

ZANESVILLE, OHIO

HOUSING STRATEGY - 2023

FINAL REPORT

Prepared For: Muskingum Growth Partnership

Prepared By: DANTER/Economic Development Strategies, LLC
8910 Diley Road
Canal Winchester, OH 43220
kend@danter.com
(614)395-6289

William Westbrook
2722 Nottingham Road
Upper Arlington, OH 43221
Williamwestbrook@yahoo.com
(614)571-1159

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I. INTRODUCTION – POINT OF COMMITMENT

A Boeing 747 thunders down the runway. At some point the pilot must decide whether to take off or abort. Beyond that point the aircraft must take off, there is no room remaining to stop. This is THE POINT OF COMMITMENT.

The City of Zanesville, Ohio experienced remarkable growth through the 1950s then began a steady decline through the present day dropping from a high of 40,517 in 1950 to 24,765 today. Muskingum County historically enjoyed a steady growth through the 1980s after which there has been little change, averaging less than a 1% increase per decade and reaching 86,410.

Employment growth remained steady, however, through 2003 then declined somewhat through 2011. It has since stabilized.

In the past 20 years housing starts have been extremely low with the exception of subsidized housing, ranch apartments, and ranch condominiums. (Ranch apartments and condominiums are primarily targeted to the senior population rather than the workforce population.) The success of the market rate apartment and condominium market does, however, demonstrate the potential for new housing in the market.

Lack of housing has, clearly, been a major factor in the growth and prosperity of Zanesville and Muskingum County.

The overall economy of Ohio coupled with the impact of the Intel facility in the adjacent Licking County is expected to impact all of Central Ohio, bringing the potential for new jobs directly from Intel as well as the expected 150 to 180 suppliers coming into the region.

ZANESVILLE HAS REACHED THE POINT OF COMMITMENT!

At this precise point in time, Zanesville must commit to a housing plan in response to already committed new employment growth. If the lack of contemporary housing alternatives impacts the potential for new employers to recruit new employees, then Zanesville will lose the potential to attract future employers.

Further, because of the lack of new home construction over the past 20 years, existing residents do not have the housing choices offered in other markets. Young adults, families, and seniors are shifting their housing preferences to choices that are not available in Zanesville.

The Zanesville Housing Strategy presents a vision of potential development. A vision whose momentum is already established. A future where recovery and growth will provide all Muskingum County citizens with new housing opportunities. The Zanesville Housing Strategy will identify what housing is needed to bring Zanesville into the 2020s as well as what housing will be needed to accompany the potential economic growth.

This document is not a report to be read and filed on a shelf. It is a working document with specific strategies for providing housing choices for residents already in Muskingum County as well as for prospective new employees. It will require a commitment to housing as an economic development tool, as important as providing industrial and commercial sites and incentives for prospective employers. More and more employers are focusing on markets willing to house their employees. An aggressive housing strategy will separate Muskingum County from competitive markets willing to accept an employer but unwilling to welcome new workforce residents.

II. EXECUTIVE SUMMARY

A. PEER COUNTIES

Four counties have been selected as “Peer Counties” for comparison to Muskingum County based on demographics and the overall economy. This comparison assists in establishing levels of expectations for employment and resulting housing needs. Given that Muskingum County and the Peer Counties are relatively equal in demographic and economic characteristics, the difference in housing development can provide a basis for the measurement of potential development expectations.

- Allen County, Ohio (Lima)
- Hancock County, Ohio (Findlay)
- Miami County, Ohio (Piqua/Troy)
- Wood County, West Virginia (Parkersburg)

B. TARGET COUNTIES

In addition to Peer Counties, four Target Counties have been selected in order to provide establish reasonable goals for future growth. Of the 79 counties with populations between 110,000 and 135,000 the four Target Counties were selected based on generally the same criteria as the Peer Counties.

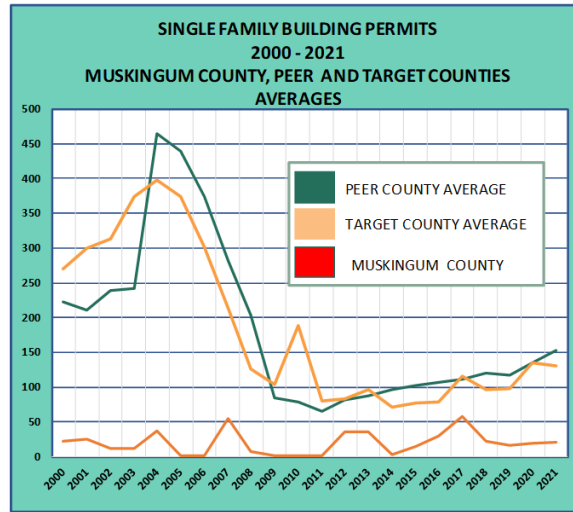
The four Target Counties are:

- Calhoun County, Michigan (Battle Creek)
- Delaware County, Indiana (Muncie)
- Hardin County, Kentucky (Elizabethtown)
- Richland County, Ohio (Mansfield)

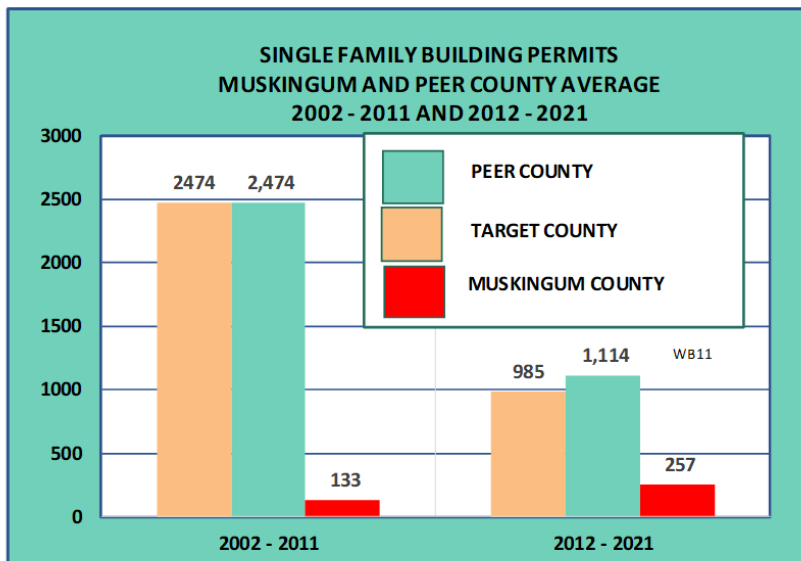
C. COMPARISON

With slight variances, Muskingum, Peer, and Target Counties are similar in population characteristics, growth, workforce, and labor. Of these characteristics, the most significant exception has been the population growth of the Target Counties which experienced significant growth in the post-war 1950s that did not occur in Muskingum and Peer Counties.

The most significant difference, however, has been in housing, specifically single-family. While employment trends remained about the same for Muskingum, Peer, and Target Counties, Peer and Target Counties outperformed Muskingum by a ratio of 8:1. Since 2002 Peer Counties have averaged 180 new single-family units per year compared to 20 in Muskingum County.



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In Muskingum County, the market has been limited, not by the lack of demand, but by the lack of supply.

D. SINGLE FAMILY DEMAND

When comparing Muskingum County to the Target and Peer Counties, there is a 20-year deficit of 3,199 new single-family homes. Naturally, a 20-year deficit cannot be entirely recaptured with increased production. Potential buyers typically find other alternatives such as purchasing an

existing home and remodeling, moving to a nearby county, or moving and finding employment in another city.

Deficits can be carried forward for up to three years. The three-year deficit in Muskingum County is for 351 single-family homes. Ongoing demand is 115 to 125 homes annually. It should be noted that the deficit and ongoing demand reflect the existing market without considering the impact of new employers or employment growth within Muskingum County.

Since 2019 single-family resales have increased by 120% and the average price has increased by 21%.

When considering all price ranges, the total maximum annual support base is estimated to be approximately 138 homes, without considering the demand from outside the market area. We estimate that as much as 20% of the support for any new single-family development at the site will come from outside Muskingum County. (Without considering the demand generated from new employment opportunities.)

HOME PRICE RANGE	ESTIMATED ANNUAL DEMAND FROM MUSKINGUM COUNTY	EXTERNAL DEMAND	ESTIMATED TOTAL DEMAND
\$250,000 - \$299,999	33	7	40
\$300,000 - \$349,999	28	6	33
\$350,000 - \$399,999	21	4	25
\$400,000 - \$499,999	16	3	19
\$500,000 to \$749,999	23	5	27
\$750,000 and over	17	3	21
TOTAL	138	28	165

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While the overall demand (over \$250,000) is for 165 units annually it will be impossible to deliver products under \$300,000 without significant incentives for builders, developers, and buyers.

The current single-family housing deficit represents demand from the existing residents of Muskingum County without considering the demand created by new employers currently in the pipeline. On average, every 500 new jobs in Muskingum County will bring 230 new households.

In addition to meeting the housing needs of existing residents, in order to meet the immediate needs of new employers, housing initiatives must focus on large-scale development. While neighborhood development and infill housing are worthy objectives, they do not respond with the immediacy required to meet current needs.

If Muskingum County cannot meet the housing demand generated by existing employers or from new employers already committed to the area, it will significantly impact the potential to attract new employers in the future.

Zanesville lacks a “home builder culture” For the past 20 years, or more, there have been no local builders or developers. Zanesville must develop incentives to attract regional builders to the market including:

- The ability to “fast track” the entitlement process.
- Providing zoned shovel-ready sites.
- Develop buyer and builder financial enhancements enabling builders to deliver housing products under \$300,000.

E. INFILL RESIDENTIAL DEVELOPMENT STRATEGIES

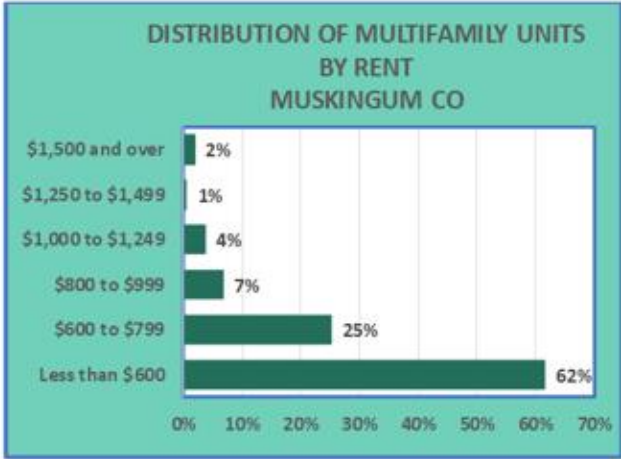
Muskingum County has 4,321 vacant Single-family homes. Based on the peer city analysis, this is an excess of 1,263 homes that must be strategically addressed. Many, if not most, of these homes, are two-bedroom/one-bath homes that have little, or no, demand in today’s market.

- Properties should be visited and a determination made regarding the suitability for rehab. Aggressively demolish those properties unsuitable for rehab.
- Seek available properties that can be combined into a sufficiently sized parcel for new infill construction.
- Apply new single-family buyer and builder incentives to infill housing.
- Encourage and support the creation of neighborhood commissions.
- Create definable districts within the downtown area. Downtown Zanesville, in its entirety, is too large for small rehab or restoration efforts to have a meaningful impact on the entire area. Identify downtown properties for redevelopment and assist owners in the sale or redevelopment process. Outreach to developers currently in the field.

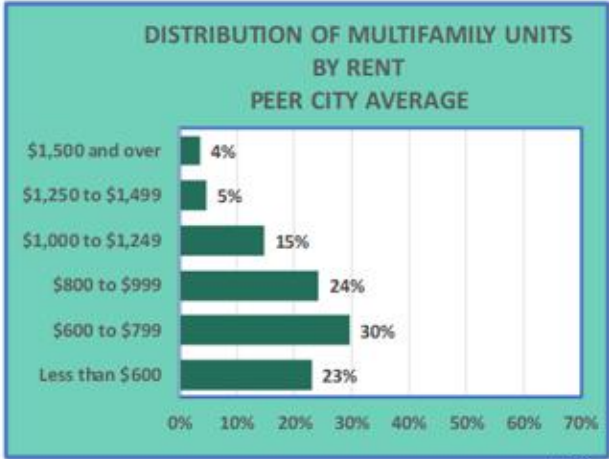
F. RENTAL APARTMENTS

When comparing the Muskingum County distribution of rental units, by rent, to the Peer Counties, the Peer County distribution of all rental units by rent range displays a typical distribution with the majority of units in the mid-ranges and declining at the top and bottom of the range. Such a distribution reflects continued development over the past 20 years, adding products on a regular basis, each at a generally higher rent.

Muskingum County has had very little market-rate apartment development resulting in 62% of all rental units renting at \$600, or less.

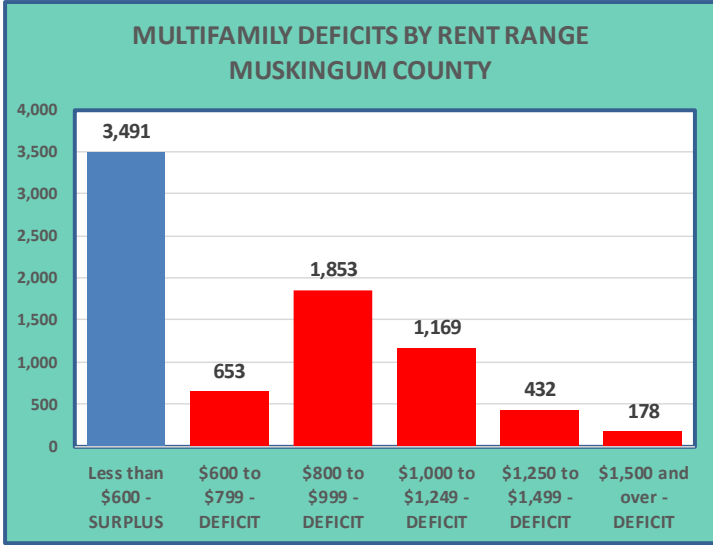


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By applying the distribution of units in the Peer Counties to the rental base in Muskingum County would yield a deficit of 3,853 units. However, it is unlikely that new products could be added in the \$600 to \$1,000 rent range without developer incentives. The deficit for rental units in the \$1,000 and over range is 1,779 units.



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While there are significant deficits in all ranges over \$600 per month, it would be impossible to deliver new apartments for under \$1,000 per month. The following table defines the deficits by the additional assistance required to develop.

EXISTING MARKET RATE APARTMENT DEFICITS BY RENT MUSKINGUM COUNTY - 2023	
RENT	DEFICIT
\$600 to \$799	653
\$800 to \$999	1,853
\$1,000 to \$1,249	1,169
\$1,250 to \$1,499	432
\$1,500 and over	178
Total	4285

LEGEND
Cannot be achieved without significant assistance
Can be achieved with modest assistance
Can be achieved with no assistance.

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Significant Assistance Required	653 Units	15%
Modest Assistance Required	1,853 Units	43%
Market Rate – No Assistance Required	1,779 Units	42%
Total	4,285 Units	100%

About 42% of the deficit can be accommodated with conventional market-rate development while 43% will require modest assistance that can be achieved through creative strategies and incentives. The remaining 15% will require significant assistance.

While there is a shortage of modern apartments in Muskingum County, there are ample renters already in the market with incomes to support new development. Considering only renters in Muskingum County, 2,315 (22.7%) have incomes of over \$50,000, enough to support a monthly rent of \$1,000. There are only 332 rental units with rents in excess of \$1,000, 14% of the income-qualified renters.

There are four prototypical apartment projects representing projects that could be supported in Zanesville. They are sized and with recommended rents that would yield a 12 to 18-month absorption period (depending on the construction schedule and release date). They are intended to be general guidelines. Naturally, a prospective developer would most likely have their own product line with a different rent and mix of units. Forty of the units are designated as “affordable” workforce units with somewhat lower rents.

The prototypical projects are scaled and priced to be representative of properties currently being developed in other markets.

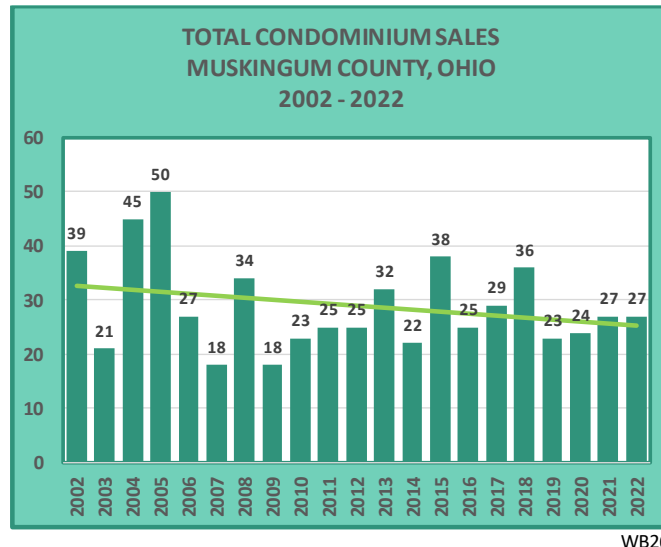
Summary of prototype developments.

Conventional 2/3 Story	160 units
Family Townhouse	68 units
Senior Ranch units	126 units
Luxury	<u>40 units</u>
Total	394 unit

G. CONDOMINIUMS

Compared to the Peer and Target Counties, sales of condominiums in Muskingum County have been excellent. There are 346 condominium units compared with 318 in the Peer Counties and 382 in Target Counties. Based on a population ratio (condominiums per 1,000 population) Muskingum County condominium development is about one-third higher than the Peer and Target Counties.

Condominium sales in Muskingum County, (new and resale) have ranged from 18 to 50 units per year. While there has been a downward trend in sales, the higher sales prior to 2007 were primarily new construction. There has been limited new construction through 2022, sales and have been confined to only the resale of existing units.



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The average resale price of a condominium has increased steadily since 2010, with an overall increase of 1.3% annually. The rate of increase declined between 2010 and 2014 and recovered somewhat between 2015 and 2019. Since 2019 the average annual rate of increase has been very high, 3.5% (in spite of the Covid influence). (Prior to 2010 there were too few resales to provide meaningful data.)

