
Understanding Upstate NY Housing Markets

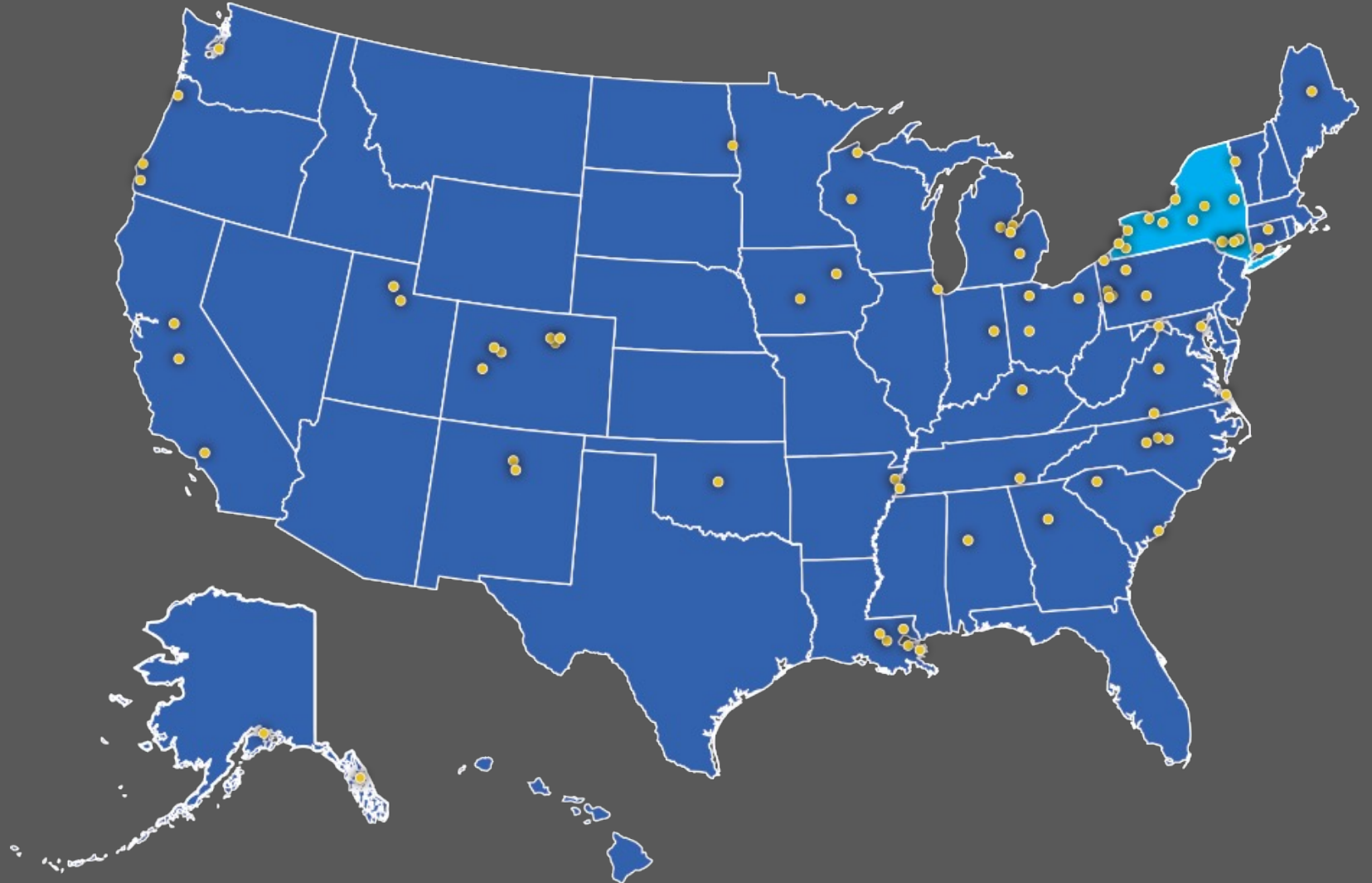
Upstate NY APA Fall Mini-Conference
September 15, 2023

The logo for czb, consisting of the lowercase letters 'czb' in white on a blue square background.

Peter Lombardi
*Director of Revitalization
Planning*

Eric Ameigh
*Director of Operations and
Special Projects*

Started in D.C., now
based in Maine



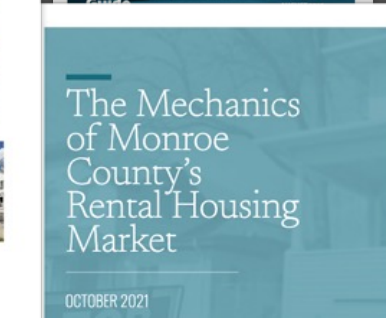
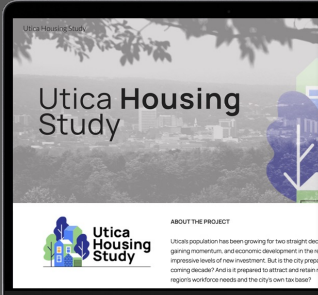
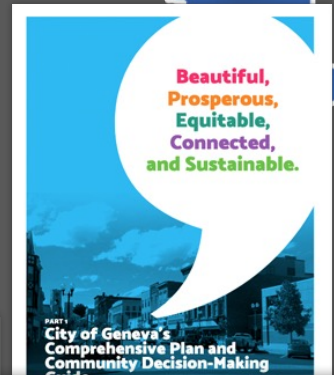
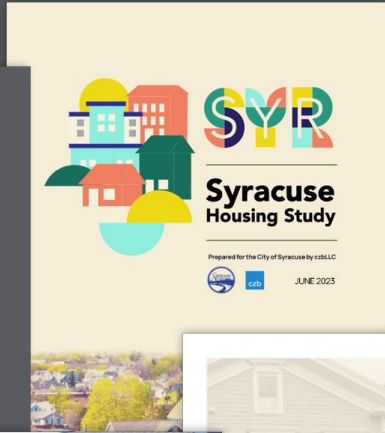
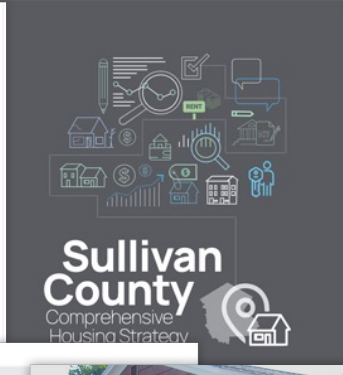
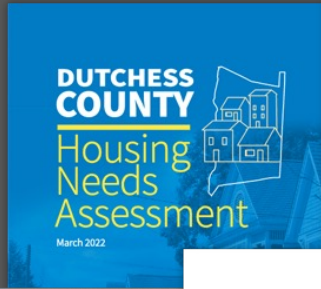
About us: czb's work in New York State

Batavia
Buffalo
Dunkirk
Dutchess County**
Geneva
Hamilton

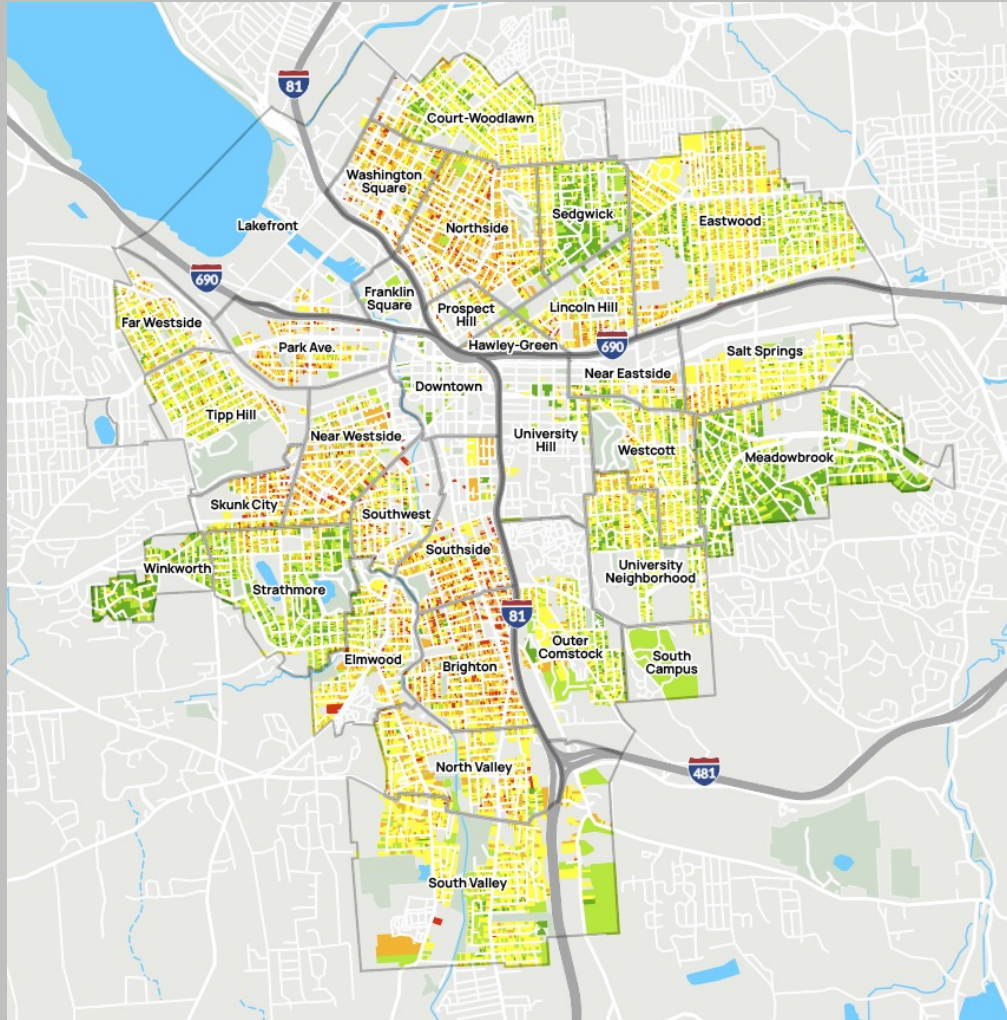
Jamestown
Monroe County**
Onondaga County**
Oswego
Perry
Poughkeepsie**

Rochester
Sullivan County**
Syracuse**
Troy
Utica**

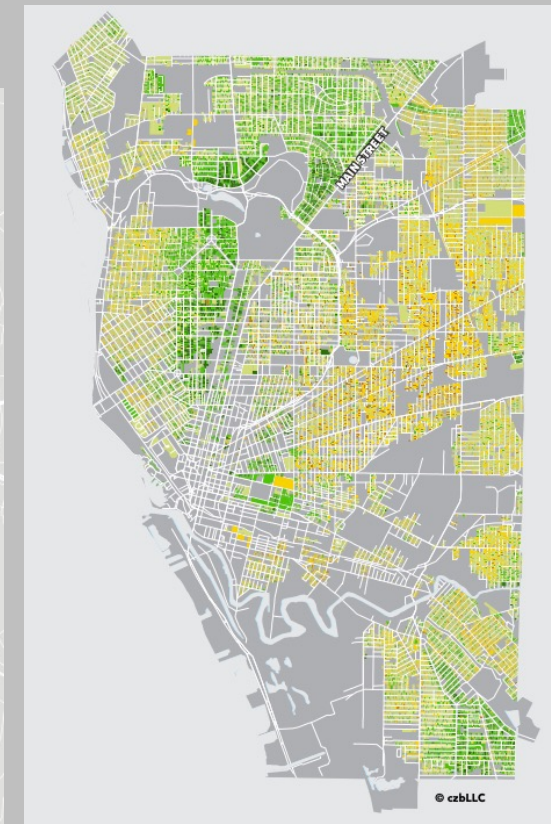
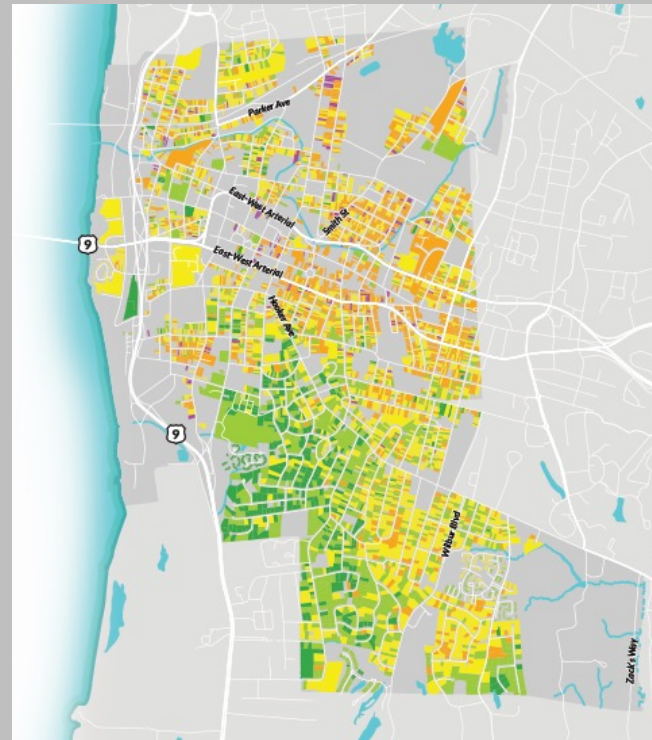
**2021-to date



About us: czb's work in New York State



With our property conditions survey, **we put eyes on every single residential property** in Jamestown, Geneva, Oswego, Buffalo, Dunkirk, Poughkeepsie, and Syracuse.





Eric Ameigh

From: Syracuse

Lives: Boulder County, CO



Pete Lombardi

Brenda Stynes

Buffalo



Karen Beck Pooley

From: Rochester

Lives: Lehigh Valley Region, PA



Matt Ingalls

Rochester

Recent Historical Context:

What's been going on?

Today's Housing Market:

Where are we?

Tomorrow's Housing Market:

Where might we be headed?

**Advice for Planners and
Policymakers**



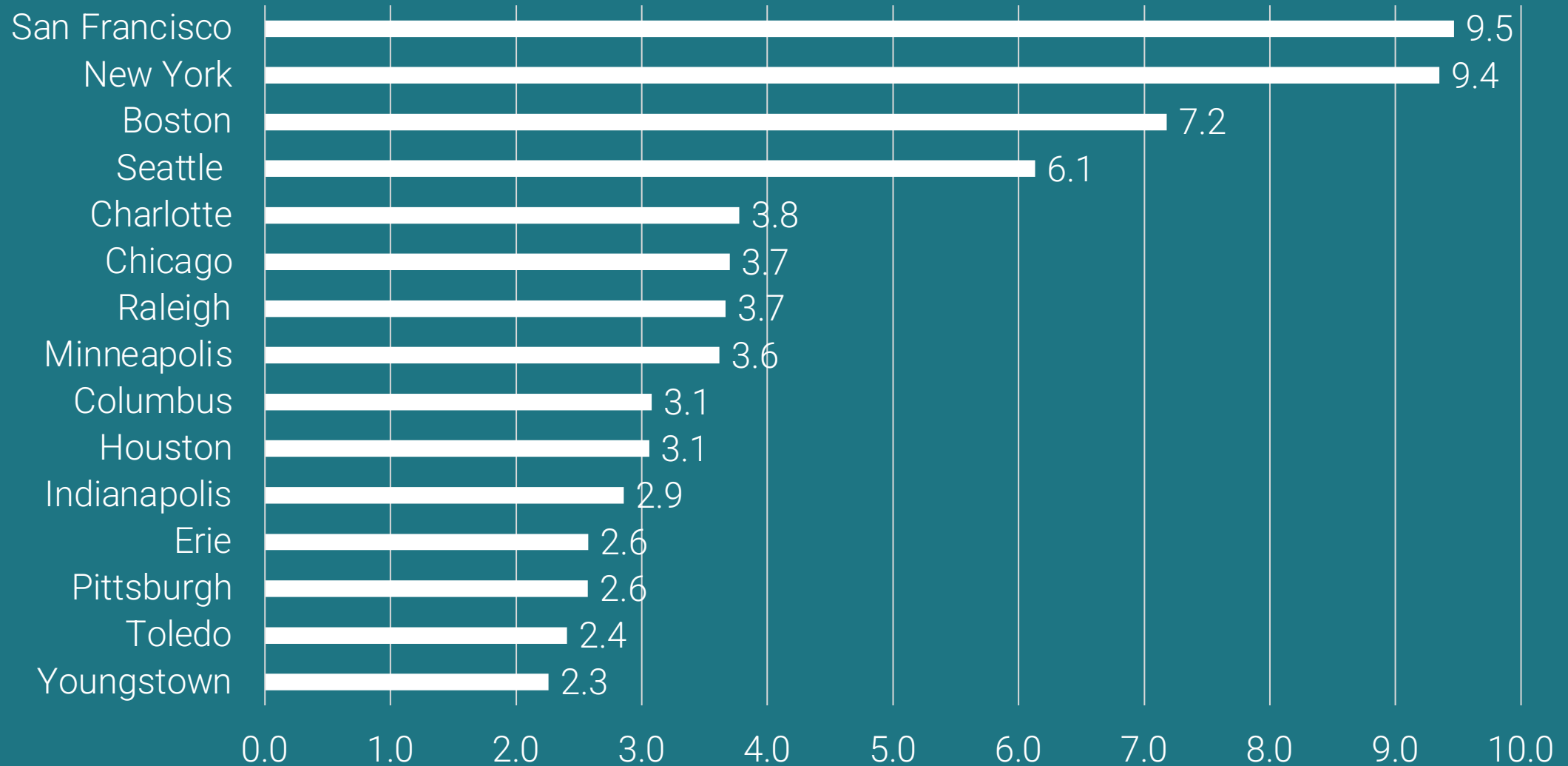
Recent Historical Context:
What's been going on?

What's been going on?

