



99 Hudson Street, 3rd Floor, New York, NY 10013-2815
T: 212-977-5597 | F: 212-977-6202 | www.hraadvisors.com

DRAFT MEMORANDUM

To: The Incorporated Village of Farmingdale, New York
From: HR&A Advisors, Inc.
CC: VHB
Date: April 29, 2011
Re: Farmingdale Brownfield Opportunity Area, Draft Market Analysis

Executive Summary

The Incorporated Village of Farmingdale (Village) retained HR&A Advisors, Inc. (HR&A) to conduct a market analysis of Downtown Farmingdale (Downtown). This memorandum summarizes the analysis presented to the Village on February 28, 2011 and provides recommendations for achieving successful redevelopment Downtown, focusing on retail and residential uses. This market analysis is part of the Village's Step 2 Nomination Study of the New York State Brownfield Opportunity Area (BOA) program. The analysis relies on research of residential and retail markets in Farmingdale and the region and draws lessons learned from successful transit-oriented downtowns throughout the metropolitan area.

HR&A finds that substantial transit-oriented development opportunities for residential and retail redevelopment exist within the BOA. Downtown Farmingdale provides a compact environment anchored by the Farmingdale Long Island Railroad (LIRR) station. LIRR provides service Penn Station in 50 minutes during peak hours and by 2016, will provide one-seat ride service to Grand Central Terminal with the completion of the East Side Access project. In addition, Farmingdale provides a retail environment in a Main Street environment that is not typically found on Long Island, a walkable town center along a historic Main Street with parking lots located conveniently behind the ground-floor retail. In summary, redevelopment in Downtown could offer transit-oriented housing opportunities for buyers in the market and also new, desirable spaces for retailers to serve residents, commuters, and visitors.

Retail Development Recommendations for the BOA

- **The BOA should build upon its Main Street retail environment and strengths in food and restaurants.** New retail can be successfully redeveloped as part of the ground floor of new construction and rehabilitated properties. It should be convenient and appealing to pedestrians, commuters, and non-local visitors. While a mix of retail store types can be supported, the primary drawing power of Farmingdale will be through food stores and restaurants.
- **Target retail store types include a small-format specialty grocery store (10,000 to 15,000 square feet), restaurants to create a dining destination on Long Island, and a limited amount of non-food retail store types such as clothing.** There are very few competitive town centers in Long Island, particularly in Middle Island. Farmingdale has the opportunity to capture the spending of population interested in a walkable, vibrant downtown with a wide variety of food options. A substantial food market similar to those built in White Plains and South Orange, New

Jersey, will complement existing retailers in Farmingdale and provide an amenity for the community and new development. Non-food retail can be developed that appeal to both local and non-local residents, drawing on new foot traffic from additional restaurant and residential development.

- **Retail space can be provided as part of new mixed-use construction.** Developers seeking to make their residential units more desirable will often create attractive retail spaces and subsidize unique retailers. Further, shared parking, as seen in new development in South Orange, New Jersey can serve both retail customers and residential occupants.
- **Retail development in the BOA should aim to draw customers from beyond the Village borders.** There are roughly 113,000 people with an average household income of \$81,000 within 3 miles of the BOA. Similar places in the New York metropolitan area such as Montclair, New Jersey (176,000 people within 3 miles with an average household income of \$83,000) and South Norwalk, Connecticut (78,800 people with an average household income of \$88,000) have successfully developed transit-oriented, pedestrian-friendly downtown destinations for their regions. Both of those town centers have train stations that are landmarks for the community and provide value for not only residents, but also retail customers and employees. Other town centers that could compete with Farmingdale (Huntington, Rockville Centre, Garden City, Westbury) are at a distance from Farmingdale and its catchment area indicating that the BOA, through the rehabilitation and new construction of retail spaces can be a desirable town center attracting more customers, more frequently.

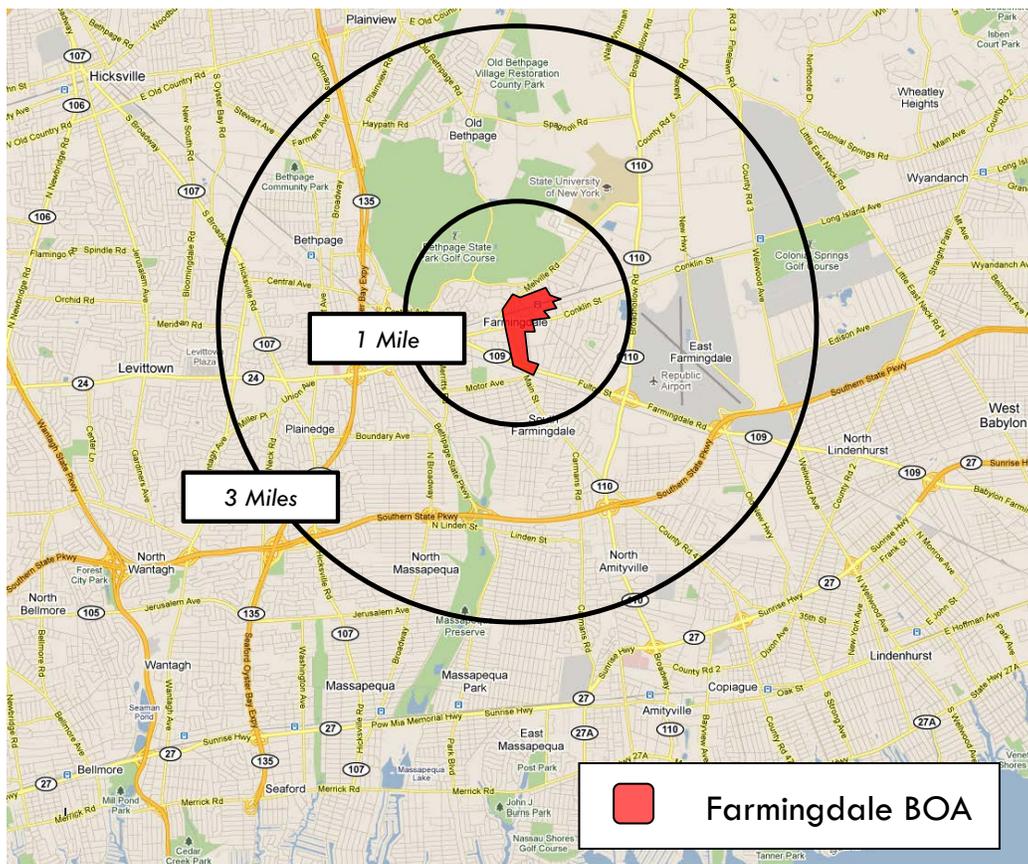
Residential Development Recommendations for the BOA

- **The BOA can support the development of 370 housing units over the next 10 years. These units will appeal to singles, young professionals, empty nesters, and young families interested in a walkable, mixed-use environment with easy access to the Long Island Railroad station.** This finding represents an average and is based on a quantitative estimate of household turnover. In practice, consideration of new residential development must balance several issues including regulatory concerns, contextual design, and developers' requirement to make a competitive return on investment.
- **Residential development will include a combination of rental and for-sale product types, and will primarily consist of one- and two-bedroom formats.** Recent rental projects in the immediate area primarily consist of one- and two-bedroom formats, and generally require household incomes ranging from \$50,000 to \$110,000. Recently built for-sale projects near Long Island Railroad stations have sold units for between \$300,000 and \$450,000 indicating these buyers will likely have household incomes between \$100,000 and \$125,000. In other town centers in the metropolitan area such as Montclair, New Jersey, recent residential construction varies. One building will include rentals targeting middle-income households and young professionals, while another building includes condominiums targeting empty nesters and upper-income individuals.
- **For successful redevelopment, the Village must create the conditions to allow new development to generate positive results for the community and the developer.** Residential development throughout the metropolitan area, often on publicly-owned lands, has funded public amenities including on-site commuter parking and pedestrian infrastructure improvements. The Village should articulate its needs in a predictable way such that developers understand the costs associated with new construction. On the other hand, developers will often require density to achieve required returns on investment.

