National Leaders in Real Estate Research

PREPARED FOR:

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A Downtown Housing Strategy in the City of Ithaca, New York (Through Conclusions Only)

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TABLE OF CONTENTS

I. INTRODUCTION I-1

A. OBJECTIVES I-1
B. METHODOLOGY I-1
C. DATA ANALYSIS I-2
D. USES AND APPLICATIONS I-2

II. SCOPE OF SURVEY II-1

III. CONCLUSIONS III-1

A. INTRODUCTION III-1
B. HOUSING PROJECTIONS OVER NEXT 5 YEARS III-1
C. APARTMENTS III-4
D. CONDOMINIUM DEVELOPMENT III-48
E. EMA DEMOGRAPHIC FACTORS III-57

DANTER COMPANY

I. INTRODUCTION

A. OBJECTIVES

The objective of this analysis is to identify multifamily residential development opportunities and strategies in Ithaca, New York. After fully discussing the scope and area of survey with Mr. Gary Ferguson of Downtown Ithaca Alliance, the Danter Company, LLC undertook the analysis.

B. METHODOLOGY

The methodology we use in our studies is centered on three analytical techniques: the Effective Market Area (EMA)[SM] principle, a l00% data base, and the application of data generated from supplemental proprietary research.

The Effective Market Area (EMA) Principle—The EMA principle is a concept developed by the Danter Company, LLC to delineate the support that can be expected for a proposed development. An EMA is the smallest specific geographic area that will generate the most support for that development. This methodology has significant advantages in that it considers existing natural and manmade boundaries and socioeconomic conditions.

Survey Data Base—Our surveys employ a l00% data base. In the course of a study, our field analysts survey not only the developments within a given range of price, amenities, or facilities, but all conventional developments within the EMA.

Proprietary Research—In addition to site-specific analyses, Danter Company, LLC conducts a number of ongoing studies, the results of which are used as support data for our conclusions. Danter Company, LLC maintains a l00% data base of more than 1,500 communities, with each development cross-analyzed by rents, unit and project amenities, occupancy levels, rate of absorption, and rent/value relationships.

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C. DATA ANALYSIS

This study represents a compilation of data gathered from various sources, including the properties surveyed, local records, and interviews with local officials, real estate professionals, and major employers, as well as secondary demographic material. Although we judge these sources to be reliable, it is impossible to authenticate all data. The analyst does not guarantee the data and assumes no liability for any errors in fact, analysis, or judgment.

The secondary data used in this study are the most recent available at the time of the report preparation.

In Section VI—Field Survey, we have attempted to survey l00% of all units. Since this is not always possible, we have also compared the number of units surveyed with the number of multifamily housing starts to establish acceptable levels of representation. All developments included in the study are personally inspected by a field analyst directly employed by the Danter Company, LLC.

The objective of this report is to gather, analyze, and present as many market components as reasonably possible within the time constraints agreed upon. The conclusions contained in this report are based on the best judgments of the analysts; we make no guarantees or assurances that the projections or conclusions will be realized as stated. It is our function to provide our best effort in data aggregation, and to express opinions based on our evaluation.

D. USES AND APPLICATIONS

Although this report represents the best available attempt to identify the current market status and future market trends, note that most markets are continually affected by demographic, economic, and developmental changes. Further, this analysis has been conducted with respect to a particular client's development objectives, and consequently has been developed to determine the current market's ability to support those particular objectives. For these reasons, the conclusions and recommendations in this study are applicable only to the proposed site identified herein, and only for the potential uses for that site as described to us by our client. Use of the conclusions and recommendations in this study by any other party or for any other purpose compromises our analysis and is strictly prohibited, unless otherwise specified in writing by the Danter Company, LLC.

II. SCOPE OF SURVEY

A complete analysis of a rental market requires the following considerations: a field survey of conventional apartments; an analysis of area housing; an analysis of the area economy; a demographic analysis; and recommendations for development.

Field Survey—Our survey of conventional apartments and condominiums includes a cross-analysis of vacancies by rents, a survey of unit and project amenities, and a rent/value analysis.

Area Housing Analysis—We have conducted an analysis of housing demand that includes a study of support by both growth and internal mobility. Further, we have analyzed existing housing using the most recent census material.

Economic Analysis—Major employers, utilities, banks, savings and loans, and media that serve the area are listed in the study. The information gathered has been used to create a Community Services map showing school, shopping, and employment areas in relation to the proposed site.

Demographic Analysis—The study includes an analysis of social and demographic characteristics of the area, and a description of the area economy that includes income and employment trends. Enrollment trends have also been evaluated.

Key Interviews—Interviews regarding the perception of housing, recent development trends, planned and proposed developments and local conditions were conducted with city and county officials, area property owners and developers, major employers and human resource directors, major institutions such as schools and hospitals and real estate professionals.

III. CONCLUSIONS

A. INTRODUCTION

The primary purpose of this report is to identify potential support levels for new multifamily housing and condominium development in downtown Ithaca, New York. Components covered in the report include the existing and anticipated multifamily housing market, interviews with area real estate professionals, and a review of economic and demographic factors.

This analysis focuses on the core part of downtown Ithaca, which is generally bounded by Buffalo Street to the North, Aurora Street to the east, Clinton Street to the south, and Albany Street to the west. This area is referred to as downtown Ithaca or the Central Business District (CBD) throughout this report.

Recommendations include support by product type and price range. In addition, general guidelines for unit and project amenities are identified for each price range. The data presented in this report may be used as a base to conduct future site specific analyses.

Central to our methodology is the Effective Market Area (EMA) which is defined as the smallest geographic area that will contribute 60% to 70% of support for new development at a subject site. An EMA has been defined for both the apartment component and the condominium component.

B. HOUSING PROJECTIONS OVER NEXT 5 YEARS

Over the next 5 years there is overall housing demand for up to 1,350 units in the Downtown EMA consisting of up to 350 for-sale housing units and up to 1,000 rental housing units.

MULTIFAMILY HOUSING DEMAND
ITHACA DOWNTOWN EMA
2012 THROUGH 2017

DEVELOPMENT TYPE	ANNUAL DEMAND TOTAL UNITS	5-YEAR DEMAND TOTAL UNITS
FOR-SALE HOUSING UNITS	60 - 70	300 - 350
RENTAL HOUSING	180 - 200	900 – 1,000
TOTAL	210 - 240	1,200 – 1,350

A distribution of market demand for each of these development types by price point follows.

For-Sale Housing Units

The market demand for for-sale housing in the Downtown Ithaca EMA is distributed among three sales price ranges: under $250,000, $250,000 to $399,999, and $400,000 and higher.

PROJECTED FOR-SALE HOUSING DEMAND BY SALES PRICE
ITHACA, NEW YORK
DOWNTOWN EFFECTIVE MARKET AREA

SALES PRICE	ANNUAL DEMAND TOTAL UNITS	5-YEAR DEMAND TOTAL UNITS
Under $250,000	40 - 44	200 - 220
$250,000 - $399,999	16 - 20	80 - 100
$400,000 AND HIGHER	4 - 6	20 - 30
OVERALL SUPPORT	*60 - 70*	*300 - 350*

It should be noted that the sales potential is an estimate of demand. Lending regulations and criteria may preclude the ability to deliver the product. It should also be pointed out that these estimates are discounted over 40% from estimates that might have been made during the height of the building boom leading up to 2006

There is virtually no inventory of condominiums in the Ithaca market and only a few were even constructed during that period.

Rental Housing Units

The demand potential for apartments in the Downtown EMA has yet to be realized as evidenced by the area's low vacancy rate, extremely high rents and ability to readily absorb new units in the marketplace.

Students are and will continue to be a dominate factor in the Ithaca rental housing market and they are important for the success of residential housing in the Ithaca area. In addition, colleges and universities put people on the streets and bring vibrancy to any area, epically a downtown. Academic hours may extend beyond the traditional 8 to 5 of other businesses, and evenings and weekends bring athletic and cultural events.

ANNUAL UNITS OF SUPPORT – RENTAL HOUSING
DOWNTOWN EMA

RENTAL PRODUCT TYPES	AVERAGE MONTHLY RENTS*	ANNUAL DEMAND TOTAL UNITS	5-YEAR DEMAND TOTAL UNITS
LUXURY	$1,750	20 – 25	100 – 125
UPSCALE	$1,300	40 – 50	200 – 250
AFFORDABLE-MODERATE	$850	60	300
TAX CREDIT	$690	60 - 65	300 – 325
	OVERALL SUPPORT	*180 - 200*	*900 – 1,000*

*Based on a two-bedroom unit net rent (includes water, sewer, and trash removal only)
The overall mix would include other unit types at proportional rents.

It is unlikely that the either the affordable condominium or rental product can be developed in the immediate downtown area without some public assistance because of land and development costs associated with such development. There may; however, be land on the periphery suited for such development.

While purpose build student housing has not been specifically identified in these projections, it is anticipated that students will be a significant factor in the support for rental housing (excluding Tax Credit development). Currently, students comprise approximately 40% of the Central Business District market-rate apartments and 49% in the EMA. This should diminish, somewhat, in the Central Business District as future development occurs.

C. APARTMENTS

1. INTRODUCTION

Recommendations for the development of new rental housing in Ithaca, New York are based on analyses of the area including the existing and anticipated rental housing market, demographics, the economy, the appropriateness of the area for development, and housing demand.

The analysis of the existing rental housing market is based on the establishment and analysis of a Site Effective Market Area (EMA) for the downtown Ithaca area. EMA refers to a methodology developed by the Danter Company, LLC to describe areas of similar economic and demographic characteristics. EMAs are bounded by both "hard" and "soft" boundaries. Hard boundaries are marked by rivers, freeways, railroad rights of way, and other physical boundaries. Soft boundaries are changes in the socioeconomic makeup of neighborhoods.

Based on the characteristics of the Site EMA, a field survey of existing rental housing development, an analysis of the appropriateness of the area for development, and a demographic analysis of the Site EMA, support levels can be established for additional multifamily rental development.

The following analyses have been conducted to identify market potential for new market-rate and Tax Credit apartment development within, or adjacent to, the central business district:

- Analysis of the existing EMA rental housing market supply, including:
- Historical housing trends
- Current market conditions based on 100% field survey of modern apartments
- Area apartment demand factors, including
- Income-appropriate households based on program guidelines (if applicable)
- Current and expected economic and household growth conditions
- Support from existing multifamily renters (step-up/down support)
- Comparable market rent for new apartment development as determined through trend line analysis
- Appropriateness of the area for the subject development

A trend line analysis, based on a "rent by comparability index" evaluation of all conventional developments within the Residential EMA, is used to evaluate rents for the recommended development(s).

The Central Business District is already a well established residential, employment, and retail district with excellent transportation, especially to campus.

The TCAT (Tompkins Consolidated Area Transit) bus system runs 22 hours a day (limited service late night and weekend) and has 20 routes through downtown Ithaca and 18 routes through Cornell University. Overall, there are over 35 bus stops in the downtown area and 47 on or near Cornell University. There are 13 routes that run between downtown and Cornell University.

2. RECOMMENDATIONS/PROJECT CONCEPT

It is our opinion that a market exists for the development of several types of rental housing in Ithaca, New York, assuming the projects are developed as defined in this report. Following is our recommended guidelines for rental housing development in the Downtown Ithaca area:

LUXURY APARTMENTS			
UNIT DESCRIPTION	**SQUARE FEET**	**RENTS AT OPENING***	**RENT PER SQUARE FOOT**
ONE-BEDROOM/ 1.0 BATH GARDEN	800	$1,400	$1.75
TWO-BEDROOM/ 2.0 BATH GARDEN	1,150	$1,750	$1.52
THREE-BEDROOM/ 2.0 BATH GARDEN	1,350	$2,000	$1.48
*Average net rent (includes water, sewer, and trash removal only)			

UPSCALE APARTMENTS			
UNIT DESCRIPTION	**SQUARE FEET**	**RENTS AT OPENING***	**RENT PER SQUARE FOOT**
ONE-BEDROOM/ 1.0 BATH GARDEN	750	$1,050	$1.40
TWO-BEDROOM/ 2.0 BATH GARDEN	1,100	$1,300	$1.18
THREE-BEDROOM/ 2.0 BATH GARDEN	1,300	$1,650	$1.38
*Average net rent (includes water, sewer, and trash removal only)			

AFFORDABLE-MODERATE APARTMENTS			
UNIT DESCRIPTION	**SQUARE FEET**	**RENTS AT OPENING***	**RENT PER SQUARE FOOT**
ONE-BEDROOM/ 1.0 BATH GARDEN	700	$750	$1.07
TWO-BEDROOM/ 2.0 BATH GARDEN	1,000	$850	$0.85
THREE-BEDROOM/ 2.0 BATH GARDEN	1,200	$950	$0.79
*Average net rent (includes water, sewer, and trash removal only)			

TAX CREDIT APARTMENTS			
UNIT DESCRIPTION	**SQUARE FEET**	**RENTS AT OPENING***	**RENT PER SQUARE FOOT**
ONE-BEDROOM/ 1.0 BATH GARDEN	700 700	$550 (50%) $675 (60%)	$0.79 $0.96
TWO-BEDROOM/ 2.0 BATH GARDEN	1,000 1,000	$650 (50%) $730 (60%)	$0.65 $0.73
THREE-BEDROOM/ 2.0 BATH GARDEN	1,200 1,200	$750 (50%) $825 (60%)	$0.63 $0.69
*Average net rent (includes water, sewer, and trash removal only)			

Rents are net and include water/sewer services and trash removal. Tenants would pay all other utilities.

The square feet listed for all unit types are a guideline. Actual square feet will vary. Effective use of space within any new units is more important than actual square feet.

Generally, in well developed urban markets, the unit mix differs from suburban markets. Urban markets typically include 45% to 50% one-bedroom (and studio units) units, 40% to 45% two-bedroom units, and 10% to 15% three plus bedroom units. The Ithaca market includes 45.4% one-bedroom (and studio) units, 35.6% two-bedroom units, and 19.1% three-bedroom (or more). The higher percentage of three or more bedroom units is reflective of the student presence.

Preliminary recommendations for unit mix guidelines would include 50% one-bedroom units, 40% two-bedroom units, and 10% three-bedroom units.

Generally, most urban development consists of garden style apartments; however, urban townhomes are becoming a popular product line especially in the immediate periphery to the Central Business District.

a. Unit Amenities

Each unit in the recommended developments should include the following amenities:

- Range
- (Frost-free) Refrigerator
- Dishwasher
- Disposal
- Central air conditioning
- Washer/dryer hookups
- 9 Foot ceilings
- Balcony or patio
- Carpet
- Window coverings
- Intercom entry
- Ceiling fan
- Extra storage

Amenities at the luxury and upscale developments should also include a refrigerator with an ice maker, a microwave oven, washer and dryer in each unit, vaulted ceilings on the upper floors, and a security system.