Upstate NY is a long-term soft market

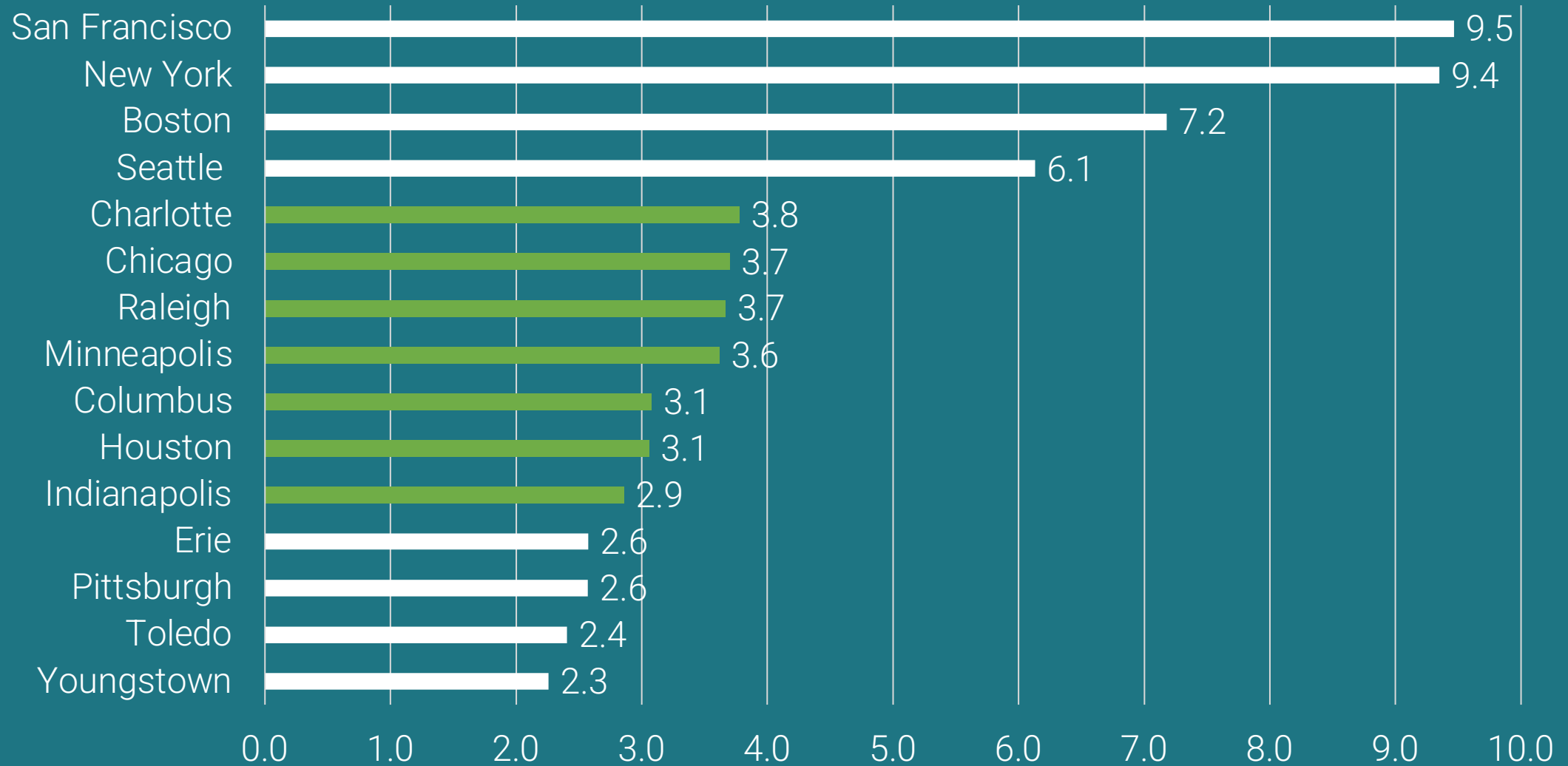
What does this mean? Let's compare....

Median Home Value to Median Income Ratio, 2021



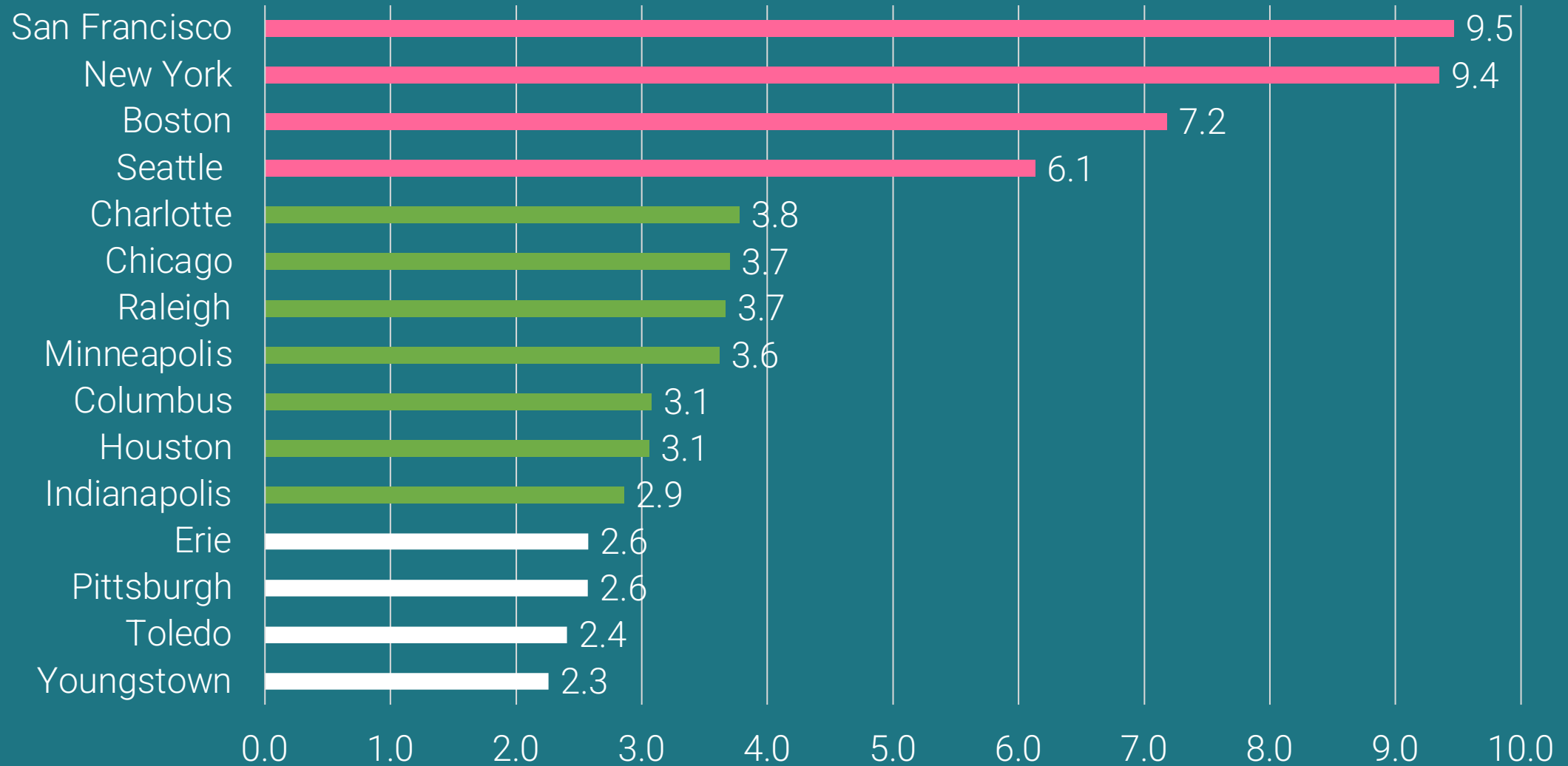
Source: American Community Survey, 5-year estimates

Median Home Value to Median Income Ratio, 2021



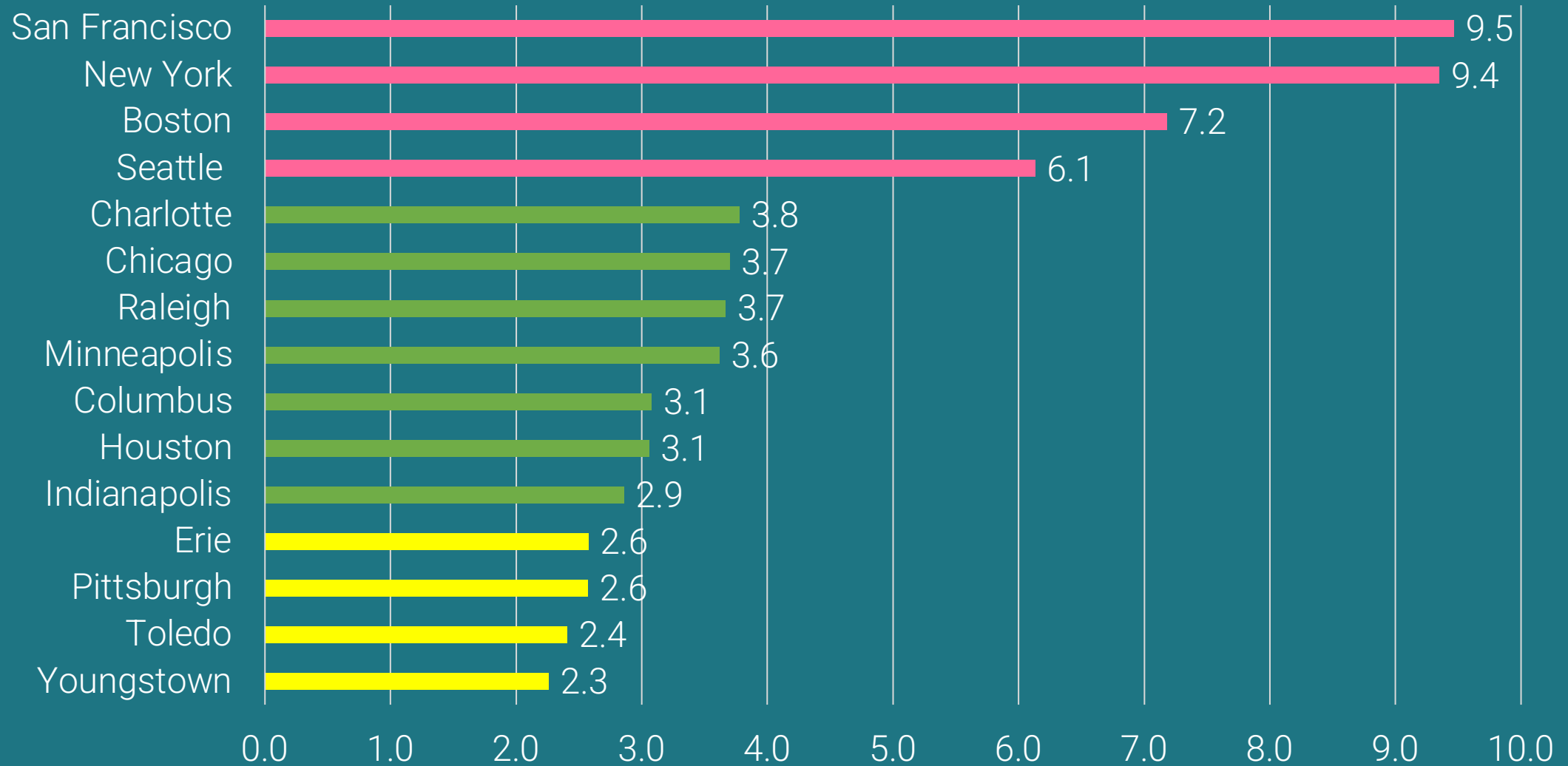
Source: American Community Survey, 5-year estimates

Median Home Value to Median Income Ratio, 2021



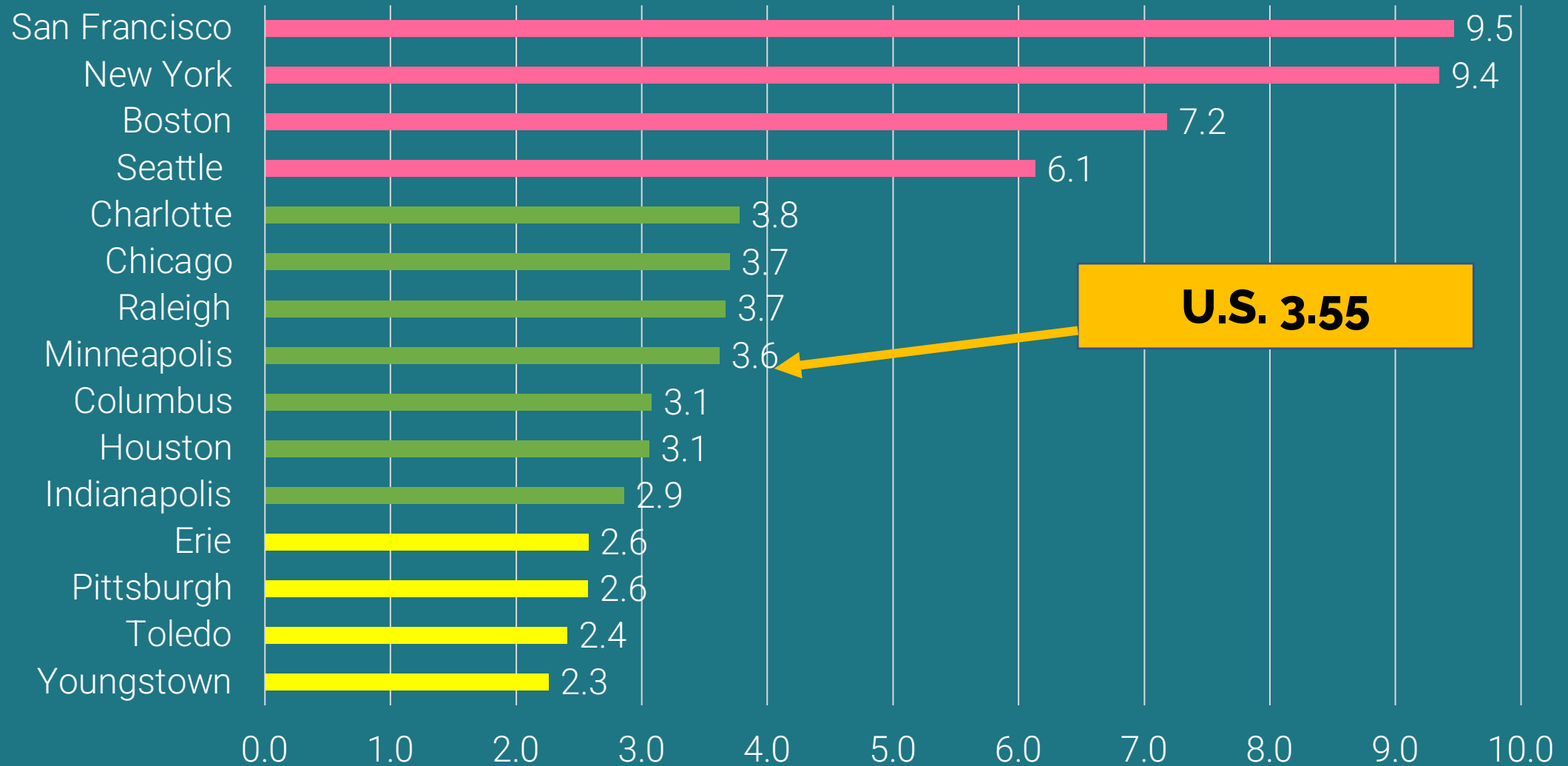
Source: American Community Survey, 5-year estimates

Median Home Value to Median Income Ratio, 2021



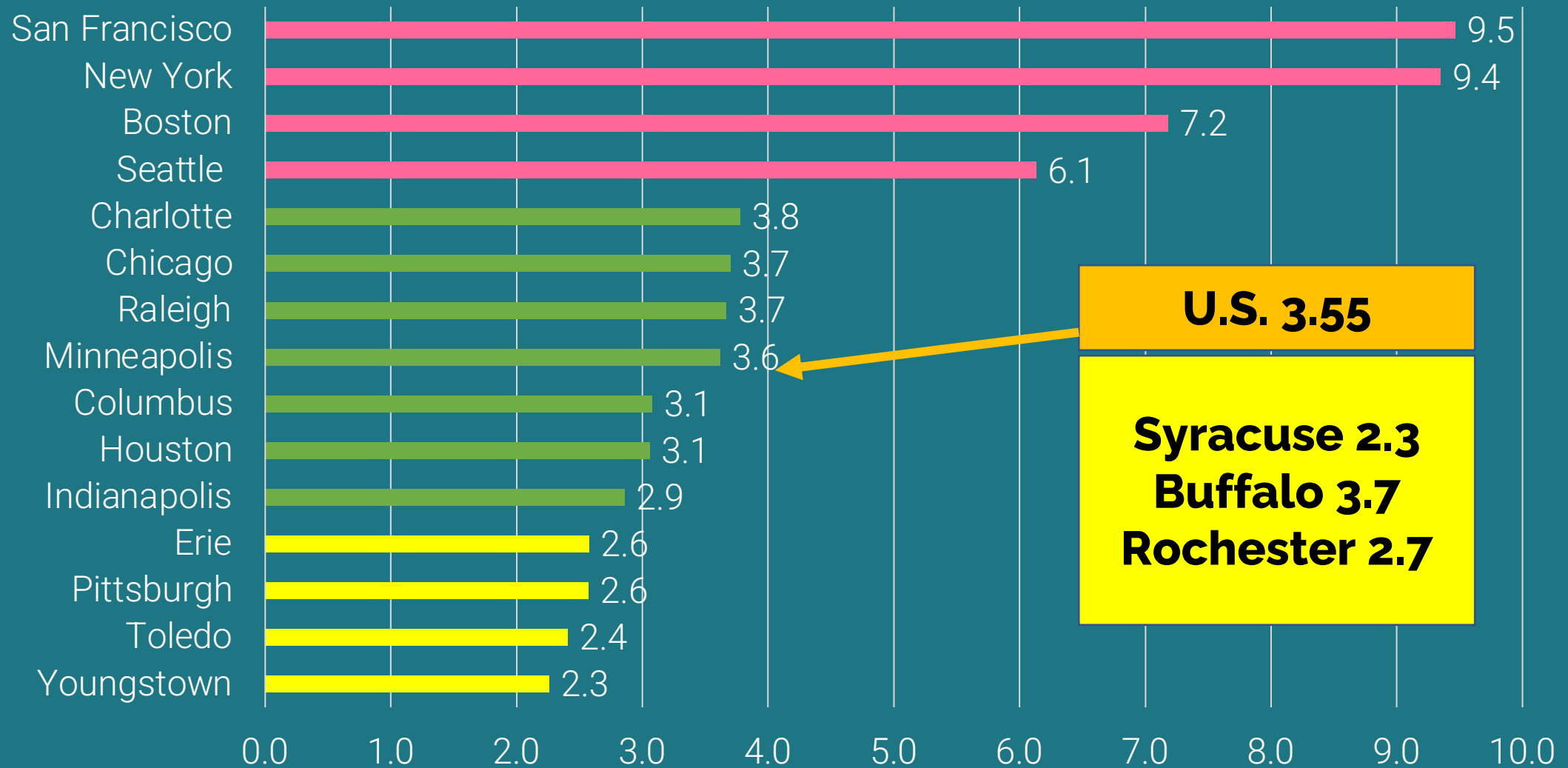
Source: American Community Survey, 5-year estimates