Introduction

The Village of Farmingdale is located in Nassau County, New York, bordering Suffolk County to the east. The historic town center is served by a LIRR station, accessible through Route 24/Hempstead Turnpike/Conklin Street and has nearby access to Route 110, Bethpage State Parkway, Seaford-Oyster Bay Expressway. Main Street is the heart of the Village with several blocks of retail on either side of the street, complemented by professional office space and Village Hall. Housing, with the exception of some mixed-use buildings, remains primarily separate and apart from Main Street. A variety of housing types, including single-family detached homes and apartment buildings, are located next to Main Street. Main Street, however, is located three blocks from the LIRR station where retail activity is limited. Recent real estate activity in the BOA includes new retailers opening on Main Street, primarily food- and drink-related and the opening of rental residential buildings closer to the LIRR station.

Figure 1: Farmingdale BOA Boundary Map



Demographics

HR&A analyzes the demographic trends for the BOA (defined as the four Census block groups that overlap with BOA boundaries), the Village overall, the Town of Oyster Bay, and Nassau and Suffolk Counties. Figure 2 represents the demographic summary for these geographies.

The BOA has approximately 2,500 households and 6,400 residents with an average household income of \$91,690, five percent lower than average household income in Farmingdale overall and 32 percent lower than average household income in Oyster Bay overall. Although average household income in the BOA is lower than the overall region, it has grown faster than the average household income in the Village and Oyster Bay overall since 1990.

Figure 2: Demographic Summary, 1990 to 2010

	1990	2000	2010	Annualized Growth	
				1990-2000	2000-2010
Farmingdale BOA					
Population	5,856	6,292	6,360	0.7%	0.1%
Households	2,403	2,518	2,518	0.5%	0.0%
Average Household Income	\$45,922	\$66,504	\$91,690	3.8%	3.3%
Village of Farmingdale					
Population	8,020	8,399	8,372	0.5%	0.0%
Households	3,116	3,216	3,182	0.3%	-0.1%
Average Household Income	\$51,758	\$70,699	\$96,514	3.2%	3.2%
Town of Oyster Bay					
Population	292,849	293,925	296,308	0.0%	0.1%
Households	95,636	99,355	99,237	0.4%	0.0%
Average Household Income	\$74,423	\$105,256	\$134,499	3.5%	2.5%
Nassau County					
Population	1,287,444	1,334,544	1,337,619	0.4%	0.0%
Households	431,545	447,387	445,000	0.4%	-0.1%
Average Household Income	\$69,113	\$94,924	\$123,227	3.2%	2.6%
Suffolk County					
Population	1,321,768	1,419,369	1,492,400	0.7%	0.1%
Households	424,689	469,299	492,453	1.0%	0.5%
Average Household Income	\$56,987	\$79,409	\$104,215	3.4%	2.8%

Source: ESRI; HR&A

Key findings from the demographic analysis include:

- The BOA primarily consists of middle- and upper-middle class households, with 58 percent of households earning between \$50,000 and \$150,000 per year in 2010. Compared to the Village and the Town of Oyster Bay, the BOA has a higher share of households earning less than \$100,000 and a lower share of households earning more than \$100,000. Figure 17 in the Appendix provides a detailed chart of household income distribution.
- The BOA contrasts with the Village overall and Oyster Bay with a slightly lower share of children (between 0 and 19 years), a higher share of persons between 25 and 44, and a lower share of persons between 65 and 84. Figure 18 in the Appendix provides a detailed chart of population distribution by age.
- Over the past ten years, population growth remained relatively flat in the BOA. However, demographic changes caused the gains and losses in certain age categories. The BOA lost population (419 persons) in the 25 to 44 age cohort but gained population (512 persons) in the 45 to 64 age cohort. Figure 19 in the Appendix provides a detailed chart of population change by age cohort.
- The BOA has a higher share, 41%, of non-family households compared to the Town of Oyster Bay overall, 19%. Traditional families (married couple household with kids) make up between 20% of households in the BOA, compared to 34% in the Town of Oyster Bay. Figure 20 in the Appendix provides a detailed household composition table.

Implications for BOA Redevelopment

- *Residential.* The BOA contains middle- and upper-middle income households with high-incomes, but not as high as those households in the Town of Oyster Bay overall. New residential development should be positioned to attract households within this income range, roughly \$50,000 to \$150,000. The BOA has a concentration of younger, non-family households, but that population is decreasing. Residential development can serve this market seeking a more walkable, dense environment, but also residents choosing to age in place. Further, as the population in the BOA and Long Island continues to age, Farmingdale should create an appealing place for those who choose to age-in-place.
- *Retail.* New retail in the BOA should benefit from the proximity of middle- and upper-middle income households in the Village, and the upper-income households in the larger region. As part of new development, developers should build spaces that make their residential space more attractive to potential buyers, likely in the 25 to 44 age cohort.

Retail Market Analysis

HR&A evaluates the retail real estate conditions in the BOA and within a 1- and 3-mile radius. The BOA has over 230,000 square feet of retail space within 47 buildings. Apart from the 42,000 square foot Waldbaum's shopping center, much of the retail space in the BOA has been developed in a walkable, historic town center format unlike the auto-oriented retail market outside the BOA. In the larger 1- and 3-mile radii from the BOA, there is 437,000 and 4.8 million square feet of retail space, respectively. The 1- and 3-mile markets include the retailers that serve much of the population that could also shop in the BOA. All three markets have vacancy rates of roughly seven percent.

Figure 3: Retail Real Estate Inventory, 2010 4Q

Market/ Submarket	Existing Square Feet	Number of Buildings	Vacancy Rate
Farmingdale BOA	236,258	47	6.7%
1 Mile Radius Market	437,113	79	6.7%
3 Mile Radius Market	4,758,076	307	7.0%

On average, the past 5 years, the BOA area has had 17,400 square feet of leasing activity (gross absorption) each year. After taking into account departures, net absorption averaged 5,200 square feet per year. The 1-mile market had a similar level of net absorption, indicating that within the 1-mile area, the BOA remains a competitive and desirable location.

Figure 4: Retail Absorption, 2006 to 2010

Market/Submarket	Average Annual Absorption	
	Gross	Net
Farmingdale BOA	17,420	5,200
1 Mile Radius Market	26,564	5,060
3 Mile Radius Market	254,961	85,849

There has been limited development activity within the 3-mile area of the BOA over the past five years, with the exception of the recently built, 74,000 square foot Stop & Shop south of the BOA. Walmart on Route 110 opened in 2007 and a shopping center on South Broadway in Hicksville opened in 2009, but remains vacant. Figure 21 in the Appendix provides a diagram of leasing and development activity in a 3-mile radius from the BOA over the past five years.