Floor Plan Considerations

Prospective residents respond to three principal factors when selecting specific units:

- Perception of space often based on the entry into the unit
- Bedroom size
- Closets are especially important. Large closets are immediately noticed by prospective tenants. Further, having the largest closets in the market facilitate rent increases since it is virtually impossible for a tenant to move into another unit with less storage than they already have.

General guidelines for bedroom sizes (in square feet), closet space these projects are listed as follows:

Bedrooms

BEDROOM TYPE	BEDROOM TYPE			
	LUXURY	UPSCALE	MODERATE	TAX CREDIT
MASTER BEDROOM	170+	160+	150+	150+
SECOND BEDROOM	160+	150+	140+	140+
THIRD BEDROOM	140+	140+	130+	130+

Closets

BEDROOM TYPE	CLOSET LINEAL FEET			
	LUXURY	UPSCALE	MODERATE	TAX CREDIT
ONE-BEDROOM	16	14	12	12
TWO-BEDROOM	26	22	20	18
THREE-BEDROOM	34	30	24	24

Recommended bedroom and closet sizes are based on an analysis of existing units in the EMA as well as surveys and case studies conducted by the Danter Company.

Entry

The entry into the units should be open and airy. Entry should be directly into the great room with a view of the opposing windows if possible. Views should be maximized. It should be noted that competitive properties have, generally, relatively poor entryways. As is often the case in urban properties, existing building dimensions (or lot size) sometimes compromise the ability to provide optimum entry ways. Also, it is common for corner units to have very difficult entries; however, this is usually mitigated by outstanding views once inside.

b. Project Amenities

Guidelines for project amenities are as follows:

- Community room
- Fitness center
- Secured entry
- On-site management
- Business center

Each new project should include an office with a manager available during business hours.

It is important to note that smaller projects do not generally include project amenities because of the cost associated with providing project amenities. Exceptions would be projects that have the ability to charge rents well above existing market rents.

Amenities such as a fitness center or community room need not be extensive unless in significantly larger projects than currently exists in the Central Business District. Such features are defined as “rent up” amenities as opposed to “retention” amenities such as large closets, washer/dryers, etc.

c. Absorption

Prior studies have shown that absorption tends to be seasonal, with up to 64% of annual absorption taking place in the peak summer months (May through August). The shoulder season (the two months on either side of the peak season) generally accounts for approximately 24% of annual absorption. The off season, November through February, typically accounts for the remaining 12% of absorption. While these percentages do not hold true in all markets, they give a good indication of the potential seasonal variations in absorption. However, because of the large student population impacting the Central Business District, absorption is influenced by the academic year with many units being preleased in the spring preceding the fall start at Cornell and Ithaca College.

Factors that affect absorption include (but are not limited to) the following: area mobility patterns; availability of new product; age, quality, and rent of existing rental properties in the Site EMA; area growth; area median income; product variety; proposed product development; and date of opening.

3. RENTAL HOUSING DEVELOPMENT

a. Field Survey of Apartments

A total of 5,063 conventional apartment units in 80 projects were surveyed in the downtown EMA. A total of 4,793 of these units are in 75 market-rate and Tax Credit developments. (There are 4,239 units within 69 market-rate developments and 554 units within 6 Tax Credit developments). The remaining 270 units are located in 5 subsidized developments. Subsidized units have been excluded from our analysis.

The focus on student housing in the Ithaca rental market has created a highly disproportionate share of rental housing. The home ownership rate in Tompkins County is only 53.7%, and only 26.0% in the City of Ithaca. Between 2000 and 2010, Tompkins County added 2,950 new housing units; 59.4% were single-family and 40.6% were multifamily. Virtually all of the multifamily units were rental with few condominiums.

Following is a distribution of market-rate and Tax Credit units surveyed by unit type and vacancy rate:

DISTRIBUTION OF CONVENTIONAL MARKET-RATE APARTMENTS
AND VACANCY RATE
ITHACA, NEW YORK
SITE EFFECTIVE MARKET AREA
APRIL 2011

UNIT TYPE	MARKET-RATE UNITS		VACANCY RATE
	NUMBER	PERCENT	
STUDIO	825	17.2%	0.2%
ONE-BEDROOM	1,350	28.2%	0.3%
TWO-BEDROOM	1,704	35.6%	0.9%
THREE-BEDROOM	667	13.9%	0.6%
FOUR-BEDROOM	247	5.2%	0.0%
TOTAL	4,793	100.0%	0.5%

The Overall vacancy rate in the market is only 0.5%. Vacancies are extremely low in the market area, and the market is limited by supply rather than demand.

Among 75 market-rate and Tax Credit projects, 61 (81.3%) report no vacancies, accounting for 60.7% of the total units. Only 4 (5.3%) of all projects had occupancies below 98%.

In an analysis of tenant profile, 34 of the 55 properties in the EMA contain over 80% students. These properties account for 43.0% of the total market rate units in the EMA.

Among the 4,793 units in the EMA, approximately 49% are occupied by students. It should be noted that a large share of the student housing are graduate students. The second largest tenant category is Cornell faculty and staff. Interviews with owners and managers indicate that an increasing number of seniors and empty nesters are impacting the market; however, it is estimated to be only 6% to 8% of the total market. Nationally, we have seen an increasing number of seniors and empty nesters responding to a more urban lifestyle. However, this component is most responsive to larger complexes with a full amenity package, not unlike the typical suburban developments. Seniors are least likely to respond to smaller, "urban pioneer" style developments. We would expect a greater share of the senior market once such properties impact the Ithaca downtown.

The Site EMA apartment base contains a disproportionately high percentage (when compared to conventional apartment markets) of three- and four-bedroom units, 19.1% of the total. This is not uncommon in markets with a large percentage of college students.

Median rents are very high, as are upper-quartile rents.

A comparison of median and upper-quartile rents and vacancies by each unit type follows:

MEDIAN AND UPPER-QUARTILE
RENTS AND VACANCIES
ITHACA, NEW YORK
SITE EFFECTIVE MARKET AREA
APRIL 2011

UNIT TYPE	MEDIAN RENTS	OVERALL VACANCY RATE	UPPER-QUARTILE		
			RENT RANGE	NUMBER OF UNITS	VACANCY RATE
STUDIO	$785	0.2%	$1,011-$1,481	206	0.0%
ONE-BEDROOM	$870	0.3%	$969-$1,829	338	0.6%
TWO-BEDROOM	$995	0.9%	$1,270-$3,539	426	0.9%
THREE-BEDROOM	$1,200	0.6%	$1,680-$3,533	167	0.0%
FOUR-BEDROOM	$2,487	0.0%	$2,900-$3,500	36	0.0%

In an analysis of rental housing in both the urban/suburban EMA and Tompkins County, median rents were relatively high.

	ONE-BEDROOM	TWO-BEDROOM
URBAN/SUBURBAN EMA	$870	$995
TOMPKINS COUNTY	$869	$963

While rents are relatively high, the median does not reflect the entire picture. Higher rents do not reflect higher quality product in the market. True, product at the high end of the market has a Comparability Index ranging from 26.0 to 30.0, relatively high in any market. However, the Comparability Index for apartments at median rent ($995 for a two-bedroom unit) is only 16.5. To place this in perspective, the rent at a Comparability Index of 16.5 in several university markets is shown below:

Rochester, New York	$ 910
Binghamton, New York	$ 860
Richmond, Virginia	$ 875
Salisbury, Maryland	$ 825
Tallahassee, Florida	$ 790
Chapel Hill, North Carolina	$ 785
Columbia, South Carolina	$ 675
Ann Arbor, Michigan	$ 950
Ithaca, New York	**$ 995**

While the rents in Ithaca generally represent a typical distribution with a greater number of affordable units at the bottom of the market and less at the top, albeit, with a somewhat higher concentration at the top of the market, there is a lack of product at what would, under normal conditions, be classified as the “middle of the market”. In most conventional markets, a Comparability Index of 16.5 would represent generally “affordable housing” at the bottom of the market, even as represented above in other university communities. In Ithaca, there are only 119 market-rate and/or Tax Credit two-bedroom rental units renting under $800 per month. It should be noted that an $800 rent requires an income of over $18 per hour to qualify under most rental management criteria. Ithaca is missing the middle of the market – ALL rents have moved well beyond what would usually be considered “the middle.”

Clearly, there is a shortage of rental housing serving Ithaca and Tompkins County at all rent levels. It is especially important to recognize that every market is impacted by a housing continuum. Permanent residents move up through a series of housing choices and price points. A void in any specific portion of the market impacts those product lines above. The lack of middle market rental product for the non-student market eventually impacts the home ownership market. Given the potential for a weakening resale market,

it is important to provide step up alternatives in order to continually “recharge” the single-family resale market.

A strategy encouraging non-student rental housing development at moderate rents ($700 to $900 for a two-bedroom unit) should be considered. In all likelihood this would not be located in the center city area. This price point generally would require lower land and construction costs than usually encountered in urban neighborhoods. A strategy of encouraging such development in the peripheral neighborhoods within walking of the Central Business District would continue to strengthen the area.

Based on past studies conducted by The Danter Company, as well as interviews with property owners and managers, recent median rents in the EMA have increased by as much as 5.0%. However, median rents are impacted by the addition of new product, usually added to the top of the market. In an analysis of rents within same properties, rents have increased 3.0% to 3.8% annually.

It is significant that 76.9% of the market-rate units surveyed were constructed and opened before 1990. These older developments contain a combined total of 3,685 units with only 26 vacancies, a 0.7% vacancy rate.

From a market perspective, there is a bright spot in the future (if you are not an apartment property owner). Since 2000, there have been 14 new rental properties added to the market with a total of 654 units, an average of 47 units per project. There are currently up to 7 rental housing projects being planned or proposed in the market totaling several hundred units. At least two have the potential to be in excess of 200 units with a full complement of unit and project amenities. These properties will most likely have considerably higher Comparability Indexes than existing properties at a comparable, or slightly lower, rent. While the tenant profile cannot be strictly enforced, they are not anticipated to be student-oriented. These properties will bring some pressure on existing rents in the area.

Following is a distribution of units and vacancies by year of construction:

DISTRIBUTION OF UNIT AND VACANCIES BY YEAR BUILT ITHACA, NEW YORK SITE EFFECTIVE MARKET AREA APRIL 2011			
PERIOD	**PROJECTS BUILT**	**UNITS BUILT**	**CURRENT VACANCY RATE**
BEFORE 1970	21	1,257	1.2%
1970-1979	17	1,604	0.6%
1980-1989	16	824	0.2%
1990-1999	7	454	0.0%
2000-2006	6	344	0.0%
2007	3	47	0.0%
2008	4	224	0.0%
2009	1	39	0.0%
2010	-	-	-
2011*	-	-	-
TOTAL	75	4,793	0.5%
*Through April			

Projects in the area range in size from 9 to 270 units. The average area project includes 64 units. The following table provides a distribution of units by the size of the project:

DISTRIBUTION OF UNITS AND PROJECTS BY PROJECT SIZE ITHACA, NEW YORK SITE EFFECTIVE MARKET AREA APRIL 2011					
TOTAL UNITS IN PROJECTS	**PROJECTS**		**UNITS**		**VACANCY RATE**
	NUMBER	**PERCENT**	**NUMBER**	**PERCENT**	
LESS THAN 25	15	20.0%	260	5.4%	0.0%
25 TO 49	23	30.7%	819	17.1%	0.0%
50 TO 99	24	32.0%	1,656	34.6%	0.5%
100 TO 199	10	13.3%	1,339	27.9%	0.7%
200 TO 299	3	4.0%	719	15.0%	1.0%
300 OR GREATER	-	-	-	-	-
TOTAL	75	100.0%	4,793	100.0%	0.5%

The area apartment market has been evaluated by the comparability rating of each property. Comparability ratings are based on a rating system that awards points to each project based on its unit amenities, project amenities, and aesthetic amenities (curbside appeal). The median quality rating in the EMA is only 16.2. The following table identifies units and vacancies by comparability rating:

DISTRIBUTION OF UNITS AND PROJECTS
BY COMPARABILITY RATING
ITHACA, NEW YORK
SITE EFFECTIVE MARKET AREA
APRIL 2011

COMPARABILITY RATING RANGE	NUMBER OF PROJECTS	NUMBER OF UNITS	VACANCY RATE
LESS THAN 15.0	27	1,201	0.3%
15.0 TO 17.5	21	1,359	0.8%
18.0 TO 20.5	14	1,282	0.8%
21.0 TO 22.5	5	432	0.2%
23.0 OR GREATER	8	519	0.0%
TOTAL	75	4,793	0.5%

A total of 67 (89.3%) of the apartment properties surveyed have comparability ratings below 23.0. The highest-rated conventional project in the area is the 25-unit Gateway Commons (Map Code 60), which opened in 2006 and has a rating of 30.0.

Overall, the EMA is typified by smaller properties with high rents and few amenities.