Median Home Value to Median Income Ratio, 2021



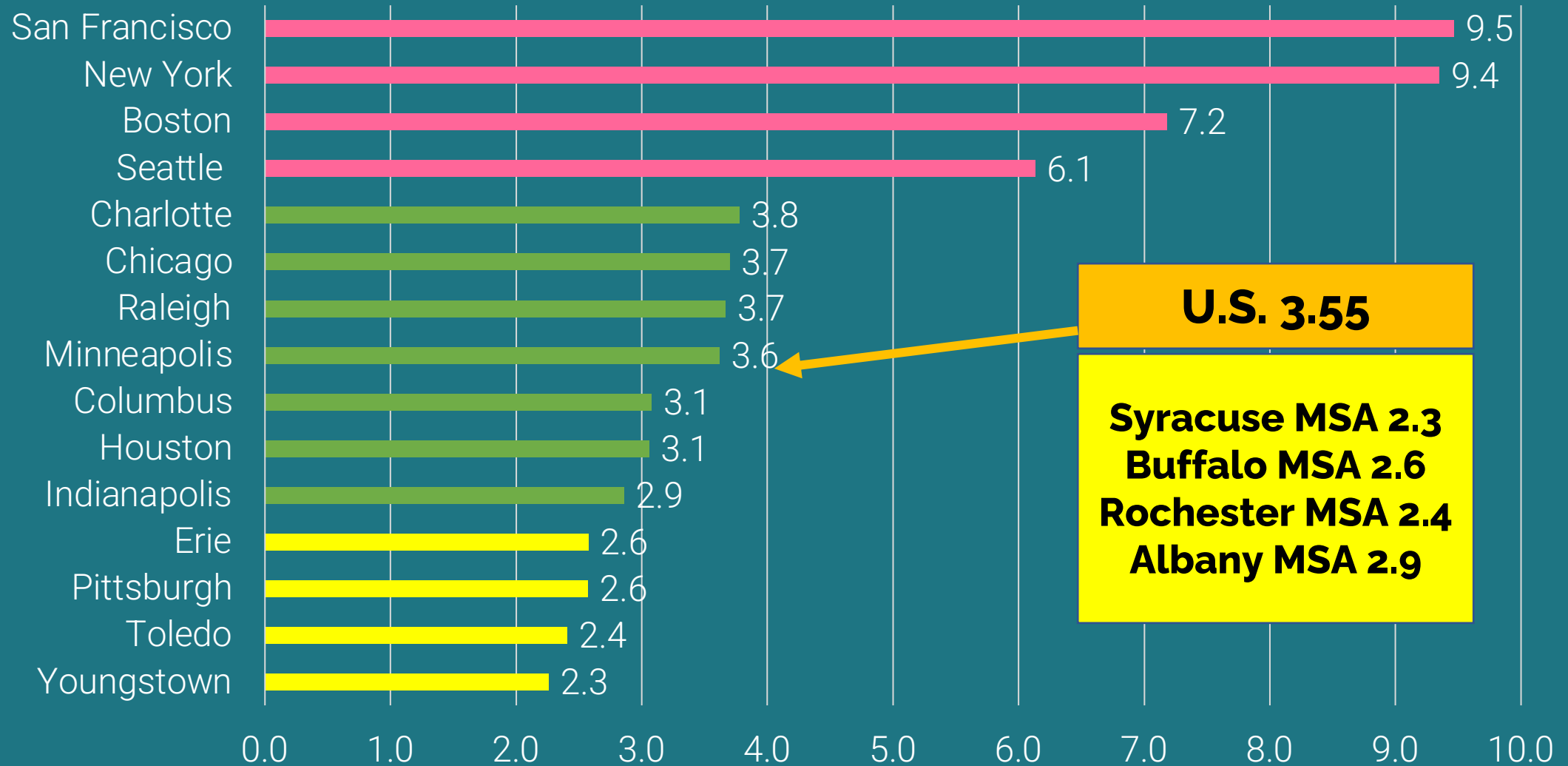
Source: American Community Survey, 5-year estimates

Median Home Value to Median Income Ratio, 2021



Source: American Community Survey, 5-year estimates

Median Home Value to Median Income Ratio, 2021

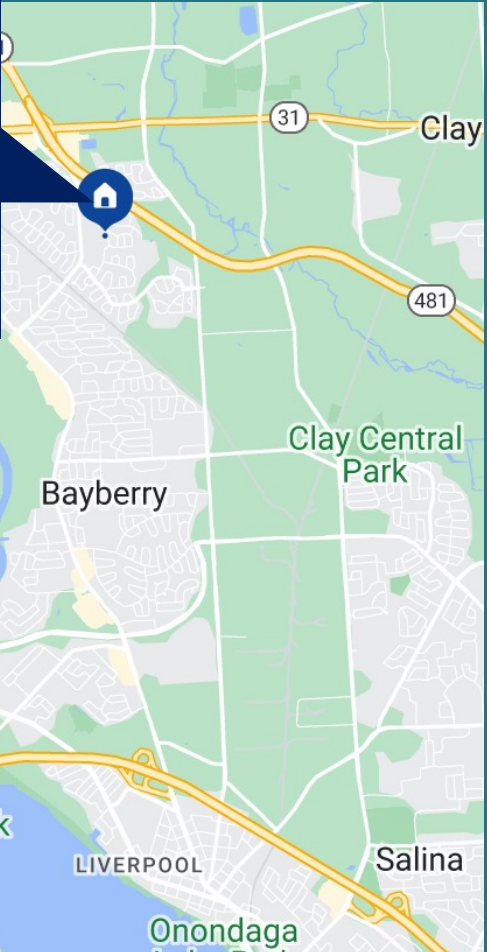


Source: American Community Survey, 5-year estimates

What's been going on?

Looks like a great bargain.
What's the problem?

Problems in a Soft Market: **Lack of Appreciation**



1990 Purchase Price

2017 CPI Adjusted

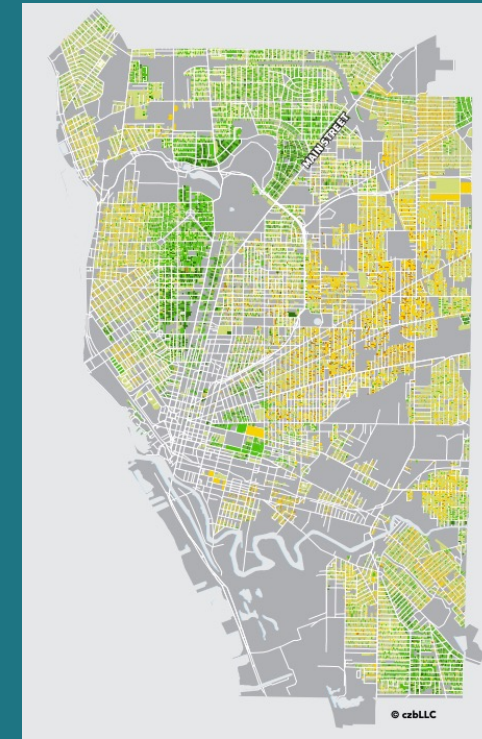
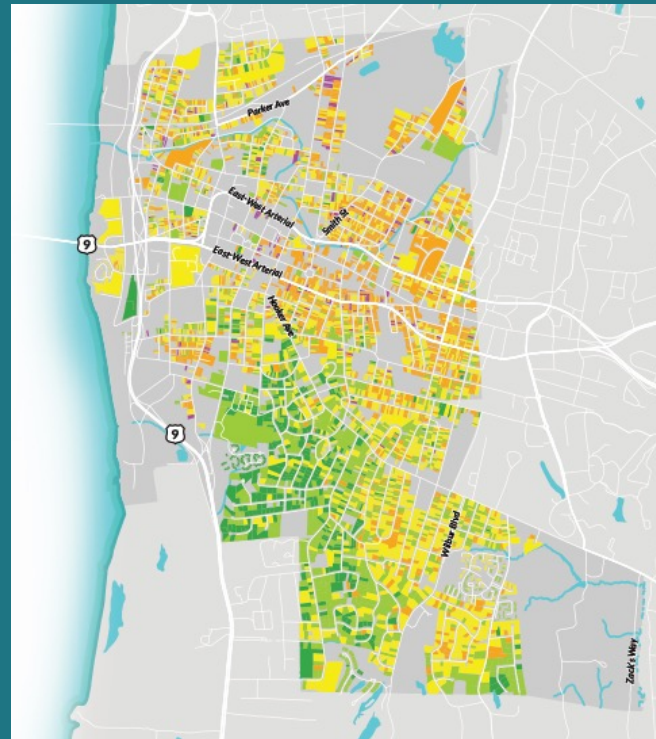
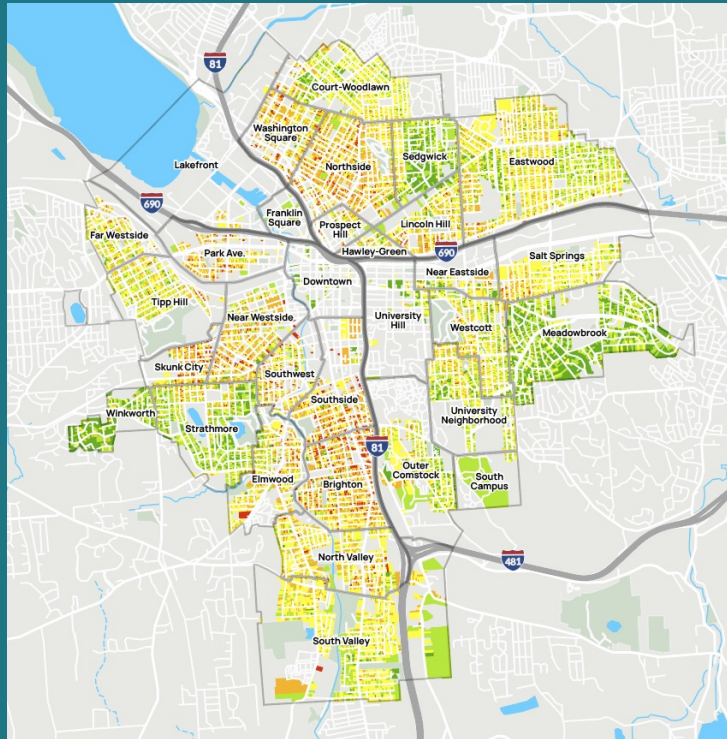
2017 Sale Price

\$140,000

\$263,000

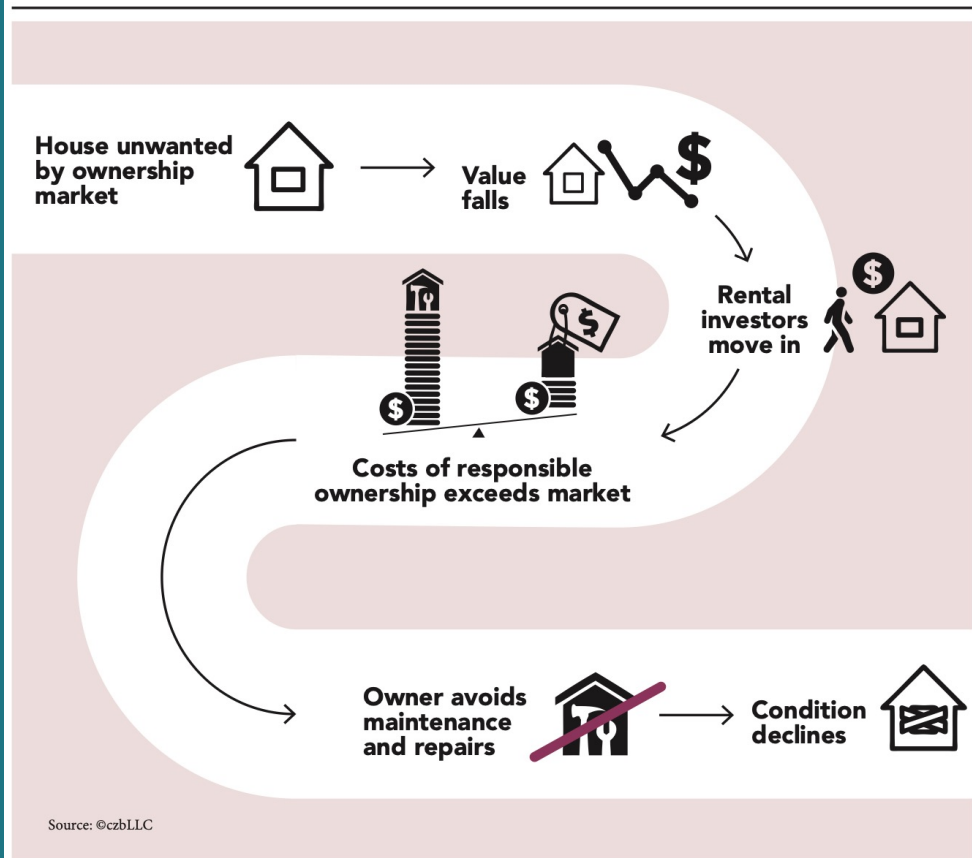
\$215,000

Problems in a Soft Market: **Core Disinvestment**



Problems in a Soft Market: **Core Disinvestment**

PROCESS OF PROPERTY DISINVESTMENT



Source: ©czbLLC



Problems in a Soft Market: **Core Disinvestment**

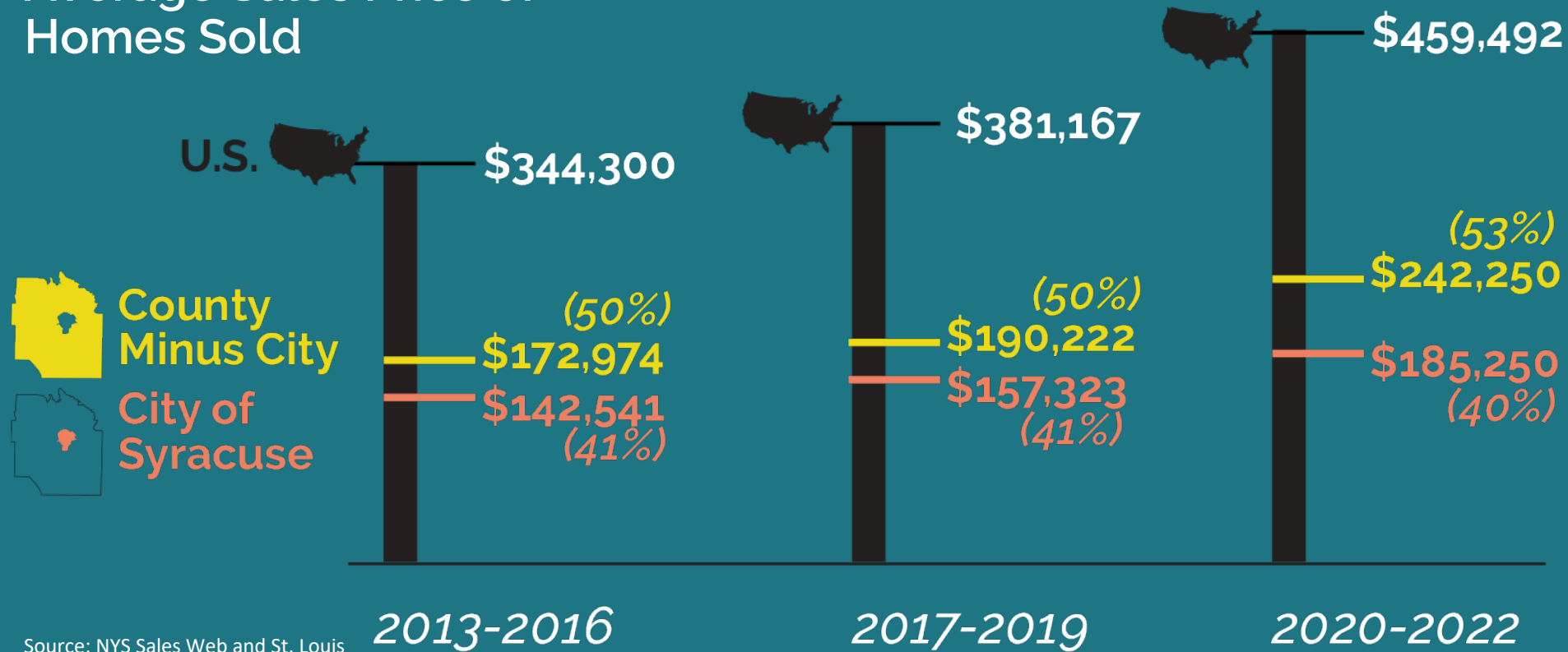
Post-rehab value likely less than total rehab cost.

Expensive new build is a risky bet in a market with affordable alternatives.

Why rehab an old house? Why build new?

Problems in a Soft Market: **Market Gap**

Average Sales Price of Homes Sold



Replacement cost of a 2,000 square foot single-family house in 2023 (not including garage)

~\$400,000

Source: NYS Sales Web and St. Louis Fed's FRED system

What's been going on?