Retail Gap Analysis

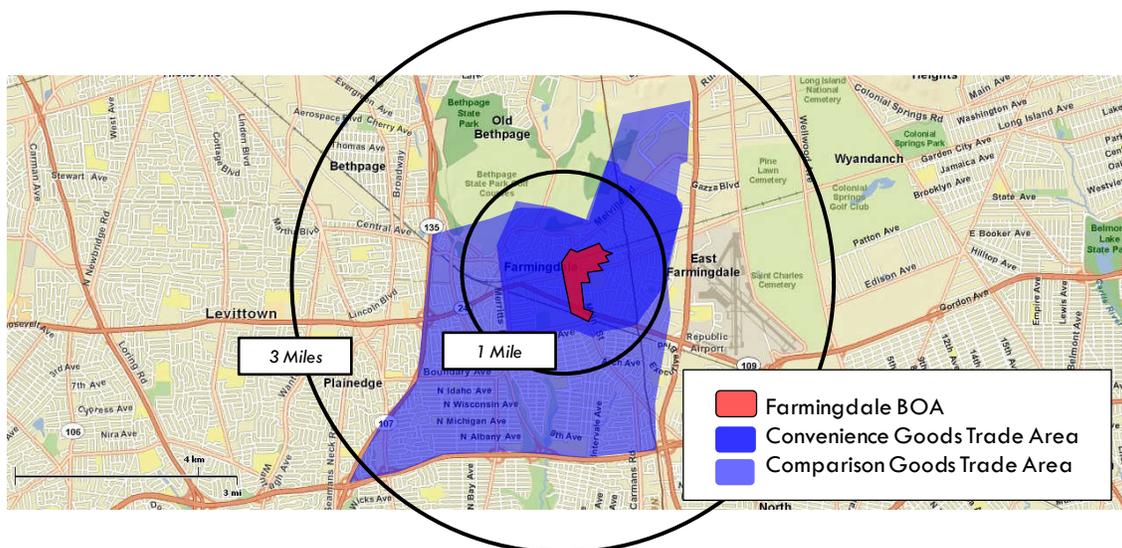
To estimate supportable retail development in the Farmingdale BOA, HR&A conducts a retail gap analysis. HR&A identifies two trade areas that comprise the group of consumers that will generate demand for goods and services in the BOA. The extent of each trade area is largely based on the potential reach of Main Street and competition in the area. Specifically, the analysis considers the following factors to determine the extent of the trade areas:

- Amount of time consumers are willing to travel to specific retail offerings
- Transportation routes in the local and regional areas
- The competitive landscape, including the type and location of existing retail establishments available to consumers

HR&A defines a Convenience Goods Trade Area and a Comparison Goods Trade Area shown in Figure 5. The Convenience Goods Trade Area includes approximately 14,000 persons within easy walking, biking or short driving distance from the BOA site. These consumers are most likely to frequently shop in Farmingdale for day-to-day consumer goods.

The Comparison Goods Trade Area includes 44,000 people within a short driving distance (roughly the area between Route 110, Bethpage State Park, Seaford Oyster Bay Expressway, and the Southern State Parkway). HR&A did not account for the Route 110 corridor because of the large concentration of retail that generates significant sales from residents from a much larger radius. Their sales would exceed any local spending potential evaluated here.

Figure 5: Convenience and Comparison Goods Trade Areas



The retail demand analysis examines household and employee spending and current retail sales data to calculate supportable retail square footage within the trade areas. Commonly referred to as a “retail gap analysis,” the methodology is well accepted nationally and recommended by the Urban Land Institute (ULI). The basic outline of the model is as follows:

- Estimate spending potential (demand) of residents and employees within the trade areas
- Estimate current trade area sales volume (supply)
- Determine unmet spending potential
- Evaluate sales productivity (sales per square foot)
- Calculate supportable square footage from unmet spending potential

Unmet Spending Potential

ESRI, a national data provider, collects spending potential data for residents at a variety of retail store types. For the Convenience Goods Trade Area, HR&A focuses on the retail store types that consumers living nearby would potentially shop at on a frequent basis. This includes hardware stores, food and beverage stores, health & personal care stores, and miscellaneous stores such as florists. For the Comparison Goods Trade Area, HR&A focuses on the retail store types that could draw consumers from a larger trade area such as furniture, electronics & appliances, clothing, sporting good & hobby, general merchandise, and food service & drinking places.

The columns in Figure 6 (from left to right) present total expenditure potential from residents in each trade area (demand), the current sales of retailers in each trade area (supply), and the unmet potential (the difference between expenditures and sales). When expenditure potential exceeds supply, this indicates that these sales are occurring outside, or leaking from, the trade area. When sales exceeds expenditure potential, unmet demand is presented as zero rather than as a negative number.

In the Convenience Goods Trade Area, the data indicate unmet spending potential for food stores (\$4.7 million), specifically a grocery store and liquor store. In the Comparison Goods Trade Area, the data indicate unmet spending potential for several retail store types, clothing (\$20.3 million), sporting good & hobby (\$1.8 million), and food service & drinking places (\$32.8 million).

Figure 6: Unmet Potential in the Convenience and Comparison Trade Areas

	Residential Expenditure Potential	Sales	Unmet Potential
Convenience Goods Trade Area			
Bldg Materials, Garden Equip. & Supply Stores	\$7,700,000	\$11,700,000	\$0
Food & Beverage Stores	\$33,900,000	\$29,200,000	\$4,700,000
<i>Grocery Stores</i>	\$29,200,000	\$26,300,000	\$2,900,000
<i>Specialty Food Stores</i>	\$2,200,000	\$2,200,000	\$0
<i>Beer, Wine, and Liquor Stores</i>	\$2,500,000	\$700,000	\$1,800,000
Health & Personal Care Stores	\$7,800,000	\$10,300,000	\$0
Miscellaneous Store Retailers	\$3,500,000	\$5,000,000	\$0
<i>Florists</i>	\$400,000	\$400,000	\$0
<i>Office Supplies, Stationery, and Gift Stores</i>	\$1,400,000	\$1,500,000	\$0
<i>Used Merchandise Stores</i>	\$200,000	\$800,000	\$0
<i>Other Miscellaneous Store Retailers</i>	\$1,500,000	\$2,200,000	\$0
Comparison Goods Trade Area			
Furniture & Home Furnishings Stores	\$19,300,000	\$25,000,000	\$0
Electronics & Appliance Stores	\$17,100,000	\$19,400,000	\$0
Clothing and Clothing Accessories Stores	\$28,300,000	\$8,000,000	\$20,300,000
Sporting Goods, Hobby, Book, and Music Stores	\$5,600,000	\$3,800,000	\$1,800,000
General Merchandise Stores	\$35,300,000	\$47,400,000	\$0
Food Services & Drinking Places	\$83,800,000	\$51,000,000	\$32,800,000
<i>Full-Service Restaurants</i>	\$29,100,000	\$18,000,000	\$11,100,000
<i>Limited-Service Eating Places</i>	\$30,800,000	\$26,400,000	\$4,400,000
<i>Special Food Services</i>	\$17,900,000	\$3,100,000	\$14,800,000
<i>Drinking Places - Alcoholic Beverages</i>	\$6,000,000	\$3,500,000	\$2,500,000

Source: ESRI; HR&A

Supportable Square Feet

The unmet expenditure potential described above could be captured by additional retail development in the trade areas, particularly in the BOA. To translate unmet potential to supportable retail square footage, HR&A relies on sales productivity (sales per square foot) figures from the ULI's Dollars & Cents of Shopping Centers publication that survey retail properties and town centers across the country. HR&A adjusted the nationwide, 2008 figure to a 2010 figure for a town center in the East based on Consumer Price Index data from the BLS and ULI data for store types likely to be developed in Farmingdale (small and independent). The sales productivity estimates range from \$264 per square foot for sporting good & hobby stores to \$411 per square for liquor stores.

As shown in Figure 7, the unmet potential estimated above is divided by the provided sales productivity to calculate the amount of supportable square feet in the trade areas. The analysis shows significant potential for food service & drinking places (87,000 square feet), food & beverage stores (17,000 square feet), and clothing stores (73,000 square feet).

