

Delaware Together

Residential Market Analysis



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Prepared for Planning NEXT
and the City of Delaware

INTRODUCTION

A Residential Market Analysis was conducted for the city of Delaware as an input to Delaware Together comprehensive plan. The market analysis helps inform future land use planning, especially within several key sub-areas of the city. But the analysis also informs economic development efforts, where housing is a key issue impacting on the city's overall competitiveness for recruiting business. Existing housing conditions and overall market trends were analyzed as input to a Baseline Report produced earlier. The market analysis in this report forecasted the housing potentials in the city and defined specific products and sub-area development concepts.

Section 1 of this report examines housing market drivers and defines the housing market area for Delaware. Section 2 provides findings from the housing demand analysis, which forecasts demand based on various factors impacting on the housing market area. Section 3 determines Delaware's capture of demand within the competitive market, thus defining Delaware's housing development potentials within the next five to seven years, which is a reasonable forecast period after which market projections are less reliable. Section 4 provides recommendations relating to the housing products best suited to meet the needs identified in the market, as well as development strategies for key sub-areas of the city.

Section 1. HOUSING MARKET DRIVERS

This section examines housing market drivers, market niches and cohorts. Input from real estate professionals and lenders active in the Delaware housing market helped inform this discussion. The housing market area is also defined in this section of the report, in terms of its geographic parameters and various sub-markets.

Market Niches and Cohorts

Information collected from brokers, lenders, and project managers helped provide input on the key existing niches and cohorts within the Delaware housing market. Challenges and opportunities were identified through this engagement with stakeholders and also through field reconnaissance and assessment of existing housing market conditions.

Market Sources

Based on the information collected from the aforementioned stakeholders, Delaware tends to attract its market from a diverse set of demographic and geographic cohorts. Among these are first-time buyers, including many people born and raised in Delaware. A fairly substantial portion of Delaware's high school graduates tend to stay in the area, many of them renting for a time and then looking to buy once they have families. Those young families are often looking for housing priced in the \$180,000 to \$220,000 range, but many are priced out of the market because of a lack of housing in that range or (among the college graduates) because of student loan burdens, according to lenders. On the other hand, the housing on offer in Delaware has been successfully priced to attract homebuyers from locations closer to Columbus and other parts of the metropolitan area.

Overlapping with this group is the age cohort of Millennials, with singles looking for housing with "less grass" but families with children more apt to purchase traditional suburban-style housing. Families with children are often moving based on the reputations of certain school districts.

Another important age cohort includes empty nesters of the Baby Boom generation, some of whom are moving "down" within the Delaware market while others are moving to Delaware from other parts of the Columbus region. There is demand from this group for two-bedroom / two-bath condominium units, according to brokers. Many are moving to Delaware for lower income taxes and one-floor living arrangements. Some are moving in from more rural areas in order to downsize and be closer to medical and other services. Households in this

cohort appear to be seeking housing in the \$200,000 to \$225,000 price range, on average.

There are also local workers who live elsewhere (including more rural areas further out from the city) but would otherwise live in Delaware if they could afford it. As noted in the Economic Baseline report, a majority of Delaware's workers fall into this category of commuters from outside of the city, while most Delaware residents work outside of the city.

Brokers and others generally agreed that Delaware attracts those from Columbus or Franklin County for several reasons including, more affordability, lower income taxes, good schools and "small town living."

Affordability Gaps

Brokers and lenders agreed that there appears to be an emerging "affordability gap" in Delaware. Lenders estimate that 30% to 40% of prospective Delaware loan applicants cannot afford the note or don't have cash for down payment. Some have perceived that younger applicants have prioritized material possessions like cars and short-term consumables over housing; and they have noted that there may be a need for more homebuyer education.

Brokers suggest that new housing prices are not aligned with demand generated by first-time buyers, empty nesters, and local workers from within Delaware. They have agreed that there is a "lack of affordable housing" in Delaware for local residents and workers, even as Delaware's housing prices are found to be lower than those in Columbus and southern Delaware County. In other words, Delaware's housing is unattainable for many residents and workers in Delaware but is comparatively affordable for residents of Columbus who would have to pay even more for housing there. Land prices are increasing, leading some brokers to identify a need for higher housing densities to reduce the impact of land price. Some of these issues are commonplace nationwide and result from a growing economy, a maturing real estate market, and low unemployment (now at just 3.7% nationally). Compounding the issue of affordability is that Ohio Housing Finance Agency (OHFA) tax credit income thresholds have increased, with a fairly high range of \$75,400 (in non-target areas) to \$91,680 in target areas.