The following chart illustrated the potential comparability ratings of new rental housing based on our recommendation guidelines for development:

ANTICIPATED COMPARABILITY RATINGS

PROJECT TYPE	COMPARABILITY RATING
LUXURY	29.0
UPSCALE	26.0
MODERATE-AFFORDABLE	23.5
TAX CREDIT	23.5

A distribution of amenities for market-rate projects follows:

DISTRIBUTION OF AMENITIES
BY PROJECT
ITHACA, NEW YORK
SITE EFFECTIVE MARKET AREA
APRIL 2011

AMENITY	RECOMMENDED GUIDELINES	TOTAL NUMBER OF PROJECTS* (OUT OF 75)	SHARE OF PROJECTS WITH AMENITY
REFRIGERATOR	L, U, M, TC	74	98.7%
RANGE	L, U, M, TC	73	97.3%
MICROWAVE	L, U	17	22.7%
DISHWASHER	L, U, M, TC	48	64.0%
DISPOSAL	L, U, M, TC	44	58.7%
AIR CONDITIONING	L, U, M, TC	54	72.0%
WASHER/DRYER	L, U	8	10.7%
WASHER/DRYER HOOKUPS	L, U, M, TC	15	20.0%
CARPET	L, U, M, TC	67	89.3%
WINDOW COVERINGS	L, U, M, TC	53	70.7%
FIREPLACE		9	12.0%
INTERCOM SECURITY	L, U, M, TC	19	25.3%
BALCONY/PATIO	L, U, M, TC	36	48.0%
CARPORT		6	8.0%
GARAGE	L , U	8	10.7%
BASEMENT		4	5.3%
CEILING FAN	L, U, M, TC	4	5.3%
VAULTED CEILINGS	L, U	4	5.3%
SECURITY SYSTEM		6	8.0%
POOL	L, U	6	8.0%
COMMUNITY BUILDING	L, U, M, TC	10	13.3%
SAUNA		2	2.7%
EXERCISE ROOM	L, U, M, TC	13	17.3%
TENNIS COURT		2	2.7%
PLAYGROUND		13	17.3%
PICNIC AREA	L, U, M, TC	3	4.0%
LAUNDRY	TC	62	82.7%
SECURITY GATE		3	4.0%
ON-SITE MANAGEMENT	L, U, M, TC	33	44.0%
ELEVATOR		15	44.0%
BUSINESS CENTER	L, U, M, TC	3	4.0%

*Includes properties in which some or all of the units contain the amenity.
L – Luxury units
U – Upscale units
M – Moderate-Affordable
TC – Tax Credit

The standard amenities featured in at least 60% of the apartments in the Site EMA include a refrigerator, range, carpeting, air conditioning, disposal, window coverings, laundry, dishwasher, and on-site management. Washer and dryer and/or hookups are relatively uncommon, which explains the high number of developments with a laundry.

b. Analysis of Tax Credit Apartment Supply

There are a total of 7 existing Tax Credit developments in the Ithaca EMA. These 7 developments contain a total of 624 Tax Credit units. The overall occupancy rate among the Tax Credit units is 99.7%. There are only 2 vacant Tax Credit units in the Ithaca market. Following is a summary of the existing Tax Credit units in the market:

MAP CODE	NAME	YEAR OPENED/ RENOVATED	TOTAL UNITS	RENT LEVELS				OCCUPANCY RATE
				ONE-BR.	TWO-BR.	THREE-BR.	FOUR-BR.	
SITE	**RECOMMENDED**	**-**	**100**	**$550-$675**	**$650-$730**	**$750-$825**	**-**	**-**
29	WEST VILLAGE	1972/1998	235	$683	$743	$955	$1,002	99.1%
31	CAYUGA VIEW	2005	24	-	$910	-	-	100.0%
57	LINDERMAN CREEK	2000	56	$619-$637	$700-$722	$734-$901	-	100.0%
58	LINDERMAN CREEK PHASE II	2004	72	$637	$722	$868-$901	-	100.0%
74	CONIFER VILLAGE	2008	70	$550-$721	$637-$809	-	-	100.0%
76	CEDAR CREEK	2009	39	$241-$476	$277-$852	$315-$640	-	100.0%
80	OVERLOOK AT WEST HILL	2006	128	$301-$674	$347-$773	$391-$873	-	100.0%

Conifer Village is restricted to older adults, age 55 or older.

There are a total of 624 existing Tax Credit units in the Ithaca EMA. The overall occupancy rate among the Tax Credit units is 99.7%.

c. Geographic Origin of Support

A comparison of typical versus anticipated geographic support for the recommended projects is as follows:

	TYPICAL SUPPORT	ANTICIPATED SUPPORT
INTERNAL MOBILITY		
APARTMENT	50%	40%
OTHER	20%	20%
EXTERNAL MOBILITY	30%	40%
TOTAL	100%	100%

d. Competitive Analysis

The following competitive analysis is meant at a guideline for development potential. Because we are not evaluating a specific project that has been proposed to be built, we have used the projects used as a guideline within this study.

There are two sets of criteria which can be used to identify comparable properties. A project can be comparable conceptually and/or economically.

Conceptually comparable properties are those properties that have a similar comparability index. A similar comparability index indicates that properties will likely have similar unit and project amenities and a similar aesthetic rating. They may or may not have similar rents.

Economically comparable properties are those properties with similar net rent levels. These properties may or may not have a similar comparability index.

Following is a list of properties that would be considered conceptually competitive with the recommended project types based on the guidelines presented within this report. These conceptually competitive properties have comparability ratings within plus or minus 4.0 points of the recommended luxury and upscale properties and within plus or minus 3.0 points of the recommended affordable/moderate property and Tax Credit property:

MAP CODE	PROJECT	COMPARABILITY RATING	NUMBER OF UNITS	PERCENT OCCUPIED
-	**LUXURY PROPERTY**	**29.0**	-	-
30	312 COLLEGE AVENUE (S-F)	29.0	121	100.0%
38	407 COLLEGE AVENUE (S-F)	25.0	25	100.0%
60	GATEWAY COMMONS	30.0	25	100.0%
-	**UPSCALE PROPERTY**	**26.0**	-	-
26	MEADOWS TOWNHOMES (S)	23.0	108	100.0%
30	312 COLLEGE AVENUE (S-F)	29.0	121	100.0%
38	407 COLLEGE AVENUE (S-F)	25.0	25	100.0%
52	HORIZON VILLAGES ON THE HORIZON	23.0	42	100.0%
53	COLLEGETOWN PLAZA (S-F)	24.0	102	100.0%
72	CASA ROMA (S-F)	23.0	39	100.0%
-	**MODERATE/AFFORDABLE PROPERTY**	**23.5**	-	-
-	**TAX CREDIT PROPERTY**	**23.5**	-	-
23	EDDYGATE (S-F)	23.0	57	100.0%
25	UNIVERSITY PARK (S)	21.0	197	99.5%
26	MEADOWS TOWNHOMES (S)	23.0	108	100.0%
31	CAYUGA VIEW (TC)	21.0	24	100.0%
52	HORIZON VILLAGES ON THE HORIZON	23.0	42	100.0%
53	COLLEGETOWN PLAZA (S-F)	24.0	102	100.0%
72	CASA ROMA (S-F)	23.0	39	100.0%
79	TOP OF THE HILL (S)	22.0	13	100.0%
80	OVERLOOK AT WEST HILL (TC)	21.0	128	100.0%

(S) – Occupied by students
(F) – Furnished units
(TC) – Tax Credit property

Among the projects that would be considered conceptually comparable (have similar comparability rating), only Gateway Commons and Horizon Villages on the Horizon are not occupied by students or operate under the Tax Credit program.

It is important to note that based on our survey of apartment managers, over half of all the apartment units surveyed in the Ithaca EMA are occupied by students.

Cayuga View and Overlook at West Hill operate under the Tax Credit program. These properties will likely be considered comparable to any new Tax Credit development in the Ithaca area based on the Tax Credit guidelines for occupancy.

Following is a list of properties that would be considered conceptually competitive with the recommended project types highlighted within this report.

Following is a list of properties that would be considered economically comparable with net two-bedroom rent plus or minus 15% of the recommended net rent and within 4.0 comparability points:

MAP CODE	PROJECT	TWO-BEDROOM NET RENT	NUMBER OF UNITS	PERCENT OCCUPIED
-	**LUXURY PROPERTY**	**$1,750**	**-**	**-**
23	EDDYGATE (S-F)	$1,655-$2,005	57	100.0%
52	HORIZON VILLAGES ON THE HORIZON	$1,408-$1,758	42	100.0%
53	COLLEGETOWN PLAZA (S-F)	$1,748-$1,808	102	100.0%
72	CASA ROMA (S-F)	$1,478-$1,708	39	100.0%
-	**UPSCALE PROPERTY**	**$1,300**	**-**	**-**
-	**MODERATE/AFFORDABLE**	**$850**	**-**	**-**
25	UNIVERSITY PARK (S)	$870-$970	197	99.5%
26	MEADOWS TOWNHOMES (S)	$925-$950	108	100.0%
31	CAYUGA VIEW (TC)	$910	24	100.0%
-	**TAX CREDIT PROPERTY**	**$650-$730**	**-**	**-**
31	CAYUGA VIEW (TC)	$910	24	100.0%
80	OVERLOOK AT WEST HILL (TC)	$343-$773	128	100.0%

(S) – Occupied by students
(F) – Furnished units
(TC) – Tax Credit property

A comparison of unit amenities at the projects that would be considered most comparable to the recommended projects is as follows:

PROJECT	RANGE	REFRIGERATOR	MICROWAVE	DISHWASHER	DISPOSAL	AIR CONDITIONING	WASHER/DRYER	WASHER/DRYER HOOKUPS	CARPET	WINDOW COVERINGS	FIREPLACE	INTERCOM SECURITY	BALCONY/PATIO	EXTRA STORAGE	GARAGE	FURNISHED	BASEMENT	VAULTED CEILINGS	SECURITY SYSTEM
LUXURY PROPERTY	**X**	**X**	**X**	**X**	**X**	**C**	**X**	**X**	**X**	**B**	**S**	**X**	**X**	**X**				**S**	**X**
312 COLLEGE AVENUE (S-F)	X	X	X	X	X	W			X	B		X				X			X
407 COLLEGE AVENUE (S-F)	X	X		X	X	W			X	B		X				X			
GATEWAY COMMONS	X	X	X	X	X	C	X	X	X	B		X							
UPSCALE PROPERTY	**X**	**X**	**X**	**X**	**X**	**C**	**X**	**X**	**X**	**B**	**S**	**X**	**X**	**X**				**S**	**X**
MEADOWS TOWNHOMES (S)	X	X		X	X	C		X	X	B			X						
312 COLLEGE AVENUE (S-F)	X	X	X	X	X	W			X	B		X				X			X
407 COLLEGE AVENUE (S-F)	X	X		X	X	W			X	B		X				X			
HORIZON VILLAGES ON THE HORIZON	X	X		X	X	C		X	X	B	X		X		A		X		
COLLEGETOWN PLAZA (S-F)	X	X	X	S		W			X	B		X	S			X			
CASA ROMA (S-F)	X	X	X	X	X	C			X	B		X			U	X			
MODERATE/AFFORDABLE	**X**	**X**		**X**	**X**	**C**		**X**	**X**	**B**		**X**	**X**	**X**					
TAX CREDIT	**X**	**X**		**X**	**X**	**C**		**X**	**X**	**B**		**X**	**X**	**X**					
EDDYGATE (S-F)	X	X	X			C						X	S			X			
UNIVERSITY PARK (S)	X	X		X	X	C			X	B	S		X	X				S	
MEADOWS TOWNHOMES (S)	X	X		X	X	C		X	X	B			X						
CAYUGA VIEW (TC)	X	X		X	X	C			X	B			X						
HORIZON VILLAGES ON THE HORIZON	X	X		X	X	C		X	X	B	X		X		A		X		
COLLEGETOWN PLAZA (S-F)	X	X	X	S		W			X	B		X	S			X			
CASA ROMA (S-F)	X	X	X	X	X	C			X	B		X			U	X			
TOP OF THE HILL (S)	X	X	X	X	X	W			X	B									X
OVERLOOK AT WEST HILL (TC)	X	X		X	X	C			X	B			X						

C – Central air conditioning
W – Window air conditioning
B – Blinds
S – Some
A – Attached
U – Underground parking

(S) – Occupied by students
(F) – Furnished units
(TC) – Tax Credit property

As the unit amenity comparison shows, a luxury or upscale project that includes a washer and dryer in each unit and a balcony or patio would have a competitive advantage over the majority of the units considered luxury or upscale in the market.

A project with moderate or affordable rents or a Tax Credit project that offered washer and dryer hookups, a balcony or patio, and extra storage would generally have a competitive advantage over the projects considered most comparable.

Project amenities are listed as follows:

PROJECT	POOL	COMMUNITY BUILDING	SAUNA	HOT TUB	FITNESS CENTER	TENNIS	PLAYGROUND	SPORTS COURT	JOG/BIKE TRAIL	THEATER ROOM	PICNIC AREA	LAUNDRY	SECURITY GATE	ON-SITE MANAGEMENT	ELEVATOR	BUSINESS CENTER	SECURITY GATE
LUXURY PROPERTY		**X**			**X**		**X**				**X**			**X**		**X**	**X**
312 COLLEGE AVENUE (S-F)					X					X		X		X	X		
407 COLLEGE AVENUE (S-F)												X					
GATEWAY COMMONS															X		
UPSCALE PROPERTY		**X**			**X**		**X**				**X**			**X**		**X**	**X**
MEADOWS TOWNHOMES (S)			X		X	X	X	B				X		X			
312 COLLEGE AVENUE (S-F)					X					X		X		X	X		
407 COLLEGE AVENUE (S-F)												X					
HORIZON VILLAGES ON THE HORIZON	X					X	X				X			X			
COLLEGETOWN PLAZA (S-F)												X		X	X		
CASA ROMA (S-F)					X							X					X
MODERATE/AFFORDABLE		**X**			**X**		**X**							**X**		**X**	
TAX CREDIT		**X**			**X**		**X**							**X**		**X**	
EDDYGATE (S-F)												X		X	X		
UNIVERSITY PARK (S)	X	X			X							X		X			
CAYUGA VIEW (TC)		X			X		X					X		X			
HORIZON VILLAGES ON THE HORIZON	X					X	X				X			X			
COLLEGETOWN PLAZA (S-F)												X		X	X		
CASA ROMA (S-F)					X							X					X
TOP OF THE HILL (S)												X					
OVERLOOK AT WEST HILL (TC)		X			X		X		X			X		X			

B – Basketball court
(S) – Occupied by students
(F) – Furnished units
(TC) – Tax Credit property

Few projects in the market area offered a pool or community building/room. Any luxury or upscale project developed should offer a community building or room, as well as a fitness center, a business center, and a security gate. By offering these project amenities, any luxury or upscale development would be considered competitive with other similar projects in terms of project amenities.

In order for any new moderate/affordable project or Tax Credit project to be considered competitive with similar projects in terms of project amenities, a community building/room, fitness center, playground, and business center should be offered.

Prospective residents respond to three principal factors when selecting specific units:

- Perception of space often based on the entry into the unit
- Bedroom size
- Closets are especially important. Large closets are immediately noticed by prospective tenants. Further, having the largest closets in the market facilitate rent increases since it is virtually impossible for a tenant to move into another unit with <u>less</u> storage than they already have.