Figure 7: Supportable Retail Square Feet in the Trade Areas

	Unmet Potential	Sales Productivity	Supportable Square Feet
<u>Convenience Goods Trade Area</u>			
Bldg Materials, Garden Equip. & Supply Stores	\$0	\$174	-
Food & Beverage Stores	\$4,700,000	\$284	17,000
<i>Grocery Stores</i>	\$2,900,000	\$284	10,000
<i>Specialty Food Stores</i>	\$0	\$231	-
<i>Beer, Wine, and Liquor Stores</i>	\$1,800,000	\$411	4,000
Health & Personal Care Stores	\$0	\$515	-
Miscellaneous Store Retailers	\$0	\$247	-
<i>Florists</i>	\$0	\$318	-
<i>Office Supplies, Stationery, and Gift Stores</i>	\$0	\$243	-
<i>Used Merchandise Stores</i>	\$0	\$247	-
<i>Other Miscellaneous Store Retailers</i>	\$0	\$177	-
<u>Comparison Goods Trade Area</u>			
Furniture & Home Furnishings Stores	\$0	\$251	-
Electronics & Appliance Stores	\$0	\$368	-
Clothing and Clothing Accessories Stores	\$20,300,000	\$280	73,000
Sporting Goods, Hobby, Book, and Music Stores	\$1,800,000	\$264	7,000
General Merchandise Stores	\$0	\$180	-
Food Services & Drinking Places	\$32,800,000	\$377	87,000
<i>Full-Service Restaurants</i>	\$11,100,000	\$377	29,000
<i>Limited-Service Eating Places</i>	\$4,400,000	\$377	12,000
<i>Special Food Services</i>	\$14,800,000	\$377	39,000
<i>Drinking Places - Alcoholic Beverages</i>	\$2,500,000	\$325	8,000

Source: ESRI; HR&A

Implications for BOA Retail Redevelopment

- The supportable demand for the grocery store type (10,000 square feet) and special food service store type (39,000 square feet) highlights the potential for a specialty grocery store with catering facilities. These stores, such as the Iron Tomato in White Plains and Eden Gourmet in South Orange, New Jersey, typically have between 10,000 and 15,000 square feet. This store could serve both the convenience and comparison markets and would complement the existing specialty food stores on Main Street.
- The analysis shows significant demand for foodservice & drinking places, specifically 29,000 square feet of full-service restaurants, 12,000 square feet of limited-service restaurants, and 8,000 square feet of drinking places. In combination, this translates to 50,000 square feet, enough to complement existing restaurants on Main Street to create a dining destination on Long Island.
- While the analysis shows significant demand for the clothing store type (up to 73,000 square feet), these retailers typically choose to locate in shopping centers with major anchor tenants like a department store. A boutique clothing store could be developed. A 5 percent capture of the overall demand translates to 4,000 square feet.

- The development of roughly 370 residential units, estimated below, would provide a captive population for the existing and proposed retailers that will improve sales and enhance the vitality and attractiveness of the BOA.

Residential Market Analysis

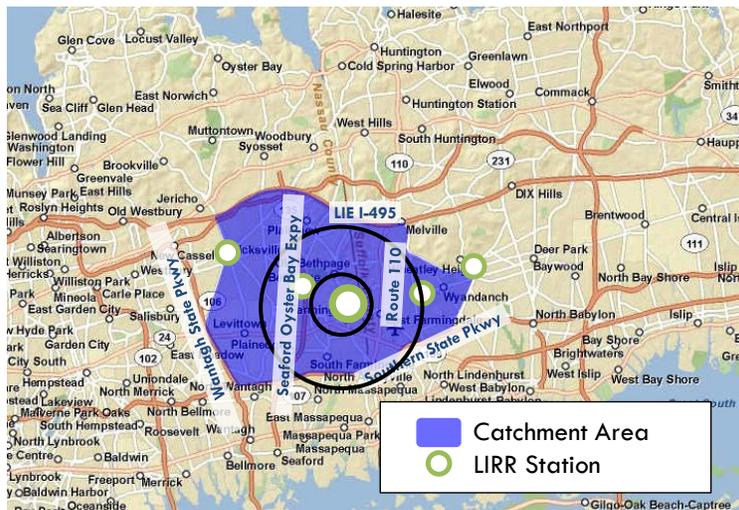
This section provides a detailed review of residential market trends in Farmingdale and the region. HR&A considers the existing housing stock, building permit trends, and the market performance of comparable projects. The analysis relies on these data to project demand for multifamily residential units.

There has been limited residential development in Farmingdale over the past 15 years, as shown in Figure 23 in the Appendix. On average, the Village has issued 17 multifamily permits each year from 1995 to 2009, according to permit data collected by HUD.

To project potential demand for market-rate housing in the BOA, HR&A analyzes household turnover and preferences in the local market. The analysis focuses on a breakdown of households by household income to identify target-buyer segments. To determine market potential HR&A relies on the following methodology:

1. Define a catchment area, including neighborhoods and areas in which households would, in addition to Farmingdale, consider living as shown in Figure 8. It spans from the Wantagh State Parkway to the west, Wyandanch in the east, Long Island Expressway to north, and the Southern State Parkway to the south. The neighborhoods within this polygon have similar school performance and accessibility to a Long Island Railroad station as Farmingdale.

Figure 8: Residential Demand Catchment Area



2. Identify the minimum rents and purchase prices necessary to occupy new rental and for-sale product based on market comparables. HR&A examined pricing at recently built rental developments including the 54-unit Fairfield Courtyard development near the Farmingdale Long Island Railroad station, the 493-unit Avalon Court North project in Melville, and the 180-unit Copiague Apartments in downtown Copiague. These projects primarily consist of 1-bedroom and 2-bedroom unit configurations. With regards to for-sale product, HR&A evaluated recently ten

recently built multifamily projects in Long Island proximate to Long Island Railroad station including three in Westbury, one in Hempstead, two in Amityville, two in Bay Shore, and one in Patchogue.

- Based on the rental unit pricing ranging from a \$1,300 studio at Fairfield Courtyard to a \$2,808 3-bedroom at the Avalon in Melville, and the HUD-recommended metric that households spend no more than 30% of household income on shelter, HR&A estimates that buyers would likely have household incomes ranging from \$50,000 to \$110,000 to rent in a new rental development in the BOA.

Similarly, based on the for-sale pricing between \$300,000 and \$450,000, HR&A estimates buyers at a new for-sale development in the BOA would likely have household incomes between \$100,000 and \$125,000 relying on standard mortgage assumptions.¹ Overall, considering both rental and for-sale product types, HR&A estimates renters and buyers interested in new residential development in Farmingdale will likely have household incomes in the \$50,000 to \$150,000 range.

- To understand the number of buyers that will be “in the market” for a new housing unit each year, HR&A uses household migration data for the US Census. These data report the turnover rate or the number of households new to their unit within the catchment area, and reflect the historical level of rental and for-sale real estate transactions taking place within the catchment area. There are 38,500 households with incomes between \$50,000 and \$150,000 in the catchment area. The turnover rate reported by the Census ranges from 2 percent for households with a householder between 65 and 74 and up to 15 percent for households with a householder between 25 and 34. Of the 38,500 households, only 2,180 were new to their unit over the prior year. The analysis can be found in Figure 9.