Considering all price ranges, concepts, and location alternatives, there is an annual demand for up to 65 units annually.

With the success of existing condominiums in the market, Zanesville is well-positioned as a condominium market. In the relatively near term, condominiums can be considered, especially for:

- Unique urban sites
- Waterfront sites
- Special views
- As part of an integrated use development
- Affordable ranch development

III. PEER CITY ANALYSIS

H. PEER COUNTIES

Four counties have been selected as “Peer Counties” for comparison to Muskingum County based on demographics and the overall economy. This comparison assists in establishing levels of expectations for employment and resulting housing needs. Given that Muskingum County and the Peer Counties are relatively equal in demographic and economic characteristics, the difference in housing development can provide a basis for the measurement of potential development expectations.

There are 219 counties in the U.S. with a population between 70,000 and 110,000. (Muskingum County population in 2020 was 86,410.) Of these, 206 were suburban counties located in larger markets, rurally located off Interstate Highways or with unconventional economies (college or resort dominated).. Thirteen (13) were located in the Midwest with Interstate access and with economies generally comparable to Muskingum County. Of these, four were selected to be compared to Muskingum County.

- Allen County, Ohio (Lima)
- Hancock County, Ohio (Findlay)
- Miami County, Ohio (Piqua/Troy)
- Wood County, West Virginia (Parkersburg)

I. TARGET COUNTIES

In addition to Peer Counties, four Target Counties have been selected in order to provide establish reasonable goals for future growth. Of the 79 counties with populations between 110,000 and 135,000 the four Target Counties were selected based on generally the same criteria as the Peer Counties.

The four Target Counties are:

- Calhoun County, Michigan (Battle Creek)
- Delaware County, Indiana (Muncie)
- Hardin County, Kentucky (Elizabethtown)
- Richland County, Ohio (Mansfield)

A. PEER/TARGET COUNTY COMPARISONS

Following are comparisons of the Peer/Target Counties with Muskingum County.

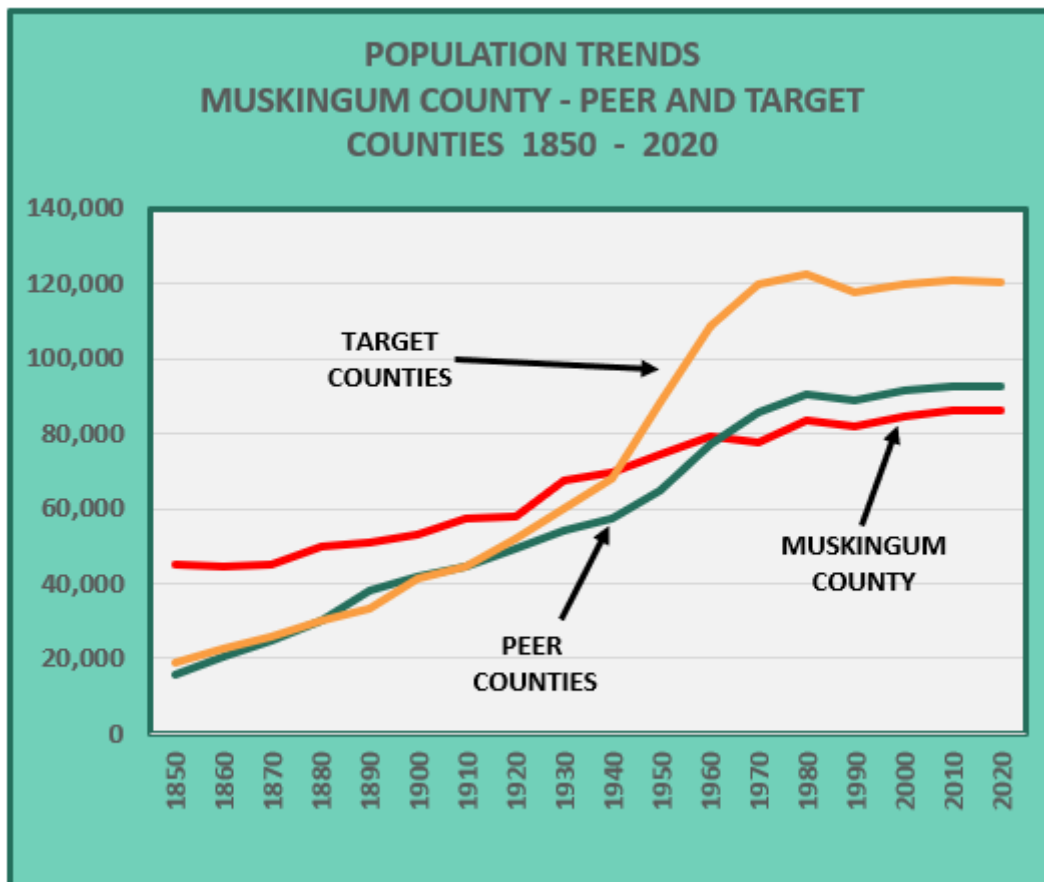
POPULATION - Population trends over the past 50 years have remained relatively unchanged. Recently, since 2010, Muskingum County has shown a modest increase, 0.4% while both the Peer and Target Counties have shown a modest decline. Household trends, a better indicator of housing demand, have shown increases of 2.0% or more in all counties. The median age in Muskingum County is somewhat higher than in the Peer and Target Counties. In Muskingum County, 22.8% of the population is age 65+ while 31.7% of households are age 65+.

MUSKINGUM COUNTY, PEER COUNTY AND TARGET COUNTY POPULATION AND DEMOGRAPHIC SUMMARY			
CRITERIA	AVERAGE		MUSKINGUM COUNTY
	TARGET COUNTIES	PEER COUNTIES	
POPULATION			
2010	120,959	92,644	86,074
2020	120,463	92,549	86,410
Percent Change	-0.4%	-0.1%	0.4%
2022	120,119	94,439	86,194
2027	119,910	94,430	86,094
HOUSEHOLDS			
2010	47,327	37,076	34,271
2020	48,274	38,080	35,091
Percent Change	2.0%	2.7%	2.4%
2022	48,271	38,136	35,077
2027	48,410	38,192	35,153
Average Household Size	2.39	2.38	2.41
Percent Households Age 65+	30.3%	32.0%	31.7%
Median Age 2022	39.7	39.9	41.9

Source: esri, Inc.

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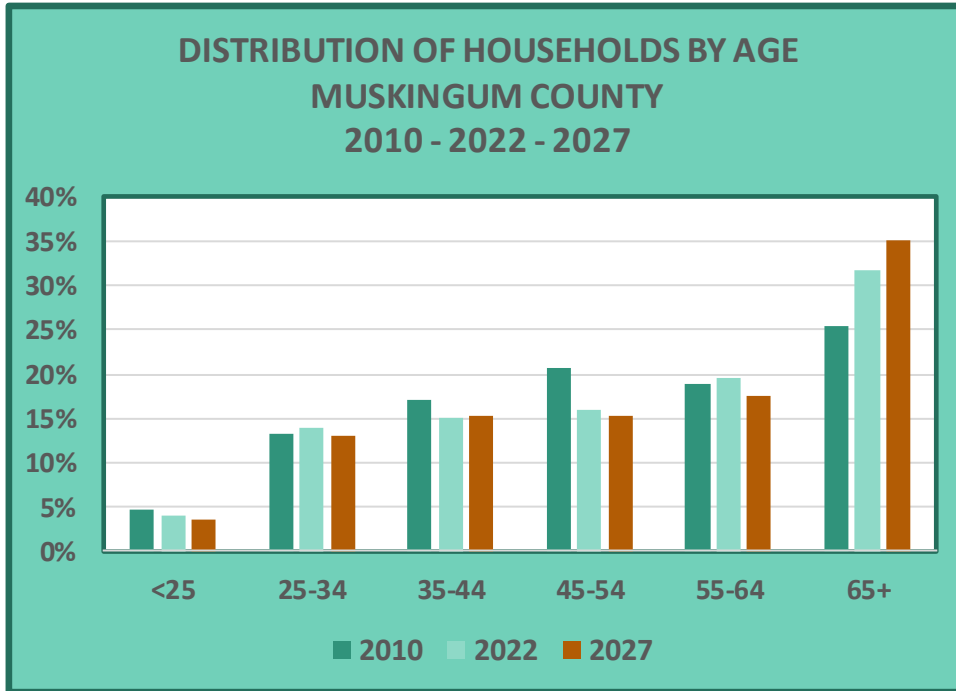
The following graph displays population trends since 1850.



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In 1850 Muskingum County had a population more than double that of the Peer and Target Counties. However, around 1950 both the Peer and Target Counties experienced dramatic increases in population due to the post-war economic expansion. Since 1980 population has remained static in Muskingum, Peer, and Target Counties.

Muskingum County, like most markets, is experiencing a dramatic change in the distribution of households by age. The following graph shows the change in distribution since 2010.



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Most significantly, the age 65 and over cohort increased by 27% between 2010 and 2022. It is expected that this cohort will increase an additional 12% by 2027. It is noteworthy that the only significant addition to the Muskingum County housing market has been ranch apartments. This product is typically occupied by empty-nester residents, downsizing from single-family homes. Because of the lack of other rental housing alternatives, these ranch apartments have a higher percentage of non-seniors than in most markets.

HOUSING – The overall vacancy rate in Muskingum County is 11.3% compared with 10.4% and 8.2% in the Target and Peer Counties, respectively. However, after deleting homes that are vacant but available for sale or rent or units sold and rented but not yet occupied, leaves an “effective” vacancy rate of 8.7% in Muskingum County and 5.4% in the Peer and Target Counties.. There are currently 3,335 vacant units in Muskingum County. Achieving a 5.4% effective vacancy would require that 1,263 units be returned to occupancy or demolished.

The effective vacancy rate in the City of Zanesville is 10.8%, 1,311 units. To reduce the vacancy rate to 5.4% (the Peer and Target County average) would require of return to occupancy or demolition of 656 units in Zanesville and 607 units in the remainder of Muskingum County.

Housing units to be returned to occupancy or demolished:

City of Zanesville	656
Elsewhere in Muskingum County	<u>607</u>
Total	1,263

A large percentage of single-family homes constructed prior to 1970 contained only two bedrooms. After 1970, three-bedroom (or larger) homes became increasingly popular.

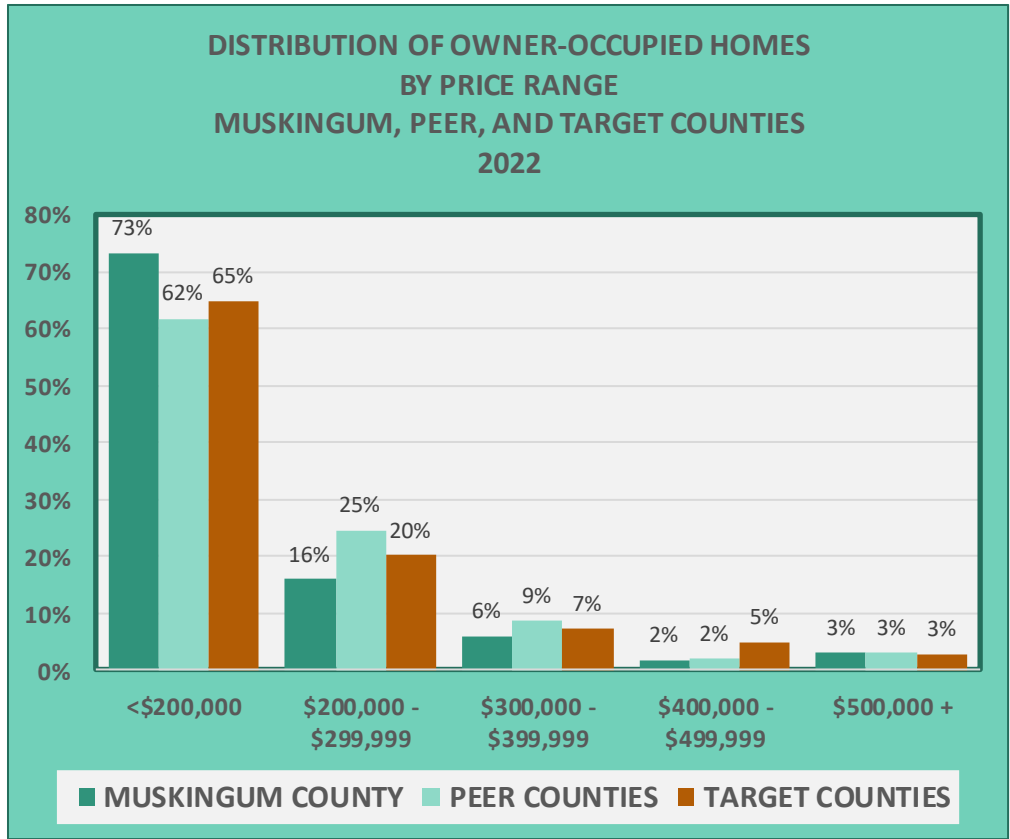
The impact of the lack of single-family development in Muskingum County is an increased proportion of two-bedroom homes, a product that is generally functionally obsolete in today's market.

MUSKINGUM COUNTY, PEER COUNTY AND TARGET COUNTY HOUSING SUMMARY			
CRITERIA	AVERAGE		MUSKINGUM COUNTY
	TARGET COUNTIES	PEER COUNTIES	
TENURE			
Total Housing Units - 2022	53,128	41,532	38,397
Owner Occupied	60.0%	66.8%	62.4%
Renter Occupied	29.6%	25.1%	26.3%
Total Vacant	5,478	3,678	4,321
Percent Vacant	10.4%	8.2%	11.3%
Vacant for sale, rent, sold and/or rented	2,176	1,186	671
Seasonal Vacant	455	267	315
Effective Vacant	2,847	2,225	3,335
Percent	5.4%	5.4%	8.7%
HOME VALUE			
Median Value	\$157,056	\$173,190	\$153,808
Average Value	\$190,615	\$197,869	\$181,392
Owner Occupied With No Mortgage	40.6%	39.7%	39.7%
Housing Value			
With Mortgage	\$162,937	\$176,661	\$169,374
Without a Mortgage	\$140,165	\$158,858	\$186,708
Owner-Occupied with Monthly Mortgage in excess of 35%	9.4%	7.7%	8.8%
CONTRACT RENT			
Median Contract Rent	\$782	\$719	\$782
Average Contract Rent	\$830	\$768	\$813
Homes with Rent Over \$1,000	1,478	706	594

Source: esri, Inc

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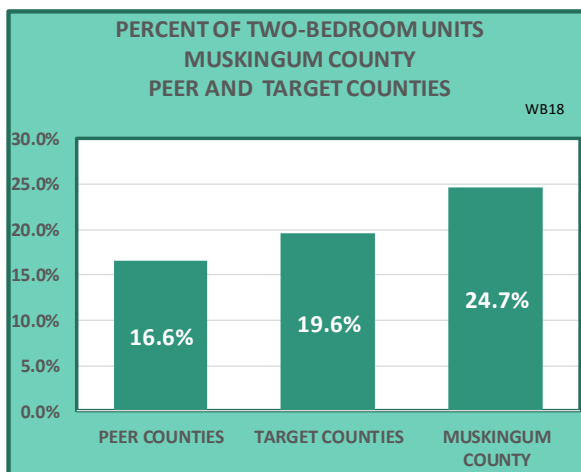
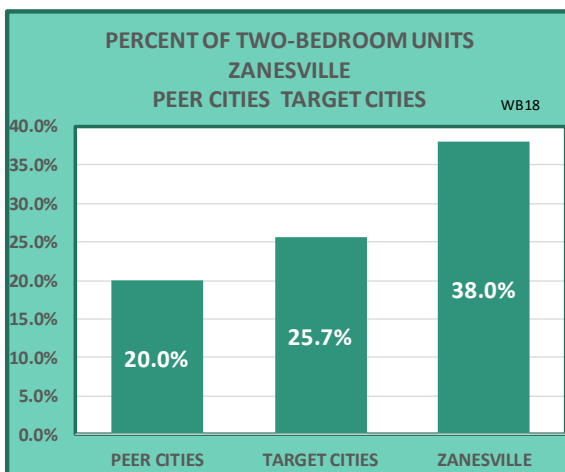
The following chart shows the distribution of owner-occupied homes by price range for Muskingum, Peer, and Target Counties.



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This chart clearly displays the impact of a lack of new single-family construction. In Muskingum County, there is a higher share of homes in the Under \$200,000 range and a lower share in all but the highest range, over \$500,000.

Following is a comparison of home ownership by the number of bedrooms for Muskingum County and the Peer and Target Counties.



Clearly Muskingum County, and more so Zanesville, has a much higher percentage of two-bedroom units.

Among vacant units in Muskingum County, 39.3% have been vacant for more than 24 months, compared with 35.5% in the Target Counties and 26.8% in the Peer Counties. Given the established housing shortage in Muskingum County, it would suggest that many of the homes vacant for more than 24 months are uninhabitable or functionally obsolete.

An inventory of vacant single-family homes would identify not only those that are too dilapidated for rehabilitation but those also functionally obsolete (two-bedroom units) unless it is a design that can be expanded to a three-bedroom, two-bath unit. An exception to the demolition of two-bedroom units occurs when a specific neighborhood contains ALL two-bedroom units of single-story construction. In this instance, the neighborhood could be converted to single-family senior restricted, housing.

INCOME AND WEALTH - The average income of Muskingum County, at \$74,328 is about equal to the Target Counties and somewhat lower than the Peer Counties. The average net worth of Muskingum County is somewhat lower than both the Target and Peer Counties it is still nearly one-half million dollars, \$478,837. This primarily reflects homeowner equity, a primary component of the support of single-family development.

Significantly, in Muskingum, Peer, and Target Counties nearly 40% of owner-occupied homes have no mortgage.