Key Market Drivers & Assets

Input from stakeholders, along with field reconnaissance and assessment of baseline conditions, helped to identify key assets and drivers for Delaware's housing market. Some of these assets are consistent with those identified by businesses as driving Delaware's economic growth and development.

- **Location and Proximity.** Being located in the growing Columbus Metropolitan Area is a key factor impacting on Delaware's overall competitiveness for housing. Unlike most other metro areas in Ohio, Columbus has a diversified economic base and appeals to young graduates, with a growing labor market. Columbus is also relatively affordable, when compared with other growing metro areas, and Delaware is even more affordable yet has good access to Columbus's growing job base. Delaware also has good access to regional shopping at Polaris, Dublin's corporate hub, and Columbus CBD (Central Business District), and Honda's large U.S. plant in Marysville. Finally, Delaware offers access to a general aviation airport for executives and others with private planes.
- **Institutions.** Several colleges are located in Delaware that graduate young people into the labor market and create opportunities for housing. Ohio Wesleyan University and its 1,600 students are an important asset for Delaware as is Methodist Theological School of Ohio and nearby Columbus State Community College. Delaware is also home to County Government, which helps stabilize the local economy and generate demand for housing government workers.
- **Heritage and Small-Town Living.** Delaware has an historic downtown that is attractive for those seeking a small-town lifestyle and walk-able amenities. Historic architecture, the Strand Theater, Hamburger Inn Diner, and other unique assets form part of the appeal. Overall, Downtown Delaware provides a "sense of place" that is very attractive in a world filled with strip malls. Downtown Delaware has been designated as a "Great Place in America" by the American Planning Association (APA).
- **Existing Business Base.** Large employers including Ohio Health, Kroger, Advance Auto, Jegs Automotive, Vertiv, PPG, International Paper and others help generate demand for housing in Delaware. Small businesses including entrepreneurs and downtown retailers are also important as drivers for the housing market. As noted earlier, there may be a slight mismatch between jobs & wages and the availability of housing that is affordable to local workers.

Market Area Definition

The residential market area from which Delaware draws demand includes a relatively broad area extending south into Columbus and north/west into neighboring counties. The market area can be disaggregated into four sub-markets as follows.

- A) **Delaware City.** The housing market is driven by demand generated from demographic chance and housing choices within the city, from recent high school

graduates moving up into rental apartments or first-time buyers, and from move-downs among older residents due to the aging of the population.

- B) **Remainder of Delaware County.** This area includes other parts of Delaware County. Households from Sunbury and areas of southern Delaware County are also part of the Delaware city housing market.
- C) **Northwest Counties.** Counties located to the north and west of Delaware, including Morrow, Marion, and Union, are also part of the Delaware housing market. Some of the city's current and potential workers live in these counties and commute down into Delaware for jobs.
- D) **Northwest Franklin County / Columbus.** Portions of the northwest part of Franklin County and the city of Columbus are also part of the primary market base for housing in Delaware. Brokers and sales figures confirm that communities like Westerville, Dublin, northwest Columbus, and Hilliard are sources of market base in Delaware.

In addition to these areas, there is also inflow from other parts of the Columbus metropolitan area as well as from people relocating to the area due to work or for other reasons. Ultimately, however, the primary market comprises areas of the northwest corridor or quadrant of the Columbus metro area.

Section 2. DEMAND ANALYSIS

This section provides findings from a demand analysis of residential development in Delaware. Demographic trends and forecasts were developed for each sub-market within the housing market area as a basis for determining overall demand within the next five to seven years. Employment forecasts by industry also helped inform the housing demand forecasts, since job growth will help drive demand, especially for rental housing. *Sample* demographic and economic indicators that were used in the analysis are discussed below, with a focus on the Delaware city sub-market.

Housing Tenure & Household Forecasts

Household demographic factors like age and mobility impact housing tenure and therefore, the demand for different types of housing product. Households were examined throughout the market area by age cohort and housing tenure and the relationship between these two factors is illustrated below for the Delaware city sub-market. Again, this information provides just a sample from one of the sub-markets that comprise the overall market area. So, household projections for the Delaware city sub-market were only a small portion of the basis for forecasting overall demand.