Unit and bedroom sizes (in square feet), rent (recommended as a guideline for development for any new project in the Ithaca area), and features of these projects are listed as follows:

ONE-BEDROOM COMPARISON				
PROJECT	**UNIT SIZE**	**NUMBER OF BATHS**	**NET RENT**	**RENT PER SQUARE FOOT**
LUXURY MARKET RATE	**800**	**1.0**	**$1,400**	**$1.75**
312 COLLEGE AVENUE (S-F)	420-505	1.0	$1,609-$1,829	$3.62-$3.83
407 COLLEGE AVENUE (S-F)	630	1.0	$1,759	$2.79
GATEWAY COMMONS	880-892	1.0	$1,572-$1,703	$1.79-$1.91
UPSCALE MARKET RATE	**700**	**1.0**	**$1,050**	**$1.40**
MEADOWS TOWNHOMES (S)	N/A (TH)	1.0	$925-$950	N/A
312 COLLEGE AVENUE (S-F)	420-505	1.0	$1,609-$1,829	$3.62-$3.83
407 COLLEGE AVENUE (S-F)	630	1.0	$1,759	$2.79
HORIZON VILLAGES ON THE HORIZON	800	1.0	$1,056-$1,206	$1.32-$1.51
COLLEGETOWN PLAZA (S-F)	425-465	1.0	$1,454	$3.13-$3.42
CASA ROMA (S-F)	462-492	1.0	$1,224-$1,334	$2.65-$2.71
MODERATE/AFFORDABLE	**700**	**1.0**	**$750**	**$1.07**
TAX CREDIT	**700**	**1.0**	**$550 (50%)** **$675 (60%)**	**$0.79** **$0.96**
EDDYGATE (S-F)	650	1.0	$1,600-$1,785	$2.46-$2.75
UNIVERSITY PARK (S)	700-815	1.0	$770-$870	$1.07-$1.10
MEADOWS TOWNHOMES (S)	N/A (TH)	1.0	$925-$950	N/A
CAYUGA VIEW (TC)	UNIT TYPE NOT OFFERED			
HORIZON VILLAGES ON THE HORIZON	800	1.0	$1,056-$1,206	$1.32-$1.51
COLLEGETOWN PLAZA (S-F)	425-465	1.0	$1,454	$3.13-$3.42
CASA ROMA (S-F)	462-492	1.0	$1,224-$1,334	$2.65-$2.71
TOP OF THE HILL (S)	UNIT TYPE NOT OFFERED			
OVERLOOK AT WEST HILL (TC)	690 690 690	1.0 1.0 1.0	$301 $571 $674	$0.44 $0.83 $0.98

(S) – Occupied by students
(F) – Furnished units
(TC) – Tax Credit property

As the one-bedroom comparison shows, the most comparable one-bedroom units in the market range in size from 420 square feet at 312 College Avenue to 892 square feet at Gateway Commons. The average one-bedroom comparable unit is 638 square feet.

Among the comparable luxury and upscale projects, net rents range from $925 at Meadows Townhomes to $1,829 at 312 College Avenue. The average rent among the luxury and upscale comparable units is $1,454.

Among the units considered moderate or affordable, net rents range from $770 at University Park to $1,785 at Eddygate. The average net rent among these units is $1,198. Although the rents at Eddygate are much higher than the rents used as a guideline for development in this report, Eddygate is considered comparable to a moderate/affordable project based on the amenities offered at the property as well as the comparability rating of the property. When excluding Eddygate from this analysis, the average net rent among the most comparable projects is $1,088.

TWO-BEDROOM COMPARISON

PROJECT	UNIT SIZE	NUMBER OF BATHS	NET RENT	RENT PER SQUARE FOOT
LUXURY MARKET-RATE	**1,150**	**2.0**	**$1,750**	**$1.52**
312 COLLEGE AVENUE (S-F)	670-870	1.0	$2,078-$2,148	$2.47-$3.10
407 COLLEGE AVENUE (S-F)	730	2.0	$2,518	$3.45
GATEWAY COMMONS	1,205 1,780	2.0 2.0	$2,336-$2,413 $3,539	$1.94-$2.00 $1.99
UPSCALE MARKET-RATE	**1,100**	**2.0**	**$1,300**	**$1.18**
MEADOWS TOWNHOMES (S)	1,088 (TH)	1.5	$925-$950	$0.85-$0.87
312 COLLEGE AVENUE (S-F)	670-870	1.0	$2,078-$2,148	$2.47-$3.10
407 COLLEGE AVENUE (S-F)	730	2.0	$2,518	$3.45
HORIZON VILLAGES ON THE HORIZON	1,225	2.0	$1,408-$1,758	$1.15-$1.44
COLLEGETOWN PLAZA (S-F)	460-480	1.0	$1,748-$1,808	$3.77-$3.80
CASA ROMA (S-F)	600-700	1.0	$1,478-$1,708	$2.44-$2.46
MODERATE/AFFORDABLE	**1,000**	**2.0**	**$850**	**$0.85**
TAX CREDIT	**1,000**	**2.0**	**$650 (50%)** **$730 (60%)**	**$0.65** **$0.73**
EDDYGATE (S-F)	730	1.0	$1,655-$2,005	$2.27-$2.75
UNIVERSITY PARK (S)	1,000	1.0	$870-$970	$0.87-$0.97
MEADOWS TOWNHOMES (S)	1,088 (TH)	1.5	$925-$950	$0.85-$0.87
CAYUGA VIEW (TC)	963 (TH)	1.0	$910	$0.94
HORIZON VILLAGES ON THE HORIZON	1,225	2.0	$1,408-$1,758	$1.15-$1.44
COLLEGETOWN PLAZA (S-F)	460-480	1.0	$1,748-$1,808	$3.77-$3.80
CASA ROMA (S-F)	600-700	1.0	$1,478-$1,708	$2.44-$2.46
TOP OF THE HILL (S)	900	1.0	$1,900	$2.11
OVERLOOK AT WEST HILL (TC)	830 830 830	1.0 1.0 1.0	$347 $670 $773	$0.42 $0.81 $0.93

(S) – Occupied by students
(F) – Furnished units
(TC) – Tax Credit property

As the two-bedroom comparison shows, the most comparable two-bedroom units in the market range in size from 460 square feet at Collegetown Plaza to 1,780 square feet at Gateway Commons. The average two-bedroom comparable unit is 841 square feet.

Unit sizes for the luxury units range from 670 square feet at 312 College Avenue to 1,780 square feet at Gateway Commons. Among the upscale projects, unit sizes range from 460 at Collegetown Plaza to 1,225 at Horizon Villages on the Horizon.

Among the units considered comparable to the recommended luxury units, net rents range from $2,078 at 312 College Avenue to $3,539 at Gateway Commons. The Average net rent among these units is $2,505.

Net rents among the comparable upscale units range from $925 at Meadows Townhomes to $2,518 at 407 College Avenue. The average rent for a comparable upscale unit is $1,684.

Net rent among the comparable two-bedroom moderate/affordable units ranges from $870 at University Park to $2,005 at Eddygate. The average two-bedroom rent for units comparable to the moderate/affordable units is $1,475.

THREE-BEDROOM COMPARISON				
PROJECT	**UNIT SIZE**	**NUMBER OF BATHS**	**RENT**	**RENT PER SQUARE FOOT**
LUXURY MARKET-RATE	**1,300**	**2.0**	**$2,000**	**$1.54**
312 COLLEGE AVENUE (S-F)	690-990	1.0-2.0	$2,633-$2,868	$2.90-$3.82
407 COLLEGE AVENUE (S-F)	770	2.0	$2,588	$3.36
GATEWAY COMMONS	1,780	2.0	$3,452-$3,533	$1.94-$1.98
LUXURY MARKET-RATE	**1,200**	**2.0**	**$1,650**	**$1.38**
MEADOWS TOWNHOMES (S)	N/A (TH)	1.5	$1,200	N/A
312 COLLEGE AVENUE (S-F)	690-990	1.0-2.0	$2,633-$2,868	$2.90-$3.82
407 COLLEGE AVENUE (S-F)	770	2.0	$2,588	$3.36
HORIZON VILLAGES ON THE HORIZON	UNIT TYPE NOT OFFERED			
COLLEGETOWN PLAZA (S-F)	705	1.0	$2,708	$3.84
CASA ROMA (S-F)	930	1.0	$2,038	$2.19
MODERATE/AFFORABLE	**1,200**	**1.5**	**$950**	**$0.79**
TAX CREDIT PROPERTY	**1,200**	**1.5**	**$750-$825**	**$0.63-$0.69**
EDDYGATE (S-F)	900	1.0	$2,590-$2,930	$2.88-$3.26
UNIVERSITY PARK (S)	UNIT TYPE NOT OFFERED			
MEADOWS TOWNHOMES (S)	N/A (TH)	1.5	$1,200	N/A
CAYUGA VIEW (TC)	UNIT TYPE NOT OFFERED			
HORIZON VILLAGES ON THE HORIZON	UNIT TYPE NOT OFFERED			
COLLEGETOWN PLAZA (S-F)	705	1.0	$2,708	$3.84
CASA ROMA (S-F)	930	1.0	$2,038	$2.19
TOP OF THE HILL (S)	940-1,260	2.0	$2,805	$2.23-$2.98
OVERLOOK AT WEST HILL (TC)	1,020	1.5	$391-$873	$0.38-$0.86

(S) – Occupied by students
(F) – Furnished units
(TC) – Tax Credit property
N/A – Not available

Among the comparable three-bedroom units, sizes range from 690 square feet at 312 College Avenue to 1,780 square feet at Gateway Commons. Overall, the average comparable three bedroom unit is 998 square feet. With the exception of the three-bedroom units at Gateway Commons, all three-bedroom units considered luxury or upscale are less than 1,000 square feet. Any new units with the recommended square feet of 1,300 for a luxury unit or 1,200 for an upscale unit would have a competitive advantage in terms of unit size.

Rents among the units considered comparable to the luxury units range from $2,588 at 407 College Avenue to $3,533 at Gateway Commons. The average is $3,015.

Net rents among the units comparable to the recommended upscale units range from $1,200 at Meadows Townhomes to $2,868 at 312 College Avenue. The average rent at the upscale properties is $2,339.

Among the projects considered moderate or affordable, only Meadows Townhomes has rents within $1,000 of the rents used as a guideline for development in this report.

4. APARTMENT SUPPORT COMPONENTS

a. Step-Up/Down Support

Previous studies performed by the Danter Company, LLC indicate that 60% of the support for new apartment development will typically be generated from the existing apartment base in the EMA, especially from those tenants paying rent within an appropriate step-up range of any new project.

The 100% database field survey methodology allows us to accurately measure potential support from conventional renters. Our studies indicate that, at the recommended luxury rent range, tenants are willing to incur rental increases up to $175 per month for a rental alternative when it is perceived as a value. At the upscale rent range, tenants are willing to incur rental increases of up to $150 per month for a rental alternative when it is perceived as a value. At the recommended moderate-affordable rent range, tenants would be willing to pay up to $125 for a rental alternative when it is perceived as a value. And at the recommended Tax Credit rent range, tenants would be willing to pay up to $60 for a rental alternative when it is perceived as a value. This is the step-up support base. Step-up support is not limited to only similar unit types. For example, the one-bedroom step-up support includes both studio and one-bedroom units.

In addition, the existing units in the market with rents higher than those recommended for the various product types and with project comparability ratings equal to or lower than the recommended product types represent potential step-down support.

Step-up/down support is a critical factor in projecting absorption because it directly measures the depth of potential support *from the households most likely to move to a new development*. Step-up/down support is best expressed as a ratio of proposed units to potential support. A lower ratio indicates a deeper level of market support and that any new project will have to capture fewer of these households in order to achieve successful initial absorption. A higher ratio indicates a lower level of potential support from conventional renters and that any new project will have to attract a higher level of support from outside this group, potentially slowing absorption.

Step-down support represents existing renters within the Site EMA who should perceive the recommended developments as offering a greater value at a rent lower than or equivalent to their current rent. Typically, this value results from renters who would

perceive the recommended projects as a higher-quality project at an equal or lower rent, or as a project of quality similar to their current unit but at a lower rent.

The step-down base includes all units with higher rents than the recommended projects, but lower or equivalent comparability index ratings within the Site EMA.

DISTRIBUTION OF STEP-DOWN SUPPORT LUXURY DEVELOPMENT			
	STEP-UP SUPPORT	**STEP-DOWN SUPPORT**	**TOTAL**
ONE-BEDROOM	97	90	187
TWO-BEDROOM	68	136	204
THREE-BEDROOM	41	127	168
TOTAL	206	353	559
ANNUAL UNITS RECOMMENDED	20 - 25		
RATIO OF RECOMMENDED UNITS TO POTENTIAL STEP-UP/STEP-DOWN SUPPORT BASE	3.6% - 4.5%		

The development of 20 to 25 luxury units (with rents based on development guidelines) per year would represent 3.6% to 4.5% of the total step-up/step-down support base, an excellent ratio.

DISTRIBUTION OF STEP-DOWN SUPPORT UPSCALE DEVELOPMENT			
	STEP-UP SUPPORT	**STEP-DOWN SUPPORT**	**TOTAL**
ONE-BEDROOM	324	347	671
TWO-BEDROOM	138	641	779
THREE-BEDROOM	11	322	333
TOTAL	473	1,310	1,783
ANNUAL UNITS RECOMMENDED	40 – 45		
RATIO OF RECOMMENDED UNITS TO POTENTIAL STEP-UP/STEP-DOWN SUPPORT BASE	2.2% - 2.8%		

The development of 40 to 45 upscale units (with rents based on development guidelines) per year would represent 2.2% to 2.8% of the total step-up/step-down support base, an excellent ratio.

DISTRIBUTION OF STEP-DOWN SUPPORT MODERATE/AFFORDABLE DEVELOPMENT			
	STEP-UP SUPPORT	**STEP-DOWN SUPPORT**	**TOTAL**
ONE-BEDROOM	309	991	1,300
TWO-BEDROOM	341	1,331	1,672
THREE-BEDROOM	248	470	718
TOTAL	898	2,792	3,690
ANNUAL UNITS RECOMMENDED	60		
RATIO OF RECOMMENDED UNITS TO POTENTIAL STEP-UP/STEP-DOWN SUPPORT BASE	1.6%		

The development of 60 moderate/affordable units (with rents based on development guidelines) per year would represent 1.6% of the total step-up/step-down support base, an excellent ratio.

DISTRIBUTION OF STEP-DOWN SUPPORT TAX CREDIT DEVELOPMENT			
	STEP-UP SUPPORT	**STEP-DOWN SUPPORT**	**TOTAL**
ONE-BEDROOM	237	1,164	1,401
TWO-BEDROOM	423	1,569	1,992
THREE-BEDROOM	140	587	727
TOTAL	800	3,320	4,120
ANNUAL UNITS RECOMMENDED	60 – 65		
RATIO OF RECOMMENDED UNITS TO POTENTIAL STEP-UP/STEP-DOWN SUPPORT BASE	1.5% - 1.6%		

The development of 60 to 65 Tax Credit units (with rents based on development guidelines) per year would represent 1.5% to 1.6% of the total step-up/step-down support base, an excellent ratio.

b. Comparable Market Rent Analysis

Comparable market rent analysis establishes the rent potential renters would expect to pay for new apartment units in the open market. Comparable market rent is based on a trend line analysis for the area apartment market. For each unit type, the trend line analysis compares net rent by comparability index for all market-rate developments. This evaluation provides a comparison of existing market rents to those recommended for new development. A variety of factors influence a property's ability to actually

achieve the comparable market rent, including the number of units at that comparable market rent, the step-up support base at that rent range, and the age and condition of competitive units.

Considering the guidelines for potential new apartment development in the Ithaca area, any new developments would be anticipated to have an overall comparability rating of approximately 29.0 for luxury units, 26.0 for upscale units, and 23.5 for the moderate/affordable units and the Tax Credit units.

Based on the current rent structure of one-bedroom units, present-day comparable market rents are $1,550 per month for the luxury units, $1,370 for the upscale units, and $1,215 for the moderate/affordable and Tax Credit developments.