MUSKINGUM COUNTY, PEER COUNTY AND TARGET COUNTY INCOME AND HOME OWNERSHIP COMPARISONS			
CRITERIA	AVERAGE		MUSKINGUM COUNTY
	TARGET COUNTIES	PEER COUNTIES	
INCOME AND WEALTH			
Median Income - 2022	\$54,154	\$60,358	\$56,023
Average Income - 2022	\$74,536	\$82,380	\$74,328
Median Net Worth	\$121,501	\$158,609	\$133,947
Average Net Worth	\$539,551	\$672,502	\$478,837
HOUSING			
Total Housing Units - 2022	53,128	41,532	38,397
Owner Occupied	60.0%	66.8%	66.2%
Renter Occupied	29.6%	25.1%	25.1%
Vacant	10.4%	8.2%	8.8%
Owner Occupied			
With No Mortgage	40.6%	39.7%	39.7%
Housing Value			
With Mortgage	\$162,937	\$176,661	\$169,374
Without a Mortgage	\$140,165	\$158,858	\$186,708

Source: esri, Inc

WB21

The following two tables compare income by age for Muskingum, Target, and Peer Counties.

MUSKINGUM COUNTY, PEER CITY AND TARGET CITY INCOME BY AGE CHARACTERISTICS			
AGE CRITERIA	AVERAGE		MUSKINGUM COUNTY
	TARGET COUNTIES	PEER COUNTIES	
<25	\$ 41,683	\$ 48,480	\$ 45,666
25-34	\$ 71,554	\$ 78,647	\$ 73,056
35-44	\$ 87,708	\$ 99,559	\$ 89,565
45-54	\$ 90,357	\$ 99,073	\$ 88,151
55-64	\$ 82,571	\$ 90,604	\$ 79,731
65-74	\$ 69,321	\$ 75,784	\$ 68,006
75+	\$ 51,473	\$ 55,188	\$ 52,201

Source: esri, Inc

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MUSKINGUM COUNTY, PEER CITY AND TARGET CITY INCOME BY AGE COMPARISON		
AGE CRITERIA	AVERAGE MUSKINGUM COUNTY INCOME AS A PERCENT OF...	
	TARGET COUNTIES	PEER CITY
<25	109.6%	94.2%
25-34	102.1%	92.9%
35-44	102.1%	90.0%
45-54	97.6%	89.0%
55-64	96.6%	88.0%
65-74	98.1%	89.7%
75+	101.4%	94.6%

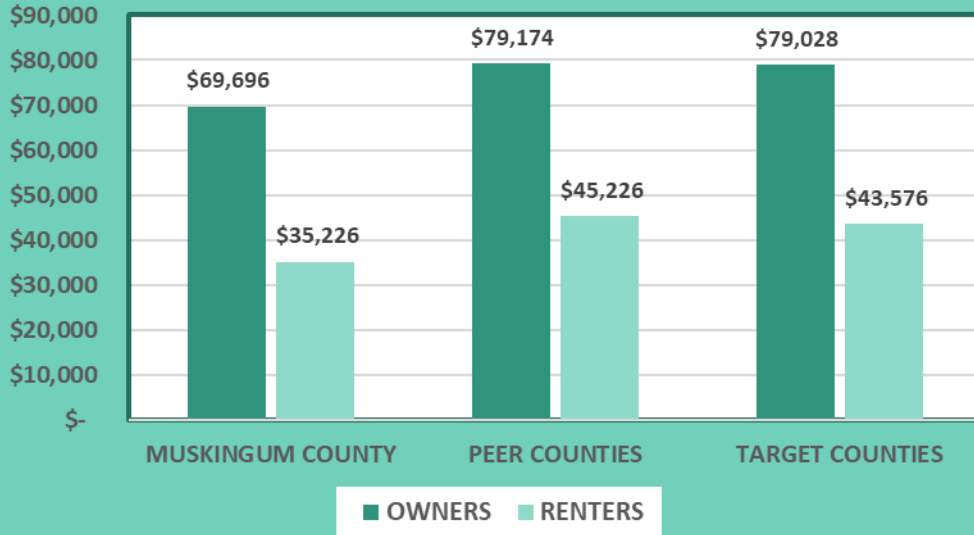
Source: esri, Inc

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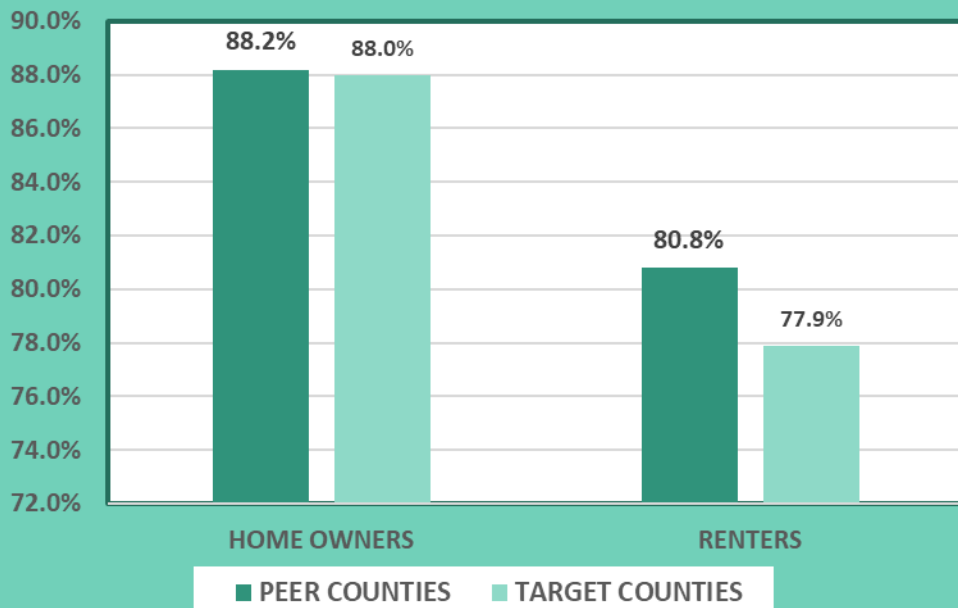
Average income, by age, in Muskingum County nearly equals, or exceeds incomes in the Target Counties. They are somewhat lower than the Peer Counties.

The following tables compare the average incomes of owners and renters for Muskingum, Peer, and Target Counties.

**AVERAGE INCOME OF OWNERS AND RENTERS
MUSKINGUM COUNTY -
PEER COUNTIES - TARGET COUNTIES**

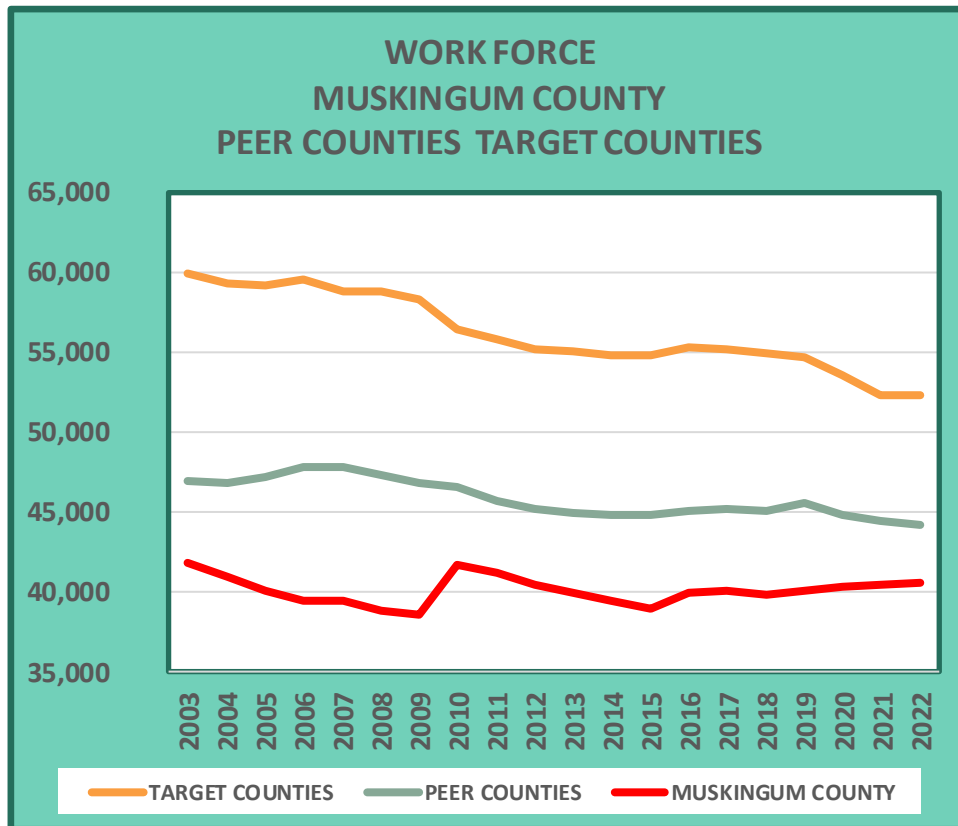


MUSKINGUM COUNTY AVERAGE INCOME OF OWNERS AND RENTERS AS A PERCENT OF PEER AND TARGET COUNTIES



As would be expected the average income of renters is somewhat lower than that of home owners. However, among home owners Muskingum County is 88.2% and 88.0% of Peer and Target Counties, respectively. Among renters it is much lower, 80.8% and 77.9% respectively. This is a reflection of the lack of upscale rentals in the market. Simply stated, more affluent renters have fled the market.

WORKFORCE AND EMPLOYMENT – While the workforce in the Target and Peer Counties have demonstrated a generally steady decline, Muskingum County, while having some volatility, has remained level over the long term. A closer look shows Muskingum County having a significant drop (-16.1% in the workforce between 2003 and 2015, however, it is the only county with an increase since 2015).



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LABOR FORCE TRENDS TARGET, PEER, AND MUSKINGUM COUNTIES 2003 - 2015 - 2022			
YEAR	TARGET COUNTIES	PEER COUNTIES	MUSKINGUM COUNTY
Labor Force			
2003	52,557	44,485	38,279
2015	49,783	43,101	32,130
Percent Change	-5.3%	-3.1%	-16.1%
2022	47,768	42,447	34,346
Percent Change	-4.0%	-1.5%	6.9%

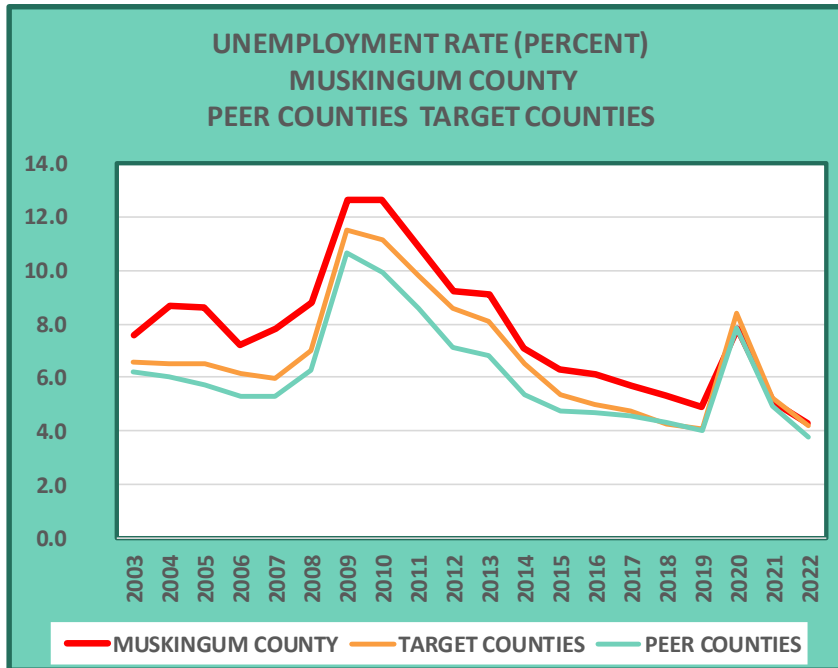
WB13

In Muskingum County between 2003 and 2015, employment declined -9.7%, a greater decline than either the Target or Peer Counties with -5.5% and 0.4% respectively. Between 2015 and 2022, however, Muskingum County has seen an increase, although a modest 0.4% while both the Target and Peer Counties remained in a decline.

EMPLOYMENT TRENDS TARGET, PEER, AND MUSKINGUM COUNTIES 2003 - 2015 - 2022			
YEAR	TARGET COUNTIES	PEER COUNTIES	MUSKINGUM COUNTY
Employment			
2003	68,772	55,519	50,093
2015	65,033	55,279	45,234
Percent Change	-5.4%	-0.4%	-9.7%
2022	63,146	54,523	45,406
Percent Change	-2.9%	-1.4%	0.4%

WB14

The unemployment rate in Muskingum County was somewhat higher in Muskingum County through 2019 but has been about equal to the Target and Peer Counties since that time.



WB8

MUSKINGUM COUNTY, PEER COUNTIES AND TARGET COUNTIES EMPLOYMENT DISTRIBUTION			
CRITERIA	TARGET COUNTIES	PEER COUNTIES	MUSKINGUM COUNTY
Total Employment	57,909	51,381	43,315
SIC Distribution			
Agricultural & Mining	0.9%	0.8%	1.9%
Construction	3.6%	2.9%	3.5%
Manufacturing	12.2%	15.9%	5.8%
Transportation	2.8%	3.7%	2.1%
Communication	1.0%	0.8%	0.5%
Utility	0.4%	0.4%	0.4%
Wholesale Trade	5.5%	4.3%	7.3%
Retail Trade	21.0%	21.9%	20.4%
Finance, Insurance, & Real Estate	4.4%	3.8%	3.4%
Services	42.3%	39.7%	48.8%
Government	5.5%	5.6%	5.7%
Unclassified	0.4%	0.3%	0.2%
Total	100.0%	100.0%	100.0%
Value Added Industries	25.0%	27.5%	20.6%
Recycled Value Industries	75.0%	72.5%	79.4%

Source: esri Business Summary - WB21

WB8

Muskingum County has a much lower ratio of manufacturing employment, 5.8% compared with 12.2% and 15.9% in the Target and Peer Counties, respectively. Muskingum County is higher in the services category reflecting the large health care component.

In aggregating the distribution of employment into two categories, Muskingum County has a lower reliance on value-added industries such as manufacturing. Non-values added employment, such as retail trade and services is higher than the Target and Peer Counties.

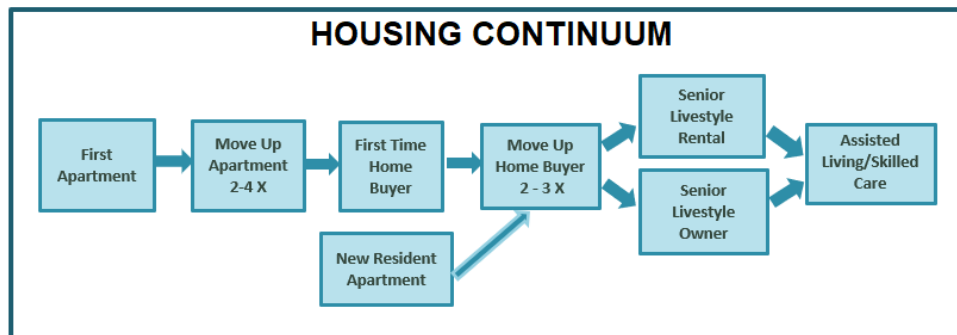
IV. DEVELOPMENT STRATEGIES

A. INTRODUCTION

Zanesville and Muskingum County, after more than 50 years of population decline and economic stagnation, is on the cusp of economic opportunity. Recent success in some housing sectors and employment growth have placed the city in a position to recover prior, unmet, housing needs. Recommendations for the following developments are based on current market conditions and support. Support based on expected employment growth is included in the Housing Demand Model, a sample can be found in Section V. The working document is provided in a separate Excel document. Recommendations will, first, identify the overall demand followed by prototype development recommendations. These prototype recommendations are merely guidelines, developers usually have their own plans and development criteria matching their specific product specialties. Recommendations are not site-specific although general location alternatives will be discussed. Prototype recommendations are generally sized to a 12 to 18-month absorption period.

B. HOUSING CONTINUUM

Understanding the Housing Continuum is a key factor in analyzing housing demand. Households typically move in predictable patterns as their economic and/or family situations change. Typically, young households start in entry-level multifamily/rental and move up as their economic circumstances improve and/or their family circumstances change (marriage, children, etc.). To illustrate how households typically flow through housing over the course of a lifetime, we developed the following Housing Continuum chart.



Basic to the Housing Continuum is that each level of housing needs to be represented to provide a support base for the next level. For example, entry-level multifamily/rental is needed to provide support for mid-range and upscale multifamily/rental. Likewise, the entry-level single-family market needs higher-priced rentals to provide support. Renters paying higher rents are more likely to move up to a house with a modest step-up in their housing budget than entry-level renters. Likewise, higher-end home purchases are usually influenced by equity built up from a previous home.

Lack of supply from a support component may create significant issues for housing development. For example, absorption for a mid-level rental development may be extended if there is an insufficient supply of entry-level rental households in the market area ready to take the economic step up to higher-priced housing. Such a development would depend on people moving into the area from outside the market area to fill the units, thus extending the absorption period.

Zanesville and Muskingum County is at a critical juncture, having had little new housing added to the market over the past 25 years, there are significant gaps in the housing continuum. With the likelihood new jobs on the immediate horizon there is the opportunity to attract new residents to the area, thereby bypassing the internal gaps in the Housing Continuum.

This report, by identifying voids in the market, will assist in developing a strategy to strengthen the Housing Continuum. as an economic development tool. We have learned that a family will leave a market if they cannot find employment but they will also leave if there is no housing that will meet their needs. Further, families may opt to commute a longer distance, initially, but then seek employment closer to home. They are also not as likely to move closer to employment once they have become invested in their current community via schools, shopping, spouse employment, etc.

Additional factors may include:

- There may be multiple steps at each level. A household may move from an entry-level multifamily property to a slightly better entry-level multifamily property one or more times before moving into a mid-range property.
- A household may “stall out” at any level and never advance any further up the continuum for a variety of reasons, including lack of economic resources to improve their housing, lack of education or experience to support upward mobility, or lack of area options to upgrade their housing.
- Only about two-thirds of all households ever make it into some form of homeownership. Many households choose to remain “renters by choice,” despite having the economic wherewithal to purchase a home. These households are primarily found in upscale multifamily developments. To retain these households in the market there must be upscale rental alternatives available. Further, new employees (often upper income) entering the market are, first, renters then potentially homeowners.

