has fallen to the wayside. However, since he owns buildings on the other side of City Hall, he anticipates being involved in some degree.

What else is on the horizon? Are there any new projects in the pipeline?
Owns several buildings to the south of City Hall – first building to the south are retail and office space. Also owns 215/217/219 River Street. 215 River Street is currently being used as retail space, though there are not yet tenants—space is for lease. Just acquired 217 and 219 River Street – all three-story buildings. Immediate plans to redo the façades of buildings and find retail tenants for 215 River Street. Once this is done and the economy picks up, he will likely start looking to develop residential rental units above the ground-level retail space in all three buildings.

Michael Schneider, Bi-Coastal Development
June 30, 2008
(617) 390-5016
(617) 224-8593 (cell)
Interviewed by Nicole McGowan

What attracted you to invest in Troy? And to the Haskell School in particular?
He was familiar with Troy – its history and architecture, RPI – from when he was younger and looking at colleges. He always liked the City. As a developer, the price points attracted him back to Troy. With several major projects going on in the City, and the fact that there have not been many condominiums in the area quite yet, he thought it to be a great place to invest.

Once the City was decided upon, he came across the Haskell School. He likes run-down buildings, and noticed that the School had a lot of potential, and that someone had to do something about it. He thought the neighborhood to be attractive, which was – to a degree – brought down by the School.

I have noticed that there had been a bit of criticism, regarding your choice to develop condominiums in this part of the City. Why did you decide to develop condominiums, rather than rental units at the Haskell School?
The City dictated that they had to be condos, they would not approve with additional rental units. They want to attract more homeowners, rather than renters.

What is the City's attitude regarding the project? Supportive?
The Planning Board was somewhat supportive in the sense that they granted approval, but fought back very hard. City Council and the Mayor have been very supportive.

Where does the project currently stand? Has construction/ renovations started?
Currently, finalizing acquisition. Things have taken a much longer than anticipated, and as such nothing has been done quite yet. He is looking to close by July 11.

I saw that you have 8 units planned for the Haskell School. Is this still the current plan? How many SF are units?
Yes – 8 condominium units, each ~1,800 SF

What types of amenities/ features are planned to be included in the condominiums?
TBD, although the plan is to create nicer, rather than bland units.

When are the units scheduled to be on the market? Has there been any pre-sales? If so, what are the characteristics of the homeowners purchasing the lofts? Singles? Couples? Families? Where did they come from?
N/A

What are the selling prices (range)?
N/A

Sid Fleisher
June 30, 2008
(518) 272-1944
(518) 435-5704 (cell)
Interviewed by Nicole McGowan

Tell me a bit about your background at RPI. How did this transform into what you are doing with the Madison Project?
Sid was not an architect; rather he ran the design woodshop and designed models at RPI. He was always interest in buildings, and renovating and owning buildings, so when he left RPI two years ago, he decided to continue to do what he loved to do.

The Madison Project strives to create a model for energy-efficient buildings that could be applied to any 19th and 20th century buildings/row houses in cities throughout the region. He really wants to spread the idea of energy-efficiency and green housing to as many people as possible, and show the possibilities of what can be done with older buildings.

Where does construction stand at 109 Madison?
The construction is nearing completion, in its finishing stages. There will be a dry-run Open House on July 19, and will be ready to show for the Open House on July 26.

When/how were the units originally built? Built as two-family homes?
Built in the 19th century as row houses. 109 and 111 Madison are mirror images of each other, both duplexes, with each floor originally serving as its own single-family residence.

What is the size of each unit?
Two loft-like units at 109 Madison Avenue are ~950 SF. Units at 111 Madison are approximately the same size.

What types of amenities/ features are included in the new units? What makes them "green"?
Tightly sealed windows, on-demand water heaters, new insulation between the walls, floors and beneath the roof (R30 in all exterior walls, R60 in the attic), hookups for solar thermal panels and solar photovoltaic panels

(4" PVC pipe, serves as a conduit for further installation of solar panels), and energy efficient furnaces – 96 percent efficient condensing furnaces – one for each unit. Marmoleum flooring is a green material, made by Armstrong, similar to linoleum.

Who are you targeting the units to? Students? Professionals? Academia?

He would like to see someone buy the entire building (at 109 Madison), and live in one unit and rent the other. Sid also lives in the neighborhood and wants to see a more committed homeowner population in the neighborhood.

What else is on the horizon? Are there any new projects in the pipeline?

111 Madison is next – the unit has been cleaned out, the roof has been repaired, and new windows have been installed. The unit is currently a shell, ready to be worked on after the completion of 109 Madison. New projects will depend on the local housing market, as of now, he is unsure because buyers are so nervous. However, he assumes that the response to the new "green" housing will be very positive and he hopes to sell the building quickly.

Sid is hoping that many interested folks will come by the open house, and if others were interested, he would be open to consulting with or partnering with others to execute another project.