Figure 9: Catchment Area Households New to their Household

Age of Householder	Household Income \$50,000 to \$149,999	Turnover Rate	Residential Demand
Age < 25	262	7%	17
Age 25-34	3,697	15%	556
Age 35-44	8,468	8%	686
Age 45-54	10,957	4%	415
Age 55-64	8,049	3%	251
Age 65-74	3,695	2%	76
<u>Age 75+</u>	<u>3,364</u>	5%	<u>177</u>
Total	38,492		2,180

Source: ESRI; US Census Bureau HR&A

- To further refine the demand analysis, HR&A incorporates preferences for mixed-use housing, from a Long Island survey conducted in 2007. That year, the Stony Brook University Center for Survey Research conducted a random-digit-dial telephone survey of 1,011 residents of Nassau (505 interviews) and Suffolk (506 interviews) Counties.² The Stony Brook University survey asked respondents:

¹ HR&A assumes buyers would make a 20% down payment on a 30-year mortgage with a 6% interest rate and incur \$1,000 per month in property taxes and insurance costs.

² Individuals 18 and older were selected at random for participation in the poll. The results were weighted on gender, age, educational attainment, and race/ethnicity, based on the 2005 American Community Survey county-level data.

If you could choose, would you prefer to live in a mixed-use neighborhood where you can walk to stores, schools, and services or in a residential-only neighborhood, even if it means you have to drive a car to stores, schools, and services?

HR&A relies on the findings from the survey to identify preferences for walkable development, by age group. These survey data are applied to the total residential demand to determine the annual level of demand for housing in a mixed-use, walkable BOA community. *Figure 10* presents the annual number of households estimated to be “in the market” for mixed-use housing in the BOA, by age segment. Of the 2,180 households “in the market” for a new home in the catchment area, roughly 930 would express interest in a mixed-use, walkable community.

Figure 10: Households in the Market for a New Home

Age of Householder	Residential Demand	Preference for Mixed-Use/TOD Housing	Residential Demand for Mixed-Use/TOD Housing
Age < 25	17	51.5%	9
Age 25-34	556	51.5%	286
Age 35-44	686	33.4%	229
Age 45-54	415	43.3%	180
Age 55-64	251	43.3%	109
Age 65-74	76	46.7%	36
<u>Age 75+</u>	<u>177</u>	<u>46.7%</u>	<u>83</u>
Total	2,180		931

Source: ESRI; SUNY Stony Brook; HR&A

- The BOA currently has 4 percent of all housing units in the catchment area. At that fair share, 4 percent of the 930 transactions indicates that the BOA could support demand for 37 units per year.

Implications for BOA Residential Redevelopment

- The BOA could support the development of 370 housing units over the next ten years. This finding represents an average and is based on a quantitative estimate of household turnover. In practice, consideration of new residential development must balance several issues including regulatory concerns, contextual design, and developers’ requirement to make a competitive return on investment.
- New residential development in the BOA will attract commuters and those finding value in Long Island Railroad access to Penn Station, and soon, to Grand Central. New development will fill the void of walkable, mixed-use development in Long Island that many buyers prefer.
- Recently built rental development in Long Island, particularly in downtown locations, offer primarily 1- and 2-bedroom formats that attract singles, young couples, and empty nesters. Empty nesters trading from a larger home will be interested in 2- and 3-bedroom formats. Young families may also express interest in 3-bedroom formats as seen in the Avalon development in Melville. For-sale housing near Long Island Railroad stations includes 1- through 3-bedrooms catering to a similar demographic with higher incomes.

- Residential development will include a mix of rental and for-sale units. Currently, 60% of units in the BOA are owner-occupied and 40% renter-occupied, more balanced than the Town of Oyster Bay overall. We recommend future development mirror this current split and depending on the real estate cycle, expect to see fewer or more units in a specific year.

Metropolitan Transit-Oriented Developments

Long Island is primarily an auto-oriented suburban environment, with relatively recent successes in transit-oriented development (Westbury, Garden City, Rockville Centre, Great Neck) where municipalities and developers have created multifamily projects and/or mixed-use multifamily projects with ground floor retail that appeals to buyers in the market and retailers seeking a downtown environment. Suburban New Jersey, Westchester County, and Connecticut have a longer history of revitalized town centers and a variety of lessons that can help shape the Village’s approach to creating desirable and market-supportable redevelopment in the BOA.

In this section, HR&A discusses the experience of three transit-oriented town centers, with a focus on recently built residential projects:

- South Orange, New Jersey and the mixed-use Avenue development built in 2008
- Bronxville, New York and the Avalon rental development built in 1999
- Scarsdale, New York and the Christie Place mixed-use development built in 2008

Further, HR&A describes the successful retail environments of the following successful transit-oriented town centers in the metropolitan area:

- Montclair, New Jersey
- South Norwalk, Connecticut

Figure 11: Metropolitan Area TOD Case Studies



South Orange, New Jersey

South Orange is located 30 minutes from Penn Station by NJ TRANSIT. South Orange can be characterized as an economically diverse, inner-ring suburban community. It has a successful town center with retail, entertainment (a hybrid performing arts center/movie theater that opened in 2006), residential, and to a lesser extent, office uses. There are roughly 9,600 housing units within a 1-mile radius of the town center (compared to 6,180 in Farmingdale), 50% owner-occupied and 44% renter-occupied (compared to 69% and 27% in Farmingdale, respectively).

Since 2000, developers have constructed new, mid-rise, multifamily residential development projects in South Orange catering to commuters, singles, young professionals, seniors, and young families. This includes the mixed-use Avenue and Eden Gourmet project which opened in 2008. The Township had ownership over a vacant site in the heart of the downtown and partnered with a developer, Sterling Properties, who in turn partnered with a regional specialty grocer, Eden Gourmet. The 79-unit residential portion of the development is tucked behind South Orange Avenue, the main street, while the retail portion is directly along the main street and visible from the NJ TRANSIT station. The specialty food market is 20,000 square feet and provides produce, meats, prepared foods, and catering services. On the upper floors of the market is a restaurant and bar. The parking at the base of the residential building serving the residents is also the primary parking facility for the Eden Gourmet and restaurant customers.

- Successful downtown redevelopment in South Orange relied on a public-private partnership where the Town procured a developer for a publicly owned parcel.
- The developer had a substantially-sized parcel that allowed for multiple, but separated uses that share a parking facility open to the public, an important feature for a grocer.

Figure 12: The Avenue & Eden Gourmet Projects (built 2008) in Downtown South Orange



Bronxville, New York

Bronxville is a highly-affluent community located 35 minutes from Grand Central Terminal by Metro North Railroad. There are 10,900 housing units within a 1-mile radius of the town center, 62% owner-occupied and 34% renter-occupied.

The first rental development in 30 years, a 110-unit Avalon development opened in Bronxville in 1999 across from the Metro North station. The project includes 166 below-grade parking spaces and attracts empty nesters and Manhattan commuters. Monthly rents at the Avalon development range from \$2,125 per month for a 1-bedroom to \$3,505 per month for a 2-bedroom. The site was an eyesore with a gas station and small commercial building. The property owner sought approvals in the 1980s, and eventually faced bankruptcy after the early 1990s recession. Eventually AvalonBay partnered with a local developer and decided to move forward with the project. To address community concerns over schoolchildren generation, AvalonBay limits the number of people per bedroom to two. To address community concerns regarding traffic and safety at the time, the developers contributed \$100,000 towards pedestrian improvements for a nearby traffic circle and upgraded sidewalks and lighting in front of the project.³

- **The approval of the project required negotiation between the municipality and developer over several real estate cycles.** A more predictable public approvals process approved by the community could potentially expedite development, and prevent stalled project development.

Figure 13: Downtown Bronxville and the Avalon of Bronxville (built 1999)



³ The New York Times. *Rental Complex is Bronxville's First in 30 Years*. May 28, 1999.