- Movement does occur counter to the continuum, as households experience downward mobility from decreased economic status (job loss, high medical bills, foreclosure, divorce, etc.) or make lifestyle decisions (such as choosing to downsize in retirement). Providing “empty nester” housing for citizens approaching, or in, retirement also opens the existing single-family homes for younger households and families.

Voids in the housing continuum are especially critical to the growth in housing and employment in Zanesville

Voids in the Zanesville housing market include all categories of entry-level and move-up rental and single-family homes.

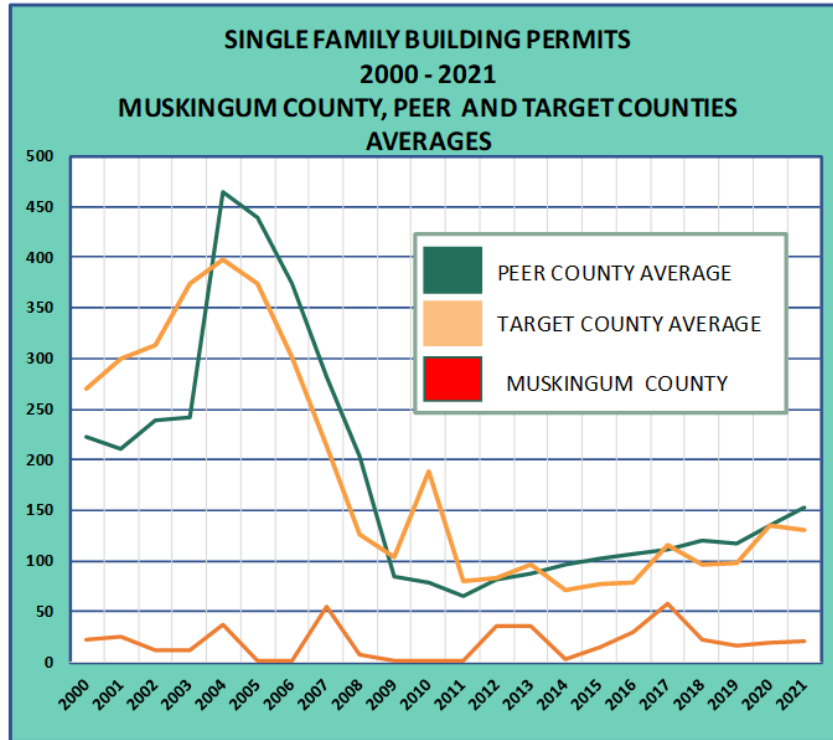
There is very little upscale rental housing in Zanesville, which is vitally important to supporting single-family growth. Further, move-up apartments are critical in attracting new employees to growing companies or businesses new to the market.

C. SINGLE-FAMILY

1. PEER CITY COMPARISONS

SINGLE-FAMILY HOUSING STARTS - Single-family building permits in Muskingum County have significantly underperformed when compared to the Target and Peer Counties. Peer Counties have generally tracked Target Counties in the number of single-family starts. In the years preceding the 2008 meltdown Peer Counties actually outperformed the larger Target Counties. Single-family starts have only slightly recovered from 2008. Between 2002 and 2021, Peer and Target Counties were about equal. Between 2012 and 2021, Peer Counties outperformed Target Counties with 1,114 versus 985 respectively. Muskingum County had only 257 single-family starts during that period.

Starts in Muskingum County were seldom over 50 starts per year, even prior to 2008.



WB11

There are several subdivisions in Zanesville with scattered lots available however none are actively marketed There is one actively marketed subdivision in Zanesville, Stonehenge North, a 31-lot subdivision offered by Schlabach. There are approximately 16 lots available. most around 1.0 acres. There are additional larger lots on the periphery that are not part of the Schlabach initiative. The subdivision was originally active in the early 2000s with a few homes constructed. It is being marketed through a local Realtor. The project was only recently “reenergized” by Schlabach Builders. Most homes are in the \$300,000 to \$450,000. Lots are being offered at \$30,000 to \$47,000. Stonehenge North is located east of, and is a continuation of, an existing subdivision, Stonehenge, originally developed in the early 1990s. Access to Stonehenge North is via Newark Road and through the original Stonehenge. It is about 8.5 miles northwest of Downtown Zanesville.

Scattered lot Single-family development, along with veneer lots (single lots divided from agricultural land along, usually rural, roads), is also prevalent in Muskingum County.

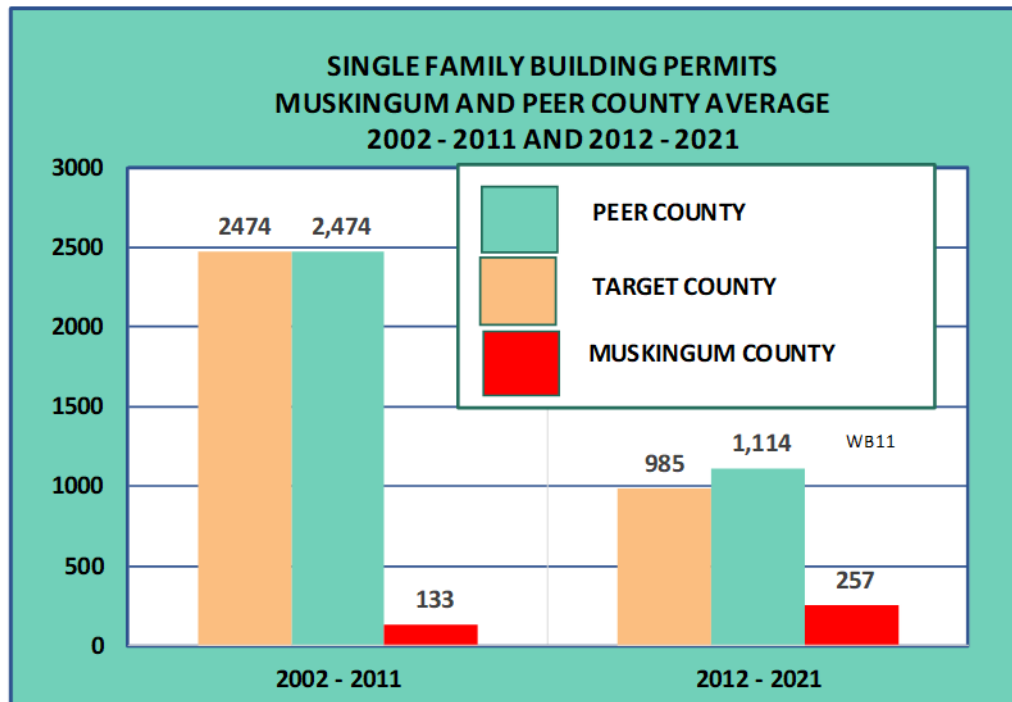
Interviews with area builders and Realtors indicate that there are few choices for new construction other than scattered single-family lots. Acquisition of existing homes for rehab is increasingly active, although, many of these homes are being made available as rentals.

The following table shows the percent of new single-family construction since 2000 as a percent of the total owner-occupied housing for Muskingum County and the Peer County average.

PERCENT SINGLE-FAMILY HOMES CONSTRUCTED SINCE 2000 MUSKINGUM, PEER COUNTY AVERAGE		
OWNER OCCUPIED HOUSING	MUSKINGUM COUNTY	PEER COUNTY AVERAGE
Total Owner-Occupied Housing Units	25,426	27,725
Single-Family Building Permits 2000-2021	437	4,022
Percent of Total	1.7%	14.5%
Percent before 2020	98.3%	85.5%

WB34

A total of 98.3% of the owner-occupied housing in Muskingum County were constructed before 2000 compared with 85.5% for the Peer Counties.



WB11

When comparing Muskingum County to the Target and Peer Counties, there is a 20-year deficit of 3,199 new single-family homes. Naturally, a 20-year deficit cannot be entirely recaptured with increased production. Potential buyers typically find other alternatives such as purchasing an existing home and remodeling, moving to a nearby county, or moving and finding employment in another city.

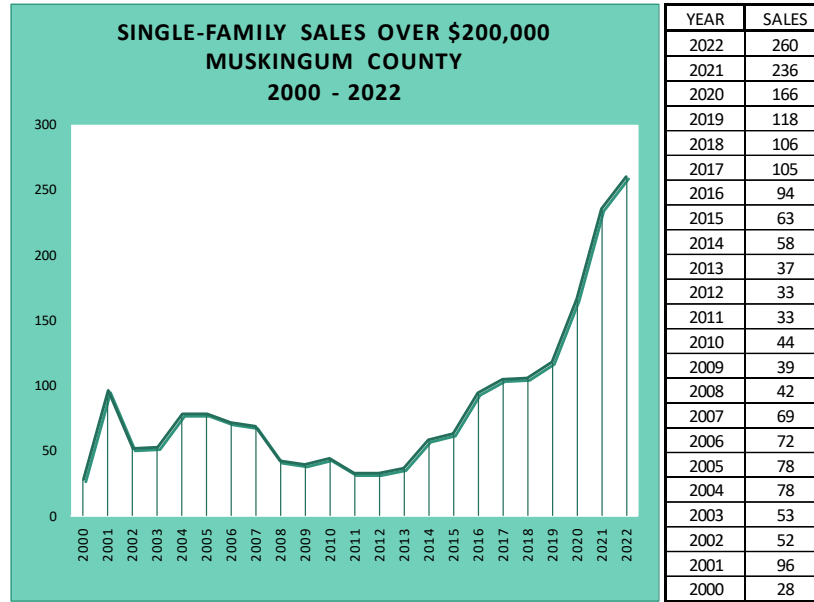
Deficits can be carried forward for up to three years. The three-year deficit in Muskingum County is for 351 single-family homes. Ongoing demand is 115 to 125 homes annually. It should be noted that the deficit and ongoing demand reflect the existing market without considering the impact of new employers or employment growth within Muskingum County.

Additional issues associated with a lack of single-family development include:

- Further, with limited supply, the demand for single-family homes may outpace availability, driving up prices and creating a competitive market as typified by increased single-family resale prices. It should be noted, however, that locally there is the perception that existing single-family home prices are relatively high, they are however, in comparison with other markets, very affordable.
- Limited construction of single-family homes can exacerbate affordability issues, making it harder for potential homebuyers to enter the market and achieve homeownership.
- Rental Market Pressures: As prospective homebuyers face affordability challenges, they may turn to the rental market, increasing demand and potentially driving up rental prices. The issue in Muskingum County is also a lack of multifamily development. With no single-family OR multifamily development, households moving through the Housing Continuum must either compromise their housing expectations or simply move to another market.
- While limited construction of single-family homes can hinder the ability of individuals and families to become homeowners, resulting in lower homeownership rates, this has not impacted Muskingum County. Muskingum County has a nearly equal home-ownership rate as the Target and Peer Counties. This reflects the concurrent lack of construction of multifamily units. Homeownership has declined slightly due to the conversion of single-family homes from home ownership to rental housing and the addition of subsidized rental units.
- A lack of new construction may lead to an aging housing stock, potentially requiring more maintenance and renovations to keep up with modern standards. This especially impacts the senior market, with no move-up choices and a fixed income.
- Low construction rates of single-family homes can have a negative impact on the construction industry, leading to reduced job opportunities and economic activity in related sectors. The construction industry plays a significant role in local economies, contributing to job creation, tax revenue, and economic growth. A decline in construction rates can have broader economic implications. With a decline in residential construction, the local base of skilled employees also diminishes.
- Homeownership is often associated with wealth creation. With limited opportunities for homeownership, individuals may miss out on the potential long-term financial benefits of owning a home.

2. SINGLE-FAMILY REALES

The following charts show the existing single-family sales, by year, for Muskingum County.



Source: Muskingum County Auditor

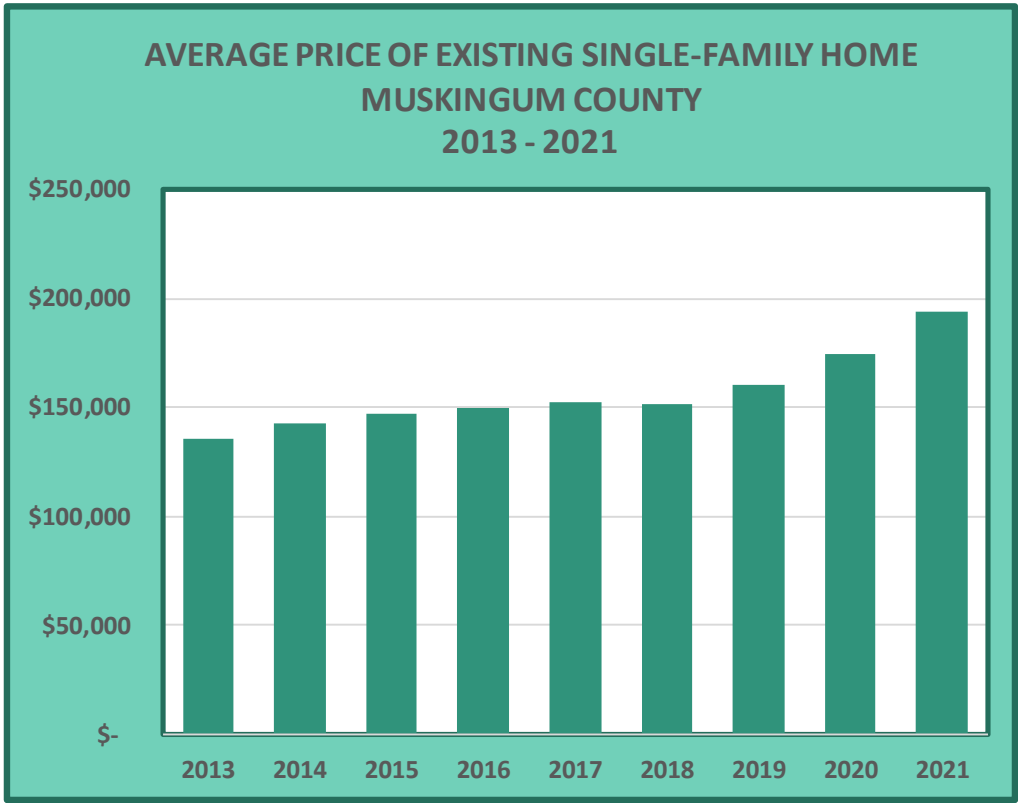
WB33

In Muskingum County the number of sales of existing single-family homes priced over \$200,000 increased from only 28 in 2000 to 260 in 2022. Significant increases over the long-term trend began in 2015 with 63 sales increasing to 260 in 2022, a 313% increase (45% per year). This is especially noteworthy in that 98.3% of the owner-occupied-housing stock was constructed before 2000 (compared with 85.5% in the Peer Counties).

PERCENT SINGLE-FAMILY HOMES CONSTRUCTED SINCE 2000 MUSKINGUM, PEER COUNTY AVERAGE		
OWNER OCCUPIED HOUSING	MUSKINGUM COUNTY	PEER COUNTY AVERAGE
Total Owner-Occupied Housing Units	25,426	27,725
Single-Family Building Permits 2000-2021	437	4,022
Percent of Total	1.7%	14.5%
Percent before 2020	98.3%	85.5%

WB34

The average price of a single-family home transaction (based on the Guernsey-Muskingum Valley Association of Realtors transactions) increased from \$135,221 in 2013 to \$194,356 in 2021. This is a 43.7% increase or 5.5% per year.



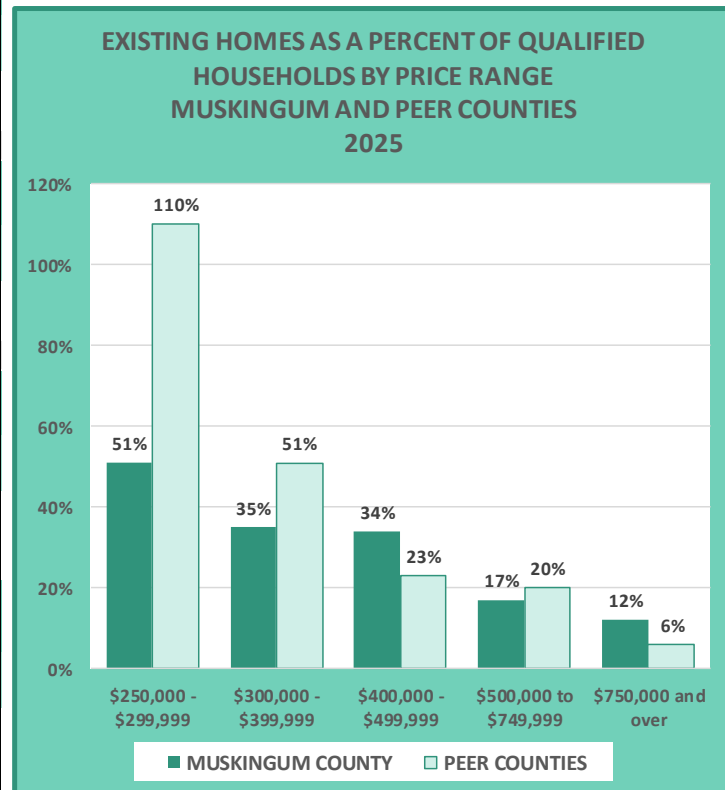
YEAR	AVERAGE
2013	\$ 135,221
2014	\$ 142,313
2015	\$ 147,229
2016	\$ 149,937
2017	\$ 152,316
2018	\$ 151,646
2019	\$ 160,739
2020	\$ 174,909
2021	\$ 194,356

Source: Guernsey-Muskingum Valley Association of Realtors

WB33

The following table and graph compare the number of homes by value versus the number of households in the supporting income cohort.