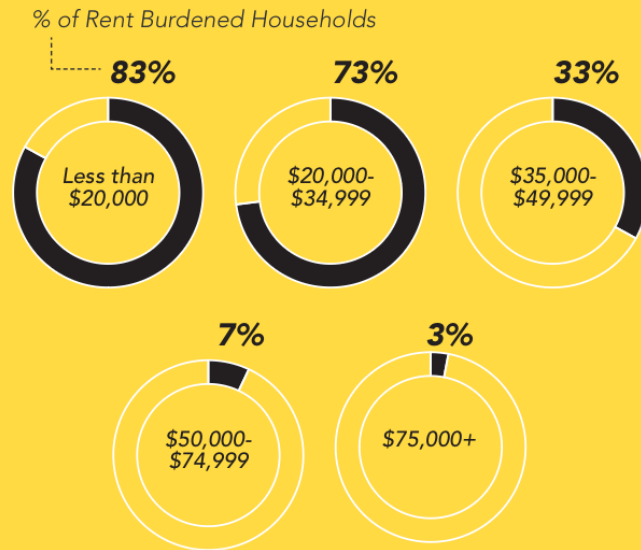
Ok but at least affordability
is good...?

Problems in a Soft Market: **Affordability**

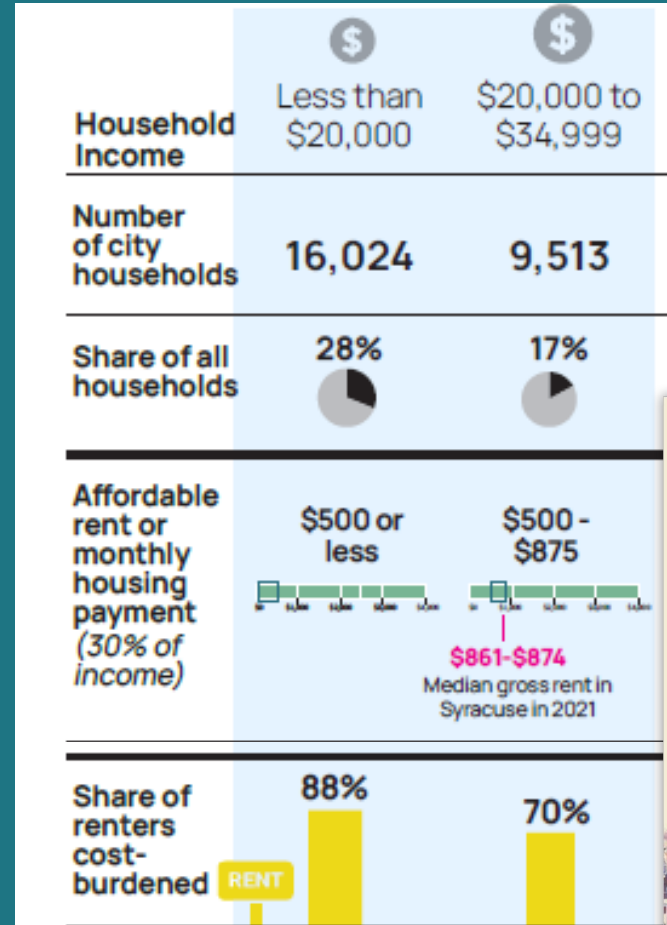
Rochester

ROCHESTER'S HOUSEHOLDS STRUGGLE TO AFFORD RENT

PERCENTAGE OF RENT BURDENED HOUSEHOLDS BY INCOME, 2019



Source: 2015-2019 American Community Survey Five Year Estimates



Syracuse



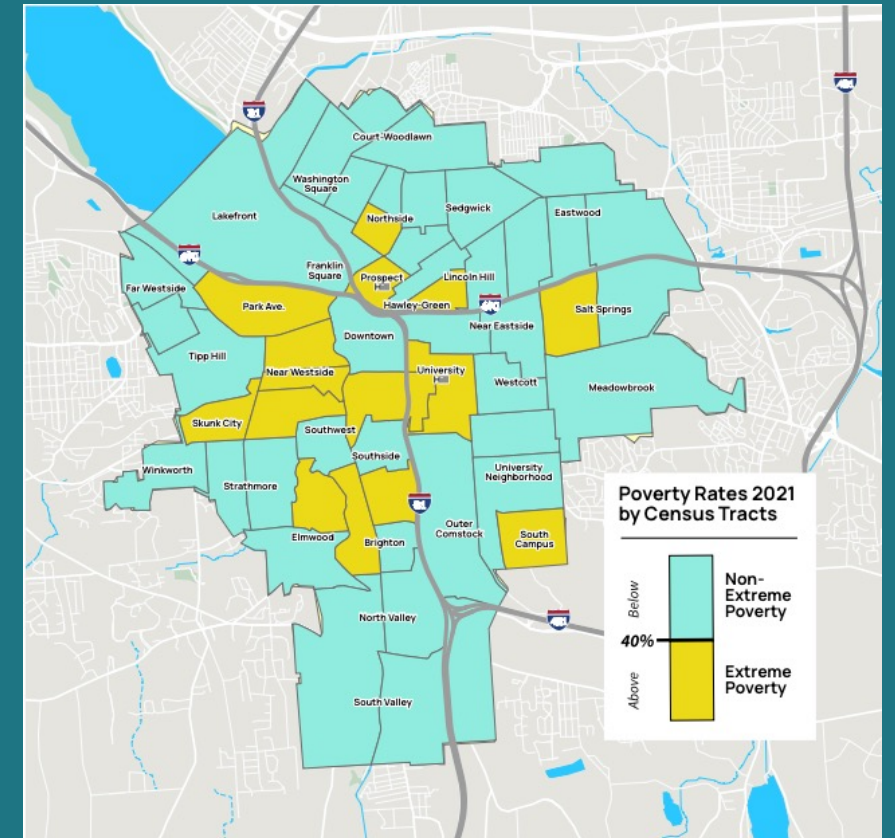
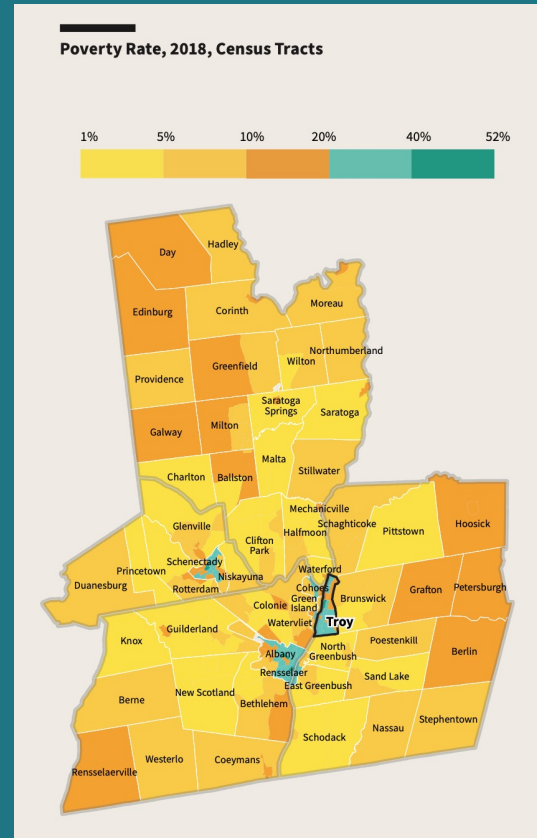
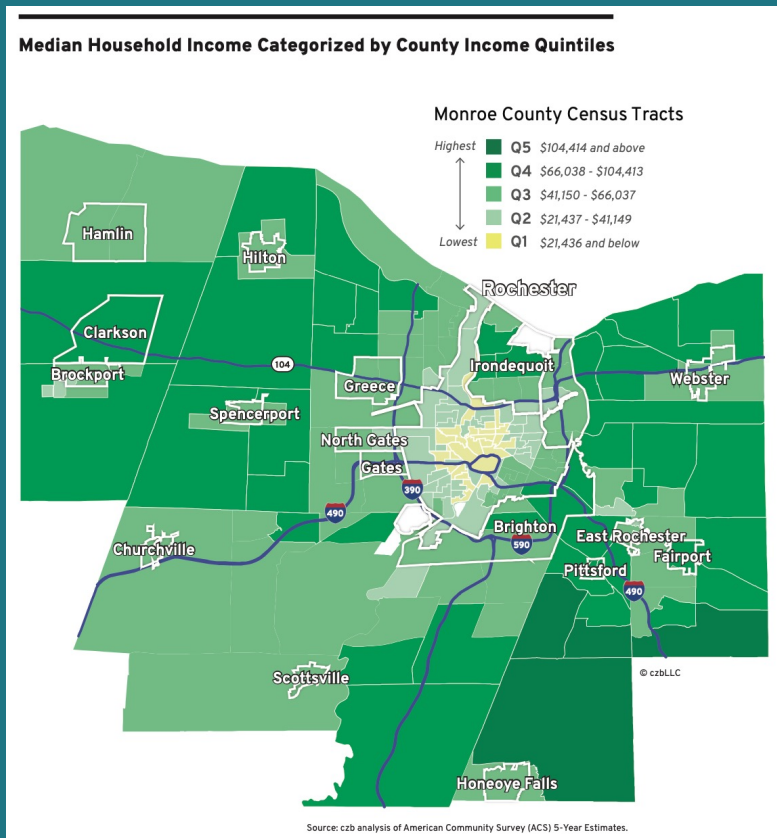
Prepared for the City of Syracuse by czb LLC
 Prepared by czb LLC
 Made possible by the following:
 THE UNIVERSITY OF THE STATE OF SYRACUSE
 SUNY ESF
 SUNY COLLEGE OF ARCHITECTURE AND PLANNING
 JUN 2023

Problems in a Soft Market: **Concentrated Poverty**

Monroe County and City of Rochester

Capital Region and Troy, NY

Syracuse, NY

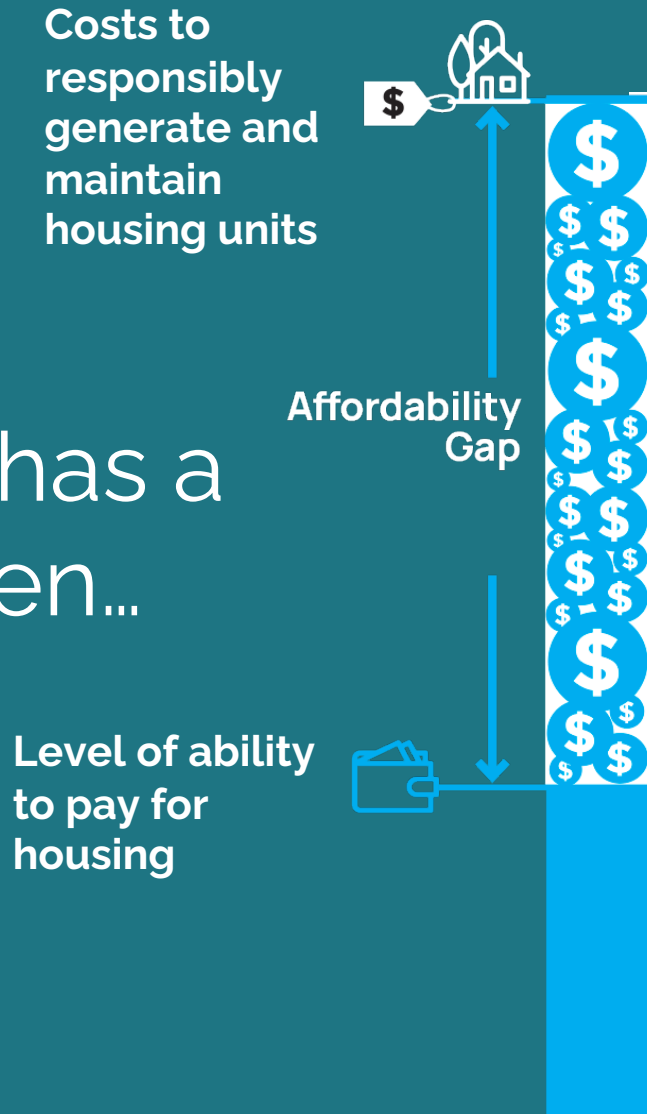


What's been going on?

Housing cost burdens in the region are the result of low incomes, not high housing costs, and are concentrated in city neighborhoods



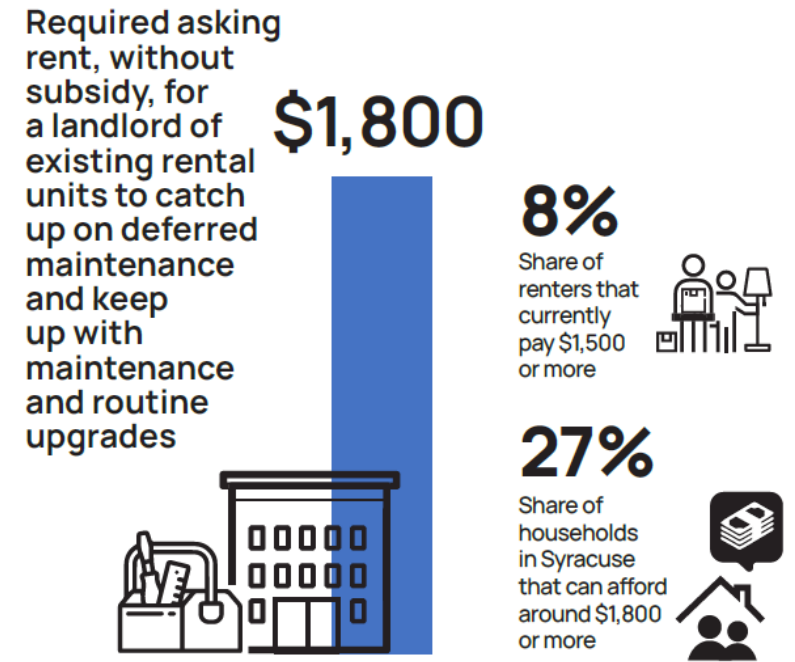
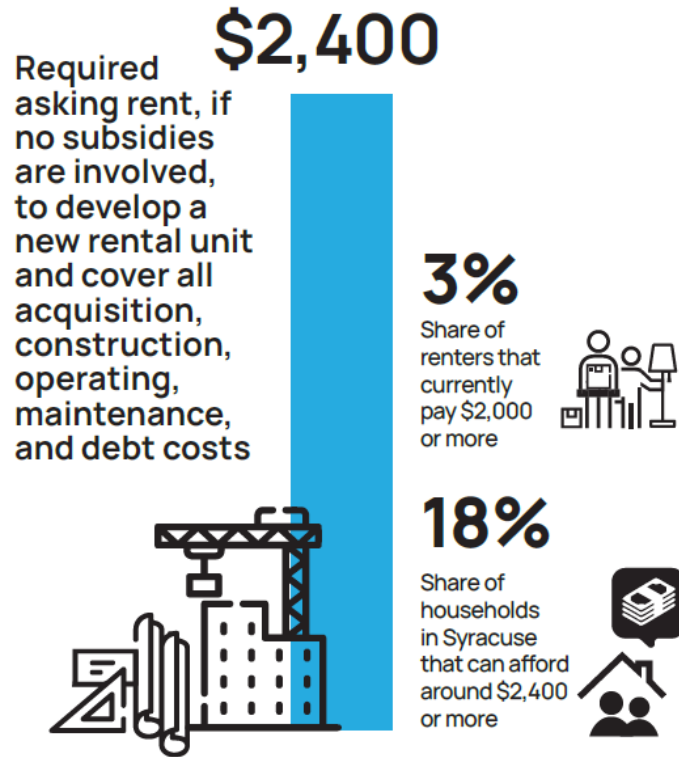
Every property has a break-even...



Low-income households are unable to pay what quality housing costs

Every property has a break-even...

They must take what's left at bottom of market, which is lowest quality and most irresponsibly operated.

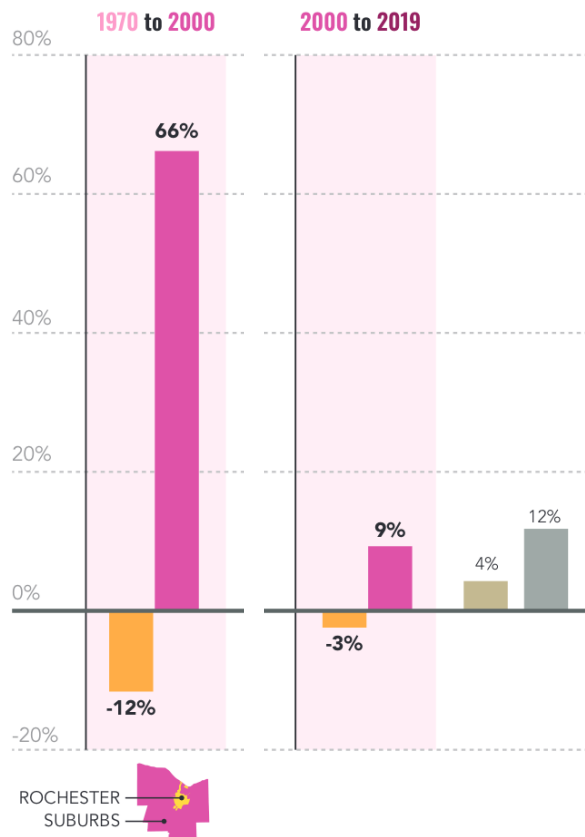


Source: Analysis of prevailing costs in early 2023 based on data from R.S. Means and land currently for sale; renter shares are from 2021 American Community Survey 5-year estimates

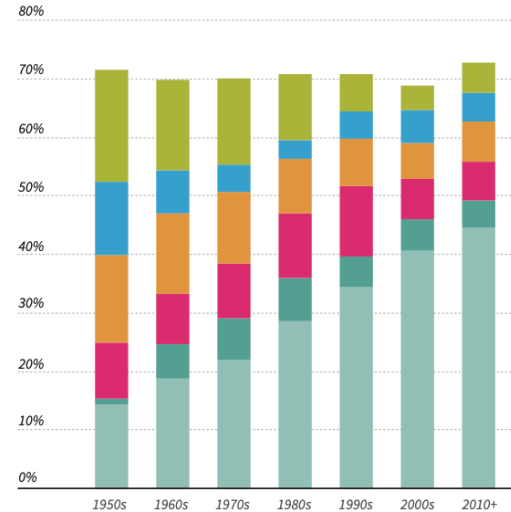
What's been going on?