Scarsdale, New York

Scarsdale is a highly affluent community 30 minutes from Grand Central Terminal by Metro North Railroad. Households within one-mile of the station have an average household income of \$194,000 (compared to \$98,000 in Farmingdale). While the number of housing units within one-mile of the station (5,920) is less than Farmingdale (6,180), several historic multifamily buildings are proximate to downtown along Garth Road. Retail development in downtown is limited to a few blocks surrounding the station and isolated from the more substantial auto-oriented development on Central Park Avenue.

There has been limited new construction of residential development in Scarsdale, with the exception of the 40-unit Christie Place development built in 2008 across from the Metro North Railroad station. The age-restricted condominium building includes 1-, 2-, and 2-bedroom plus den units priced from \$800,000 to \$1.9 million. The developer is offering rental leases with an option to buy with 1-bedroom rents ranging from \$3,000 to \$5,000 and two-bedroom rents ranging from \$6,300 to \$8,000. The project also includes 12,000 square feet of retail space including a bank and restaurant. The Village of Scarsdale acquired the site, an abandoned gas station and parking lot, in 1999 through eminent domain. Part of the development agreement required that the developer allocate most spaces to the Village for use by commuters. To assuage the concerns of a neighboring co-op, the developer incorporated a 60-foot buffer between the two projects.⁴

- **To build Christie Place, the developer was required to negotiate with both the municipality and neighboring parcels.** Scarsdale required that the developer provide a public amenity in the form of commuter parking garage spaces and the neighboring cooperative required easements to maintain their views.

Figure 14: Christie Place (built 2008) in Downtown Scarsdale



⁴ The New York Times. *Yes (at Last) to a Scarsdale Project*. October 22, 2006.

Montclair, New Jersey

Montclair is located 40 minutes from Penn Station by NJ TRANSIT. It is considered the restaurant capital of New Jersey and is home to an art museum, a performing arts venue (Wellmont Theatre) with metropolitan appeal, and a variety of local and national retailers. The Bay Street NJ TRANSIT station is about 1,500 feet away from the center of activity. Montclair has 9,600 housing units within a 1-mile radius of the town center, 37% owner-occupied and 55% renter-occupied.

There are roughly 176,000 people with an average household income of \$83,000 within a 3-mile radius of Montclair town center, compared to 113,000 people with an average household income of \$81,000 in the 3-mile radius of Farmingdale. The retailers benefit from the critical mass of restaurants and proximity to the destinations in Montclair, particularly the Wellmont Theatre. Further, several recently built residential developments in downtown Montclair bring added vibrancy and new ground-floor retail space. The residential developments range in terms of price and positioning. The Residences at Bay Street is a rental building across from the Bay Street NJ TRANSIT Station and set apart from the town center that has studio and 1-bedroom units available for between \$1,500 and \$2,500 per month. The Siena is a 101-unit luxury condominium project built on the site of a former department store in 2006 selling units for between \$450,000 and \$650,000 with a Starbucks and New York Sports Club on the ground floor.

- **Montclair's success stems from being a dining destination for the northern New Jersey region.** A variety of restaurants exist on both the main street, Bloomfield Avenue, and side streets particularly Church Street.
- **There is a range of new residential options.** The rental Residences at Bay Street, closer to the NJ TRANSIT station, attracts students, Manhattan commuters, and young couples. The Siena, a mixed-use, for-sale development is a luxury development targeted towards empty nesters and upper-income buyers.

Figure 15: Church Street Montclair



South Norwalk, Connecticut

South Norwalk, referred to as SoNo, is located roughly 60 minutes from Grand Central Terminal in New York City by Metro North Railroad. It is a waterfront neighborhood with a high concentration of bars and restaurants and anchored by the Maritime Aquarium with IMAX theater built in 1988 and expanded in 2001. South Norwalk has 9,600 housing units within a 1-mile radius of the town center, 37% owner-occupied and 57% renter-occupied.

There are roughly 78,800 people with an average household income of \$88,370 within a 3-mile radius of the town center, compared to 113,000 people with an average household income of \$81,000 in the 3-mile radius of Farmingdale. South Norwalk, a former industrial center, has been the target of revitalization efforts since the 1970s with efforts ranging from historic preservation of significant properties to the aquarium to cultural event planning.

- **The success of South Norwalk stems from a variety of public actions and investments over several decades creating a dining and entertainment destination for the region.** The City invested in an aquarium that draws visitation from around the region, but also implemented historic preservation laws that create long-term value by ensuring an attractive environment.