PENETRATION RATE OF HOMES \$250,000 TO \$299,999 MUSKINGUM AND PEER COUNTIES		
	Muskingum County	Peer Counties
Households with Incomes Supporting Home Value	3311	3614
Existing Homes \$250,000 - \$299,999	1,696	3985
Penetration Rate	51%	110%
PENETRATION RATE OF HOMES \$300,000 TO \$399,999 MUSKINGUM AND PEER COUNTIES		
	Muskingum County	Peer Counties
Households with Incomes Supporting Home Value	5724	6060
Existing Homes \$300,000 - \$399,999	2020	3088
Penetration Rate	35%	51%
PENETRATION RATE OF HOMES \$400,000 TO \$499,999 MUSKINGUM AND PEER COUNTIES		
	Muskingum County	Peer Counties
Households with Incomes Supporting Home Value	2623	3259
Existing Homes \$400,000 - \$499,999	624	756
Penetration Rate	24%	23%
PENETRATION RATE OF HOMES \$500,000 TO \$749,999 MUSKINGUM AND PEER COUNTIES		
	Muskingum County	Peer Counties
Households with Incomes Supporting Home Value	3798	4455
Existing Homes \$500,000 - \$749,999	659	901
Penetration Rate	17%	20%
PENETRATION RATE OF HOMES \$750,000 AND OVER MUSKINGUM AND PEER COUNTIES		
	Muskingum County	Peer Counties
Households with Incomes Supporting Home Value	2170	3054
Existing Homes \$750,000+	250	189
Penetration Rate	12%	6%



WB52

In Muskingum County, there are 3,311 households with incomes supporting home values of \$250,000 to \$299,999. Existing homes in that home value represent 51% of the total households. This compares with 110% in the Peer Counties. The \$250,000 to \$299,999 range represents housing constructed in the early 2000s, a period of little, or no, new construction in Muskingum County. There is a similar differential in the \$300,000 to \$399,999 range, 35% in Muskingum County versus 51% in the Peer Counties generally reflecting new housing development since 2010.

In today's construction cost environment, it is difficult to deliver single-family housing products under \$300,000, however, this is where most deficits occur in Muskingum County.

Applying Peer City's single-family penetration rate to Zanesville would yield a total deficit of 1,946 single-family homes in the \$250,000 to \$299,999 and 899 homes in the \$300,000 to \$399,999 range.

HOUSING DEFICIT BY HOME VALUE MUSKINGUM AND PEER COUNTIES 2025			
Home Price Range	Existing Single-Family Homes	Supportable Single-Family Homes Bases on Peer County Penetration Rate	Deficit
\$250,000-\$299,999	1,696	3,642	-1,946
\$300,000-\$399,999	2,020	2,919	-899
\$400,000-\$499,999	624	603	21
\$500,000-\$749,999	659	760	-101
\$750,000 and Over	250	130	120

WB32

The deficits reflect the lack of single-family construction over the past 20 or more years and it would be unreasonable to expect the market to correct over a short period of time. Further, at today's construction costs, homes of the past cannot be duplicated today at an equal price

It is especially important to note that the deficit of 1,946 homes in the \$250,000 to \$299,999 range will provide an important step in the housing continuum, however, at today's construction costs that price point will be difficult, if not impossible, to deliver without incentives to buyers and developers.

SINGLE-FAMILY DEMAND ANALYSIS

All of the demographic and economic characteristics of an EMA combine to provide an indication of the relative level of support for the development of additional for-sale residential concepts. By comparing the population characteristics with profiles previously established for other communities, we establish an appropriate level of support for development.

In projecting future demand, consideration must be given to the fact that the past performance of a market may not be a true indication of future demand. In many instances, demand can be limited by supply, as is the case in Zanesville, which offers few single-family development alternatives.

This approach to establishing the market for single-family housing is based on an analysis of the demographic and economic characteristics and the application of optimal capture factors as experienced in well-balanced single-family markets. By deducting existing competitive products and evaluating the proposed product, the depth of the market is established.

a. Qualifying Incomes

For the purpose of this analysis, we assume a down payment of 20% yielding an 80% mortgage. While many lenders may offer lower down payments, an 80% mortgage can be achieved without PMI.

In today's construction market, it is difficult to deliver a new Single-family product for under \$300,000. However, because it is the objective of Zanesville and Muskingum County to provide incentive programs to builders, developers, and/or buyers a demand calculation for products between \$250,000 and \$300,000 has also been included. It should be the goal to effectively “buy down” the entry-level cost of housing.

Income/mortgage/purchase price requirements are as follows:

INCOME	MORTGAGE	AMOUNT FINANCED	HOME PRICE RANGE
\$62,504 - \$75,004	\$200,000 - \$239,999	80%	\$250,000 - \$299,999
\$75,005 - \$87,505	\$240,000 - \$279,999	80%	\$300,000 - \$349,999
\$87,506 - \$100,005	\$280,999 - \$319,999	80%	\$350,000 - \$399,999
\$100,006 - \$125,007	\$230,000 - \$399,999	80%	\$400,000 - \$499,999
\$125,008 - \$187,510	\$400,000 - \$599,999	80%	\$500,000 to \$749,999
\$187,511 and over	\$600,000 and over	80%	\$750,000 and over

Following are the projected income distributions of total households in Muskingum County:

HOUSEHOLD INCOME RANGE	HOME PRICE RANGE	2025 TOTAL HOUSEHOLDS	DISTRIBUTION
\$62,504 - \$75,004	\$250,000 - \$299,999	3,311	18.8%
\$75,005 - \$87,505	\$300,000 - \$349,999	3,069	17.4%
\$87,506 - \$100,005	\$350,000 - \$399,999	2,655	15.1%
\$100,006 - \$125,007	\$400,000 - \$499,999	2,623	14.9%
\$125,008 - \$187,510	\$500,000 to \$749,999	3,798	21.5%
\$187,511 and over	\$750,000 and over	2,170	12.3%
Total		17,626	100.0%

*WB52

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

b. Single-Family Penetration Analysis

Based on the application of established capture factors for similar markets, the resulting annual demand for single-family homes can be estimated.

HOME PRICE RANGE	2025 QUALIFIED HOUSEHOLDS	INTERNAL DEMAND	ESTIMATED ANNUAL
\$250,000 - \$299,999	3,311	0.01	33
\$300,000 - \$349,999	3,069	0.009	28
\$350,000 - \$399,999	2,655	0.008	21
\$400,000 - \$499,999	2,623	0.006	16
\$500,000 to \$749,999	3,798	0.006	23
\$750,000 and over	2,170	0.008	17
TOTAL	17,626	0.047	138

WB52

When considering all price ranges, the total maximum annual support base is estimated to be approximately 138 homes, without considering the demand from outside the market area. We estimate that as much as 20% of the support for any new single-family development at the site will come from outside Muskingum County. (Without considering the demand generated from new employment opportunities.)

HOME PRICE RANGE	ESTIMATED ANNUAL DEMAND FROM MUSKINGUM COUNTY	EXTERNAL DEMAND	ESTIMATED TOTAL DEMAND
\$250,000 - \$299,999	33	7	40
\$300,000 - \$349,999	28	6	33
\$350,000 - \$399,999	21	4	25
\$400,000 - \$499,999	16	3	19
\$500,000 to \$749,999	23	5	27
\$750,000 and over	17	3	21
TOTAL	138	28	165

WB52

When considering the demand from both inside and outside of Muskingum County, the total support is estimated to be approximately 165 new single-family homes per year. This external demand is based on existing market conditions which include baseline regional mobility and ongoing job transfers. It does not include the impact of major new employers coming into the market. That impact is defined in Section V, "Housing Demand Model". It can be noted, however, that new employers do not typically have a significant impact on the new Single-family market with only about 13% of employees opting for a single-family home as their first residence. The ancillary impact, however, can be very significant.

- Having new employers in a community adds to the perception of economic security and stability that can accelerate home buying from within the community.
- An expanding economy and the resulting increase in all of housing adds to the urgency to become homeowners.
- 26% of new jobs are expected to be filled from within the existing Muskingum County labor force. It is likely many of these will result in an improved quality of living and impact homeownership potential.
- New hires and job transfers for a new employer typically impact the single-family market within 3 to 5 years. After that period their home ownership characteristics mirror the overall community.

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 being limited by supply.

In most markets that achieve sales close to demand, there is a wide range of product types represented at all price points, i.e., a full range of price, concept, and location alternatives. Maximum sales are, generally, only achieved in over-built markets. In under-served markets, individual projects often exceed expectations due to the lack of competition.

This estimated annual support is based ONLY on Muskingum County as existing today by providing a product that has not been available in the past. It does not consider demand generated from new employers in the pipeline of employers expected over the coming several years.

In summary, there is a three-year pent-up demand for 351 single-family homes and an ongoing demand for 125 homes annually.

3. SINGLE-FAMILY DEVELOPMENT RECOMMENDATIONS

New Single-family developments, in the form of conventional subdivisions, are recommended. The most marketable development concept would include the following:

- New development should be large enough to support a landscaped entry feature, common areas, and common area landscaping. Smaller properties without these features will have significantly lower absorption rates.
- Developments should encompass the broadest range of prices in order to maximize absorption. Subdivisions with the highest absorption rates also had a significantly broader range of price points. A subdivision with common area features, some boulevard streets,

landscaped areas, and pocket parks, creates lots that can generate special premiums and assist in spreading the price points.

- Curbs, gutters, street lights, and sidewalks are expected in modern subdivisions. Cul-de-sacs are a popular feature.
- While smaller lots are becoming more prevalent, they are more a function of higher land and development costs than buyer preference. A base lot size of 60' is recommended. Cul-de-sacs and curved streets provide lots with unique frontage and backyard configurations.
- Model homes must be a part of the development. An aggressive marketing program would be critical.

PROTOTYPE ENTRY-LEVEL DEVELOPMENT

- Home prices would range from \$250,000 to \$400,000.
- The \$250,000 to \$299,999 price range cannot be delivered without special incentives for the buyer and developer.
- A minimum of 90 lots. This is a size that would support special landscaping features and a significantly sized monument entry.
- 60' X 140' lots, although smaller lots may be necessary to respond to lower price points.
- Absorption, once lots are available, would expect to be 20 to 24 lots annually.

PROTOTYPE MOVE-UP DEVELOPMENT

- Home prices in the \$400,000 and over price range.
- A minimum of 40 lots would be sufficient to establish the development as an identifiable, branded, neighborhood.
- 80' TO 100' lots are recommended. (80' is the minimum size for a home with a side-loaded garage.
- The development should have special features such as rolling and/or wooded home sites.
- An absorption rate of 5 to 7 units annually can be expected.

SINGLE-FAMILY RENTAL COMMUNITY

- Recommend and single-family rental community of up to 16 homes.
- Two- and three-bedroom units ranging from 1,100 to 1,400 square feet and contain a one-car garage.
- Rents would range from \$2,400 to \$2,900 per month.
- Lot sizes of 60'.
- The property would be part of a mixed-use development with the benefits of overall community marketing, project amenities, and project entry.
- A single-family rental component would enable a builder to “jump start” a development.

SINGLE-FAMILY DEVELOPMENT STRATEGIES

1. NEW DEVELOPMENT STRATEGIES

Muskingum County has had very little single-family development over the past 20 years leaving a major gap in the existing housing base. Muskingum County has a shortfall of over 850 single-family homes of \$300,000 or higher just to respond to the unmet demand over the past 20 years. Further, the expectation of new employers coming to Muskingum County will further increase the need for housing.

In order to meet the immediate needs of new employers, housing initiatives must focus on large-scale development. While neighborhood development and infill housing are worthy objectives, they do not respond with the immediacy required to meet current needs.

If Muskingum County cannot meet the housing demand generated by existing employers or from new employers already committed to the area, it will significantly impact the potential to attract new employers in the future.

The following strategies and concepts are intended to be discussion points and not specific recommendations. Although it is clear that the typical “wait and hope” strategy will not be sufficient. The discussion should lead to a marketing strategy that will accelerate home building.

- Zanesville lacks a builder/developer community with the interest, ability, and/or confidence to adequately respond to the potential for Single-family development in Zanesville as typified by the lack of development when compared to peer cities.

Convene a meeting of existing builders/developers (along with local realtors) to present the market research and development commitment (and incentives) of the city. This would provide local builders with a “first in” opportunity before seeking outside builders/developers. It should be clear, however, that Zanesville will reach out to regional and national builders if local builders are not willing to commit to a building program.

- Be prepared to reach out to regional and national developers. It is not uncommon for home builders in larger markets, tiring of the often long and contentious entitlement process and local competition, to seek opportunities in nearby markets. Marketing Zanesville to builders already in the region would be an alternative strategy should local builders not respond. With the anticipated impact of Intel suppliers, housing demand should only increase.
- Be certain the local banking/mortgage community is committed to a successful home-building initiative by the city.

- Provide a smooth path through the entitlement process. Everyone in the entitlement process should be expected to buy into the program. It is not uncommon for the positive intentions of leadership to fail at the implementation and inspection level.
- Provide “shovel-ready” sites that are rezoned. This could be extended to provide a development plan with all streets and infrastructure designed with engineering in place.
- Zanesville, through an economic development entity, could be the developer and provide builder-ready lots. There can be considerable markup between raw land and developed lots. This markup could be used to “buy down” the cost of housing, a direct benefit to the buyer.
- Provide streets and infrastructure that would be repaid as lots are sold. Alternatively, low-interest development loans could be provided.
- Street and infrastructure reimbursement.
- Provide low-interest loans for model homes. Could be interest only and repaid when the home is sold (usually at the completion of the development). Builders often seek separate financing for model homes.
- It will be important with all builder/developer financial incentives to be certain that savings manifest themselves as savings to the consumer as opposed to additional profit to the builder/developer. (Although, some additional profit incentive may be required to entice new development.
- Rather than providing financial incentives to the seller (or rehab specialist), provide a cash incentive directly to the buyer. This could help with a down payment or defray move-in expenses.

A cash-to-buyer program could be repaid if the property is resold within a defined time limit. For example, a 5% cash rebate on a \$300,000 home would be \$15,000 to be repaid out of resale proceeds at a declining amount over 4 years (25.0% per year). If the buyer remains in the home for 4 years the cash rebate would be zero. This about equals the gain in property tax over the 4-year period. This is basically a tax abatement program for residential buyers but programmed in a way more beneficial (and understandable) to the buyer.

The sales price of the home	\$300,000
Cash incentive to buyer	5%
Total to buyer	\$15,000
Property taxes per year	\$3,985
Property taxes after 4 years	\$15,940

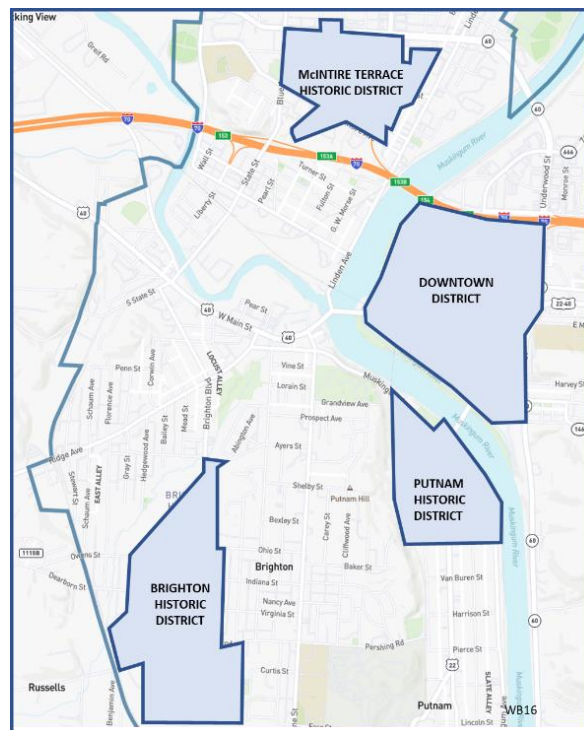
- The city has considerable leverage during the entitlement process to gain concessions on behalf of buyers (or renters) in exchange for density considerations.

- Create the position of “Housing Czar” in Zanesville. The sole responsibility would be the development of market-rate housing and performance would be measured by the number of units sold or rented. The position would recruit and work with, builders and developers, identify development parcels, and lead developers/builders through the entitlement process

2. INFILL RESIDENTIAL DEVELOPMENT STRATEGIES

Muskingum County has 4,321 vacant Single-family homes. Based on the peer city analysis, this is an excess of 1,263 homes that must be strategically addressed. Many, if not most, of these homes, are two-bedroom/one-bath homes that have little, or no, demand in today’s market.

There are four historic neighborhoods in Zanesville (including the downtown area) with neighborhood “groups” already established. There are several additional “definable” neighborhoods that could form an initial effort. The city currently has staff allocated to neighborhood development and some modest funds are available to support neighborhood events. We recommend an aggressive program for creating increased neighborhood involvement. There has been very little promotion of Zanesville’s historic neighborhoods and what does exist promotes the area’s historic homes as a tourist destination or walking tour, as opposed to marketing the area as a place to live.



The following table compares the demographic, economic, and housing characteristics of the four historic neighborhoods.

DOWNTOWN AND HISTORIC DISTRICT DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS				
CHARACTERISTICS	BRIGHTON	McINTIRE TERRACE	PUTNAM	DOWNTOWN
POPULATION				
2010	1018	631	421	657
2020	977	610	381	649
Percent Change	-4.0%	-3.3%	-9.5%	-1.2%
HOUSEHOLDS				
2010	412	304	220	374
2020	404	289	205	347
Percent Change	-1.9%	-4.9%	-6.8%	-7.2%
DEMOGRAPHICS				
Median Age - 2022	35.4	44.1	32.9	38.9
Average Household Size - 2022	2.63	2.03	2.21	2.46
INCOME				
Median Income	\$37,874	\$46,047	\$22,306	\$45,707
Average Income	\$57,921	\$67,212	\$28,774	\$53,986
HOUSING				
Total Housing Units - 2022	400	328	207	349
Occupied	354	288	169	250
Owner Occupied	205	163	55	126
Renter Occupied	149	125	114	124
Home Ownership Rate	57.9%	56.6%	32.5%	50.4%
Vacant	46	39	39	99
Percent Vacant	11.5%	11.9%	18.8%	28.4%
Percent Vacant but Sold or Rented	2.4%	1.9%	2.7%	5.1%
Effective Vacant	9.1%	9.9%	16.1%	23.3%
Total Owner Occupied Housing Units	214	142	55	118
Housing units with a mortgage	150	101	19	58
Housing units without a mortgage	64	41	37	60
Percent without a mortgage	29.9%	28.9%	66.1%	50.8%
Mortgage as a Percent of Income				
Under 35%	122	60	17	45
35% or More	29	41	1	11
Percent 35% or More (Burdened)	19.2%	40.6%	5.6%	19.6%
Median Value of Single Home	\$59,194	\$125,000	\$47,143	\$87,778
Percent Single Family Detached Homes	86.8%	37.6%	65.6%	66.3%
Median Contract Rent	\$586	\$558	\$519	\$530

Source : esri

WB22

The Effective Vacancy rate reflects the Total Vacancy Rate minus units that are vacant but offered for sale or rent as well as, those that are rented or sold but not yet occupied. The remaining units are vacant and offered neither for sale nor rent. The Effective Vacancy rate is highest in the Downtown area, 23.3%, and lowest in the Brighton Historic District.