Based on the current rent structure of two-bedroom units, present-day comparable market rents are $2,250 per month for the luxury units, $2,000 for the upscale units, and $1,750 for the moderate/affordable units and Tax Credit units.

Based on the current rent structure of three-bedroom units, present-day comparable market rents are $2,800 per month for the luxury units, $2,500 for the upscale units, and $2,200 for the moderate/affordable and Tax Credit developments.

The following tables compare the market rent at opening with the recommended rents for one-, two- and three-bedroom units. Rents are net, including only water/sewer and trash removal.

UNIT TYPE	PROJECT TYPE	COMPARABILITY RATING	MARKET-RENT	RECOMMENDED RENT	RENT AS A PERCENT OF MARKET RENT
ONE-BEDROOM	LUXURY	29.0	$1,550	$1,400	88.6%
	UPSCALE	26.0	$1,370	$1,050	75.1%
	MODERATE	23.5	$1,215	$750	60.5%
	TAX CREDIT	23.5	$1,215	$550-$675	44.4%-54.5%
TWO-BEDROOM	LUXURY	29.0	$2,250	$1,750	76.3%
	UPSCALE	26.0	$2,000	$1,300	63.7%
	MODERATE	23.5	$1,750	$850	47.6%
	TAX CREDIT	23.5	$1,750	$650-$730	36.4%-40.9%
THREE-BEDROOM	LUXURY	29.0	$2,800	$2,000	70.0%
	UPSCALE	26.0	$2,500	$1,650	64.7%
	MODERATE	23.5	$2,200	$950	42.3%
	TAX CREDIT	23.5	$2,200	$750-$825	33.4%-36.8%

As the previous table illustrates, the rents used as a guideline for new development of luxury, upscale, and moderate/affordable units range from 42.3% to 88.6% of the market-driven rents and would be perceived as an excellent value within the market.

It is important to note that the Ithaca apartment market is dominated by college students. Half of all units in the market are occupied by college students. Because of this fact, as well as the fact that the market is 99.5% occupied, the rents in the Ithaca area are much higher than rents in similar market and are out of reach for many renters in the Ithaca area. Although the rents used as a guideline for development in this report are well below the market-driven rents, they will respond well to non-student renters.

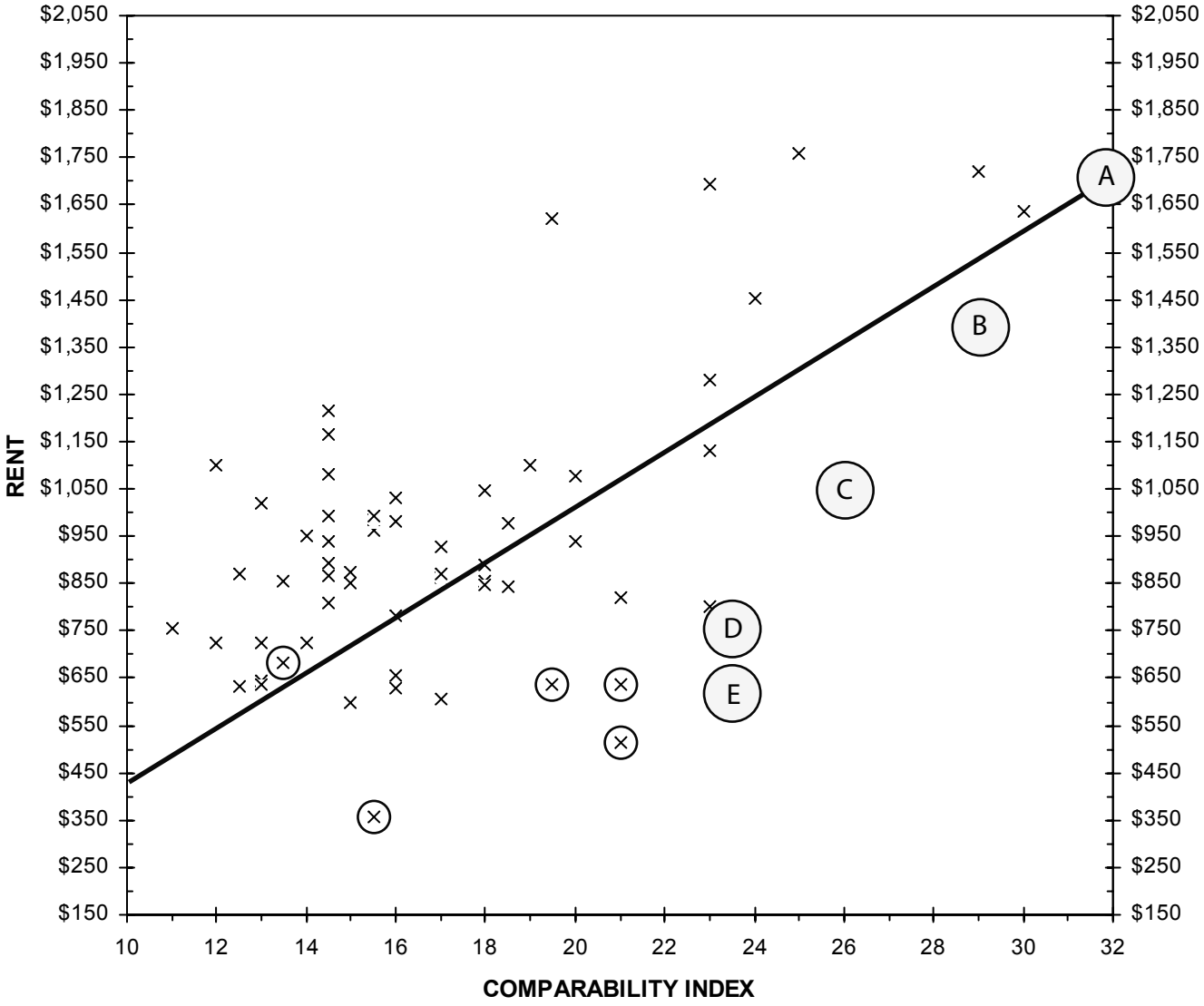
The recommended Tax Credit rents range from 33.4% to 54.5% of the market-driven rents and would be perceived as an excellent value within the market.

The number of any new units proposed for any new development in Ithaca must be considered relative to the project's ability to achieve a given rent level. Previous research conducted by Danter Company, LLC indicates that all other factors being equal, larger properties must be a better value in the marketplace than smaller properties due to the higher number of units that must be rented each month. To generate a sufficient number of potential renters, larger properties typically need to set rents below comparable market rent. Smaller projects provide the best opportunity to increase rents after stabilized rent up.

It is important to note that we have taken a conservative approach in determining the recommended rents for new development. Although our recommended rents range from 42.3% to 88.6% of the market rents, the high end properties are dominated by smaller projects that are able to achieve higher rents due to the number of units at those projects. In addition, our recommended rents take into consideration the number of projects that are planned or proposed to be built in the Ithaca area. We anticipate that a few large projects added to the market will have an impact on the rents within the entire Ithaca market.

The relative value the recommended rents represent in the market is further illustrated by the following trend line analyses.

ONE-BEDROOM UNITS
BY AVERAGE RENT
AND COMPARABILITY INDEX
DOWNTOWN ITHACA, NEW YORK
SITE EFFECTIVE MARKET AREA
APRIL 2011



LEGEND:
A- CURRENT RENTS
x- MARKET AREA PROPERTIES
(x)- TAX CREDIT PROPERTIES
B- LUXURY DEVELOPMENT
C- UPSCALE DEVELOPMENT
D- MODERATE/AFFORDABLE DEVELOPMENT
E- TAX CREDIT DEVELOPMENT

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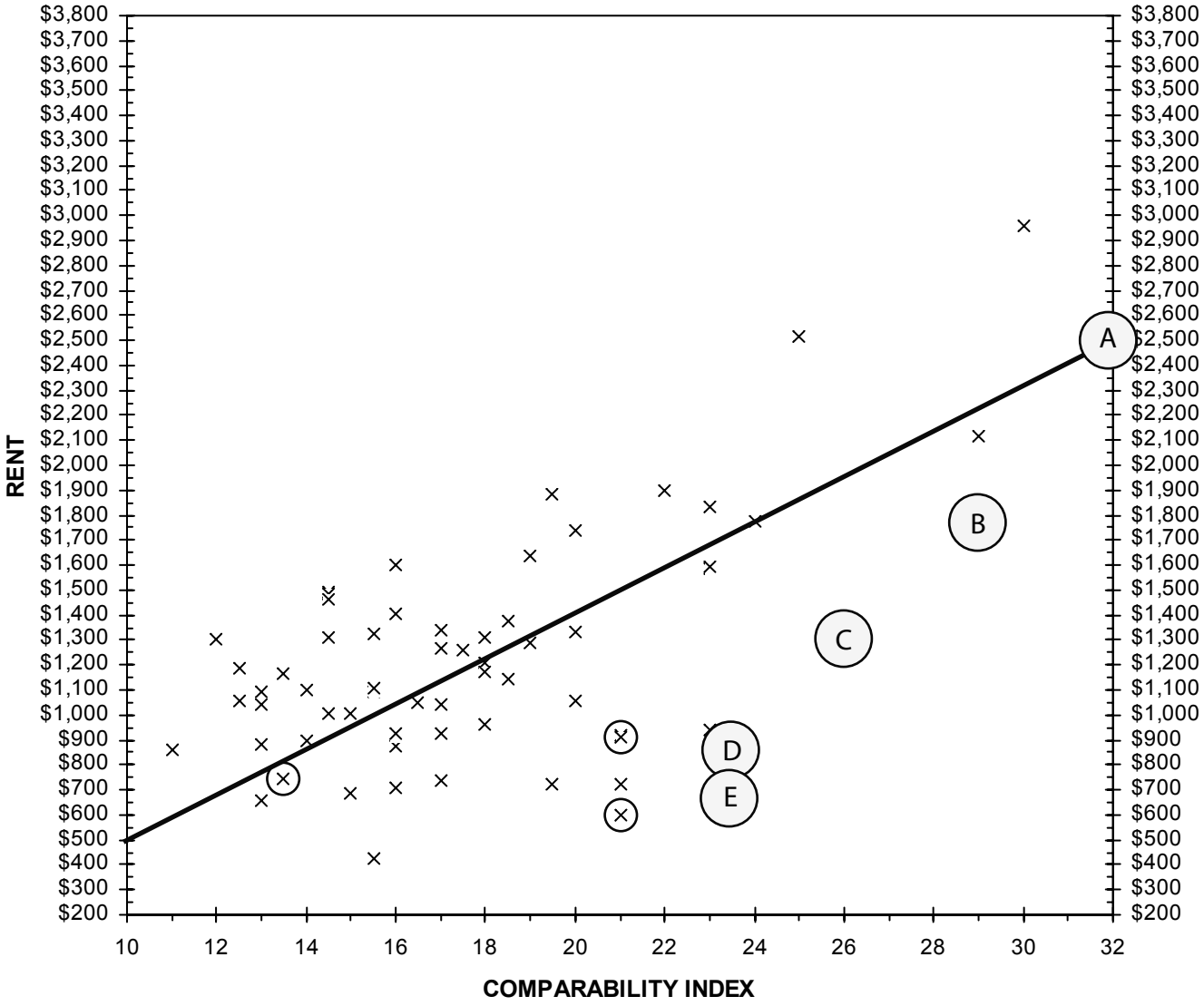
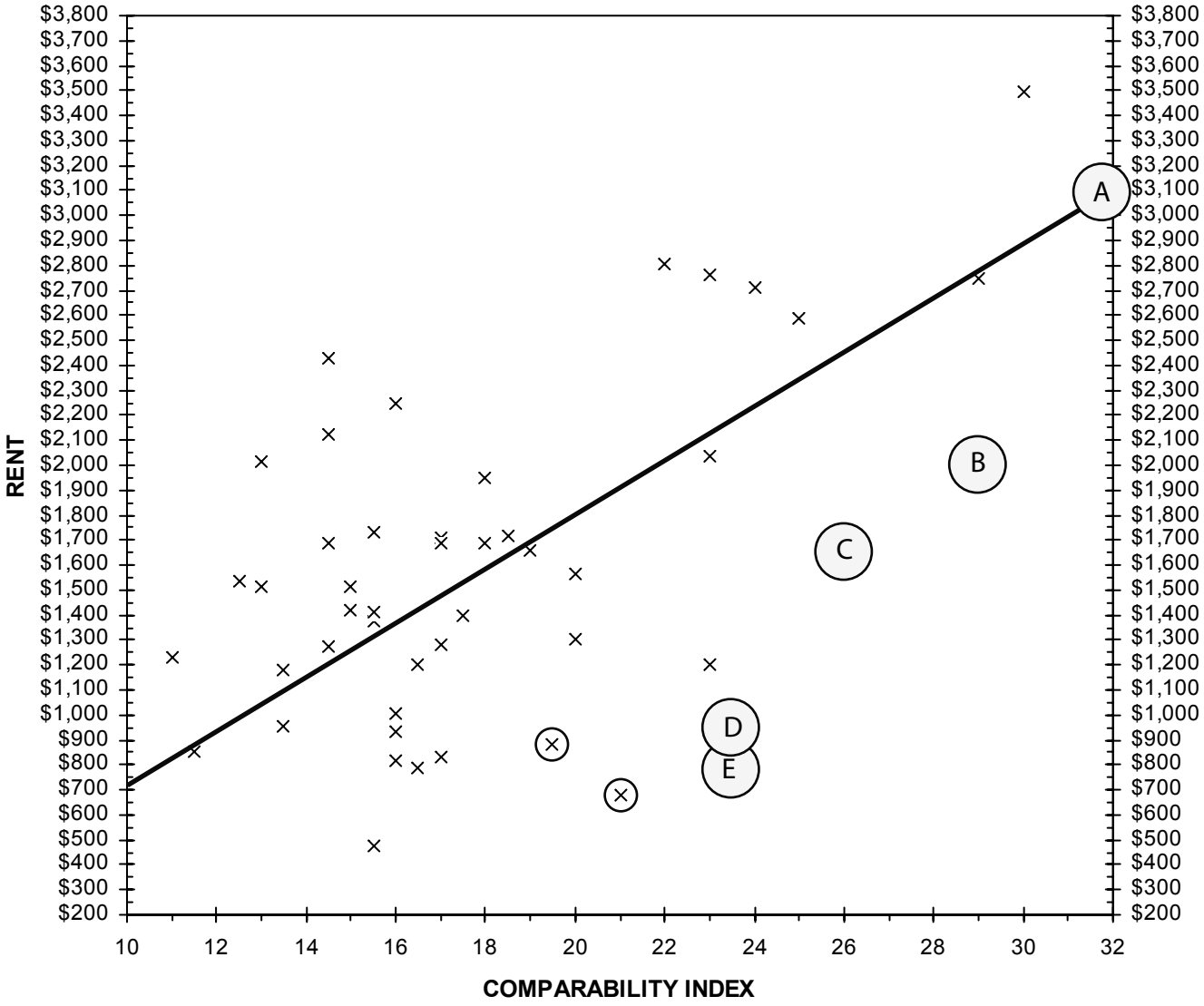
TWO-BEDROOM UNITS
BY AVERAGE RENT
AND COMPARABILITY INDEX
DOWNTOWN ITHACA, NEW YORK
SITE EFFECTIVE MARKET AREA
APRIL 2011



LEGEND:
A- CURRENT RENTS
x- MARKET AREA PROPERTIES
(x)- TAX CREDIT PROPERTIES
B- LUXURY DEVELOPMENT
C- UPSCALE DEVELOPMENT
D- MODERATE/AFFORDABLE DEVELOPMENT
E- TAX CREDIT DEVELOPMENT

DANTER COMPANY

THREE-BEDROOM UNITS
BY AVERAGE RENT
AND COMPARABILITY INDEX
DOWNTOWN ITHACA, NEW YORK
SITE EFFECTIVE MARKET AREA
APRIL 2011



LEGEND:
A- CURRENT RENTS
x- MARKET AREA PROPERTIES
(x)- TAX CREDIT PROPERTIES
B- LUXURY DEVELOPMENT
C- UPSCALE DEVELOPMENT
D- MODERATE/AFFORDABLE DEVELOPMENT
E- TAX CREDIT DEVELOPMENT

DANTER COMPANY

c. Rent Gap

Absorption at any new development should be closely monitored. Rent adjustments may be necessary in order to maintain an even absorption of all units. An absorption rate proportionate to unit mix can be maintained by establishing appropriate rent gaps (price differences) between unit types.