Table 1. HOUSING TENURE BY AGE COHORT, DELAWARE CITY, 2017				
Age Cohort	Renters	Owners	TOTAL	Share Rent
15-24	464	83	547	85%
25-34	1,276	1,226	2,502	51%
35-44	999	2,358	3,357	30%
45-54	837	1,809	2,646	32%
55-64	776	1,564	2,340	33%
65-74	546	1,158	1,704	32%
75-84	245	607	852	29%
85+	124	179	303	41%
TOTAL	5,267	8,984	14,251	37%
Sources:	U.S. Bureau of the Census and Randall Gross / Development Economics.			

In general, rental tenure declines with age of householder. However, the city of Delaware has an unusual “bump” in middle-age renters, with about one-third aged 55 to 64 in rental housing. Households were forecasted by age and tenure through 2024, with an overall increase of about 740 households over the next five years within the city of Delaware sub-market alone. The largest number of new market area households (6,690) will be created in northwest Columbus. The following table again provides just a sample household-by-age forecast from one small portion of the overall market area.

Table 2. HOUSEHOLD FORECASTS BY AGE & TENURE, DELAWARE CITY, 2019-2024			
Age Cohort	Renters	Owners	Total
15-24	127	23	150
25-34	(200)	(192)	(392)
35-44	(50)	(118)	(168)
45-54	138	297	435
55-64	72	145	217
65-74	78	164	242
75-84	68	169	237
85+	9	12	21
TOTAL	241	501	742
Sources:	U.S. Bureau of the Census; Claritas; and Randall Gross / Development Economics.		

The number of householders in the upper age brackets will increase, thanks to growth in both the baby boom and millennial generations. There will be a demographic “bust” among those reaching the ages of 25 to 44 by 2024, indicating not a “loss” of population but lower birth rates and the “aging out” of Millennials into lower middle age.

Household Income Forecasts

Household income is another important indicator of demand. Incomes have increased and are expected to continue increasing throughout the market area. The highest incomes are in the remaining portions of Delaware County (outside of the city of Delaware), with a median income of \$112,430, expected to increase by 3.6% per year to \$132,770 by 2024. Median income in the city of Delaware is at \$72,720 and is expected to increase by 2.5% per year to \$81,700. The following table provides a summary of household income trends and forecasts from 2000 through 2019 and forecasted to 2024.

Table 3. HOUSEHOLD INCOME TRENDS AND FORECASTS, DELAWARE HOUSING MARKET AREA, 2000-2024					
Area	2000	2019	2024	2000-2019 Change/Yr	2019-2024 Change/Yr
Delaware	\$ 48,399	\$ 72,718	\$ 81,711	3.1%	2.5%
DE County	\$ 70,033	\$ 112,427	\$ 132,770	3.8%	3.6%
NW Counties	\$ 43,662	\$ 60,468	\$ 64,366	2.4%	1.3%
NW Columbus	\$ 58,883	\$ 82,697	\$ 90,632	2.5%	1.9%
Sources:	U.S. Bureau of the Census; Claritas; and Randall Gross / Development Economics.				

Incomes are lower in more rural areas to the northwest and are increasing at a slower pace than in other areas. Incomes in north-west Columbus are slightly higher but are also increasing at a slower pace.

Table 4. HOUSEHOLD FORECASTS BY INCOME DELAWARE CITY, 2019-2024			
Income Cohort	2019	2022	Change
<\$15,000	1,335	1,257	(78)
\$15-\$25,000	1,075	1,002	(73)
\$25-\$35,000	1,145	1,056	(89)
\$35-\$50,000	2,183	2,007	(176)
\$50-\$75,000	2,661	2,668	7
\$75-\$100,000	1,962	2,100	138
\$100-\$125,000	1,525	1,610	85
\$125-\$150,000	1,171	1,287	116
\$150-\$200,000	1,178	1,456	278
\$200,000+	1,100	1,634	534
TOTAL	15,335	16,077	742
Sources:	U.S. Bureau of the Census; Claritas; and Randall Gross / Development Economics.		

Within the city of Delaware, there will be household growth among those with incomes over \$50,000, but a decrease in households with incomes under \$50,000 due in part to the impacts of inflation.

Mobility Factors

Household mobility plays an important role in generating demand for housing, with higher mobility rates generated demand in larger numbers. As shown below, mobility rates are higher among younger householders and among renters. Within the city of Delaware, for example, renter mobility rates among those householders aged 15 to 24 exceed 77%, compared to 33% for those aged over 85. While mobility rates for 15 to 24-year-old renters exceeds 77%, they are only 49% for homeowners in the same age cohort.