Many strategies listed below have been previously discussed, however, they may never-the-less be valid.

- Muskingum County lacks a base of remodeling specialists with the interest, technical, and/or financial ability to address the scope of vacant housing in the county. Once the true scope of the issue is identified, and incentives are in place, a meeting of existing remodelers should be convened to present the opportunities. Unlike new single-family subdivisions, remodeling can be accommodated on a much smaller scale and there is the potential for new businesses to be created. Once the level of local interest is identified, new business incentives could be identified. These new businesses could be generated by those already employed in the construction industry or those interested in the remodeling and flip industry.
- Convene a “Construction Worker Job Fair” to present the future of Zanesville, the importance of construction skills, and, potentially, organize current workers to initiate an apprentice or mentoring program.
- In addition to the city-owned property, a list of vacant properties with private owners, should be created.
- Properties should be visited and a determination made regarding the suitability for rehab. This would include:
 - Current condition – some properties may be beyond saving.
 - The level of remodeling required to bring the property to a marketable condition. It would be important to keep remodeling costs at a level sustainable by the market.
 - Existing functionality – be at least three bedrooms.
 - Structurally sound enough for a second story if currently a two-bedroom unit.
 - Sufficient lot size for a room addition.
 - Ownership favorable to sale or remodel.
- Seek available properties that can be combined into a sufficiently sized parcel for infill construction. Most existing lots in typical infill neighborhoods are in the 50’ to 60’ range. This is generally acceptable although 60’ would be best. Infill development should be at least 8 to 10 homes in a definable parcel (as opposed to scattered site development). Some lot combining could be facilitated.
 - New homes of 1,200 to 1,500 square feet would be appropriate.
 - Work with a local architect to estimate construction costs and create prototypical designs.
 - Homes should have three bedrooms and two baths. A single-car garage should be included.
 - Create down payment and financing incentives.

- If possible, an initial project should be in a neighborhood with a high homeownership rate. A first development should be a site with high visibility along a collector street as opposed to being buried deep in a neighborhood. This will aid in marketing, as well as, provide a visual perception of change.
- Neighborhoods should be identified and encouraged to establish neighborhood commissions that would be charged with establishing programs, architectural review, local rules, and regulations. Historically, establishing such commissions results in a pride of ownership and belonging, reduced crime, and increased home values.
- A model neighborhood could be selected to create a more involved neighborhood commission. The model neighborhood would be selected based on:
 - The presence of existing leadership.
 - A high homeownership rate.
 - An area readily identifiable by history or institutional entity (such as a school, museum, etc.)
 - A high probability of having homes meeting remodeling criteria.
 - The potential of having lots capable of being aggregated for infill development.

The city currently has a “grant” program offered to neighborhoods in order to support neighborhood initiatives and events. The neighborhood must apply for funding. This program should be enhanced and used a part of a neighborhood outreach initiative.

- Downtown Zanesville, with a wealth of historic buildings, a solid employment base, an iconic bridge, and establish arts, restaurants, and entertainment, and immediate access to as Interstate highway offers tremendous opportunity for revitalization.

A major factor, however, is the definable size of the area. New developments have a diminished impact when lost in the overall scope of the area. The city promotes a well-deserved “Arts District” but it includes all of the downtown area. Redevelopment should be focused on smaller, definable areas. Examples might be “Court House Square” or “Foot of the Bridge”.

Downtown Zanesville is blessed with an iconic bridge and 51% of the downtown perimeter is riverfront. Nearly 90% of the river frontage is in public space. Yet, over 50% of the privately owned river frontage is used for parking lots with most of the remainder being the backs of buildings. Zanesville has turned its back on its most desirable, and valuable, asset. Existing property owners should be encouraged to redevelop currently functionally obsolete properties into viable residential or mixed-use spaces.

D. RENTAL APARTMENTS

1. PEER CITY COMPARISONS

MULTIFAMILY MARKET – Renter households account for 25.1% of all households in Muskingum County and 29.6% and 25.1% in the Target and Peer Counties, respectively. The average contract rent in Muskingum County was \$813, somewhat higher than in the Peer Counties (\$719) and lower than in the Target Counties (\$830).

Renters with incomes over \$50,000 (supporting rent of \$1,000 per month) account for only 22.7% in Muskingum County and 30.5% and 29.0% in the Target and Peer Counties, respectively. This is reflective of the lack of construction of market-rate multifamily units in Muskingum County. Higher-income renters have left the county. This is important in that it represents a void in the Housing Continuum. It requires higher-income renters to support the entry-level home ownership market.

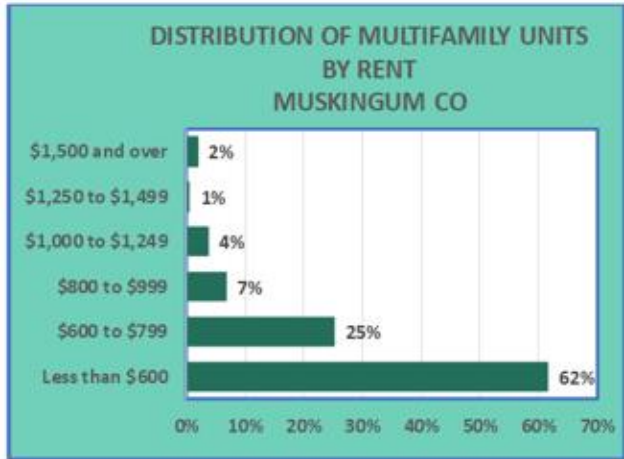
MUSKINGUM COUNTY, PEER CITY AND TARGET CITY INCOME QUALIFIED RENTER HOUSEHOLDS			
CRITERIA	AVERAGE		MUSKINGUM COUNTY
	TARGET COUNTIES	PEER COUNTIES	
ALL RENTERS	16,120	11,270	10,220
Renters with Income \$50,000+	4,913	3,269	2,315
	30.5%	29.0%	22.7%
Supports \$1,000+ rent or \$200,000 home purchase			
Renters with Income \$90,000+	1,719	1,262	613
	10.7%	11.2%	6.0%
Supports \$325,000 home purchase			
RENTERS AGE 62+			
Renters with Income \$50,000+	614	496	400
	3.8%	4.4%	3.9%
Supports \$1,000 rent			

Source: HUD Data Sets

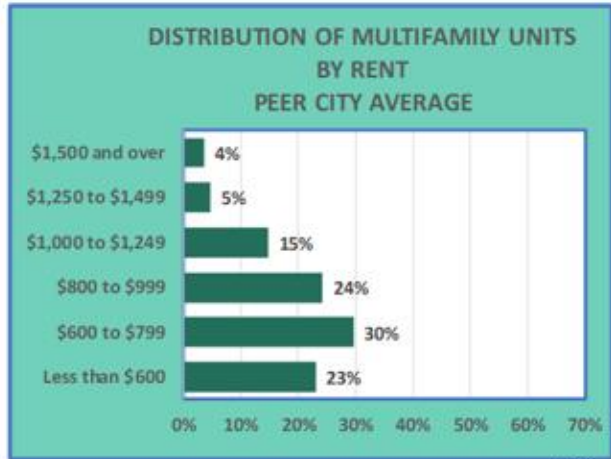
WB21

It is especially significant in that there are 2,315 renters in Muskingum County with incomes capable of supporting \$1,000 rents, there are only 332 existing market-rate apartments with rents over \$1,000.

The following charts compare the distribution of rental units by rent range.



WB29



WB30

The Peer County distribution of all rental units by rent range displays a typical distribution with the majority of units in the mid-ranges and declining at the top and bottom of the range. Such a distribution reflects continued development over the past 20 years, adding products on a regular basis, each at a generally higher rent.

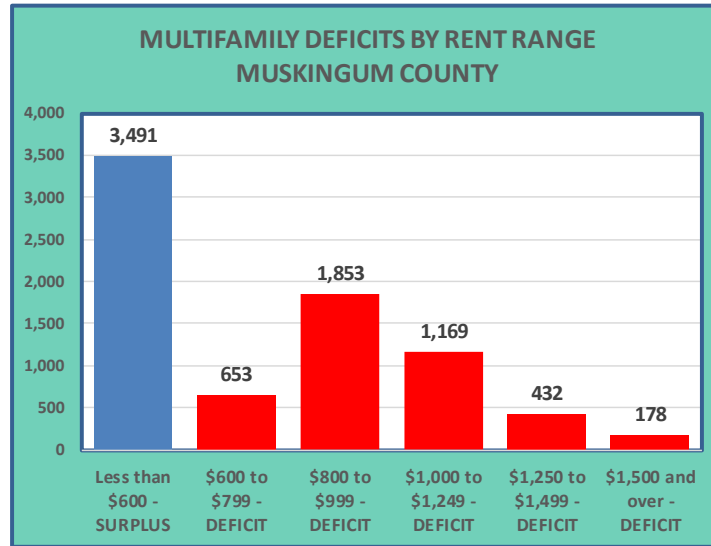
Muskingum County has had very little market-rate apartment development resulting in 62% of all rental units renting at \$600, or less.

Rent increases in among modern market-rate apartments have been excellent. Since 2012 rents have increased at an average rate of 2.4% annually. Placed in perspective, sustained rent increases of 2.0% are seldom achieved.

AVERAGE ANNUAL RENT INCREASE ZANESVILLE, OHIO APARTMENTS 2012 - 2023	
UNIT TYPE	PERCENT INCREASE
Studio	3.0%
One-Bedroom	2.3%
Two-Bedroom	2.5%
Three-Bedroom	2.0%
Overall	2.4%

WB-25

Applying the distribution of units in the Peer Counties to the rental base in Muskingum County would yield a deficit of 3,853 units. However, it is unlikely that new products could be added in the \$600 to \$1,000 rent range without developer incentives. The deficit for rental units in the \$1,000 and over range is 1,779 units.



WB29

The following table identifies the rental housing deficits by rent range and the ability of developers to respond with new products.

EXISTING MARKET RATE APARTMENT DEFICITS BY RENT MUSKINGUM COUNTY - 2023		LEGEND
RENT	DEFICIT	
\$600 to \$799	653	Cannot be achieved without significant assistance
\$800 to \$999	1,853	Can be achieved with modest assistance
\$1,000 to \$1,249	1,169	Can be achieved with no assistance.
\$1,250 to \$1,499	432	
\$1,500 and over	178	
Total	4285	

WB29

Significant Assistance Required	653 Units	15%
Modest Assistance Required	1,853 Units	43%
Market Rate – No Assistance Required	1,779 Units	42%
Total	4,285 Units	100%

About 42% of the deficit can be accommodated with conventional market-rate development while 43% will require modest assistance that can be achieved through creative strategies and incentives. The remaining 15% will require significant assistance.

Considering only renters in Muskingum County, 2,315 (22.7%) have incomes of over \$50,000, enough to support a monthly rent of \$1,000. There are only 332 rental units with rents in excess of \$1,000, 14% of the income-qualified renters.

2. DEMAND MODEL

a) Step-up 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 of the proposed rents. (The Housing Continuum.)

The 100% database field survey methodology allows us to accurately measure potential support from conventional renters. Our studies indicate that, at the proposed rent range, tenants are willing to incur rental increases of up to 25% per month for a rental alternative if 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 proposed at the subject site and with project comparability ratings equal to or lower than the proposed project represent potential step-down support for the subject site.

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 the subject site*. 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 the subject site 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 the subject site will have to attract a higher level of support from outside this group, potentially slowing absorption.

Step-down support represents existing renters who should perceive new development 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 new product 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.

For the basis of the step-up analysis, typical new construction rents have been assumed as follows:

Efficiency	\$650
One-Bedroom	\$875
Two-Bedroom	\$1,095
Three-Bedroom	\$1,395

The step-down base includes all units with higher rents than the potential site, but lower or equivalent comparability ratings within Zanesville. At the assumed rent levels, the step-up/down support base totals 353 units.

DISTRIBUTION OF STEP-UP/DOWN SUPPORT				
	WB25	STEP-UP SUPPORT	STEP-DOWN SUPPORT	TOTAL
Efficiency		9	0	9
One-Bedroom		120	0	120
Two-Bedroom		120	104	224
Three-Bedroom		0	0	0
Total		249	104	353

There are 1,319 market-rate apartments in Zanesville of which 249 that are currently renting within 25% of the most likely rents for new development, a relatively low amount considering the overall deficit in the market. While Zanesville has the income-qualified base to support new construction, existing renters are paying rent that is significantly below their level of affordability. In order to move up to new rental housing, they will be required to step up their rent by more than the typical 25%. While this will ultimately occur, it will have a slowing impact on the absorption rate.

It is significant in that of the 43 market rate properties in Zanesville, the step-up/step-down component is generated from only 3 properties. Rents in the remaining 40 properties fall below the step-up threshold level.

Muskingum County has an excellent base of existing renters with incomes supporting the anticipated rents, There are 2,967 existing renters in Muskingum County with an income supporting the recommended rent levels. There are only 353 existing units.

A significant advantage for new construction is that most rental product in Zanesville has a very low comparability rating. (The Comparability Rating is based on an evaluation of unit and project amenities and the curbside appeal of the project.) On a 36-point scale, the average Comparability Rating for Zanesville apartment properties is 13.6 compared with most new construction properties with a full amenity package of 28.0 to 32.0.

While existing renters in Zanesville will be somewhat slower to respond to new products, the qualify differential will be a strong mitigating factor. Further, new residents moving into Zanesville (due to significant increases in employment) will have a greater-than-average impact on absorption. This geographic support is demonstrated below.

b) Geographic Origin of Tenants

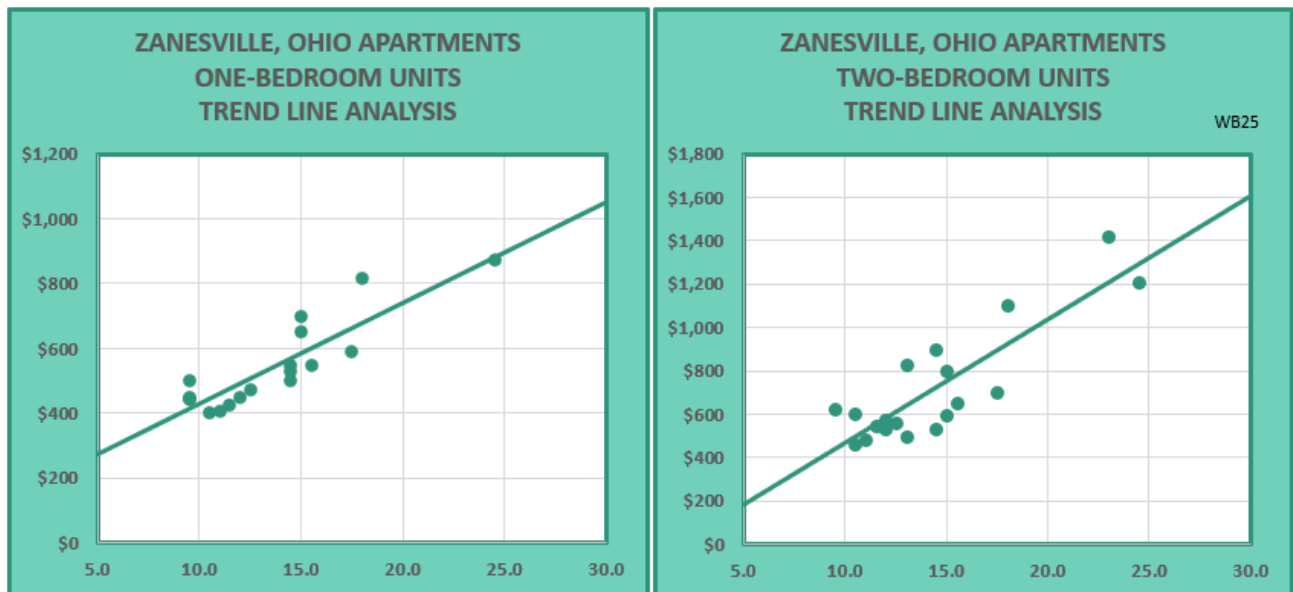
A comparison of typical versus anticipated geographic support for the subject site is as follows:

	TYPICAL SUPPORT	ANTICIPATED SUPPORT
Internal Mobility		
Apartment	50%	35%
Other	20%	20%
External Mobility	30%	45%
Total	100%	100%

Typical geographic support for new apartments is 50% from the existing apartment base, 20% from other renters, and 30% from outside the market. We expect that, in Zanesville, support from the existing apartment base will be only 35% because of the lack of step-up support. Support from other rentals in the market is expected to be about equal to the typical support. External support will also be higher because of the impact of both commuters and new employment entering the market.