Proper rent gaps between all unit types will be important in order to ensure an even absorption of all units. Rent gaps must be monitored by mix, comparability differences, and location/view premiums. Suggested rents are responsive to absorption and can only be fine-tuned after product is available.

In the Effective Market Area, the rent gaps between one- and two-bedroom and two- and three-bedroom units are as follows:

	ONE-/TWO-BEDROOM RENT GAP	TWO-/THREE-BEDROOM RENT GAP
MEDIAN RENT	$125	$205
RENT AT 29.0 MARKETABILITY RATING	$700	$550
RENT AT 26.0 MARKETABILITY RATING	$630	$500
RENT AT 23.5 MARKETABILITY RATING	$535	$450
RECOMMENDED RENTS		
LUXURY UNITS	$350	$250
UPSCALE UNITS	$250	$350
MODERATE UNITS	$100	$100
TAX CREDIT UNITS	$100 / $55	$100 / $95

The rent gaps for the recommended rents will be smaller than the rent gaps among the market-rent in the Site EMA. The luxury and upscale rent gaps will be significantly wider than the rent gap among the median rents in the Site EMA.

d. Apartment Demand

Market-Rate

Based on findings from the Danter Company's nationwide telephone survey, we anticipate that the recommended one-, two-, and three-bedroom units will predominantly house one- to three-person households. Leasing industry standards for market-rate projects typically require households to have net rent-to-income ratios of 30%. The recommended net rents (includes water, sewer, and trash pickup) range from $1,400 to $2,000 per month for the luxury units, from $1,050 to $1,650 for the upscale units, and from $750 to $950 for the moderate/affordable units.

With the lowest recommended net monthly rent of $1,400 for the luxury units, the minimum annual housing cost is $16,800. Applying the 30% rent-to-income ratios requires a minimal annual household income of $56,000.

With the lowest recommended net monthly rent of $1,050 for the upscale units, the minimum annual housing cost is $12,600. Applying the 30% rent-to-income ratios requires a minimal annual household income of $42,000.

With the lowest recommended net monthly rent of $750 for the moderate/affordable units, the minimum annual housing cost is $9,000. Applying the 30% rent-to-income ratios requires a minimal annual household income of $30,000.

There are no income restrictions for market-rate units. Further, more and more households are “renters by choice”, often not opting for home ownership until their family status changes. Therefore, household incomes are not limited.

All Income-Qualified Households

The 2000 Census reported that 66.2% of the EMA households were renters. However, the reality is that this percentage varies depending on the income levels of the households. For example, at lower income levels, a higher ratio of renters is likely compared to the higher income levels.

Luxury Units

Considering the renter to total households’ ratio established for households with higher incomes, the estimated number of renter households within the Site EMA that are income-appropriate for the recommended luxury units (above $56,000) is estimated at 4,718 renter households in 2011. The recommended luxury units (up to 125 units) would represent 2.6% of their potential income-appropriate renter base. This is an excellent ratio of units to potential income-appropriate renter households.

Upscale Units

Considering the renter to total households' ratio established for households with higher incomes, the estimated number of renter households within the Site EMA that are income-appropriate for the recommended upscale units (above $42,000) is estimated at 5,984 renter households in 2011. The recommended upscale units (up to 250 units) would represent 4.2% of their potential income-appropriate renter base. This is an excellent ratio of units to potential income-appropriate renter households.

Moderate/Affordable Units

Considering the renter to total households' ratio established for households with higher incomes, the estimated number of renter households within the Site EMA that are income-appropriate for the recommended moderate/affordable units (above $30,000) is estimated at 7,340 renter households in 2011. The recommended moderate units (up to 300 units) would represent 4.1% of their potential income-appropriate renter base. This is an excellent ratio of units to potential income-appropriate renter households.

The following table summarizes the total income qualified households for the recommended market-rate developments:

PROJECT TYPE	MINIMUM INCOME	INCOME QUALIFIED RENTER HOUSEHOLDS	RATIO OF UNITS
LUXURY	$56,000	4,718	2.6%
UPSCALE	$42,000	5,984	4.2%
MODERATE/AFFORDABLE	$30,000	7,340	4.1%

Tax Credit

Program Limitations and Qualifications

The recommended Tax Credit units include one-, two-, and three-bedroom garden units with rents based on 50% and 60% of the area median household income.

Rents for units operating within the Tax Credit program are based on income limits by household size. The gross rent charged for an eligible unit to a tenant cannot exceed 30% of the tenant income limitation (50% or 60% of area median income adjusted for household size).

Median incomes are established by the United States Department of Housing and Urban Development (HUD). Ithaca is located in Tompkins County, New York, which is located in the Ithaca, NY Metropolitan Statistical Area (MSA). For 2011, the median household income for the Ithaca, New York MSA is $72,800.

The following chart illustrates the maximum income allowed per household size at the 50% and 60% levels, based on the 2011 median income for the Ithaca, New York Metropolitan Statistical Area (MSA):

HOUSEHOLD SIZE	MAXIMUM ALLOWABLE INCOME	
	50%	60%
ONE-PERSON	$25,500	$30,600
TWO-PERSON	$29,150	$34,980
THREE-PERSON	$32,800	$39,360
FOUR-PERSON	$36,400	$43,680
FIVE-PERSON	$39,350	$47,220

Current guidelines establish maximum rents based on the probable household size by number of bedrooms, with one-bedroom units at 1.5, two-bedroom units at 3.0, and three-bedroom units at 4.5 people per household (regardless of the actual number of people occupying the unit). Maximum rent by number of bedrooms is as follows:

UNIT TYPE	MAXIMUM GROSS RENT	
	50%	60%
ONE-BEDROOM (1.5)	$683	$819
TWO-BEDROOM (3.0)	$820	$984
THREE-BEDROOM (4.5)	$946	$1,136

Utility cost estimates have been applied to the maximum gross rents in order to estimate maximum net rents. (Net rents are used to more easily compare with existing market rents in the area.)

UNIT TYPE	PERCENT OF MEDIAN HOUSEHOLD INCOME	MAXIMUM GROSS MONTHLY RENT	ESTIMATED UTILITY COST*	ESTIMATED MAXIMUM NET RENT	RECOMMENDED NET RENT
ONE-BEDROOM	50%	$683	$117	$566	$550
	60%	$819	$117	$702	$675
TWO-BEDROOM	50%	$820	$157	$663	$650
	60%	$984	$157	$827	$730
THREE-BEDROOM	50%	$946	$196	$750	$750
	60%	$1,136	$196	$940	$825

*Source: Ithaca Housing Authority

The recommended rents are set $115 below to the current (2011) maximum allowable. The maximum allowable net rents at opening may increase (or decrease) based on the median income and utility rates at the time.

Income-Appropriate Households

Under the Section 42 Tax Credit program, a household may live in any unit type, regardless of size, as long as the household income does not exceed the maximum allowable for that household size.

Based on findings from The Danter Company's nationwide telephone survey, we anticipate that any new one-, two-, and three-bedroom Tax Credit units will predominantly house one- to four-person households. In addition, any Tax Credit units are recommended to include units available at rents based on 50% and 60% of the area median household income. For 2011, the maximum allowable income for a one-person household at the 50% income level is $25,500 and the maximum allowable income for a four-person household at the 60% income level is $43,680.

Based on telephone surveys conducted by The Danter Company among residents of low-income housing Tax Credit projects, it was established that the ratio of rent to monthly income often exceeds the maximum ratio of 30%. According to surveys, this ratio may reach 40% for family households. Thus, at the recommended rent levels, the minimum annual household income level for new Tax Credit units in Ithaca could be as low as $20,010 (gross rent for a one-bedroom unit at the 50% level - $667/40% = $1,667 X 12 months = $20,010).

All Income-Qualified Households

In 2011, there are an estimated 4,405 total households within the Site EMA with incomes between $20,010 and $43,680. Following is an analysis of housing costs as a percent of household income by the number of qualified households in the Site EMA:

PERCENT OF INCOME TO GROSS HOUSING COSTS	INCOME RANGE	TOTAL HOUSEHOLDS	CAPTURE RATE (300 UNITS)
30%	$26,680-$43,680	2,965	10.1%
35%	$22,870-$43,680	3,773	8.0%
40%	$20,010-$43,680	4,405	6.8%

The recommended (up to 300 units) Tax Credit units would represent a rental housing alternative for 6.8% to 10.1% of all income-appropriate households, depending on management's criteria for qualifying potential renters.

These are excellent ratios and indicate a good supply of potential household support. These ratios have been considered in establishing anticipated absorption rates.

There are 7 existing Tax Credit properties with a total of 624 units within the Ithaca Site EMA. The existing Tax Credit units range from one- to four-bedroom units:

- The 235-unit West Village project
- The 24-unit Cayuga View project
- The 56-unit Linderman Creek project
- The 72- unit Linderman Creek Phase II project
- The 39-unit Cedar Creek project
- The 70-unit Conifer Village project that is restricted to older adults 55 or older
- The 80-unit Overlook at West Hill project

When the existing Tax Credit units in the Site EMA are also considered, the appropriate household income range is $10,740 to $47,220. This range is wider than the range for just the recommended development due to the wider range of rents being charged when considering the existing properties. The following table analyzes the number of households with appropriate incomes when considering all Tax Credit development in the Site EMA:

PERCENT OF INCOME TO GROSS HOUSING COSTS	INCOME RANGE	TOTAL HOUSEHOLDS	CAPTURE RATE (924 UNITS)
30%	$14,320-$47,220	6,206	14.9%
35%	$12,270-$47,220	6,703	13.8%
40%	$10,740-$47,220	7,075	13.1%

The existing Tax Credit units as well as the recommended Tax Credit units would represent a rental housing alternative for 13.1% to 14.9% of all income-appropriate households, depending on management's criteria for qualifying potential renters. These ratios are considered good and have been considered in establishing absorption rates.

Renter Households

The 2000 Census indicated that 66.2% of the area households were rentals. The reality is that at lower income levels, a higher ratio of renters is likely compared to the overall market. Within the Ithaca Site EMA, this is reflected.

Considering the renter to total households' ratio established for households with lower incomes, the estimated number of renter households within the Site EMA that are income-qualified for the recommended Tax Credit units ($20,010 to $43,680) is estimated at 2,916. The (up to 300 units) Tax Credit units recommended represent

10.3% of their potential income-qualified renter base. This is an excellent ratio of units to potential income-qualified renter households.

As noted earlier, there are 624 existing Tax Credit units within the Site EMA. Combined with the (up to 300 units) recommended units, these properties total 924 Tax Credit units. When the existing Tax Credit units in the Site EMA are also considered, the appropriate household income range is $10,740 to $47,220. This range is wider than the range for just the subject project due to the variety of units and range of rents. The number of renter households within this income range is estimated to be 4,684. The 924 combined Tax Credit units (existing and recommended) represent 19.7% of the income-qualified renter base. This is considered a fair ratio of units to income-qualified renter households.

It should be noted that none of the existing Tax Credit developments in the Ithaca area are located within the Central Business District. The maximum allowable income for a two person households at the 50% income level is $29,150, or approximately $15.00 per hour, which is clearly applicable to a large number of employees working within the Central Business District.

Housing Choice Vouchers

It is anticipated that additional support for a new Tax Credit project would come from tenants with Housing Choice Vouchers. The current Fair Market Rents for the area as well as the recommended gross rents are as follows:

UNIT TYPE	FAIR MARKET RENTS	RECOMMENDED GROSS RENTS	
		50%	60%
ONE-BEDROOM	$811	$667	$792
TWO-BEDROOM	$950	$807	$887
THREE-BEDROOM	$1,150	$946	$1,021

Source: US Department of Housing and Urban Development
Effective Date: October 2010
Note: The Fair Market Rents have been established by the Department of Housing and Urban Development and are gross rents including all utilities.

As the above table indicates, the recommended gross Tax Credit rents for the one-, two-, and three-bedroom units at the 50% and 60% income levels are below the Fair Market Rents. These units will be available to renters with Housing Choice Vouchers.

5. PLANNED AND PROPOSED PROJECTS

According to area planning and zoning officials and local developers, there are several multifamily rental housing, mixed-use, and commercial developments planned in the Site EMA.

- An addition to the existing 68-unit Cayuga Place (Map Code 63) is currently in the planning stages. This would include the construction of 30 upscale rental housing units just south of the existing building, adjacent to Cayuga parking garage. According to the area planner, development has been delayed by the developer attempting to secure financing.

- The existing Rothschild Building located at 215 East State Street recently lost a tenant, Terta Tech, and the developer (Jeffrey Rimland) is currently proposing to renovate and convert the vacant space into 30 to 38 townhouse apartment units. However, nothing official has been approved and a construction timeline has not yet been determined on this project.

- Ithaca Neighborhood Housing Services is proposing 52 affordable rental housing units at the site of the Women's Community Building in the northwest quadrant of the West Seneca Street/North Cayuga Street intersection. This project is currently on hold because the application submitted for state funding through the low-income housing Tax Credit program was rejected in 2010. However, Ithaca Neighborhood Housing Services is planning on re-submitting the application for the 2011 round of state funding.