Market dysfunction?
Affordability problems?
How did we get here?

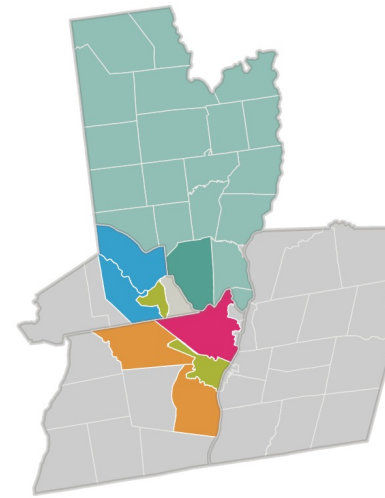
Suburbanization



Percentage of Regional Housing Units Built in Selected Areas, by Decade, 1950-2018

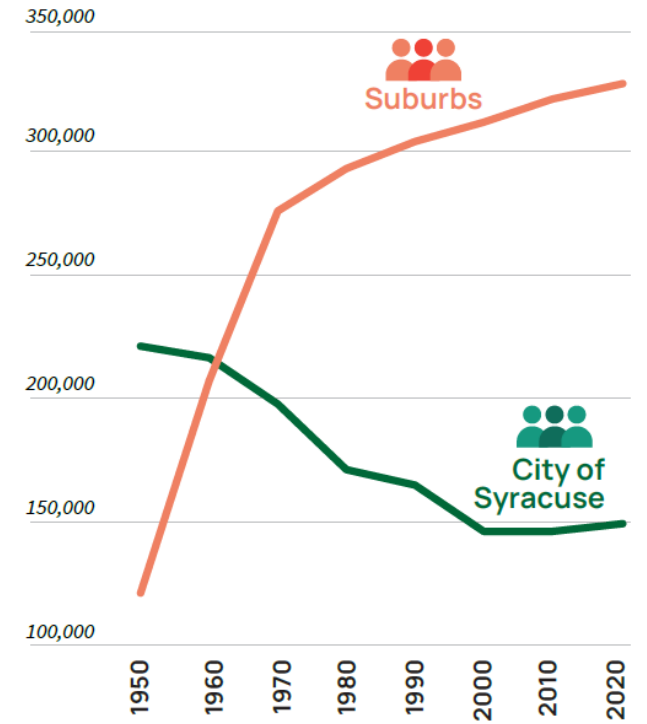


Note: Balance belongs to rest of MSA, not shown.
Source: czb Analysis of 2014-2018 American Community Survey Five Year Estimates



- Albany and Schenectady
- Rotterdam and Glenville
- Guilderland and Bethlehem
- Colonie
- Clifton Park
- Rest of Saratoga County
- Rest of MSA

Population of City of Syracuse and the Remainder of Onondaga County Since 1950



Source: U.S. Census Bureau, Decennial Census

Sprawl without growth

- Suburbanization of people, businesses, and tax bases.
- Rates of urbanization and housing development outpacing population growth.
- Unit construction outpacing household growth, increasing vacancy.



“Despite two decades of anemic population growth, Upstate has urbanized hundreds of thousands of acres of farm and forest land since 1980.”



CENTER ON URBAN AND METROPOLITAN POLICY

Sprawl Without Growth: The Upstate Paradox

Rolf Pendall¹

Findings

An analysis of growth and development trends and population in Upstate New York finds that:

- **Despite slow population growth, 425,000 acres of Upstate New York were urbanized between 1982 and 1997, resulting in urban sprawl in the form of declining density.** The total amount of urbanized land in Upstate grew by 30 percent between 1982 and 1997, while its population grew by only 2.6 percent, reducing the density of the built environment by 21 percent.
- **Compared with other Upstate regions, Western New York sprawled less between 1982 and 1997, and Central New York sprawled more.** All Upstate regions have falling population density, but Western New York's density dropped only 16 percent between 1982 and 1997. Meanwhile, Central New York—which includes Syracuse, Utica/Rome, and surrounding counties—urbanized over 100,000 acres even though it lost 6,500 residents, resulting in a 32 percent decline in its density.
- **People, jobs, and businesses are leaving cities and villages and moving to towns.** Upstate cities lost over 40,000 households in the 1990s alone, while unincorporated town areas gained over 160,000 households; businesses have also disappeared from cities while growing in towns.
- **Sprawl hits Upstate cities hard.** City tax bases fell in the 1990s, vacant housing increased, and home ownership slipped. Towns remained comparatively prosperous.

Continued decentralization of people and jobs away from Upstate New York's cities and villages is undermining the economic health and quality of life of the region. State and local leaders need to understand that these trends are not inevitable. Explicit state reforms in fiscal policy, annexation laws, and planning can go a long way toward fostering a better future for Upstate New York.

Introduction: Why Sprawl Matters for Upstate New York

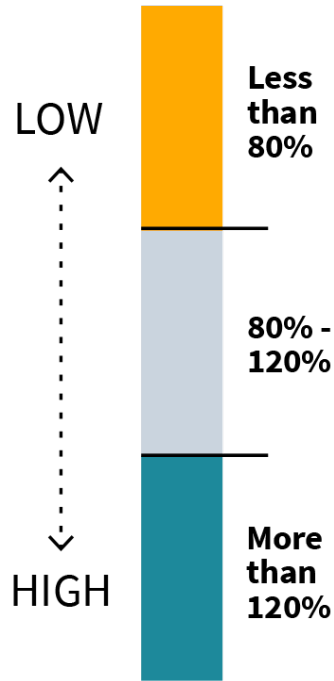
People throughout the world place a strong value on the landscape, natural environment, and compact settlement pattern of Upstate New York. The Adirondack and Catskill mountains,

the Finger Lakes, the Lake Ontario shoreline, Lake Champlain, and the Thousand Islands attract hundreds of thousands of visitors annually. At the scale of the entire landscape, farms and forests define the edges of Upstate's cities, villages, and hamlets and form a distinctive matrix of land uses. These cities, villages, and hamlets have a distinctive

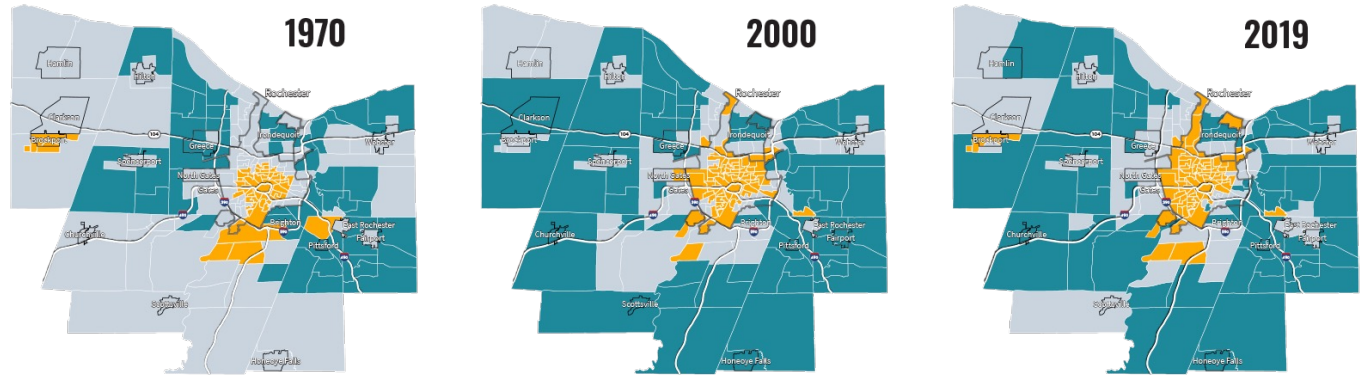
Economic Segregation

- Shrinking middle.
- High incomes move to regional edges.
- Urban core concentrates low incomes.

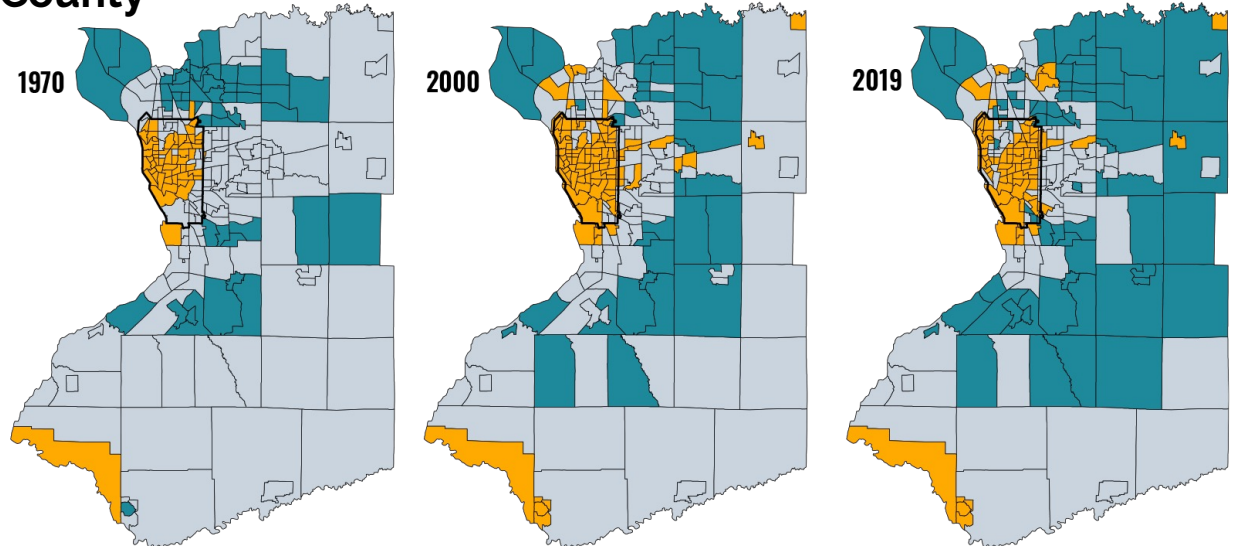
Census Tract's MHI as Percent of County's MHI



Monroe County

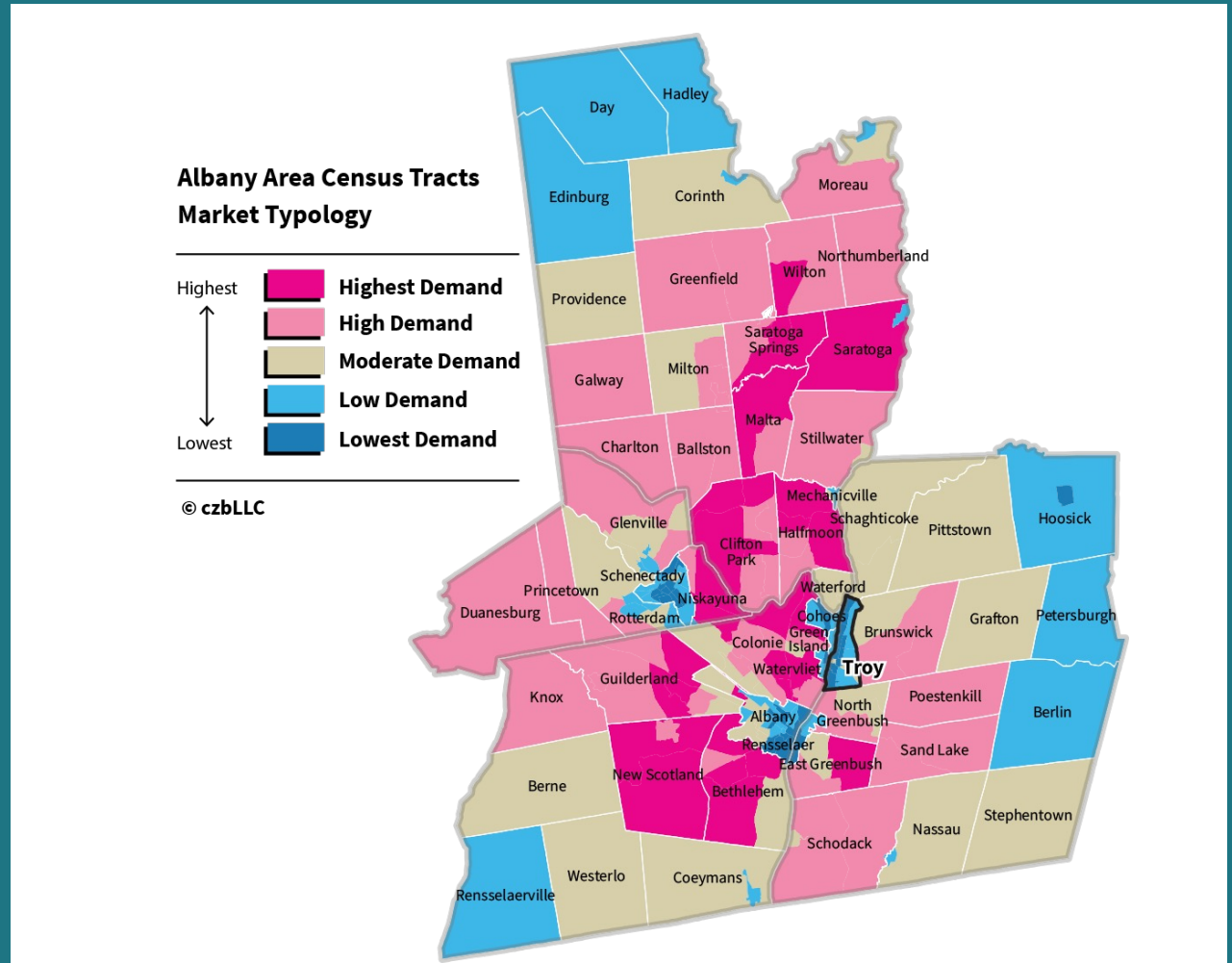
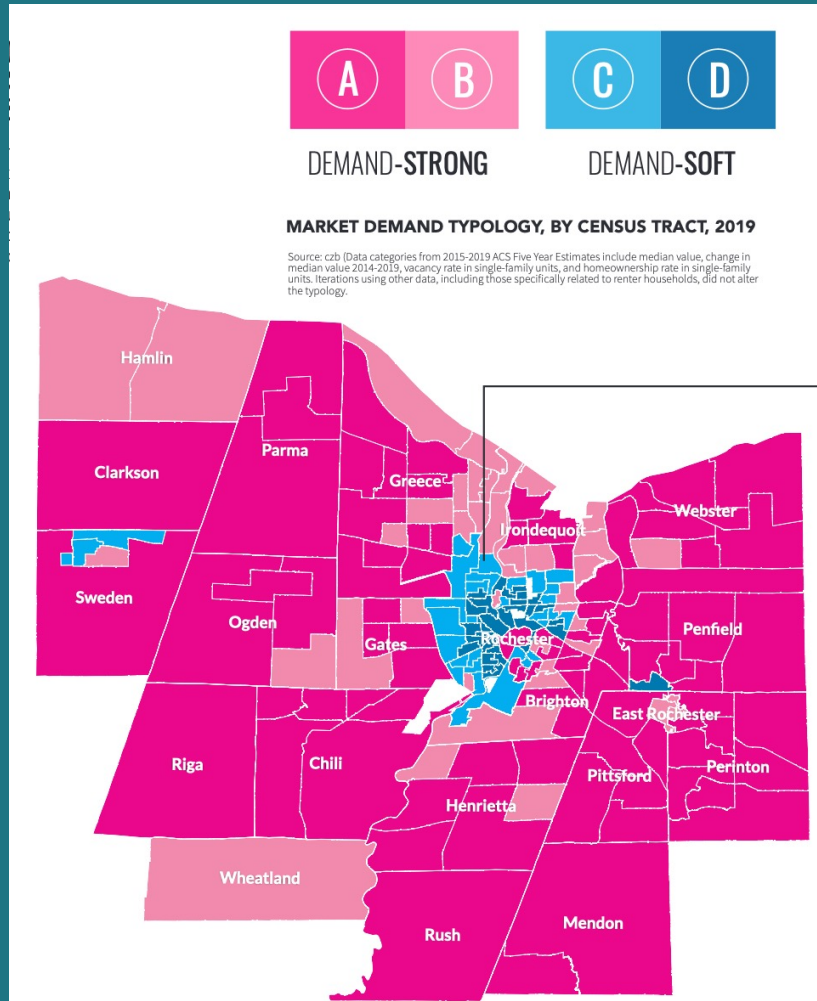