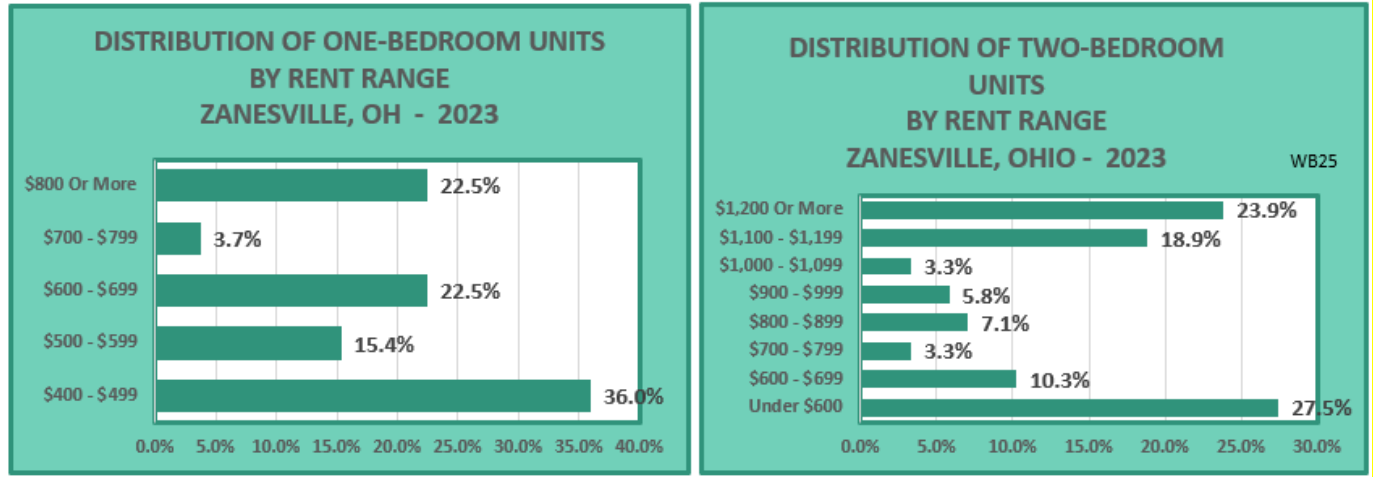
c) Comparable Market Rents

Comparable market rent analysis establishes the rent potential renters would expect to pay for a proposed new unit 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 rating for all market-rate developments. Comparability ratings have been established for all developments in Zanesville based on unit amenities, project amenities, overall aesthetic appeal, and location. The trend line is a function of a scatter plot showing each apartment community created by plotting the comparability rating on the horizontal axis and the rent on the vertical axis. This evaluation provides a comparison of existing market rents to those at a new development. Additional factors also influence a property's ability to actually achieve the comparable market rent, including the number of units proposed and the desired absorption rate.



The graph displays that the vast majority of rental properties, for both one- and two-bedroom units fall very near the bottom of the chart with a significant void in the step-up ranges.

The following chart shows the distribution of units, by rent range, for one- and two-bedroom units. The two-bedroom chart is especially telling. This shows the heavy concentration of units at the top and bottom of the market, the exact opposite of a typical bell curve.



Using a prototypical newly constructed development with a standard mix and amenity package, the development would have an overall Comparability Rating of 30.0.

The following table compares the market rent at opening with the proposed rent at the subject site for one- and two-bedroom units. Rents include water, sewer, and trash removal services.

UNIT TYPE	MARKET RENT AT 30.0 COMPARABILITY RATING
One-Bedroom	\$1,025
Two-Bedroom	\$1,600

Zanesville has demonstrated the ability to support high-end rents with one-bedroom rents approaching the \$900 and over range and two-bedroom rents in the \$1,200 and over range. However, without mid-priced products, the high-end units have skewed the trend line.

Most importantly, however, the existing higher rents will enable new conventional, fully amenitized properties, to be perceived as a value in the market.

The number of units in a new development must be considered relative to the project's ability to achieve a given rent level. Previous research conducted by The 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. New, fully amenitized product is usually in the 180+ unit range, although different developers may have their prototype threshold regarding the minimum property size.

d) Income-Qualified Renters

Leasing industry standards for market-rate apartments typically require households to have net rent-to-income ratios of 25%. At the anticipated new construction rents for the market rate, non-restricted units range from \$875 to \$1,000 per month. With the lowest monthly rent of \$875, the minimum annual housing cost is \$10,500. Applying the 25% rent-to-income ratio requires a minimum annual household income of \$42,000.

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.

The estimated number of renter households in Zanesville that are income qualified for the anticipated rent (\$42,000 and above) is estimated at 2,967 households. There are only 353 units that rent for \$1,000 or more, only 11.9%. This is a very low ratio and reflects the lack of available apartments.

INCOME-QUALIFIED RENT ANALYSIS	
Minimum Anticipated Rent (One-Bedroom)	\$875
Qualifying Income	\$42,000
Qualifying Existing Renter Households	2,967
Total Existing Apartments at \$1,000+ Rent	353
Existing apartments as a percent of Income Qualified Renters.	11.9%

Source: HUD Data Sets (WB9)

- In summary:
 - Zanesville has a deep base of income qualified renters, however, the step-up increment required for existing Zanesville residents is relatively high and will have a detrimental impact on the absorption rate.
 - New residents to Zanesville, most likely coming from better-developed apartment markets, will perceive new Zanesville apartments as a value and will mitigate the more conservative local response.
 - The success of the three most recently built properties has established higher rents and newly constructed conventional product will be perceived as a value.

3. PROTOTYPE DEVELOPMENTS

Following are four prototypical apartment projects representing projects that could be supported in Zanesville. They are sized and with recommended rents that would yield a 12 to 18-month absorption period (depending on the construction schedule and release date). They are intended to be general guidelines. Naturally, a prospective developer would most likely have their own product line with a different rent and mix of units. Forty of the units are designated as “affordable” workforce units with somewhat lower rents.

The prototypical projects are scaled and priced to be representative of properties currently being developed in other markets.

Summary of prototype developments.

Conventional 2/3 Story	160 units
Family Townhouse	68 units
Senior Ranch units	126 units
Luxury	<u>40 units</u>
Total	394 unit

PROTOTYPICAL DEVELOPMENT (2/3 STORY) ZANESVILLE, OHIO				
UNIT TYPE	NUMBER	SQUARE FEET	MONTHLY RENT*	RENT PER SQUARE FOOT*
Studio/1.0 Bath	4	425	\$650	\$1.53
One-Bedroom/1.0 Bath	36	725	\$875	\$1.21
One-Bedroom/1.0 Bath	16	800	\$950	\$1.19
Two-Bedroom/ 2.0 Bath	48	975	\$1,095	\$1.12
Two-Bedroom/2.0 Bath	24	1,100	\$1,225	\$1.11
Three-Bedroom/2.0 Bath	8	1,250	\$1,395	\$1.12
AFFORDABLE				
One-Bedroom/1.0 Bath	8	725	\$750	\$1.03
Two-Bedroom/2.0 Bath	12	975	\$950	\$0.97
Three-Bedroom/2.0 Bath	4	1,150	\$1,100	\$0.96
Total	160			
*2025				

Rent includes water, sewer service, and trash removal. Tenants will pay all other utilities.

Threshold Income (one-bedroom unit) – market rate units \$42,000

Threshold income (one-bedroom unit) – affordable units \$36,000

Unit amenities will include the following:

- Range
- (Frost-free) Refrigerator (with icemaker)
- Microwave oven
- Dishwasher
- Disposal
- Central air conditioning
- Nine-foot ceilings
- Washer/dryer
- Washer/dryer hookups
- Carpet
- Window coverings
- Balcony/patio
- Ceiling fan

Project amenities will include the following:

- Swimming pool
- Community building
- Fitness center
- Playground
- Business center
- Pet friendly
- Package delivery center
- Picnic area/fire pit
- Car wash area
- On-site management

**PROTOTYPICAL FAMILY TOWNHOUSE DEVELOPMENT
ZANESVILLE, OHIO**

UNIT TYPE	NUMBER	SQUARE FEET	MONTHLY RENT*	RENT PER SQUARE FOOT*
Two-Bedroom/ 2.5 Bath Townhouse	24	1,200	\$1,450	\$1.21
Two-Bedroom/ 2.5 Bath Townhouse	16	1,300	\$1,600	\$1.23
Three-Bedroom/ 2.5 Bath Townhouse	12	1,400	\$1,750	\$1.25
AFFORDABLE				
Two-Bedroom/ 2.5 Bath Townhouse	10	1,050	\$1,050	\$1.00
Three-Bedroom/ 2.5 Bath Townhouse	6	1,200	\$1,350	\$1.13
Total	68			
*2025				

Rent includes water, sewer service, and trash removal. Tenants will pay all other utilities. All units will have an attached one-car garage.

Threshold Income – market rate units \$69,600
 Threshold income – affordable units \$50,400

Unit amenities will include the following:

- Range
- (Frost-free) Refrigerator (with icemaker)
- Microwave oven
- Dishwasher
- Disposal
- Central air conditioning
- Washer/dryer
- Washer/dryer hookups
- Carpet
- Window coverings
- Balcony/patio
- Ceiling fan
- Nine-foot ceilings

Project amenities will include the following:

- Expanded playground
- Child care referral
- Pet friendly
- Car wash area
- Picnic area/fire pit
- On-site management

**PROTOTYPE SENIOR RANCH DEVELOPMENT
ZANESVILLE, OHIO**

UNIT DESCRIPTION	NUMBER	SQUARE FEET	RENTS AT OPENING*	RENT PER SQUARE FOOT
One-Bedroom/1.0 Bath/ 1-Car Attached Garage	42	675	\$975	\$1.44
Two-Bedroom/1.0 Bath/ 1-Car Attached Garage	42	880	\$1,150	\$1.31
Two-Bedroom/2.0 Bath/ 2-Car Attached Garage	42	925	\$1,300	\$1.41
Total	126			
* 2025				

Rent includes water, sewer service, and trash removal.

These are single-story ranch-style units with attached garages.

Threshold Income – market rate units \$46,800

Unit amenities will include the following:

- | | |
|--|--|
| <ul style="list-style-type: none"> • Range • (Frost-free) Refrigerator (with icemaker) • Microwave oven • Dishwasher • Disposal • Central air conditioning • Washer/dryer • Washer/dryer hookups | <ul style="list-style-type: none"> • Carpet • Window coverings • Balcony/patio • Ceiling fan • On-site management |
|--|--|

Project amenities will include the following:

- | | |
|---|--|
| <ul style="list-style-type: none"> • Community building • Social programming • Fitness center • Business center • Pet friendly | <ul style="list-style-type: none"> • Package delivery center • Picnic area/fire pit • Car wash area • On-site management |
|---|--|

The on-site manager will also function as the program manager.

PROTOTYPICAL LUXURY DEVELOPMENT ZANESVILLE, OHIO				
UNIT DESCRIPTION	NUMBER	SQUARE FEET	MONTHLY RENT*	RENT PER SQUARE FOOT*
One-Bedroom/ 1.0 Bath Garden One Car Garage	8	850	\$1,150	\$1.35
Two-Bedroom/ 2.5 Bath Garden One Car Garage	12	1,200	\$1,500	\$1.25
Two-Bedroom/ 2.5 Bath Townhouse Two Car Garage	12	1,300	\$1,700	\$1.31
Three-Bedroom/ 2.5 Bath Townhouse Two Car Garage	8	1,450	\$2,000	\$1.38
Total	40			
*2025				

Rent includes water, sewer service, and trash removal. Tenants will pay all other utilities. All units will have an attached one or two-car garages.

Threshold Income – market rate units \$52,200

Unit amenities will include the following:

- Range
- (Frost-free) Refrigerator (with icemaker)
- Microwave oven
- Dishwasher
- Disposal
- Central air conditioning
- Washer/dryer
- Washer/dryer hookups
- Carpet
- Window coverings
- Balcony/patio
- Ceiling fan
- Nine-foot ceilings

Project amenities will include the following:

- Picnic area/fire pit
- Pet friendly

Requires a special site such as a riverfront, golf course, etc.

APARTMENT DEVELOPMENT STRATEGIES

Several strategies could be employed to achieve rents requiring a modest amount of assistance.

- Provide “shovel-ready” sites. A long, and often contentious entitlement process is listed as the single most significant problem by developers.
- Every effort should be made to accelerate the development of properties in the pipeline.
- A portion of future development could include a specified number of “workforce” units with rents in the target range.
- Direct assistance to the developer in the form of a favorable land price, reduced entitlement and impact fees, and leased land for a defined period to name a few. It is imperative that any financial assistance to the developer be manifested as savings to the renter as opposed to increasing the profit margin of the developer.
- In today’s employment environment employers often offer a “sign-on” bonus. Employers may also pay for moving expenses. The city could work with employers to repackage these incentives as a “housing bonus”.
- The city, as a potential developer (or development facilitator) can ensure that integrated-use developments include a rental housing component. Integrated use developments can include all forms of rental housing including townhomes (family), convention two- and three-story walk-ups, and ranch apartments (senior). Should the city choose to become the developer, development profits could “buy down” land costs and directly impact rents.
- Battle Creek, Michigan, as an incentive for downtown rental housing, waived the city income tax for a period of time.
- Explore the use of infrastructure reimbursement programs applied to rental housing.

E. CONDOMINIUMS

1. THE MARKET

Nationally, the condominium market was significantly impacted by the economic downturn of the mid-2000s then again by Covid in the early 2020s. Absorption decreased to a fraction of previous levels leading up to 2006 and 2007. Nationally, condominium concepts have changed significantly over the past several years. Today the most active product types in most markets are:

- Urban properties, both adaptive reuse and new construction
- Special and unique sites such as waterfront, golf course, etc.
- Large-scale integrated use developments
- Senior ranch product
- Single-family detached

It is noteworthy that in the redevelopment of communities, condominiums seldom lead the redevelopment process. Condominium development usually follows a robust Single-family and apartment market.

Compared to the Peer and Target Counties, sales of condominiums in Muskingum County have been excellent. There are 346 condominium units compared with 318 in the Peer Counties and 382 in Target Counties. Based on a population ratio (condominiums per 1,000 population) Muskingum County condominium development is about one-third higher than the Peer and Target Counties. Four condominium developments make up the vast majority of units, all single-story ranch-style. (There are also several smaller developments.)

COMDOMINIUM SALES - LARGE DEVELOPMENTS AVERAGE SALE PRICE AND SALES PERIOD MUSKINGUM COUNTY			
PROPERTIES	UNITS	YEARS	ORIGINAL AVERAGE PRICE
Colony Hill	59	2002 - 2006	\$105,100
Kensington	24	2008 - 2011	\$143,490
Eagle Crest	34	2002 - 2018	\$278,500
Wellington Place	33	2011 - 2018	\$205,785

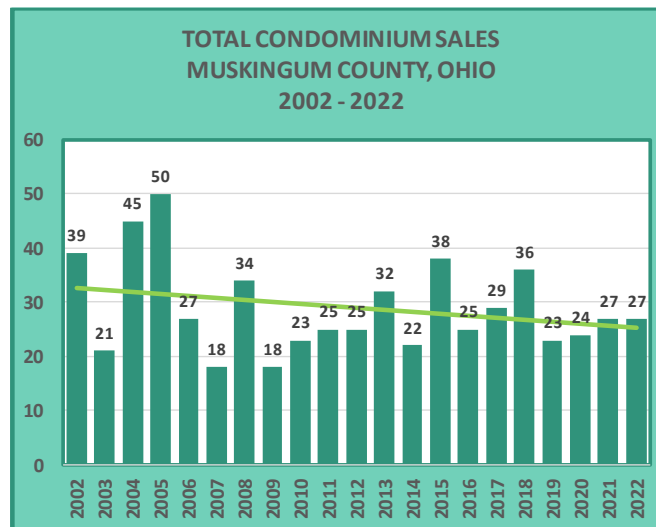
WB26

The following table displays the condominium sales penetration for Muskingum, Peer, and Target Counties.

TOTAL CONDOMINIUMS MUSKINGUM COUNTY PEER AND TARGET COUNTIES		
MARKET	TOTAL	PER 1,000 POPULATION
Muskingum County	346	4
Peer County Average	318	3.1
Target County Average	382	3.2

WB26

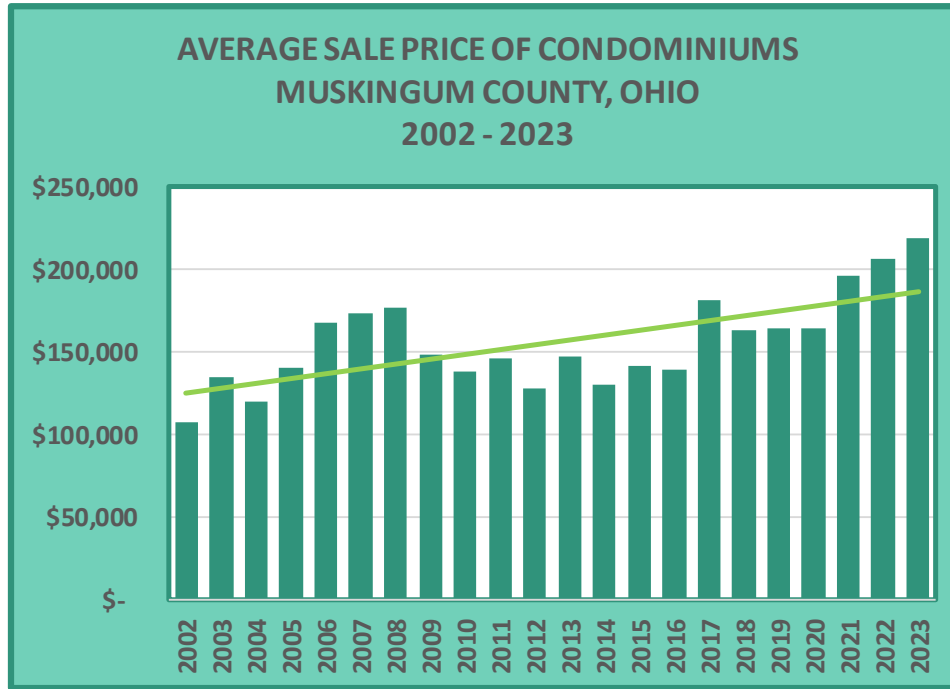
Condominium sales in Muskingum County, (new and resale) have ranged from 18 to 50 units per year. While there has been a downward trend in sales, the higher sales prior to 2007 were primarily new construction. There has been limited new construction through 2022, sales and have been confined to only the resale of existing units. Currently, there is one new property being built, a 36-unit development on Jamestown Road (off North Pointe Dr.). This development, of mostly duplexes, will market in the \$350,000 and over range. Units are 1,583 square feet for a two-bedroom/den, two-bath unit with a two-car garage.



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In Muskingum County, condominium sales declined after 2005 as the inventories of new products diminished. Sales increased in 2008 with new products again being on the market, then declined in 2009 as a result of the economic turndown in real estate. Sales have generally increased since 2009.