- Plans have recently been approved to demolish one of the 6 existing buildings, containing 5 units, at the College Park Apartments (Map Code 78) at 309 Eddy Street. The building to be demolished will be replaced by a 24-unit building. Plans for the new building have not been submitted and a construction timeline has not yet been determined.

- A developer (Novarr-Mackesey Group) is proposing the Collegetown Terrace project, east of downtown Ithaca in the southern portion of the Collegetown neighborhood, which will entail the demolition of several existing apartment buildings that would than be replaced by more modern student housing. There are currently 635 beds that exist at the site and plans include the demolition of 475 of these beds, while 160 beds will remain. Once completed, the project would feature an estimated 1,221 beds of student housing. Site plans have been reviewed and revised several times on this project and based on the assumption that the final site plan is ultimately approved, construction could begin in spring 2011.

- There is a 60-unit apartment property planned at 307 College Avenue, in the Collegetown neighborhood, just south of the Cornell University campus. Plans have been submitted to the Planning Board for Lead Agency determination. Because of the lack of land, the developer (Josh Lower) is currently proposing demolition of two buildings on nearby land that he owns for up to 40 off-site spaces, and is seeking an appeal for the project to be exempt from the city's current parking ordinance that requires one parking space for every 2 housing units constructed. At this time, the applicant is asking the Board to identify the Lead Agency, so the project can be reviewed by the Board of Zoning Appeals and the remaining issues resolved. If approved, the developer plans to begin construction in June 2011 for fall 2012 occupancy; however, nothing official has been determined on the developer's appeal request.

- After a decade of toxic-waste cleanup at the former site of the Ithaca Gun Factory, removal of all debris was completed last summer. The developer, Frost Travis, has proposed developing the site into luxury condominiums and apartments. Plans have not been submitted and a time line is unknown.

- There have been preliminary discussions regarding the re-development of a number of sites located west of downtown Ithaca to SR 13, along the West State Street Corridor, for the development of 20 to 35 residential units; one such property is being advertized on site at the northwest corner of Meadow (SR 13) and Seneca (SR 79) streets reads: "Coming Soon: 1-2-3 Bedrooms, Furnished Apartments, Developers Jim and Toni Iacovelli". No formal approvals are pending.

- Conifer Realty and Cornell University have submitted preliminary sketch plans for the Conifer West Hill development located south of Overlook at West Hill. The initial development plans include 60 senior apartments and 36 senior townhomes on 35 acre. A previous sketch included a 72-unit apartment complex, a 60-unit assisted living facility, and a 106 space park and ride lot for Cornell. The development is currently in State Environmental Quality Review and seeking financing through Low Income Housing Tax Credits. If approved, units will be available to senior households with income up to 60% of the area median household income.

- A five story mixed use building that will include 38 apartments and 9,311 square feet of commercial space has been proposed to be built at 140 Seneca Way. Preliminary plans include 32 one-bedroom units and 6 two-bedroom units on the second through fifth floors and commercial space on the first floor. The plans are currently going through environmental reviews. The proposed development will include two surface parking lots with a total of 41 spaces, landscaping, and a paved entry plaza. Planning officials noted that there are strong neighborhood concerns with the building's height and density.

- A new mixed-use project that includes 408 housing units has been proposed by developer John Rancich. The initial plans for the development also includes retail and office space, condominiums, single family home, and townhomes. The project is located off Route 78 near Linderman Creek and includes 158 acres. According to planning officials, the project is stuck in environmental review. Planning officials do not know if the project will pass the environmental review or a timetable for the project.

Based on the amount of rental housing planned in the Site EMA, it would appear that any new project planned to be built could potentially have additional competition once completed. However, because it is not currently known whether these projects will ultimately be constructed, it is not possible to assess the impact they could have on any new development in the Ithaca area.

6. EMA RENTAL BASE

Detailed data regarding the Ithaca, New York Site Effective Market Area's rental base are provided by ESRI, Incorporated and the 2000 Census. In 2010, there are an estimated 19,012 housing units within the Ithaca Site EMA. This is up from the 17,650 units identified in the 2000 Census. By 2015, the number of area housing units is projected to increase 2.8% from 2010 to 19,542.

Distributions of housing units in 2000 are as follows:

	NUMBER	PERCENT
OCCUPIED	16,829	95.3%
BY OWNER	5,683	33.8%
BY RENTER	11,146	66.2%
VACANT	821	4.7%
TOTAL	17,650	100.0%

The above data are a distribution of all rental units (e.g., duplexes, conversions, units above storefronts, single-family homes, mobile homes, and conventional apartments) regardless of age or condition. Vacancies reflect some of the seasonal nature of the area rental market.

In 2000, there were approximately 11,146 renter-occupied housing units in the EMA. This includes all housing units (e.g., duplexes, single-family homes, mobile homes) regardless of age or condition. A summary of the existing rental units in the market by type follows:

UNIT TYPE	TOTAL NUMBER OF HOUSING UNITS	SHARE OF HOUSING UNITS
SINGLE, DETACHED	1,036	9.3%
SINGLE, ATTACHED	598	5.4%
2 TO 4	3,592	32.2%
5 TO 9	2,083	18.7%
10 TO 19	1,373	12.3%
20 TO 49	881	7.9%
50+	1,568	14.1%
MOBILE HOME OR TRAILER	15	0.1%
OTHER	0	0.0%
TOTAL	11,146	100.0%

Of the 11,146 renter-occupied housing units in the EMA in 2000, 1,649 (14.8%) were within single-family detached and attached, and mobile homes or trailers. This is a moderate share of renter-occupied units in non-conventional alternatives. Following is a summary of the renter households in the Site EMA by household size:

DISTRIBUTION OF RENTER HOUSEHOLDS BY HOUSEHOLD SIZE
ITHACA, NEW YORK
SITE EFFECTIVE MARKET AREA
2000

HOUSEHOLD SIZE	NUMBER	PERCENT
ONE PERSON	5,259	47.2%
TWO PERSONS	2,951	26.5%
THREE PERSONS	1,520	13.6%
FOUR PERSONS	849	7.6%
FIVE OR MORE PERSONS	567	5.1%
TOTAL	11,146	100.0%

Sources: 2000 Census of Population
ESRI, Incorporated

As the above table illustrates, 8,210 (73.7%) rental units in the market are occupied by one- and two-person households. These households are expected to provide most of the support for the subject project.

In 2000, the owner- and renter-occupied households within the Ithaca Site Effective Market area were distributed as follows:

DISTRIBUTION OF TENURE BY AGE
ITHACA, NEW YORK
SITE EFFECTIVE MARKET AREA
2000 CENSUS

TENURE	OWNER-OCCUPIED		RENTER-OCCUPIED	
	NUMBER	PERCENT	NUMBER	PERCENT
HOUSEHOLDER 15 TO 24 YEARS	50	0.9%	4,211	37.8%
HOUSEHOLDER 25 TO 34 YEARS	396	7.0%	3,381	30.3%
HOUSEHOLDER 35 TO 44 YEARS	1,083	19.1%	1,356	12.2%
HOUSEHOLDER 45 TO 54 YEARS	1,620	28.5%	852	7.6%
HOUSEHOLDER 55 TO 64 YEARS	956	16.8%	337	3.0%
HOUSEHOLDER 65 TO 74 YEARS	795	14.0%	323	2.9%
HOUSEHOLDER 75 TO 84 YEARS	592	10.4%	470	4.2%
HOUSEHOLDER 85 YEARS AND OVER	190	3.3%	216	1.9%
TOTAL	5,683	100.0%	11,146	100.0%

In 2000, existing gross rents in the Effective Market Area were distributed as follows:

	NUMBER	PERCENT
NO CASH RENT	189	1.7%
UNDER $250	430	3.9%
$250 - $349	397	3.6%
$350 - $449	1,352	12.1%
$450 - $549	1,632	14.6%
$550 - $649	1,982	17.8%
$650 - $749	1,979	17.8%
$750 - $899	1,517	13.6%
$900 - $999	401	3.6%
$1,000 - $1,499	701	6.3%
$1,500 AND OVER	566	5.1%
TOTAL	11,146	100.0%
MEDIAN GROSS RENT	$633	
Source: 2000 Census		

The following table provides a summary of gross rent as a percentage of household income for the renter households in the Ithaca Site EMA:

GROSS RENT AS A PERCENT OF INCOME ITHACA, NEW YORK SITE EFFECTIVE MARKET AREA

PERCENTAGE	RENTER HOUSEHOLDS	
	NUMBER	PERCENT
LESS THAN 20%	2,457	22.0%
20% TO 24%	1,116	10.0%
25% TO 29%	869	7.8%
30% TO 34%	778	7.0%
35% OR MORE	5,215	46.8%
NOT COMPUTED	710	6.4%
TOTAL	11,146	100.0%

As the above table indicates, 53.8% of the renter households paid over 30% of their annual household income for rental housing costs. A total of 5,215 renter households paid 35% or more of their income for rental housing costs, a significant number of rent burdened households.

D. CONDOMINIUM DEVELOPMENT

1. INTRODUCTION

This report evaluates the market potential to develop a for sale condominium development in downtown Ithaca, New York.

Our conclusions for the market potential of new condominium development are based on a thorough analysis of the Effective Market Area (EMA). EMA refers to a methodology developed by the Danter Company, LLC to describe areas of similar economic and demographic characteristics. The EMA is the smallest area expected to contain the greatest concentration (60% to 70%) of support for the downtown Ithaca area.

EMA boundaries have been determined based on interviews with area real estate, planning, and housing professionals, analysis of area mobility patterns, and past surveys conducted by the Danter Company, LLC. EMAs are bounded by both "hard" and "soft" boundaries. Hard boundaries are marked by rivers, freeways, railroad rights

of way, and other physical boundaries. Soft boundaries are changes in the socioeconomic makeup of neighborhoods.

Generally, the Site Effective Market Area includes the City of Ithaca and the Village of Cayuga Heights, and parts of the Town of Ithaca and the Village of Lansing. Specifically, the EMA is bounded by the Lansing village line from the north end of Ithaca Tompkins Regional Airport across Cayuga Lake to the Ithaca town line at Dubois Road to the north, the Lansing village and Ithaca town line to the east, the Ithaca town line at State Route 79 to the intersection of State Routes 13/34 and 13A to the south, and Dubois Road, State Route 96, the Ithaca City line, and State Route 13A to the west.

Our evaluation of the Site EMA includes the following components:

- Analysis of the existing Site EMA housing market supply, including:
- Historical housing trends
- Current market conditions based on 100% field survey of active and established condominiums, townhouse units, and patio homes
- Area demand factors, including
- Income-appropriate households
- Current and expected economic and household growth conditions
- Condominium Demand Analysis
- Appropriateness of the site for the subject development

Based on our analysis of the Site EMA condominium market, the key demand factors and proposed future condominium supply, support levels can be established for additional development.

Based on our review of county records, as well as interviews with area planning and building officials and area realtors, there has been no new condominium development in the Ithaca Site EMA since the mid to late 1980's.

Based on our review of the Ithaca Board of Realtors web site, condominium resale's in the Ithaca range in price $76,900 for a one-bedroom unit with 556 square feet that was built in 1978 to $259,000 for a two-bedroom, 2.5 bath unit that was built in 1984.

Among the condominium resales identified, the average age is 32.7 years old. The average sales price is $135,778 and the average unit size is 1,075 square feet.

2. SUMMARY OF THE CONDOMINIUM MARKET

Since 2006 the condominium market has seen a significant nationwide downturn in sales. Most conventional markets have declined by as much as 60% to 70%. Further, given changes in consumer confidence, as well as lending requirements, we do not anticipate any significant change in the demand side. However, it should be noted that the housing market in Ithaca has not been as severely impacted as experienced in much of the country. Based on a review of demand indicators, it is our opinion that while most of the U.S. has declined by at least 60%, the demand model for Ithaca has declined approximately 30% to 35%. It should be noted that this has gone unnoticed in Ithaca due primarily to the fact that there has been very little condominium development in the area. Little or no condominium sales in the region, even prior to 2006, have been a factor of supply rather than a lack of demand. Another factor, however, will preclude any significant condominium development in the foreseeable future; there are significant changes in the lending environment for developers. Increased equity requirements and a requirement for a significant amount of presales will keep many developers out of the condominium market. While there could be limited condominium development in the future, we do not believe condominiums will be a significant factor in the future housing strategy for Ithaca and Tomkins County. Never the less, we have included the following demand calculations.

3. CONDOMINIUM QUALIFIED INCOME DISTRIBUTION

Generally, mobility patterns affecting support of maintenance-free home product (townhomes and condominiums) reflect those mobility patterns affecting single-family development. Therefore our approach to establishing the market for condominiums at the site is based on an analysis of the demographic and economic characteristics of the Site EMA and the application of optimal capture factors.

Qualifying Incomes

For the purpose of this analysis, we assume that 25% of the purchase price of new townhome or condominium will be cash, yielding a 75% mortgage requirement. While many developments offer 80% or 90% financing, townhomes and condominiums are often influenced by equity from the previous sale of a single-family house, and 50% to 60% financing is not uncommon.

Because of the difficulty of developing new product under $150,000, our analysis will only consider households with incomes that will qualify them for homes above that price point.

Income/mortgage/purchase price requirements are as follows:

INCOME/MORTGAGE/PRICE DISTRIBUTION

INCOME	MORTGAGE	AMOUNT FINANCED	HOME PRICE RANGE
$56,250 - $65,624	$112,500 - $131,249	75%	$150,000 - $174,999
$65,625 - $74,999	$131,250 - $149,999	75%	$175,000 - $199,999
$75,000 - $93,749	$150,000 - $187,499	75%	$200,000 - $249,999
$93,750 - $112,499	$187,500 - $224,999	75%	$250,000 - $299,999
$112,500 - $131,249	$225,000 - $261,499	75%	$300,000 - $349,999
$131,250 - $149,999	$262,500 - $299,999	75%	$350,000 - $399,999
OVER $150,000	OVER $300,000	75%	$400,000 AND OVER

Following is the projected income distributions of total households:

HOUSEHOLD INCOME RANGE	QUALIFIED HOME PRICE	2011 TOTAL HOUSEHOLDS	DISTRIBUTION
$56,250 - $65,624	$150,000 - $174,999	1,112	15.7%
$65,625 - $74,999	$175,000 - $199,999	1,140	16.1%
$75,000 - $93,749	$200,000 - $249,999	1,368	19.3%
$93,750 - $112,499	$250,000 - $299,999	874	12.3%
$112,500 - $131,249	$300,000 - $349,999	617	8.7%
$131,250 - $149,999	$350,000 - $399,999	637	9.0%
OVER $150,000	$400,000 AND OVER	1,349	19.0%
	TOTAL	7,097	100.0%

Based on levels of affordability of new product, an optimal capture factor can be applied to income ranges to determine the annual demand. The optimal capture factors have been established in mature condominium markets with adequate supply. Within these markets, demographic characteristics have been analyzed including growth rates and household size, and economic factors have been considered including income levels and employment profiles.