Erie County



Data Source: Brown University Longitudinal Tract Database

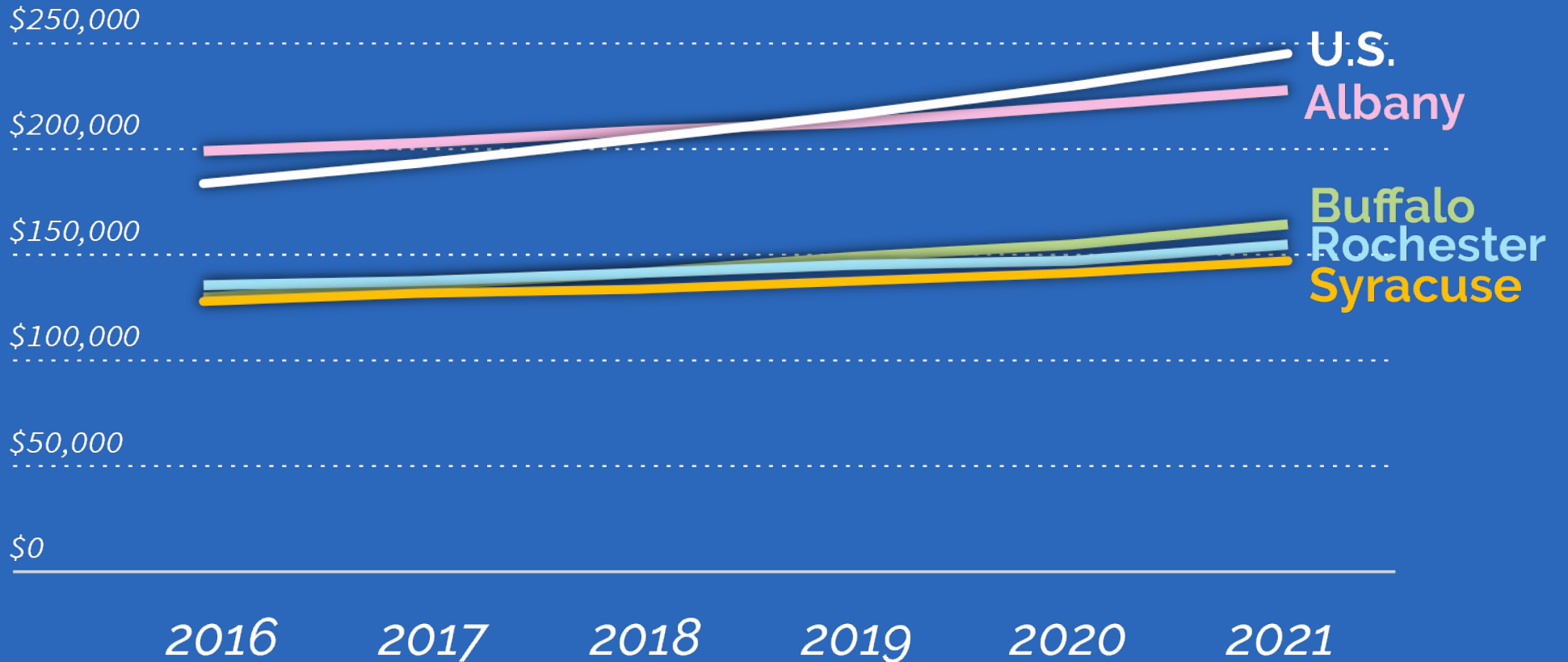
Suburbanized Demand



Today's Housing Market: **Where are we?**

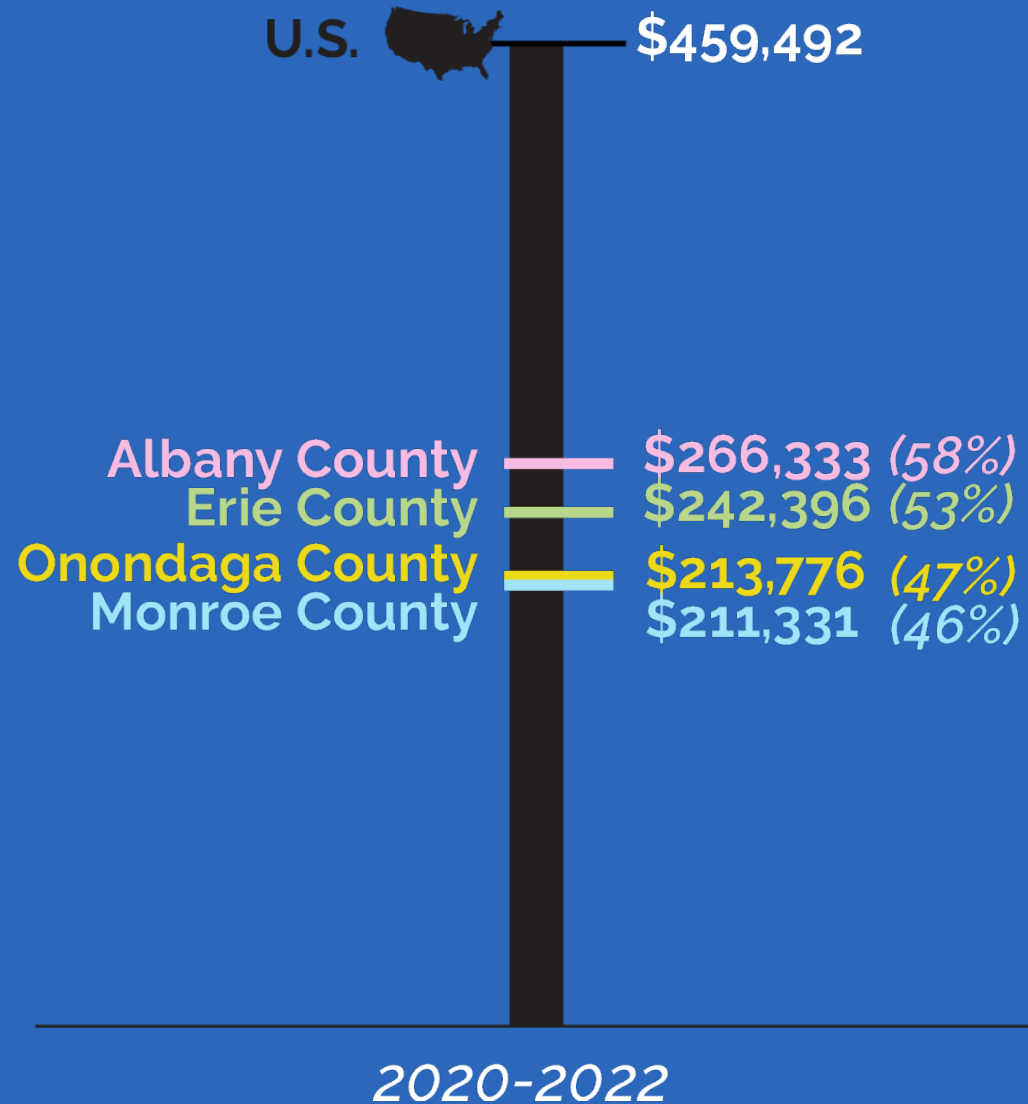
Median Value (All Units)

Median Value of Owner-Occupied Units, Upstate MSAs, 2016-2021



Source: ACS Five Year Estimates

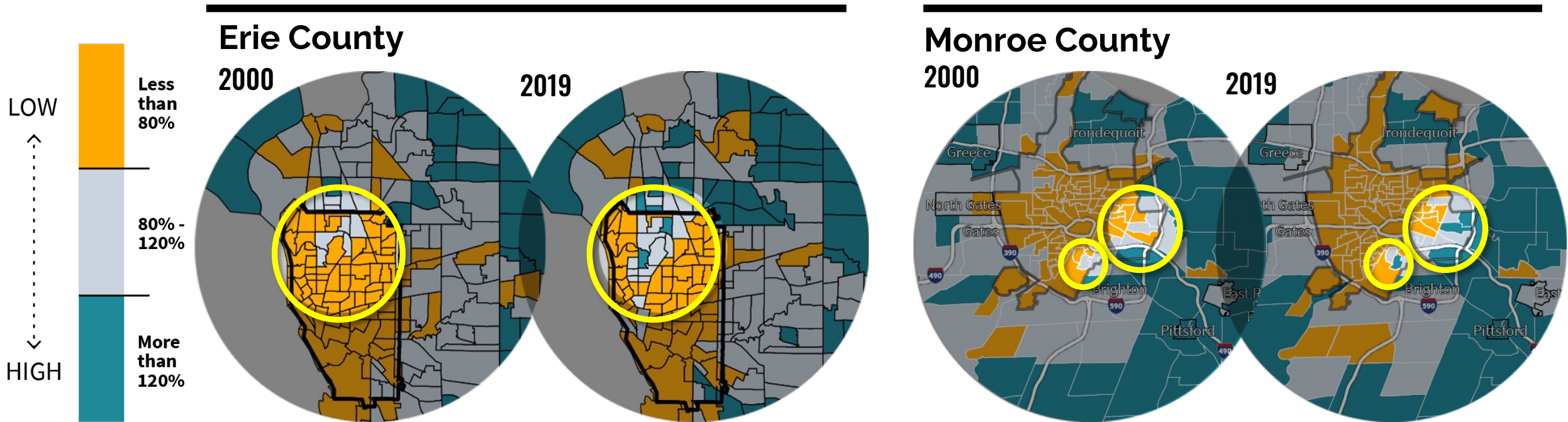
Recent Home Sale Prices



Source: NYS Sales Web St. Louis Fed's FRED system

Limited Urban Revitalization

Census Tract's Median Household Income as Percent of County's Median Household Income



Source: NYS Sales Web St. Louis Fed's FRED system

Millennial Bump? **A Buffalo Case Study**



WBFO npr Your NPR Station
Buffalo • Toronto Public Media

WBFO/WOLN/WUBJ
Buffalo, What's Next?

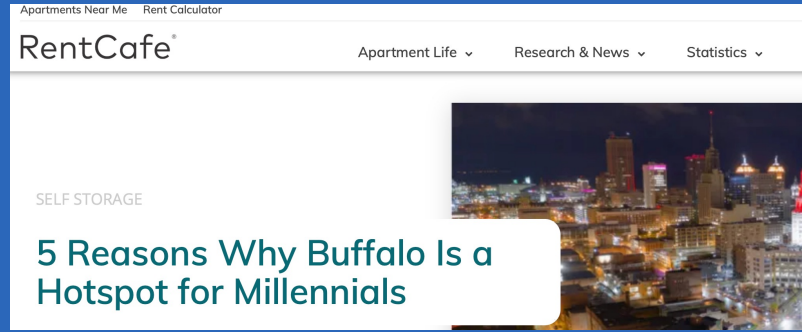
HOME NEWS SERIES SCHEDULE PROGRAMS STAFF THE BRIDGE SUPPORT BUFFALO TORONTO

Study finds Buffalo succeeding in attracting millennials

WBFO-FM 88.7 | By Edwin Viera
Published June 8, 2017 at 10:17 AM EDT

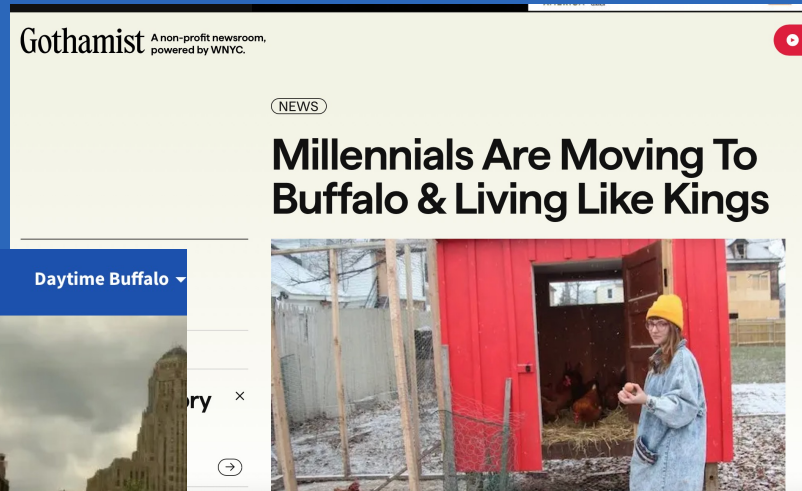
The Cities Where Millennials Are Moving

Millennial Change
Growing Declining



Apartment Life Research & News Statistics

5 Reasons Why Buffalo Is a Hotspot for Millennials



A non-profit newsroom, powered by WWYC.

Millennials Are Moving To Buffalo & Living Like Kings



News 4Warn Weather Sports Community Watch News 4 Daytime Buffalo


Buffalo ranks #5 on new list of top 10 most popular cities for millennials



THE BUFFALO NEWS

Believe it: Buffalo is a hot destination for millennials

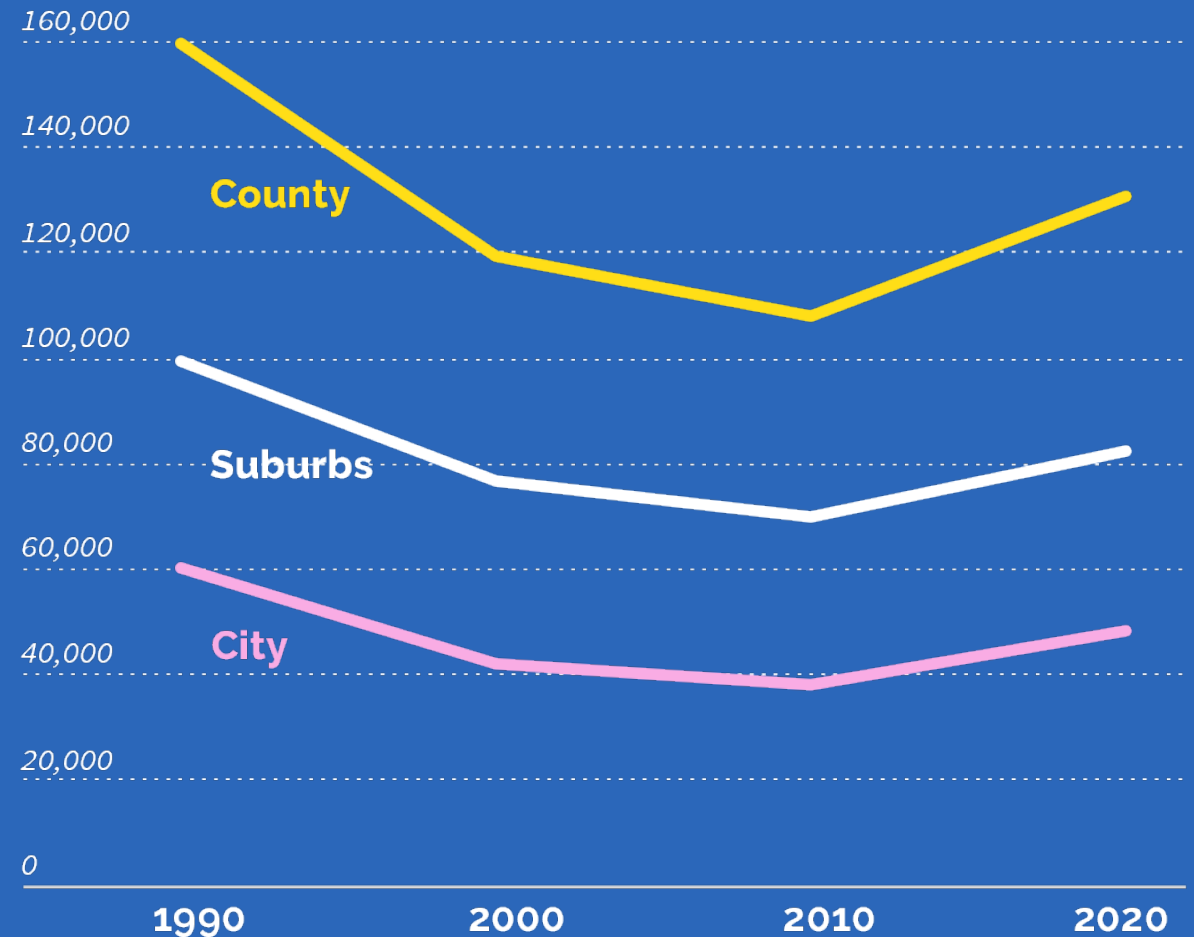
By David Robinson Jan 13, 2017 0



Millennial Bump?

A region worried about “brain drain” sees reason to celebrate...

Erie County Population Ages 25-34, 1990-2020

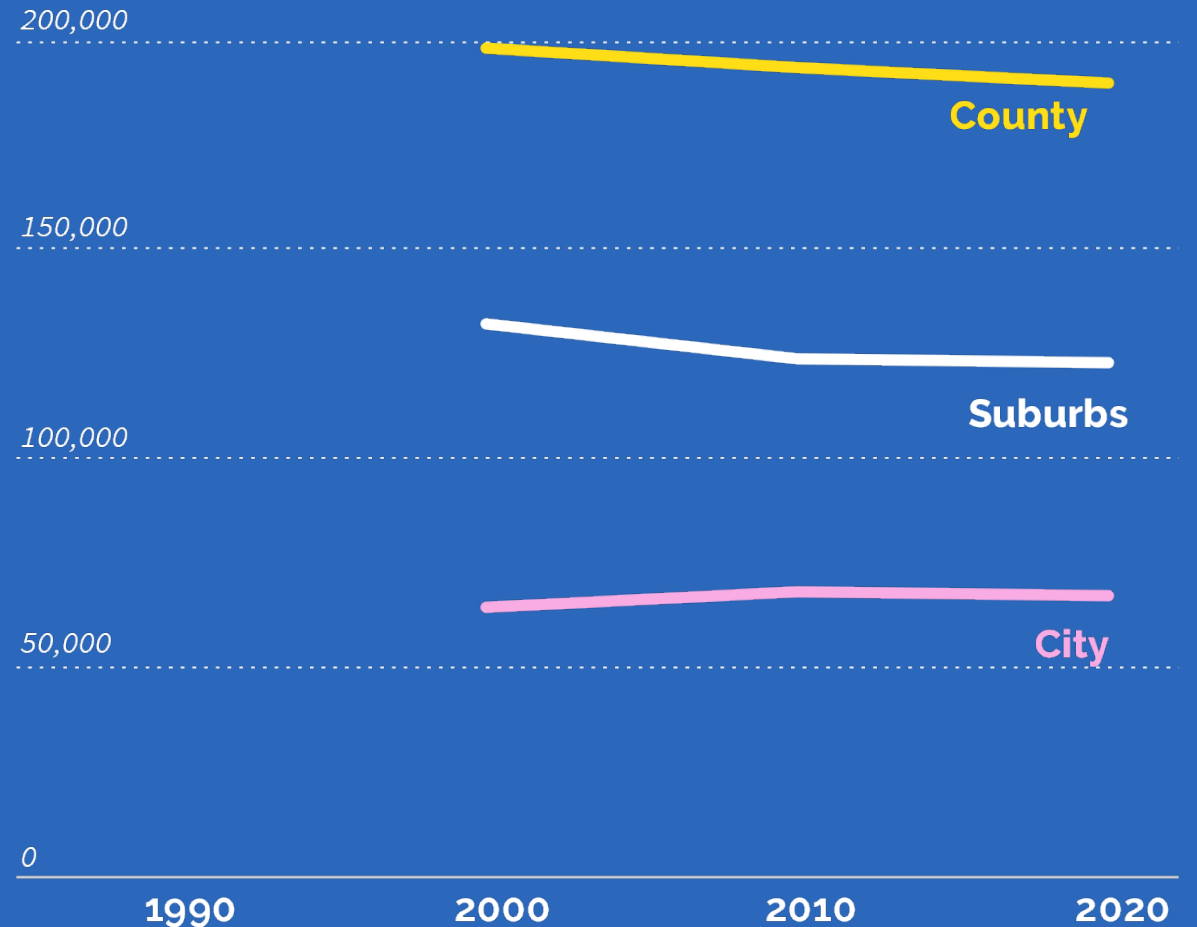


Data Source: Decennial U.S. Census

Millennial Bump?