Age Cohort	Delaware City		Delaware County		NW Counties		NW Franklin/Columbus	
	Rental	Owner	Rental	Owner	Rental	Owner	Rental	Owner
15-24	77.4%	49.3%	70.0%	61.4%	69.9%	52.1%	69.2%	61.7%
25-34	63.3%	40.4%	57.3%	50.2%	57.2%	42.6%	56.6%	50.5%
35-44	66.5%	24.2%	64.4%	24.9%	56.6%	17.8%	64.1%	22.2%
45-54	54.4%	19.8%	52.7%	20.4%	46.3%	14.5%	52.4%	18.2%
55-64	60.5%	22.0%	58.5%	22.7%	51.4%	16.1%	58.3%	20.2%
65-74	60.6%	12.8%	63.3%	14.9%	35.3%	9.0%	49.3%	10.8%
75-84	49.6%	10.5%	51.8%	12.2%	28.9%	7.3%	40.3%	8.9%
85+	33.0%	7.0%	34.5%	8.1%	19.3%	4.9%	26.9%	5.9%

Sources: U.S. Bureau of the Census and Randall Gross / Development Economics.

Renter mobility rates tend to be higher in the city of Delaware than in other parts of the market area. Meanwhile, owner mobility rates tend to be somewhat lower.

Employment Forecasts

Employment growth will enhance demand for housing in Delaware. As has been shown recently, insufficient housing may exist to accommodate Delaware’s workers, most of whom live outside of the city while Delaware’s residents work elsewhere. Regardless of where people work, regional job growth will increase opportunities for housing development throughout the Columbus market.

The Ohio Department of Job and Family Services (JFS) projects the Columbus region to add about 31,750 jobs by 2024. The fastest growth will be in ambulatory health care services, where employment is expected to increase by 36.9% in just five years. Increasing use of the Internet for retail shopping will drive non-store (online) retail employment at companies like Amazon up by 30.1% by 2024. As evidence of this growth, Amazon has announced an immediate need to hire 30,000 workers nationwide to handle its online sales and distribution growth.

Growth in management, scientific and technology services in the Columbus region is expected to top 25.0% over the next five years. Security trading and investment-related employment will increase by 20.0%, while office administrative service employment will be up by 15.2%. Other exceptional job growth will be experienced by construction (12.4%), employment services (12.2%), wood products manufacturing (11.1%), and specialized design services (10.5%), according to JFS.

Based on its historic role in the region and current trends, Delaware is expected to capture an aggregate of about 1.49% of this regional growth, or about 500 jobs in existing and new business growth. This rate of growth is relatively conservative, equivalent to about 30% to 40% of the growth experienced by Delaware between 2010 and 2015. Still, the number is realistic, given that economic growth nationally and regionally is slowing from the rapid pace experienced as the nation recovered from the recession during that 2010 to 2015 period.

Market Area Demand Summary

Housing demand will be generated by a combination of the net growth in households, changing demographics, mobility, employment growth, and replacement. Demand generated by several of these factors is summarized below.

Household Growth

The addition of new households will generate significant demand. Overall, the market area will see the addition of about 11,700 households in the next five years, of which about 6,700 will be in the northwest quadrant of Columbus and the rest spread throughout Delaware, Morrow, Marion and Union counties. The sub-market comprising the city of Delaware is projected to add about 740 households by 2024, but this projection does not account for demand generated from the broader market area or induced by Delaware's job growth, which is then captured through housing development in Delaware. Some of these new households will occupy existing vacant units (about 5.0% to 7.0% of the total in the city of Delaware, according to the Census), but most will generate demand for net new housing.

Plus Mobility-Driven Demand

Demand will also be generated by some of the 250,000 existing households who are moving around in the market. Mobility patterns will dictate that only a share (+/-14% per year, on average) of these 250,000 existing households will seek new housing, and those seeking housing are more likely (or in higher percentages) to be younger and renters.

Plus Job Growth-Generated Demand

The addition of nearly 32,000 jobs in the region, and possibly 500 within the city of Delaware, will also impact on demand for housing. The creation of new jobs will not only bring new householders into the market base, but also “pull” existing households towards housing within the commuter shed or to housing that is closer to those jobs. If housing that is affordable to those workers is not available, then they will have to locate further away from those jobs.

Plus Replacement-Generated Demand

There are about 16,000 housing units in the city of Delaware and 300,000 housing units in the market area. An average of about 1.0-2.0% of these existing units (or 3,000 to 6,000 units market-wide) would need to be replaced in five years, either because of demolition due to fire or other loss, conversion to other uses, damage, or condemnation. Within Delaware, this number is estimated to be closer to about 50 to 60 units (0.3-0.4%) over five years, based on recent trend information provided by the City.