Figure 16: South Norwalk Downtown and Metro North Station



Appendix

Figure 17: Household Distribution by Household Income, 2010

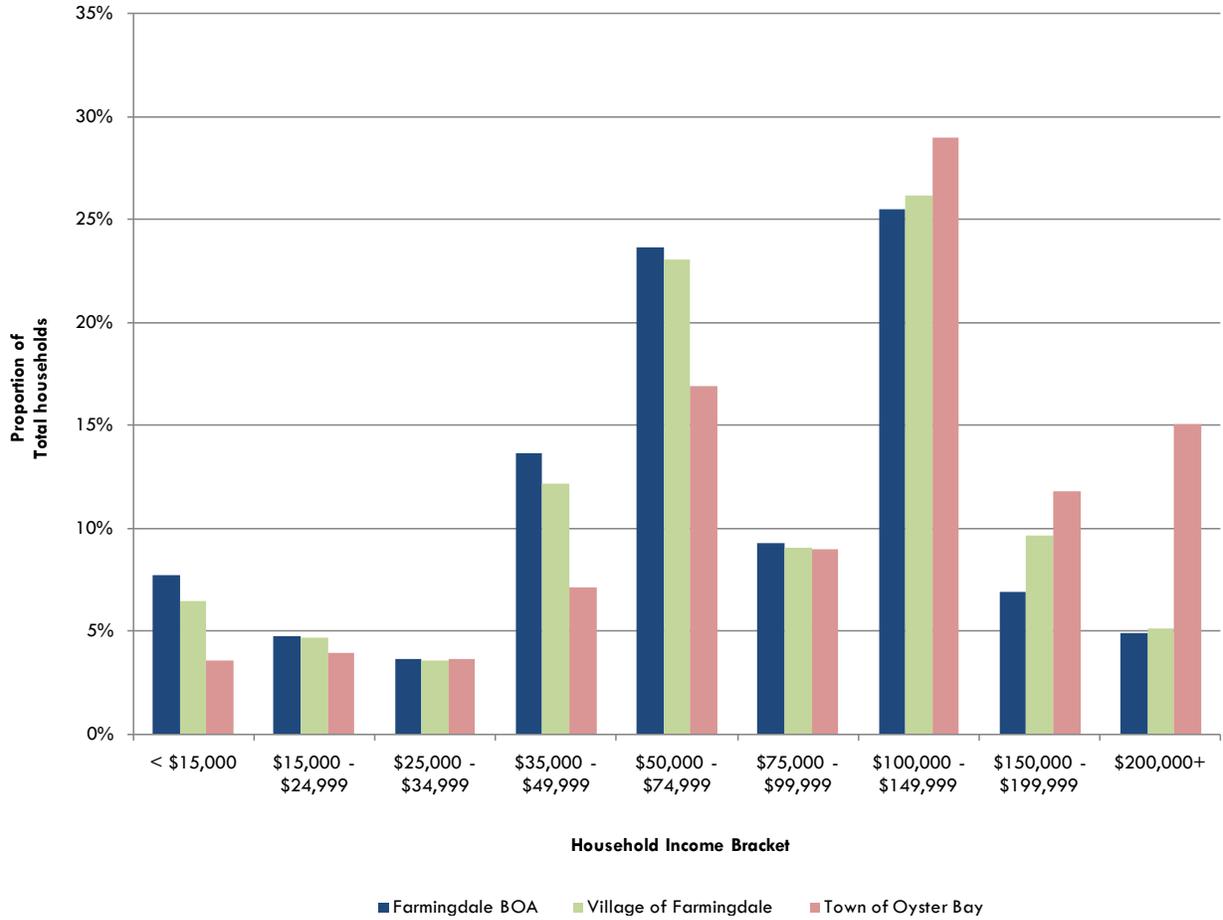


Figure 18: Population Distribution by Age, 2010

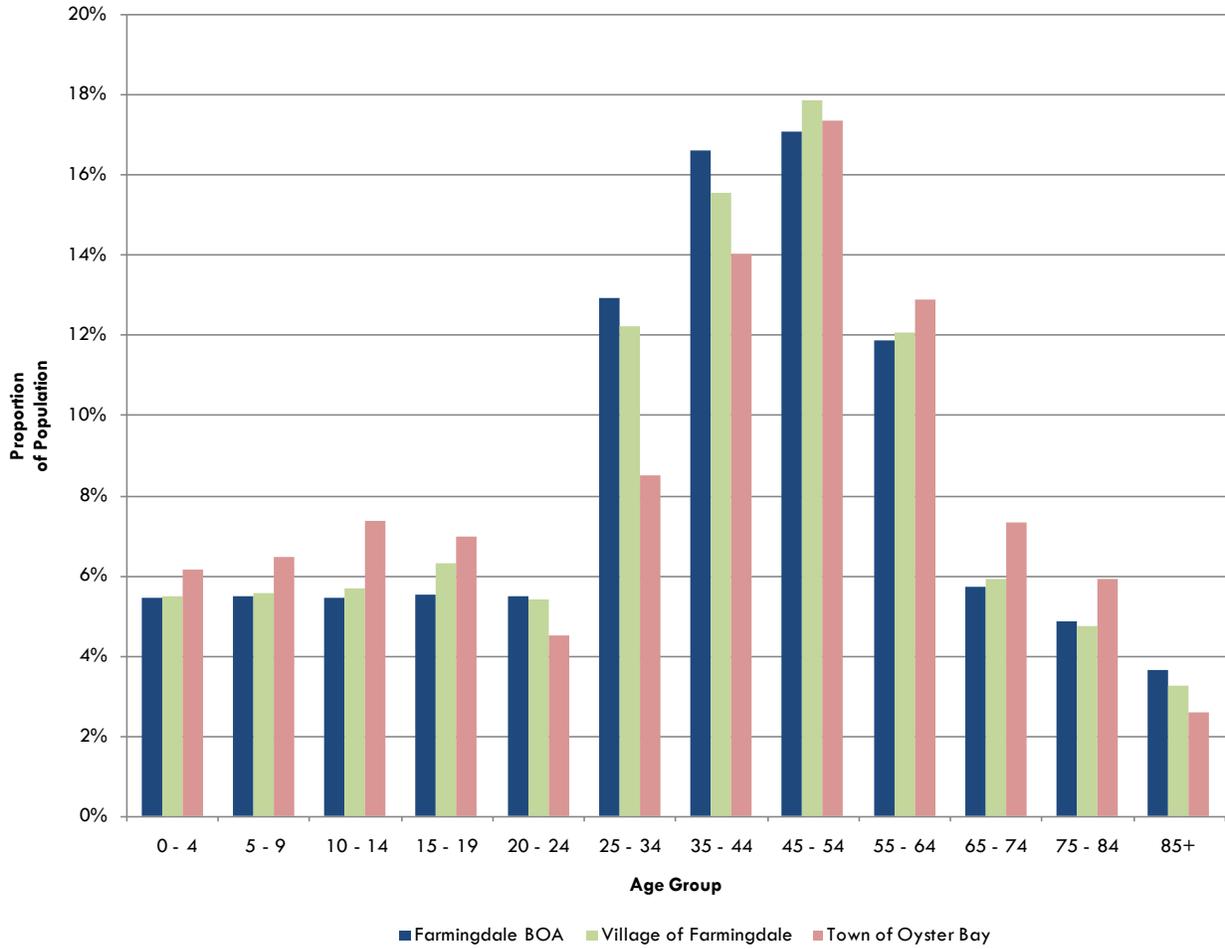


Figure 19: Population Change in the BOA by Age Cohort, 2000-2010

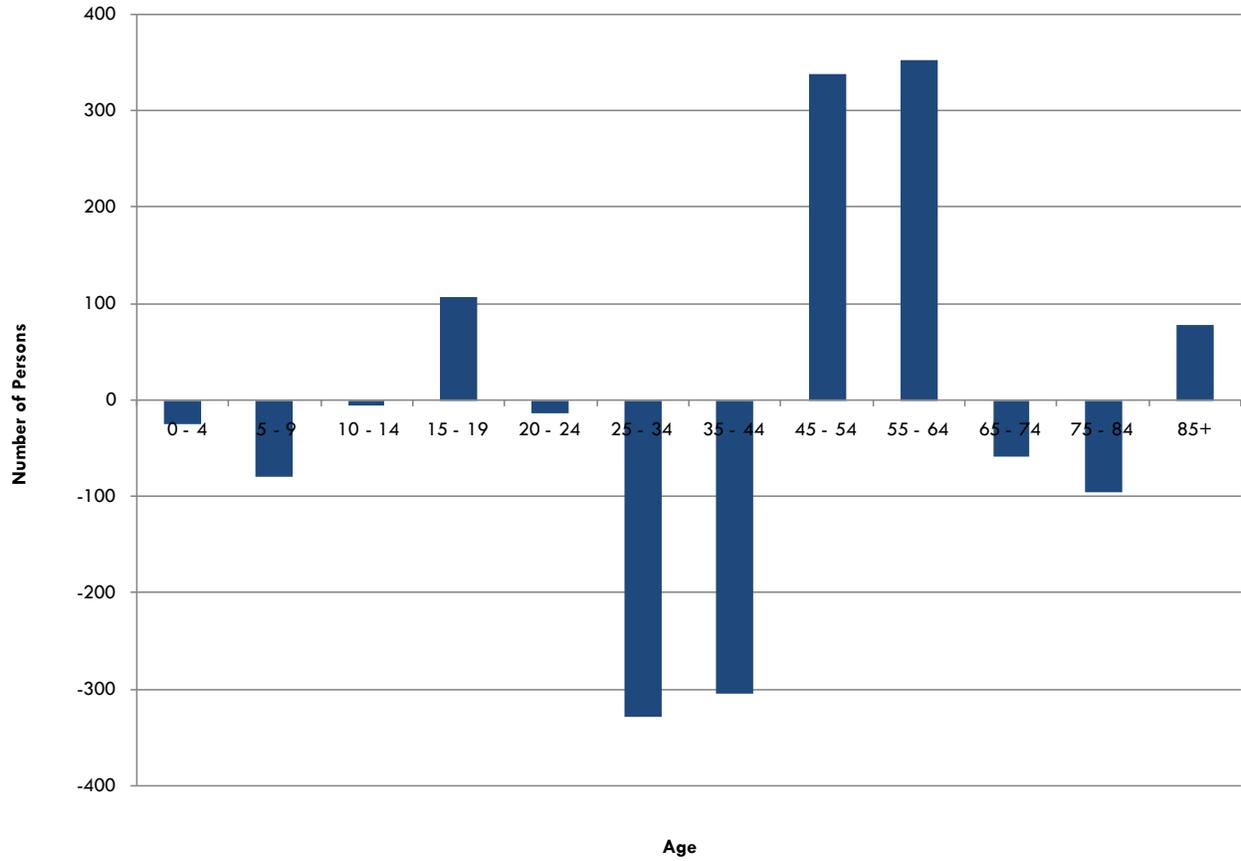


Figure 20: Household Composition, 2000

Location	Family Households				
	Non-Family Households	Married Couple Households without Kids	Married Couple Households with Kids	Single Parent Households	Other Family Households
Farmingdale BOA	41%	25%	20%	7%	7%
Village of Farmingdale	36%	27%	24%	7%	7%
Town of Oyster Bay	19%	35%	34%	5%	7%
Nassau County	22%	32%	31%	7%	8%