Just one
problem...
it never
happened.

Erie County Millennials (Born 1981-1995), 2000-2020

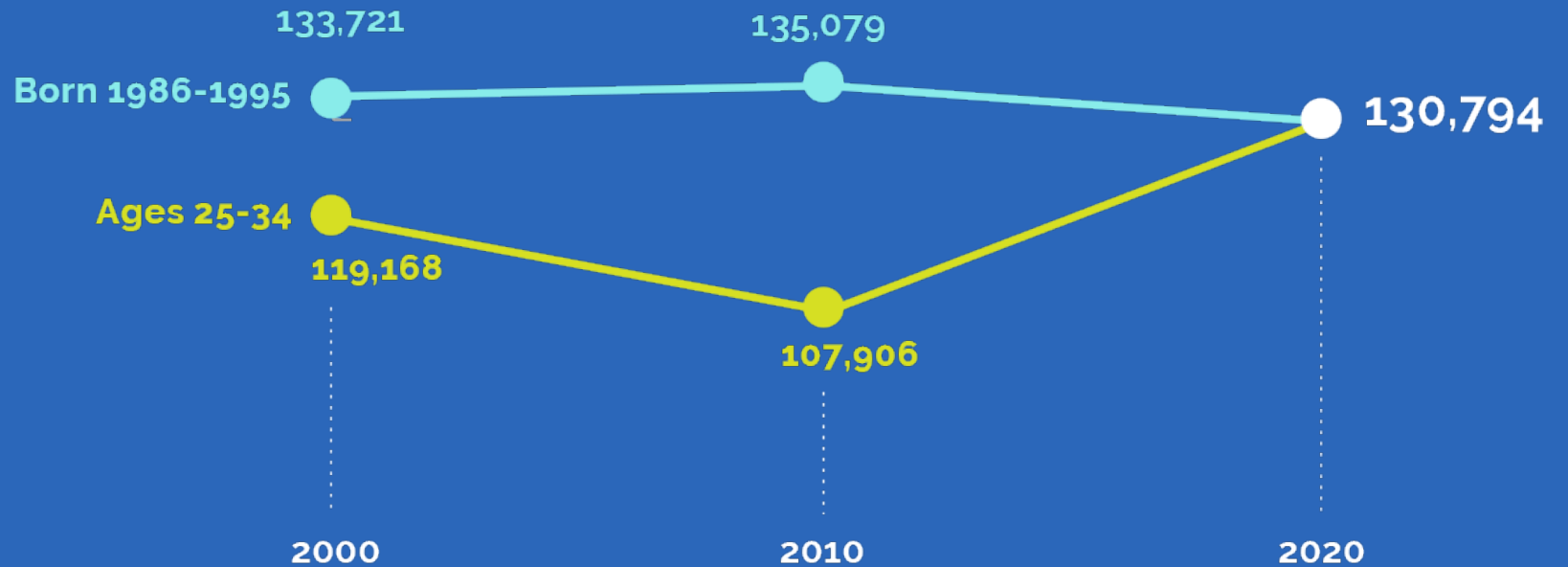


Data Source: Decennial U.S. Census

Millennial Bump?

**Lazy Analysis:
aging and moving
are not the same
thing.**

Ages 25-34 vs Birth Years 1986-1995, Erie County, 2000-2020

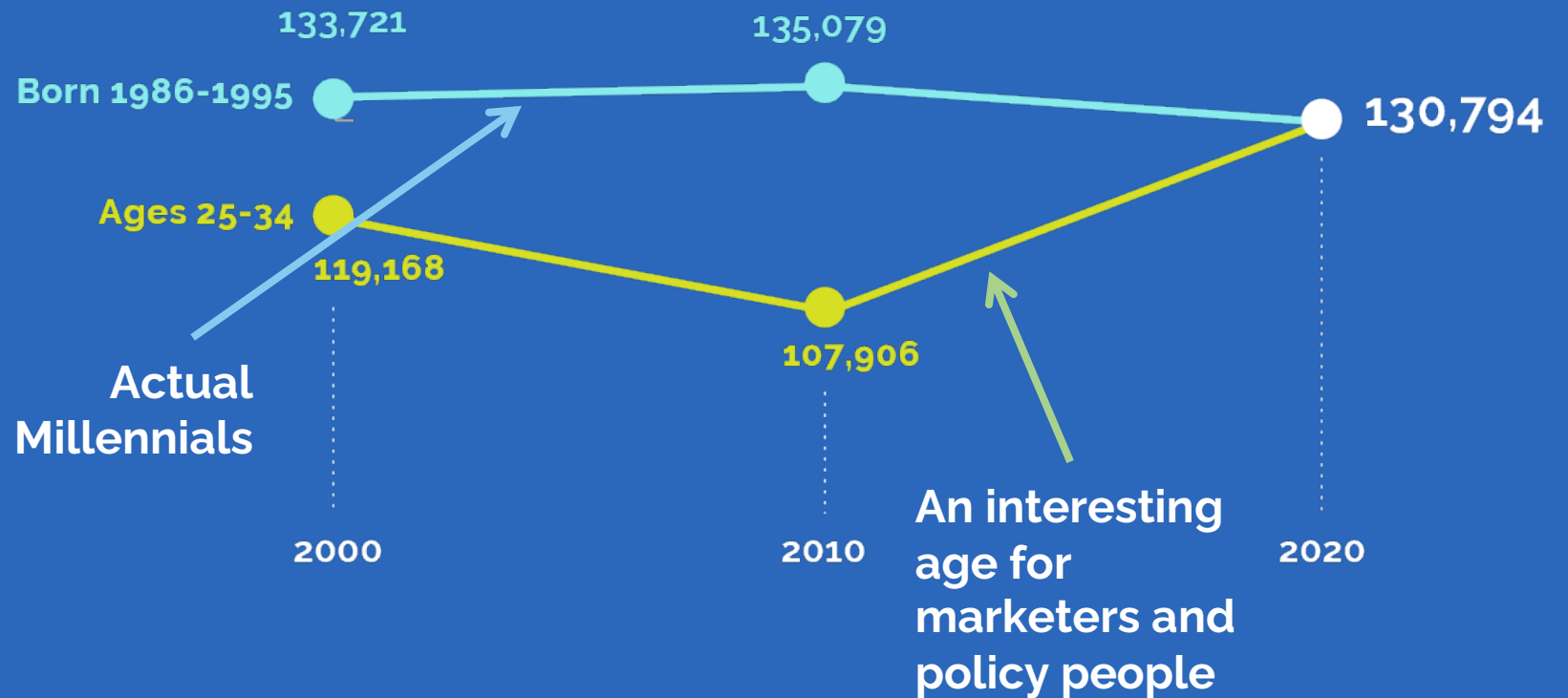


Data Source: Decennial U.S. Census

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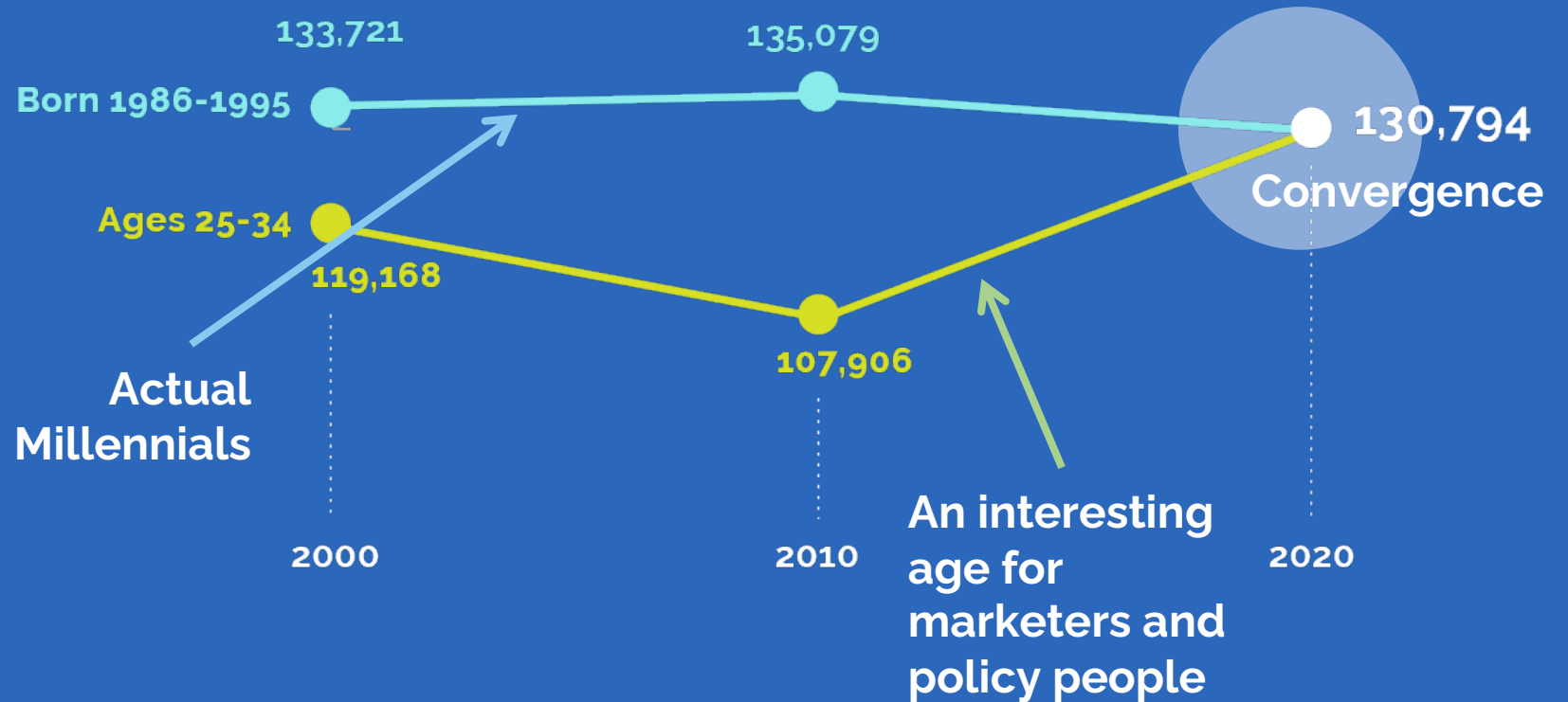


Data Source: Decennial U.S. Census

Millennial Bump?

A larger than normal generation began to show itself.

Ages 25-34 vs Birth Years 1986-1995, Erie County, 2000-2020



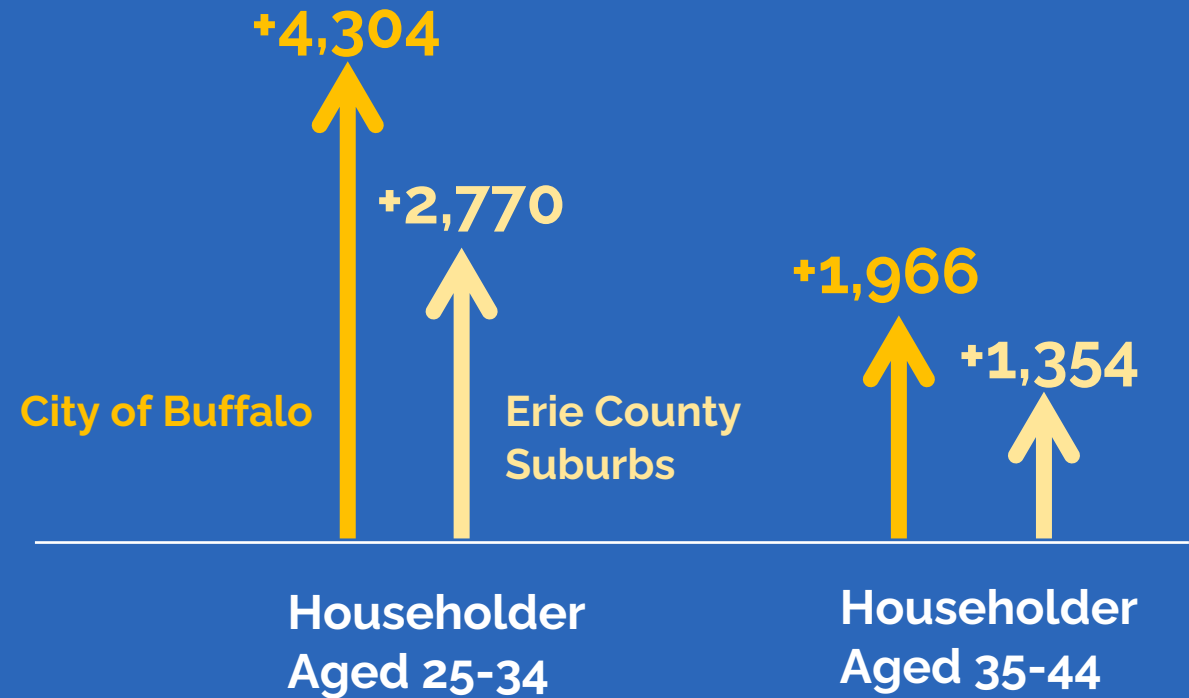
Data Source: Decennial U.S. Census

Millennial Bump?

But aging into the right life stage does impact housing markets!

Especially rental markets.

Change in Number of Renter Households during 2010s, by Age of Householder



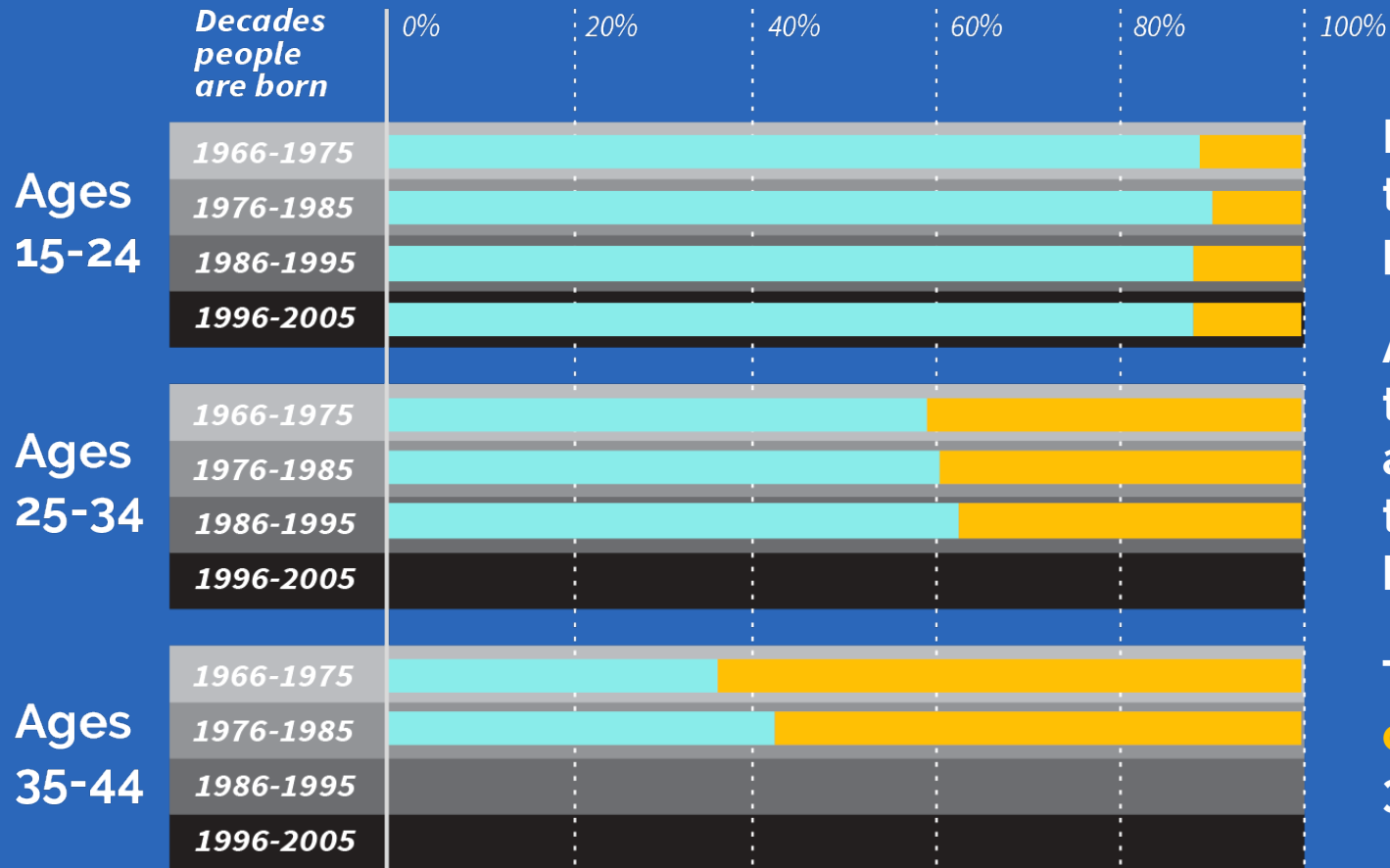
Data Source: Decennial U.S. Census

Millennial Bump?

And now buyer markets.

Millennials were delayed, but now they are coming for your house...

Tenure by Age by 10-Year Birth Cohort, Erie County



RENT
OWN

Regardless of the era, young people **rent**.

As they move through late 20s and early 30s, they consistently begin to **buy**.

