

Plan On It

A Dutchess County Planning Federation eNewsletter



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Market Analysis in the Comprehensive Plan

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Times keep changing. New technology, popular trends, demographic shifts, and the economy affect us all in a variety of different, often interrelated ways. These issues affect communities as well, and should be addressed in each community's comprehensive plan.

Dutchess County municipalities went through a period in the mid-2000s when many comprehensive plans were updated to respond to changing times. Back then, many of these changes were based on the premise that large amounts of housing would be marching up the Taconic State Parkway, and the education system would be overburdened with school-aged children. Instead of planning for mixed-age communities, 55+ communities and senior housing developments were all the rage.

Much changed, however, with the market crash and housing crisis of 2008. While development slowed as the country dealt with the financial crisis, trends began to shift. Other things have changed as well. Our communities are older; family size is decreasing; we can order things online with the click of a button; and many of us don't even maintain a hard-wired house phone anymore. Instead of large "McMansions," an increasing number of people are interested in downsizing, and "tiny homes" have their own primetime slot on TV. In Dutchess County, new, large, single-family home developments are considered rare, with apartments and townhomes taking the definitive lead in the type of residential housing being constructed. As new trends emerge, it may once again be time to step back and take a broader look at our communities.

Recognizing a Shifting Trend

Dutchess County's apartment vacancy rate was just 1.8% in [2015](#). Housing experts recognize a 5% vacancy rate as an indicator of a healthy rental market.

Dutchess County's rate has been well below the 5% threshold for 20 years, which indicates a strong and ongoing market demand for the creation of additional rental units. A review of the New Major Projects list in our [2015 Major Projects Report](#) shows more multi-family developments under consideration than the single-family-only developments of the past.

Enduring Communities

We want our communities to be successful and resilient. This means providing for the necessities of our residents, ensuring job creation and retention, improving the local tax base, attracting quality development, and providing a framework for creating an economy that can weather the ups and downs of the market. However, local elected and appointed officials can only do so much. While they can be supportive of these endeavors, it is up to the business and development community to make these things happen. Local officials can, however, work within their means to encourage their communities to succeed, while ensuring the preservation of the community's character and long-term vision.

Be Proactive

It is in our best interest to be proactive. This means we need to analyze, understand and anticipate changes that might affect our communities, so that we can plan for success in the future. Local leaders can do this in a variety of ways, such as developing a [municipal capital plan](#), or keeping up to date on current issues facing government through relationships with other local leaders. But one of the best ways to analyze a community, assess future implications, and develop ways to address such implications, is through the comprehensive planning process.

Comprehensive plans analyze many different things including demographics, housing, infrastructure, community character, and the natural environment. An assessment of current conditions and input from the community on a long-term vision usually results in a list of goals, followed by recommendations on how to achieve them.

During the comprehensive planning process, a municipality will also gather information from other municipal plans, studies and reports to be included as recommendations in the comprehensive plan. For instance, a town engineer might have completed a water system analysis that concluded new water storage will soon be necessary to replace an existing water tower nearing the end of its design life. Or maybe a study determined that a municipality could share certain highway services with another to reduce costs. Perhaps the recreation committee developed a plan that recommended new trails to connect neighborhoods. Historically, municipalities have included the recommendations from these more-focused studies in their comprehensive plan.

However, the key product of a comprehensive plan is recommended land uses and zoning. In fact, zoning must be “in keeping” with the comprehensive plan. Until now, many communities have relied on infrastructure to determine the carrying capacity of an area (i.e. the water and sewer infrastructure can handle “x” number of additional bedrooms); some have zoned areas as commercial in hopes for development (i.e. if we zone it, they will come); but few have analyzed the size and type of residential and commercial development that might be feasible given market conditions and trends.

New Trend in Comprehensive Planning . . . the Market Analysis

Yes, even comprehensive planning can experience a new trend. While communities have rightfully spent much time, money and effort on more traditional studies (i.e. infrastructure, schools, roads, building conditions, recreation, etc.), it has not been until recently that they have undertaken a direct study of market forces to inform land use decisions regarding residential and commercial development.

Comprehensive plans should be evaluated every 5 to 10 years to determine whether updates are necessary, and to respond to changing times.

What Is a Market Analysis?

For our purposes, a market analysis is the study of demographics, market demands and trends to help determine what kinds of businesses and housing would be successful in a community. A good market analysis should examine a defined area for a variety of data to determine what could be supported and what opportunities exist, in terms of housing and business development.

- **Housing** – Given the current age and income of the population, will there be a demand for new residential units (rent/own, single-family, multi-family, assisted), and for what population (millennials, retirees, elderly)? It can also examine income to determine if the units will be affordable to those they are intended for.

- **Commercial** – An analysis of where people shop and work will help determine if there is enough demand for additional commercial opportunities in an area, including the type of retail and office uses.
- **Reveal Opportunities** – A market analysis can also uncover opportunities that a community might not even be thinking about, whether it's an untapped sector of the local market or a need in the larger region that could be met locally.

How Does a Market Analysis Inform the Comprehensive Plan and Zoning?

As we said before, comprehensive plans from the last decade or so were based on the idea that rapid residential development of single-family homes was imminent. And although the housing market is on the rebound, it hasn't fully recovered. On top of that, the types of units that are in demand have changed. Not only are younger individuals often attracted to multi-family units near public transit, our empty-nesters may also be looking to downsize from larger single-family homes. This is a trend we see continuing.

Further, if a community is looking to support hamlets and town center development, it is essential for them to balance or "right-size" the commercial district with necessary infrastructure improvements. As we know, many communities suffer from a lack of central water and/or sewer systems. Although we have zoned for commercial uses like restaurants and offices, we often lack the infrastructure for such businesses to actually locate in our designated centers. As a result, businesses locate elsewhere. As infrastructure is key to building successful centers, having large amounts of long, narrow strip-commercial districts does not lend itself to building central water and sewer systems as it is just too expensive. Again, the analysis of the market and what it can or cannot support helps inform not only residential land use decisions, but the size of commercial districts as well. And it may even reveal that a community has overzoned for commercial, or that the shape of a commercial district is not conducive to developing water and sewer infrastructure.

Understanding market opportunities by conducting a market analysis is another tool that municipalities have in their tool box when it comes to planning and zoning. We encourage our communities to think about including a market analysis when contemplating an update or re-write of their municipal comprehensive plan.

More Information

General Resources:

- [Market Analysis: A Zoning Necessity](#)
- [Downtown and Business District Market Analysis](#)

Market Analysis Examples:

- [City of Peekskill, NY Retail Study](#)
- [City of Peekskill, NY Market Analysis](#)
- [Village of Ossining, NY Market Analysis Summary](#)
- [City of Center Point, AL Market Analysis — Center Point's Vision for Tomorrow Comprehensive Plan Update](#)
- [Charles County, MD Comprehensive Plan – Land Use Market Supply and Demand Analysis](#)
- [Sandy Springs, GA Market Analysis Highlights](#)

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This newsletter was developed by the Dutchess County Department of Planning and Development, in conjunction with the Dutchess County Planning Federation.

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