Source: ESRI; HR&A

Figure 21: Retail Trends in the 3-Mile Market Area

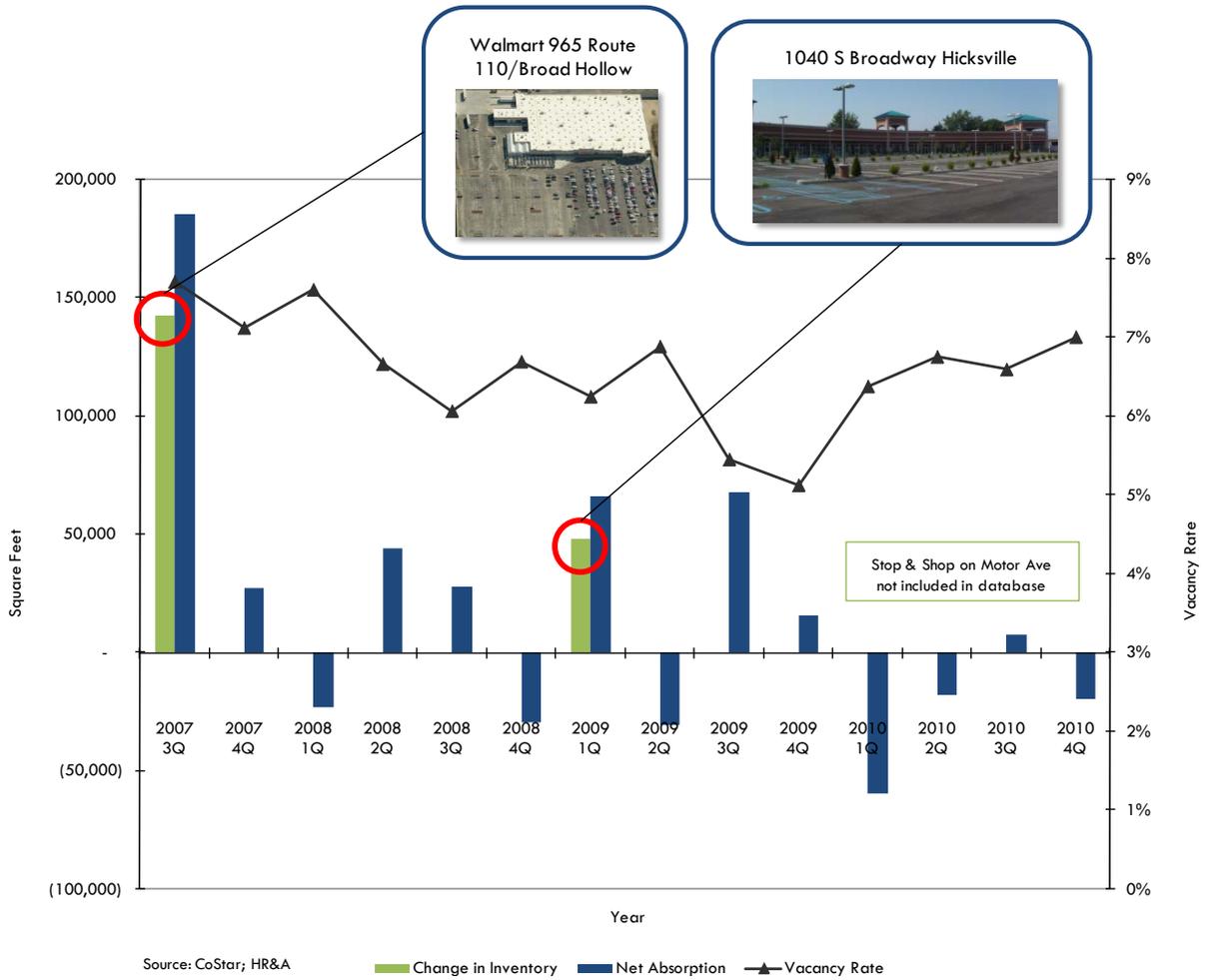


Figure 22: Comparable Rental Developments

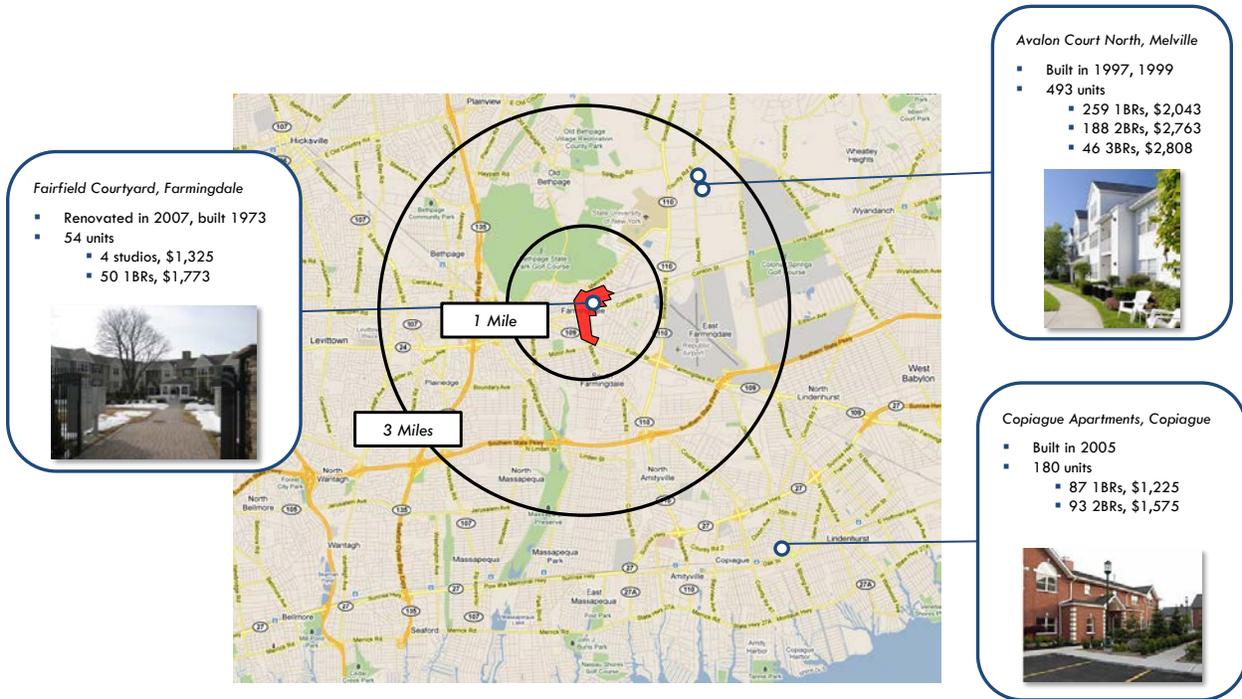


Figure 23: Village of Farmingdale Residential Building Permits, 1995-2009