The following charts display the increase in the average sale price of condominiums in Muskingum County since 2002.



WB26

The average resale price of a condominium has increased steadily since 2010, with an overall increase of 1.3% annually. The rate of increase declined between 2010 and 2014 and recovered somewhat between 2015 and 2019. Since 2019 the average annual rate of increase has been very high, 3.5% (in spite of the Covid influence). (Prior to 2010 there were too few resales to provide meaningful data.)

AVERAGE ANNUAL RATE OF APPRECIATION MUSKINGUM COUNTY CONDOMINIUMS	
MOST RECENT SALE YEAR	AVERAGE ANNUAL RATE OF APPRECIATION
2020-2023	3.5%
2015-2019	1.4%
2010-2014	-1.0%
Overall	1.3%

WB26

F. Qualifying Incomes

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

2. CONDOMINIUM DEMAND ANALYSIS

All of the demographic and economic characteristics of a market combine to provide an indication of the relative level of support for condominium development. By comparing market area characteristics with profiles previously established for other communities, we establish an appropriate level of support for sustainable condominium development. In projecting future demand, consideration must be given to the fact that past performance of a market may not be a true indication of future demand. In many instances, demand can be limited by supply as is certainly the case in Zanesville.

In establishing the following capture factors, a blend of markets yields a true representation of demand (as opposed to using a single, small market that may not have all product types and price points available). Our approach to establishing the market for condominium housing is based on an analysis of the demographic and economic characteristics of the market and the application of optimal capture factors.

G. Qualifying Incomes

For the purpose of this analysis, we assume a down payment of 20% yielding an 80% mortgage. While many lenders may offer lower down payments, an 80% mortgage can be achieved without PMI.

In today's construction market, it is difficult to deliver a new condominium product for under \$300,000. However, because it is the objective of Zanesville and Muskingum County to provide incentive programs to builders, developers and/or buyers a demand calculation for products between \$250,000 and \$300,000 has also been included. It should be the goal to effectively "buy down" the entry-level cost of housing.

Income/mortgage/purchase price requirements are as follows:

INCOME	MORTGAGE	AMOUNT FINANCED	HOME PRICE RANGE
\$50,004 - \$62,504	\$160,000 - \$199,999	80%	\$200,000 - \$249,999
\$62,505 - \$75,005	\$200,000 - \$239,999	80%	\$250,000 - \$299,999
\$75,006 - \$87,505	\$240,000 - \$279,999	80%	\$300,000 - \$349,999
\$87,506 - \$100,007	\$280,999 - \$319,999	80%	\$350,000 - \$399,999
\$100,006 - \$125,007	\$230,000 - \$399,999	80%	\$400,000 - \$499,999
\$125,008 and over	\$400,000 and over	80%	\$500,000 and over

Following is the projected income distributions of total households in Muskingum County:

HOUSEHOLD INCOME RANGE	HOME PRICE RANGE	2025 TOTAL HOUSEHOLDS	DISTRIBUTION
\$62,504 - \$75,004	\$250,000 - \$299,999	3,311	18.8%

\$75,005 - \$87,505	\$300,000 - \$349,999	3,069	17.4%
\$87,506 - \$100,005	\$350,000 - \$399,999	2,655	15.1%
\$100,006 - \$125,007	\$400,000 - \$499,999	2,623	14.9%
\$125,008 and over	\$500,000 and over	5,968	33.8%
Total		17,626	100.0%

*WB7 & 8

Based on the levels of affordability of new products, 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.

H. Condominium Penetration Analysis

Based on the application of established capture factors for similar markets, the resulting annual demand for condominium homes in Zanesville can be established. We have applied established capture rates in established markets to establish the potential demand for condominium homes in Zanesville.

HOME PRICE RANGE	QUALIFIED 2025 HOUSEHOLDS	INTERNAL DEMAND CAPTURE FACTOR	MUSKINGUM COUNTY DEMAND	TOTAL DEMAND INCLUDING EXTERNAL SUPPORT (20%)
\$250,000 - \$299,999	3,311	0.004	13	16
\$300,000 - \$349,999	3,069	0.002	6	7
\$350,000 - \$399,999	2,655	0.002	5	6
\$400,000 - \$499,999	2,623	0.002	5	6
\$500,000 and Over	5,968	0.004	24	29
Total	17,626	0.003	54	65

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Muskingum County has the potential to support up to 54 condominium units annually. Adding external support brings the total to 65 units annually.

It should also be noted that it is difficult to achieve the full demand potential unless a full range of product alternatives are available in the market including price, location, and concept (ranch, townhouse, urban, etc.).

CONDOMINIUM DEVELOPMENT STRATEGIES

With the success of existing condominiums in the market, Zanesville is well-positioned as a condominium market. In the relatively near term, condominiums can be considered, especially for:

- Unique urban sites
- Waterfront sites
- Special views
- As part of an integrated use development
- Affordable ranch development

It is important to consider that the absorption potential will be relatively low when compared to major market development. Historically in Zanesville project absorption has been 6 to 8 units annually although has been as high as 12 units annually. Absorption as some properties has been a function of the construction schedule rather than demand.

Condominiums do have the advantage of the ability to develop spec units at pace with absorption as opposed to a full build-out in a short period of time.

Sites being suitable for condominiums identified within proposed developments and marketed specifically for condominium development. Having a shovel-ready site will greatly enhance the potential to attract a regional builder.

The same buyer assistance programs for single-family and rehab properties would apply to condominium buyers.

V. HOUSING DEMAND MODEL

The Housing Demand Model is designed to provide an initial overview of the potential housing demand created by new employers entering Muskingum County. It is based on the impact of an average employer in a market of similar size and proximity to a major market. (Muskingum County is a “stand-alone”, independent, market not directly influenced by an adjoining major metropolitan market.)

The Housing Demand Model allocates new employment by the following criteria:

- To be hired locally (Muskingum County)
- Commuters, (new hires or transfers commuting from outside Muskingum County)
- New resident to Muskingum County (new hires or transfers)
 - Workforce renters
 - Upscale renters
 - Entry-level home buyers
 - Move-up home buyers
 - Upscale home buyers.

The model reflects an average impact and can vary depending on the specific employment criteria of each employer. For example, demand created by a supplier to a chip manufacturer (such as Intel) would be different from the employment generated by a distribution center.

A more detailed housing impact analysis can be developed for each potential employer using the Implan Economic Impact Analysis. Which evaluates the impact on all economic sectors of a specific industry.

The following model uses a prototype new employer creating 500 new jobs. By entering the number of jobs into the green cell the average impact would self-populate. In this prototype example, there would be 470 households impacted, 26% hired from within Muskingum County, 27% within commuting distance (and, thus, not impacting housing in Muskingum County), and 49% potentially requiring local housing.

In this model, 43% of households created by new employment would be considering apartments (if they were available) and 6% would be potential home buyers in the first year.

It should be noted that the impact on the single-family market occurs in years 2 through 5, as renters become acclimated to the area and become homeowners.

A working Housing Demand Model is provided in a separate document.

**HOUSING DEMAND MODEL
NEW EMPLOYMENT ADDED TO MUSKINGUM COUNTY, OHIO**

Insert total new jobs in Cell D9 (Green) - All other cells will self populate

NEW EMPLOYER IMPACT (2023+)					
Total New Jobs	500				
Total Households (1)	470				
Hired from within Muskingum County	122				
Hired from within commuting distance	125				
New residents	230	230	230	230	230
NEW HOUSING UNITS REQUIRED	YEAR 1	YEAR 2*	YEAR 3*	YEAR 4*	YEAR 5*
Rental Apartments					
Work Force	127				
Upscale	73				
Owned Homes					
Entry Level	9	20	29	37	45
Move-up	18	24	30	35	39
Up Scale	3	5	8	9	11
(1) Estimated 6% of employees will have 2 persons from the same household					
*Years 2 through 5 reflect new employees moving into other housing types					

WB20

VI. ISSUES AND ACTIONS

The following Issues and Actions are examples from other cities and are listed as a menu of possible strategies that, depending on each situation may, or may not, be practical or feasible in Zanesville or Muskingum County. They may, however, be a starting point for further discussion or adaptation.

ISSUE: NIMBYism

NIMBYism has been the bane of development since the 1950s and ranks within the top few most detrimental issues in the opinion of developers. The entitlement process can often require years to resolve and at a cost that is ultimately passed through to the owner or renter, thereby further inhibiting home ownership and step-up support.

- Zanesville is at a critical juncture in the economic development process. The lack of housing will definitely impact future growth potential. Zoning officials and City officials must make zoning decisions based on the best outcome for the entire city.
- Making prezoned sites available removes a major barrier to development and elevates a site in the view of a potential developer or builder

ADDITIONAL DEVELOPMENT STRATEGIES

Transformational Mixed Use Development Tax Credit (TMUD) Ohio

The Transformational Mixed-Use Development Program provides a tax credit against Development costs incurred during the construction of a project that qualifies as a catalyst for future development in its area.

A Development includes new construction and/or improvement of vacant buildings that will have a major economic impact on the site and the surrounding area. This Development must be a combination of retail, office, residential, recreation, structured parking, and other similar uses into one mixed-use Development.

Eligible applications will be divided based on the location of the Development, resulting in two funding groups: “major city” and “general”. A Major City Project is located either within a major city, as defined in program guidelines, or within a ten-mile radius of the corporate boundary of the city. Developments that do not meet these location criteria will be considered General Projects. Historically, “general” projects have had a higher qualification rate.

Massachusetts Workforce Housing Initiative

MassHousing has invested more than \$100 million in its Workforce Housing fund, which supports the creation of rental housing that is affordable for households whose incomes are too high for subsidized housing but are priced out by market rents.

Workforce Housing Program Highlights

- Supports housing with rents affordable to individuals and families with incomes of generally between 60% and 120% of Area Median Income (AMI)
- Provides up to \$100,000 of subsidy per workforce housing unit
- Leverages strategic opportunities to use state-owned land
- Complements, does not replace traditional MassHousing development financing
- Ensures workforce housing units are deed restricted as affordable

Workforce Housing Eligible Projects

- Preference for new units; existing projects where unrestricted units become restricted or preservation of affordability is at risk will be considered
- 20% of units must be affordable for households earning at or below 80% of AMI

Land Banking

Land banking for workforce housing development refers to the process of reserving or setting aside land in a growing area for the future development of the workforce and affordable housing as the community develops.

Community Land Trust (CLT)

A community land trust (CLT) is a private nonprofit community organization that safeguards land in order to provide affordable housing opportunities. CLTs buy and hold land permanently, preventing market factors from causing prices to rise. CLTs build and sell affordably priced homes to families with limited incomes—the CLT keeps the price of homes affordable by separating the price of the house from the cost of the land. When a family decides to sell a CLT home, the home is resold at an affordable price to another homebuyer with a limited income

(Source: www.cltnetwork.org).

Shared Equity

Shared equity represents a unique approach to affordable homeownership. Under this approach, a state or local government provides funding to help a family purchase a home. In return for this investment, the government entity shares in the benefits of any home price appreciation that may occur. The public's share of the home's appreciation may be used in two ways: it can either be returned to the government in the form of a cash payment that can be used to help another family, or it can stay with the home, reducing the cost of that home for the next family

(Source: www.nhc.org/index/sharedequity).

Illinois Affordable Housing Tax Credits (Donations Tax Credits)

The Illinois Affordable Housing Tax Credit (IAHTC), also known as the Donations Tax Credit, provides a \$0.50 state income tax credit for each \$1 contributed to a qualified affordable housing project. Donations, which may be cash, securities, or real or personal property, must total at least \$10,000 and may be aggregated. Project sponsors must be non-profit organizations with a mission to construct or rehabilitate affordable housing.

Funds must be used for projects that meet the definition of affordable housing. Qualified projects must include units that benefit families who earn up to 60 percent of the area median income.

Eligible projects include:

- Affordable rental and homeownership developments
- **Employer-assisted housing projects**
- Homeownership counseling programs in Chicago

Neighborhood Stabilization Program (NSP)

The Neighborhood Stabilization Program (NSP), has been developed as part of the federal and state government responses to the current foreclosure crisis that provide funds to government agencies and nonprofits to enable these organizations to purchase, rehabilitate, and resell abandoned and foreclosed properties. Through 2010, the federal government allocated \$7 billion to states and cities for neighborhood stabilization. Further funding for the NSP programs is uncertain at this time.

Good Neighbor Next Door

Law enforcement officers, teachers (pre-Kindergarten through 12th grade) firefighters and emergency medical technicians can contribute to community revitalization while becoming homeowners through HUD's Good Neighbor Next Door Sales Program. HUD offers a substantial incentive in the form of a discount of 50% from the list price of the home. In return, an eligible buyer must commit to live in the property for 36 months as his/her principal residence.

How the Program Works

Eligible Single-family homes located in revitalization areas are listed exclusively for sale through the Good Neighbor Next Door Sales program. Properties are available for purchase through the program for seven days.

Workforce Housing Program Palm Beach County, Florida

The Workforce Housing Program (WHP), established in the County's Comprehensive Plan, is intended to increase housing opportunities for persons employed in Palm Beach County jobs that help keep the community viable. The WHP applies to all developments with a residential component of 10 or more units in defined areas where required by a project's conditions of approval.

The WHP has a mandatory component, requiring a percentage of units to be provided as workforce units, and an optional component that allows for a density bonus in exchange for a portion of the additional units being restricted as workforce units. Restricted units must be rented or sold only to income-qualified households, at designated prices, and remain restricted for an affordability period of 30 years for rentals, and 15 years for for-sale units, recurring if resold during the 15-year period.

The program offers several options and incentives. Depending on the options selected, the units generally target households having 60% to 140% of the area's median income.

Workforce Housing Program New Castle County, Delaware

The Workforce Housing Program is an initiative designed to provide an opportunity for middle-income households to purchase or rent affordable new construction housing units in New Castle County. This initiative does not use federal, state, or county funding to accomplish the goal of affordable housing for county residents. The program targets households at 75% to 120% of median income.

Certain developments participate in the Workforce Housing Program. There are specific lots within those developments that are specifically for income-qualified buyers. Only income-qualified buyers can purchase a Workforce Housing home.

There are deed restrictions and a buyer's agreement that impose restrictions on the home in order to ensure continued affordability during the affordability term. Those restrictions and agreements include but are not limited to:

- Restrict the use of the home to owner occupancy during the affordability period
- Authorizing annual monitoring for compliance
- Limit future sale prices of the home during the affordability period to income-eligible, qualified buyers

Because you agree to these restrictions, the builder offers additional incentives for participating in the program. These incentives are only for income-qualified households. They vary from builder to builder and from person to person. Examples could be settlement assistance, a discounted sales price, or upgrades. Contact builder directly for Workforce Housing incentives available.

Housing Counseling is a requirement and must be completed prior to settlement.

Teachers Home Purchase Program California

California Housing Finance Agency's Extra Credit Teacher Home Purchase program helps K-12 teachers who are first-time homebuyers with a down payment assistance loan of between \$7,500 and \$12,000.

Housing Preservation Program

Placer County, California

The Workforce Housing Preservation Program is a homebuyer assistance program designed to secure existing housing inventory for the local workforce. The program pays homebuyers up to 16% of the purchase price towards a down payment (based on available funding) in exchange for a deed restricting their home so that it can only be occupied by local workers. The funding can help homebuyers with down payments or complete renovations. The financial assistance does not need to be paid back.

Homebuyer and occupant eligibility:

- Gross annual household income doesn't exceed the Tahoe Basin Regional Planning Agency Achievable Income limit of 245% of the area median income for Placer County for single-family (one unit/parcel) dwellings or 220% for multifamily (more than one unit/parcel) dwellings at the time of purchase or rental
- Must have at least one household member who is currently employed 30 or more hours per week at an employment site within the Tahoe Truckee Unified School District geographical boundary that is less than or equal to 20 driving miles from the property (a 20% variance may be granted by the Program Administrator)
- Must not have owned a home in the last 12 months and must not have participated in this program for the last three year
- Homebuyers must have a minimum of 4% of the sale price available as a down payment.
- The program will contribute 16% of the purchase price, or up to \$150,000, to the homebuyer to use as a down payment in exchange for the deed restriction.

Home eligibility:

- The house must be in eastern Placer County.
- Property may be rented on a short-term basis for no more than 30 days each calendar year
- Property may be rented to a qualified occupant who meets local employment and income criteria

Future Home Sales:

- If the house is sold in the future, it must be sold to a household that has at least one household member who meets the local worker and income criteria, which may impact the future sales price
- Homeowner may rent the house to a household that has at least one household member who meets the local worker and income criteria.

Down Payment Assistance Program

Cleveland, Ohio

The Cuyahoga County Down Payment Assistance Program run through Neighborhood Housing Services of Greater Cleveland provides down payment assistance up to 17 percent of the total transaction cost, which is calculated as the purchase price plus 5 percent of the purchase price for closing costs.

The maximum amount of assistance is approximately \$23,000. The assistance is in the form of a deferred loan, partially forgiven after 10 years. Borrowers must be first-time homebuyers with low or moderate incomes and purchase a home in particular cities and counties, among other program requirements.

Employer-Assisted Housing Initiative Rochester, New York

The Employer Assisted Housing Initiative Program provides an incentive for private employers to encourage their employees to purchase homes in the City of Rochester. Employers provide a minimum \$1,000 benefit to employees who are purchasing a home in the City of Rochester. The City of Rochester will match the employer benefit dollar-for-dollar up to \$3,000.

The grant can be applied toward a down payment and closing costs. The grant is also compatible with other grant programs.

Eligible employees must meet the employer's qualifications, not currently own a home in the City of Rochester, live in the property for at least five years, contribute \$1,500 of their own funds, qualify for a conventional mortgage, and attend pre-purchase home-buyer training if a first-time home buyer.

Residential Development Assistance Danville, Virginia

The City of Danville, Virginia provides infrastructure assistance for single-family residential development in the form of reimbursement, to the developer, for all public streets and related infrastructure. Considering is currently being given to how best to extend the program to multifamily (apartment and condominium) projects. Recipients of the program must demonstrate how the program will impact the ultimate home price.