Section 3. DELAWARE HOUSING DEVELOPMENT POTENTIALS

Delaware's capture of market area housing demand was determined in the competitive market, considering existing projects in the city as well as competitive sites and projects elsewhere. The city's housing potentials were determined and translated into specific recommended development products that meet the need or demand within demographic cohorts. Finally, broad housing development concepts are recommended for key sub-areas in Delaware, based on the market findings.

Competitive Framework

The existing and planned development projects in Delaware provide a base for capturing market-area demand, while projects and neighborhoods in other parts of the market area and beyond compete with Delaware for home buyers and renters. Some of Delaware's neighborhoods and projects (described in the Baseline Assessment) are listed below, followed by a discussion of competitive housing.

City of Delaware

As noted in the Baseline Assessment, Delaware has existing neighborhoods with attractive housing. Among the city's neighborhoods are Northwest Delaware (historic district), East Side (1800's to post war (WWII) era, plus Old Colony Estates), University District (anchored by Ohio Wesleyan), the Marvin/Delaware Meadows area (offering smaller, mid-century housing), and both the West Side and "Southeastern District" designated for the purposes of this plan (offering a number of newer suburban projects).

Among the city's active single-family residential developments are Curtis Farms, Ravines of the Olentangy, Belmont Place, Glenross North, Communities at Glenross, Lantern Chase, Heatherston, Springer Woods, Winterbrook Place (planned), Stockdale Farms (planned), Terra Alta, Braumiller Woods, Old Colony Estates, and Willowbrook Farms. Active condominium and townhouse developments include the Lakes at Cheshire, Enclave at Adalee, and the Enclaves at Olentangy (planned). Multi-family apartment projects under development include The Reserve at Quail Pass, Flats on Houk, and Seattle House Apartments.

The city of Delaware is a hub for multi-family rental apartments in the area, with about 44 of the 86 competitive properties inventoried for this analysis. Most of the others are concentrated in the Polaris area, and they are clearly marketed based on their proximity to Polaris (since "Polaris" appears in the name

of nearly all apartments in that area). New and older apartment communities in Delaware include Village Gates, Flats on Houk, Hayes Colony, Burr Oak Commons (55+ years old residents), Stratford Park, Rolling Meadows, and others.

Delaware & NW Franklin Counties

Certainly, there are competitive areas of southern Delaware County and northwest Franklin County that continue to attract homebuyers and renters because of their proximity to jobs and amenities in Dublin, Columbus, and nearby areas. Residential developments around Powell and Lewis Center benefit from proximity to Polaris and a growing jobs base within the county itself. There were more than 200 actively-marketing residential developments inventoried for this analysis in southern/eastern Delaware County and northwest Franklin County, outside of Columbus. As noted above, the Polaris area and Columbus is also a hub for apartment communities. A sample of these communities includes the following:

Lewis Center. Courtyards at Clear Creek, Grand Pointe at North Orange, Courtyards at the Ravines, Evans Farm, Nelson Farms, Oak Creek at Polaris (apartments), Lake Club (apartments), Dooley's Orchard (apartments), Tapestry Park Polaris (apartments), The Mirada (apartments), Lakes at Olentangy (apartments)

Sunbury. Communities at Sunbury, Northlake Preserve, Northstar, Goldwell at Northstar

Powell. Heathers at Golf Village North, Courtyards on Hyatts, Liberty Trace, Hyatts Crossing, Clarkshaw Meadows, Clarkshaw Moors, Reserve at Scioto Glenn, Carpenters Mill, Powell Grand Communities (apartments)

Galena. Summerwood Lakes, Cheshire Woods, Ravines at Alum Creek, Corners at Johnnycake, Retreat at Warner, Brookview Manor, Reserve at Hidden Creek, Summerwood Lakes, Retreat at Dustin, Communities at Galena

Westerville. Preserve at Rocky Fork, Crossings at Rocky Fork, Reserve at Eagle Trace, Village at Central College, Bigham, Courtyards at Village Crossing, Preston Hollow, Albany Crossing, Ashton Village (apartments)

Dublin. Courtyards at Muirfield Ridge, Autumn Rose Woods, Riviera Regency, Courtyards at Riverside

Hilliard. Heritage Preserve, Tarlton Meadows, Anderson Meadows

Other Areas. Sanctuary at the Lakes (Africa), Glade at Highland Lakes (Africa), Courtyards at River Bluff (active adult 55+ near Delaware), Pines at