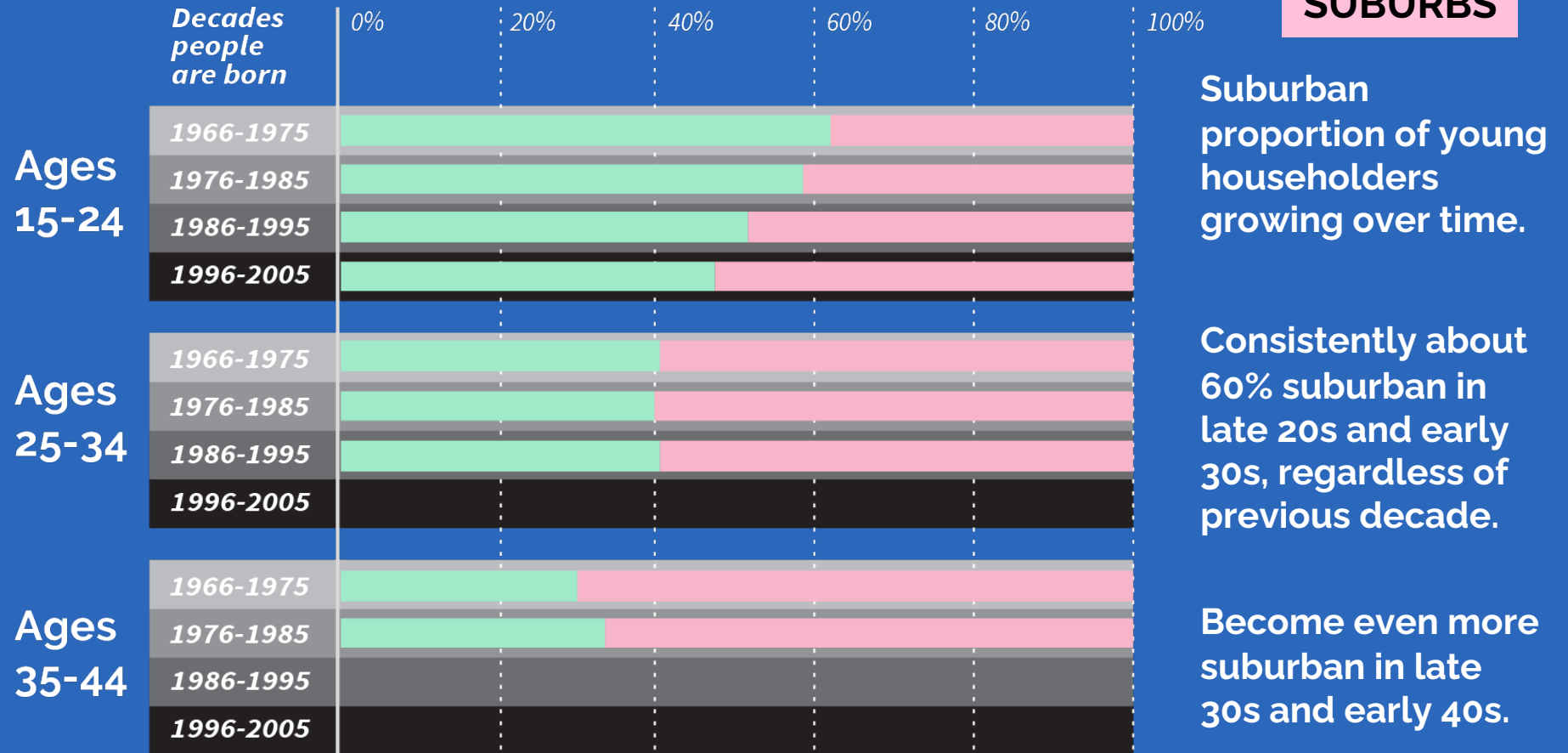
The **trend continues** through 30s and 40s.

Data Source: Decennial U.S. Census

Millennial Bump?

And they want to be in the suburbs.....

Tenure by Age by 10-Year Birth Cohort, Erie County



Suburban proportion of young householders growing over time.

Consistently about 60% suburban in late 20s and early 30s, regardless of previous decade.

Become even more suburban in late 30s and early 40s.

Data Source: Decennial U.S. Census

Millennial Bump?

Upstate markets and their urban cores were never millennial magnets

- They were here all along.
- They just got older.

But they don't need to be new arrivals to have an impact on housing market.

They impacted rental markets in the 2010s and are now impacting buyer markets.

A Moment in Time



Soft market fundamentals still intact



Low-income affordability challenges still there



Home values on the rise but still a relative bargain



Inventory shocks disorienting the buyer market

- First Covid
- Then supply chains
- Then interest rates



Millennial demand emerges



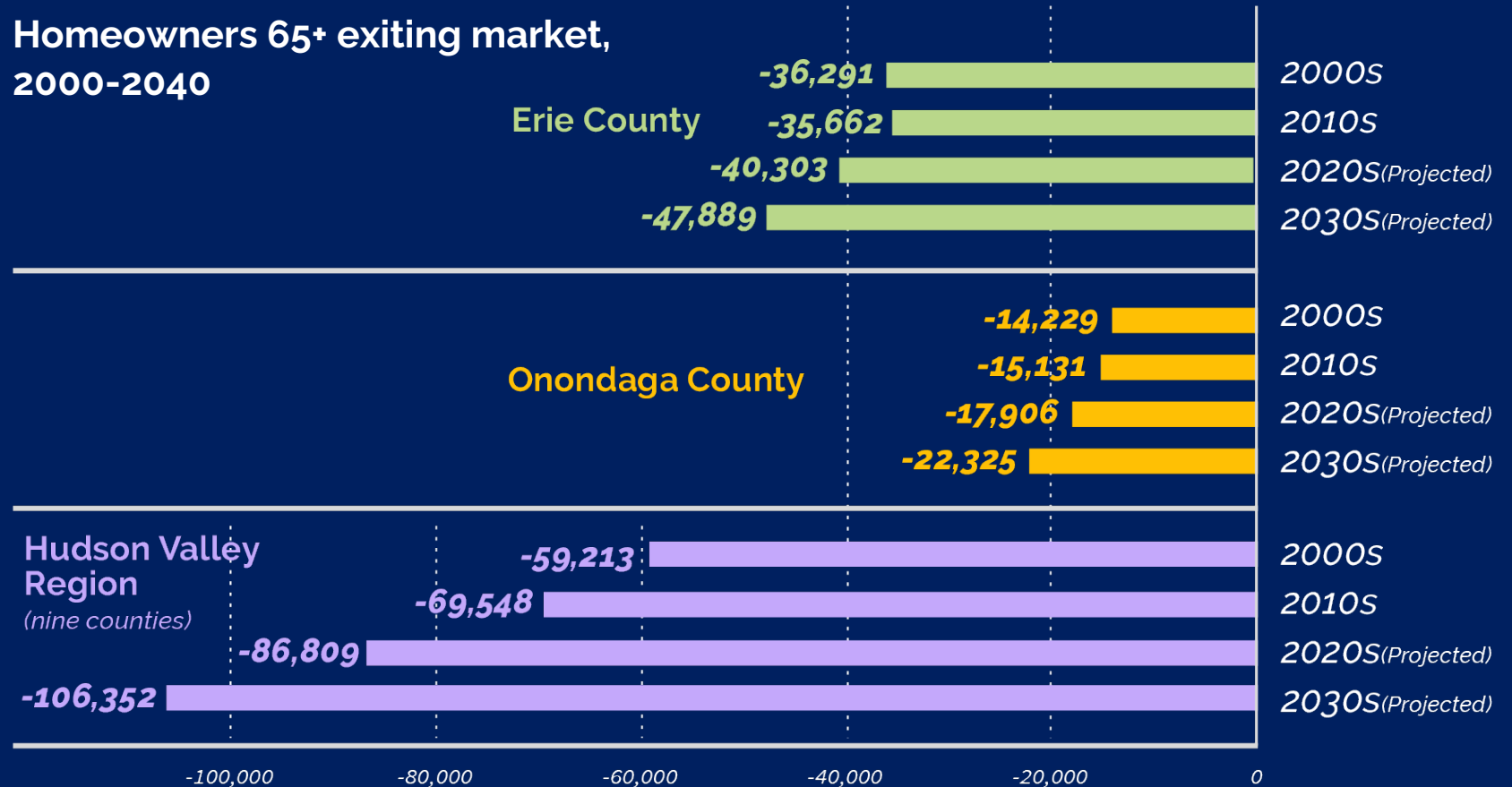
“Work from home” induced demand?

—

Tomorrow's Housing Market: **Where might we be headed?**

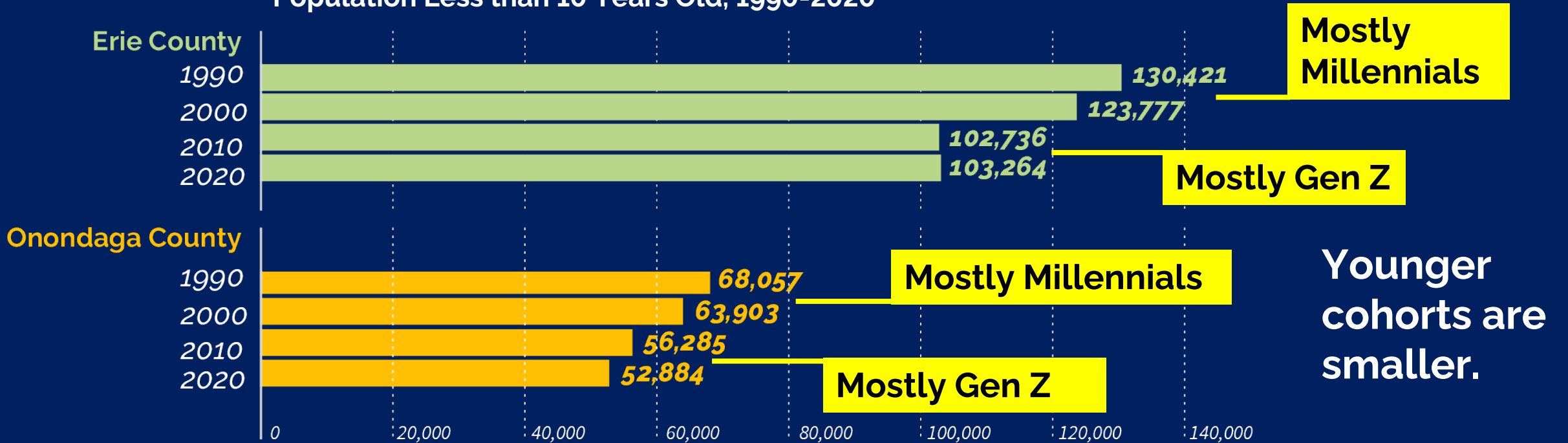
Boomers, the Next Demographic Shoe to Drop

Growing number of 65+ homeowners exiting the ownership market 2020-2040.



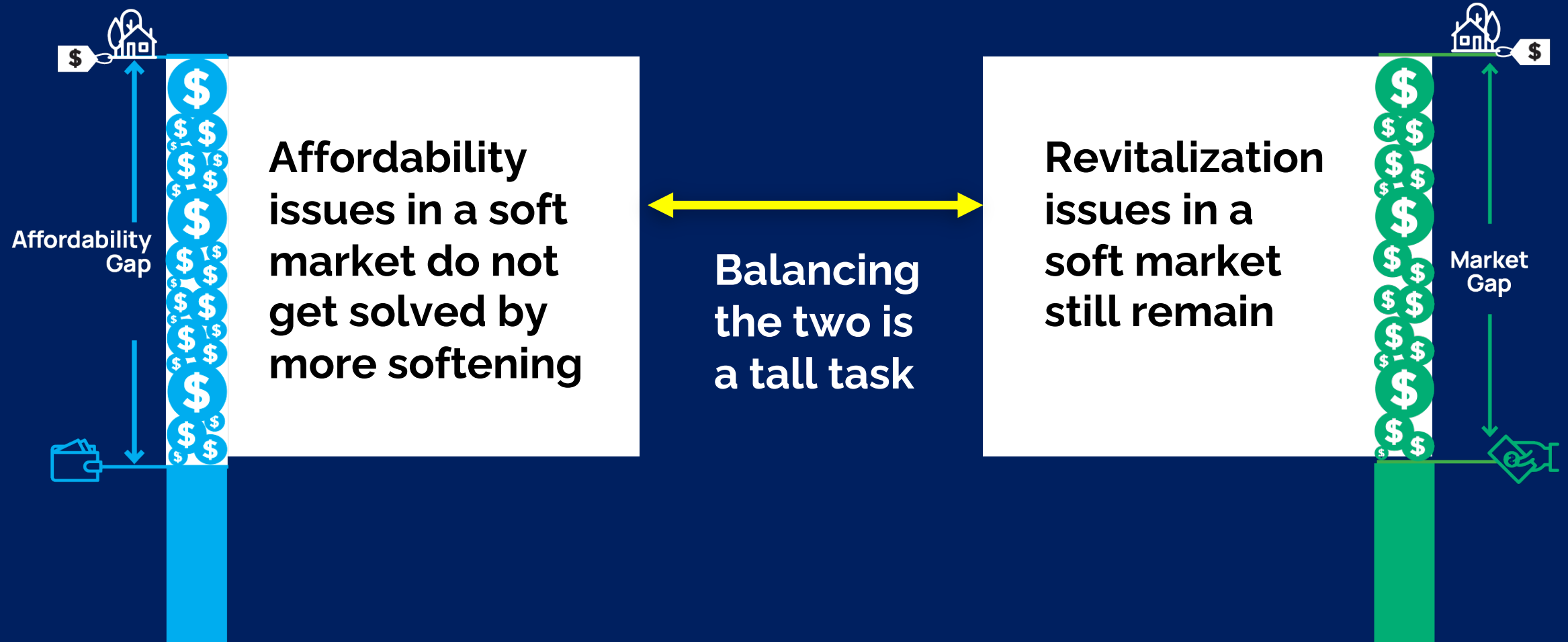
Gen Z: A Smaller Generation

Population Less than 10 Years Old, 1990-2020



Younger cohorts are smaller.

Looming Challenges



Advice for Planners and Policymakers

On housing, what will be needed to not just muddle through the next decade or two?



On housing, what will be needed to not just muddle through the next decade or two?

New tools



More money

On housing, what will be needed to not just muddle through the next decade or two?

New tools



The right tools directed at the right problems

Proactive “editing” of housing markets



More money

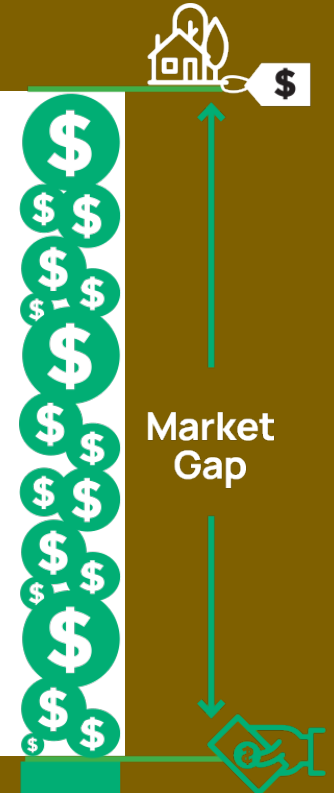
More local ‘skin in the game,’ especially counties

Flexibility and risk tolerance for enterprising responses

Market Gaps

Must have tools in place to **solve the “willingness to pay” problem** in carefully targeted urban, suburban, and rural contexts

- Assist with “above market” improvements in return for more marketable housing options
- Combine with investments in quality of place to elevate collective confidence



Market Gaps

**Aim for market health
with **economic diversity****

- Get more middle and upper-income households into core areas
- Place conditions on market gap incentives to create or preserve affordability, especially in healthier markets



Market Gaps



Invest DSM – Des Moines, IA

- Entity launched in 2019 to actively promote reinvestment in Des Moines’ “middle neighborhoods”
- Initial focus on four neighborhoods
- Partnerships with homeowners, landlords, and home rehabbers on above-market improvements
- Support for confidence-boosting initiatives



Market Gaps



Invest DSM – Des Moines, IA

- \$5.9 million in public investment has leveraged \$18.7 million in private investment to date



Affordability Gaps



Must make progress on the “ability to pay” problem

Aim for upward mobility through economic diversity

Create and preserve affordable housing in stronger markets with lower poverty and access to economic opportunity

Affordability Gaps



Subsidies to pay for what quality housing actually costs

The lower the income, the larger the subsidy

A cost measured in the billions

Use outside dollars when it makes sense, and when doing so doesn't force regrettable decisions

Raise and deploy locally what you can

Affordability Gaps



Greenville Housing Fund – Greenville, SC

- Launched in 2018 with \$1 million from foundations and \$2 million from City
- Focus on supporting projects that serve households at 50%-60% of AMI and below
- Supports non-profits, government agencies, and for-profit developers with:
 - Funding for homeownership preservation programs
 - Financing for rehabs and new construction
 - Investment partnerships

Affordability Gaps



Greenville Housing Fund – Greenville, SC

Goals during the 2020s:

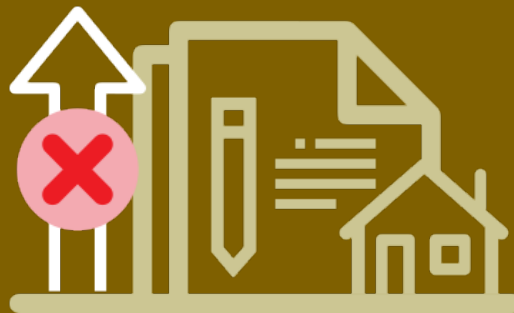
- Help preserve 3,000 existing affordable units
- Create 10,000 new units of affordable housing in the city and the surrounding county



State Policy and Resources



Upstate and Downstate have very different housing problems to solve; state policy has to do a better job of recognizing this



Don't let housing and community development programs contribute to confusion between "revitalization" and "affordability"



Embrace flexibility to align resources with local context, and use state dollars to coax greater local resources commitments—especially from counties



Q & A