Condominium Demand Analysis

Based on the application of established capture factors for similar markets, the resulting annual demand for condominium homes in the Ithaca Site EMA can be established. Over the past 10 years, there have been no new condominium units sold in the Ithaca EAM.

We have applied established capture rates in established markets to establish the potential demand for condominiums in Ithaca.

PRICE RANGE	QUALIFIED 2011 EMA HOUSEHOLDS	ESTIMATED INTERNAL DEMAND CAPTURE FACTOR	ESTIMATED DEMAND FROM SITE EMA HOUSEHOLDS
$150,000 - $174,999	1,112	.0125	14
$175,000 - $199,999	1,140	.0155	18
$200,000 - $249,999	1,368	.0185	25
$250,000 - $299,999	874	.0145	13
$300,000 - $349,999	617	.0115	7
$350,000 - $399,999	637	.0035	2
$400,000 AND OVER	1,349	.0055	7
TOTAL	7,097		86

When considering all price ranges, the total maximum annual support based is estimated to be approximately 86 units, without considering existing supply or demand from outside the market area.

We estimate that as much as 20% of the support for any new condominium development in Ithaca will come from outside the EMA.

PRICE RANGE	ESTIMATED DEMAND FROM EMA HOUSEHOLDS	DEMAND FROM OUTSIDE THE EMA	TOTAL DEMAND
$150,000 - $174,999	14	3	17
$175,000 - $199,999	18	4	21
$200,000 - $249,999	25	5	30
$250,000 - $299,999	13	3	15
$300,000 - $349,999	7	1	9
$350,000 - $399,999	2	0	3
$400,000 AND OVER	7	1	9
TOTAL	86	17	104

When considering the demand from the EMA and from outside the EMA, the total support is estimated to be approximately 104 units per year.

It is important to note that optimal absorption is seldom achieved within a market. Generally, maximum absorption occurs only when sales are a function of demand rather than supply. Economic conditions also need to be factored into annual demand.

Although our condominium demand analysis indicates that there is annual demand of up to 104 condominium units in the EMA, rarely is the annual demand achieved. In most markets that achieve sales close to demand, there are various product types represented with various sales prices available. Within the Ithaca EMA, there is minimal demand for condominium development in the market.

Based on our demand analysis, there is demand for up to 60 to 70 new for-sale condominium units per year. New condominium development in the Ithaca market should include various units available at price points ranging from approximately $150,000 to over $400,000.

The lower priced units will generally be smaller in size and offer standard amenities. Units at the higher end of the price scale will generally be larger in size, offer upgraded amenities such as appliances, counter top, cabinets, flooring, and will generally include an attached 2-car garage.

4. SENIOR MARKET

Senior population and households in Ithaca and Tompkins County have shown increases over recent years. In 2000 there were 6,084 households in Tompkins County with the head of household over age 65. This increased 11.9% by 2010, reaching 6,808. By 2010, senior households are expected to reach 8,010, a 17.7% increase in just 5 years. Further, even greater increases are expected in the future. Increases in population and households age 65 and over are expected to be generated from both internal, aging in place, and from in-migration. Tompkins County is increasingly becoming a retirement destination as retiring Cornell alumni are returning to the region. This is an opportunity for Ithaca in that population, buying power and tax base are increased without a proportionate burden on infrastructure. Employment is created by their presence rather than required to attract them to the region. Strategically, however, we have done little to provide for this opportunity. Generally, new housing has been focused on the student population with a preponderance of student-focused amenities, high rents and shared living. While condominiums are an unlikely alternative, from the developer's perspective, appropriately affordable, senior-oriented product does have potential. Also, market rate senior designed rentals have significant potential in the region.

Increasing senior population will also create a change in the demand model for single-family housing. Considering that, other than the first time homebuyer market, single-family buyers are generally under age 45, the 45 to 64 age cohort is generally status-quo and the 65 and over cohort is most likely to be sellers of single family homes; the ratio of buyers to sellers is an important indicator of future single family trends. In Tompkins County, in 2000, there were 1.45 households in the buying category for every household in the seller category (after adjusting for the student population). By 2010 this

ratio was 1.06 and by 2015 the ratio is expected to decline to 0.85. It should be noted that, while this is a serious decline in the demand ratio, Tompkins County has fared considerably better than most markets in which the ratio has declined to an even greater extent. Most Ohio/Pennsylvania markets have declined from a 4 to 1 ratio in 2000 to a 1.8 to 1 in 2010. Ramifications are that seniors will experience a continued weakening of home equities as sellers outnumber buyers in the market place. Many will choose to remain in their existing homes rather than select a new lifestyle. Or, potentially, they will compromise on their expectations for retirement. It is likely to result in fewer households moving to other retirement regions in the U.S.

Accommodating a population more likely to experience "aging in place" adds a new component to conventional housing strategies. Under the new paradigm of "sustainable housing" or "sustainable neighborhoods," housing strategies are now considering how best to serve this population. In an environment in which there is the potential to experience declining home values (from a decreased ratio of buyers to sellers), it is important to create programs to assist seniors aging in place to maintain their existing homes. Communities are beginning to create homeowner resources emulating condominium services or "Angie's List" services to assist seniors. Also, communities are becoming involved in encouraging home health care. New developments are more likely to focus on higher density, mixed use neighborhoods with "walkability" as a primary goal. Certainly, downtown Ithaca meets the criteria as a walkable, sustainable neighborhood. It is our opinion that seniors should be included for any marketing strategy for the area.

Economic development has also become a housing strategy. Adding employment, attracting new residents, helps to sustain the existing housing market – adding to the demand side. Ithaca has, and should continue to be, fortunate in this regard. Employment gains have outpaced much of the region. Further, major employers in the area are expected to continue this trend

5. STREETCAR ALTERNATIVES

There has been discussion regarding the potential development of a streetcar and/or "rubber tire" streetcar service serving Ithaca.

The Danter Company has considerable experience in evaluating streetcar potential. In addition to evaluating the economic impact and ridership, we have case studied several existing streetcar systems including Portland, Oregon; Memphis, Tennessee; Little Rock, Arkansas; and Tampa, Florida. There are clearly advantages, and disadvantages, to each type of system.

Rubber tire lines have the advantage of considerably lower costs, flexibility in changing routes in response to demand and less impact on infrastructure.

The most significant differences relate to their basic function. Rubber tire systems are "people movers". They relate to specific transportation needs within a community. Streetcars, in addition to being "people movers" are economic development generators.

In our case studies, there was a measurable, and significant, difference in the development within 300 feet of a streetcar route.

- Developers viewed a fixed track streetcar route as a major financial commitment on the part of a city to the neighborhood, an amenity not likely to change based on future policy. Routes should be selected based on the potential for the development, or redevelopment, of the neighborhoods served. If the routes that are ultimately selected have little, or no, development potential and are primarily seen as circulators among, and between, existing destinations, then a rubber tire system may be the desired alternative.

- Streetcars are circulators that extend and redefine the boundaries and perception of the downtown. Connecting the existing urban core with nearby neighborhoods significantly increases the development potential and overall land values. The overall perception of downtown is redefined. The downtown periphery, generally defined as the "walkable downtown" becomes a considerable larger area. Services and businesses not previously included in a downtown definition become part of the urban core. Streetcar routes and their immediate periphery immediately create opportunities to develop entertainment and restaurant districts outside the urban core where they did not previously exist. Supermarkets become part of the urban definition.

- Ridership, important to any transportation network, often becomes secondary to the economic development impact.

- Out of town visitors are quick to use fixed track streetcars. Not only is there a nostalgic attraction, there is also the confidence that visitors know exactly where they are going when they ride a streetcar, a confidence not shared with buses and "rubber tire" systems. Downtown visitors now have the ability to support peripheral merchants.

- In the case of Portland, Oregon, officials were quick to point out that while ridership was one measure of success, the impact on urban development was the primary benefit of their development.

There is no “right or wrong” to the issue of rubber tire or fixed track systems, or even “should we, or shouldn’t we” pursue a system. It is a matter of evaluating the goals and objectives of each alternative and selecting the best course of action (or no action).

Ultimately, an economic impact study of the specific areas impacted by selected routes can predict potential private development. Such information can be used to determine if any system can be supported by either ridership and/or development.

With respect to Ithaca, there are several factors that should be considered:

1. The support for development as outlined in this report is unlikely to be fully achieved. There is simply not enough developable land in aggregate for the total support potential or individual sites large enough to accommodate the type of larger properties with full amenity packages defined in the report. Further, much of our recommendation focused on workforce housing needs. Such development is difficult to facilitate at downtown land prices and construction costs. The benefit of a streetcar system to Ithaca would be to fully insure the maximum development potential.

2. Routes connecting the downtown with the Waterfront, via West State Street and Ithaca College (impacting the Emerson property) would add significant opportunity to accommodate the full residential potential supportable by the downtown. Retail, entertainment and office development opportunities would also be enhanced.

3. There are few development opportunities directly impacted by a downtown to Cornell University route. However, a fixed rail system would effectively tie the two destinations, especially for out of town visitors. This would further support existing downtown merchants, hotels and entertainment from out of town visitors as well as faculty and students.

4. While primarily facilitating already identified residential opportunities, a fixed rail system adds an amenity not currently available in Ithaca. Based on our case studies, such a system serves to enhance the geographic “footprint” of the Effective Market Area of a downtown. While not currently definable, it is reasonable to expect that the demand outlined in this report would be enhanced.

It should be noted that the preceding comments and observations should be validated by a comprehensive evaluation. Potential development capacity of available (or developable) land, detailed route alternatives, ridership expectations, fare policy and promotion, as well as the potential value of improvements impacted by a fixed rail system are but a few considerations within a comprehensive economic impact study.

Further the study would also identify the impact on residential demand over and above that already identified.

E. EMA DEMOGRAPHIC FACTORS

The following tables provide key information on Site EMA demographics, including population trends, household trends, and household income trends.

POPULATION AND HOUSEHOLDS
ITHACA, NEW YORK
SITE EFFECTIVE MARKET AREA

YEAR	POPULATION	HOUSEHOLDS	POPULATION PER HOUSEHOLD
1990	47,344	15,723	3.01
2000	47,168	16,829	2.80
CHANGE 1990-2000	-0.4%	7.0%	-
2010 (ESTIMATED)	50,080	17,871	2.80
CHANGE 2000-2010	6.2%	6.2%	-
2015 (PROJECTED)	50,786	18,267	2.78
CHANGE 2010-2015	1.4%	2.2%	-

Sources: Danter Company, LLC
2000 Census
ESRI, Incorporated

As the above table illustrates, the total population within the Ithaca Site EMA decreased between 1990 and 2000. Households increased 7.0% between 1990 and 2000. During this time period, the total population grew 0.4% from 47,344 in 1990 to 47,168 in 2000. During this same time period, households grew 7.0% from 15,723 in 1990 to 16,829 in 2000. Both the total population and households are expected to grow through 2015. The population is expected to grow by 706 (1.4%) between 2010 and 2015 while households are expected to grow by 396 (2.2%) from 17,871 in 2010 to 18,267 in 2015.

The following table illustrates the households by age in the Site EMA in 2000, 2010 (estimated), and 2015 (projected):

HOUSEHOLDS BY AGE
ITHACA, NEW YORK
SITE EFFECTIVE MARKET AREA
2000 CENSUS, 2010 (ESTIMATED), AND 2015 (PROJECTED)

	2000		2010 (ESTIMATED)		2015 (PROJECTED)	
HOUSEHOLD AGE	**NUMBER**	**PERCENT**	**NUMBER**	**PERCENT**	**NUMBER**	**PERCENT**
UNDER 25 YEARS	4,268	25.4%	4,524	25.3%	4,431	24.3%
25 TO 34 YEARS	3,870	23.0%	3,864	21.6%	4,107	22.5%
35 TO 44 YEARS	2,487	14.8%	2,411	13.5%	2,446	13.4%
45 TO 54 YEARS	2,376	14.1%	2,522	14.1%	2,405	13.2%
55 TO 64 YEARS	1,222	7.3%	1,919	10.7%	1,912	10.5%
65 TO 74 YEARS	1,083	6.4%	1,145	6.4%	1,532	8.4%
75 AND OLDER	1,517	9.0%	1,480	8.3%	1,432	7.8%
TOTAL	16,829	100.0%	17,871	100.0%	18,267	100.0%

Sources: Danter Company, LLC
2000 Census
ESRI, Incorporated

The following table illustrates the distribution of income among all households in the Site EMA in 2000, 2010 (estimated), and 2015 (projected):

DISTRIBUTION OF INCOME
ITHACA, NEW YORK
SITE EFFECTIVE MARKET AREA
2000 CENSUS, 2010 (ESTIMATED), AND 2015 (PROJECTED)

	2000		2010 (ESTIMATED)		2015 (PROJECTED)	
HOUSEHOLD INCOME	**NUMBER**	**PERCENT**	**NUMBER**	**PERCENT**	**NUMBER**	**PERCENT**
LESS THAN $15,000	4,830	28.7%	3,789	21.2%	3,087	16.9%
$15,000 TO $24,999	2,592	15.4%	2,270	12.7%	1,973	10.8%
$25,000 TO $34,999	1,952	11.6%	2,055	11.5%	1,808	9.9%
$35,000 TO $49,999	2,188	13.0%	2,252	12.6%	2,137	11.7%
$50,000 TO $74,999	2,255	13.4%	2,967	16.6%	3,124	17.1%
$75,000 TO $99,999	976	5.8%	1,733	9.7%	2,174	11.9%
$100,000 TO $149,999	1,262	7.5%	1,555	8.7%	2,156	11.8%
$150,000 TO $199,999	337	2.0%	643	3.6%	950	5.2%
$200,000 OR MORE	438	2.6%	590	3.3%	840	4.6%
TOTAL	16,829	100.0%	17,871	100.0%	18,267	100.0%
MEDIAN INCOME	$30,464		$40,421		$50,549	

Sources: Danter Company, LLC
2000 Census
ESRI, Incorporated

The following table illustrates the distribution of income by age in 2000, 2010 (estimated), and 2015 (projected):

MEDIAN INCOME BY AGE
ITHACA, NEW YORK
SITE EFFECTIVE MARKET AREA
2000, 2010 ESTIMATED, AND 2015 PROJECTED

HOUSEHOLD INCOME	AGE GROUP						
	UNDER 25	25-34	35-44	45-54	55-64	65-74	75+
2000	$10,970	$27,065	$47,776	$53,555	$56,846	$42,275	$32,591
2010 ESTIMATED	$14,720	$34,655	$54,928	$63,602	$72,916	$58,061	$42,978
2015 PROJECTED	$17,122	$42,468	$64,681	$77,562	$84,315	$70,880	$64,243