Berlin Station (near Delaware), Glenmead (near Delaware), Creekside Preserve (Johnstown), Meadows of Mill Creek (Ostrander), Liberty Village (Shawnee Hills)

Northwest Counties

There is also competitive development in Morrow, Marion, and Union counties, and surrounding areas to the north and west of Delaware. Much of the competitive product is concentrated in Marysville, not far from the Honda plant, or in Plain City. Among the competitive residential projects in those areas are Ewing Meadows (2-story Single Family / Villas & Ranches) (Marysville), Mill Valley North (Marysville), Adena Pointe (Marysville), Jerome Village & Courtyards at Jerome Village (Plain City), Darby Fields (Plain City), Weaver Ridge (Marysville), Keystone Crossing (Marysville), Orchid Hill (Plain City), Hickory Run (Marysville), Reserve at New California (Plain City), and others.

Northwestern Columbus & Other Areas

There are also a number of competitive developments in various phases of construction in the northwest portions of Columbus. Among these are Founders Park at Harrison West, Minerva Park, Homes at Grandview Yard, Homes on Pullman Way (Grandview), Jeffrey Park, Truberry on Second, Southern Tier, The Chelsea, The Pointe at Polaris (apartments), Residences at North Park Place (apartments), Ravines at Westar (apartments), 801 Polaris (apartments), NorthPark Place in Polaris (apartments), Polaris Place (apartments), and others. Various eastern suburban communities are competitive, with various projects under development in New Albany, Johnstown, and other areas.

Delaware Capture & Potentials

Delaware housing development potential was determined in the competitive market and forecasted out five to seven years as an input to planning. Potentials were determined for both rental and for-sale housing, as disaggregated below.

Rental Housing Potentials

Delaware could capture demand for about 970 to 1,700 rental housing units over the next five to seven years (or about 190 to 300 per year). A significant portion of that demand would be generated for affordable and attainable housing units, for households with incomes below Delaware's median income. Demand for market-rate units would range up to about 600 rental units over the next five to seven years, yielding potential for about 120 market rate units per year. Construction trends indicate that the city had been permitting about 100 multi-family housing units per year up to 2019, so there has been a gap between demand and supply of market-rate rental housing in the city.

There would be demand for about 360 to 600 attainable housing units for those households earning 80% to 100% of the city’s estimated median household income of about \$72,700 in 2019. Those attainable housing units would typically serve the needs of recent graduates entering the work force or employees at Delaware’s manufacturing and other industrial facilities, many of whom cannot otherwise find affordable housing in the city. Thus, these units represent an opportunity to meet the need of under-served market for attainable housing in the city.

Table 6. RENTAL HOUSING POTENTIALS, DELAWARE, 2019-2024			
Rent Range	Area Capture		Market Rate
	Moderate	High	
\$ 300	192	239	-
\$ 500	97	139	-
\$ 600	87	140	
\$ 700	171	306	
\$ 800	152	293	223
\$ 1,100	97	198	147
\$ 1,200	51	124	88
\$ 1,500	34	111	73
Sub-Total	881	1,549	530
<i>Attainable</i>	<i>355</i>	<i>584</i>	
Job Induced	87	175	60
TOTAL	969	1,724	590
Sources:	U.S. Bureau of the Census; Claritas; and Randall Gross / Development Economics.		

About 90 to 175 of the forecasted demand would be generated by projected job growth and Delaware’s propensity to capture that “job-induced” growth over the next five to seven years. The break points above represent rents at 30%, 80% and 100% of estimated median household income in the city.

For-Sale Housing Potentials

Delaware could capture demand for about 680 to 850 for-sale housing units over the next five to seven years, or 130 to 170 units per year. The City has been permitting about 170 units per year. The total includes about 270 to

440 attainable and affordable housing units that could meet the demand generated by existing Delaware workers and young resident families, many of whom are underserved in the existing for-sale housing market.

Table 7. FOR-SALE HOUSING POTENTIALS, DELAWARE, 2019-2024			
Price Point	Area Capture		Market Rate
	Moderate	High	
\$ 106,250	183	193	-
\$ 156,250	88	95	-
\$ 218,750	99	110	110
\$ 247,500	83	95	95
\$ 288,750	17	20	20
\$ 367,500	36	43	43
Sub-Total	506	556	268
Job-Induced	179	298	144
TOTAL	685	854	411
Sources:	U.S. Bureau of the Census; Claritas; and Randall Gross / Development Economics.		

Projected job capture would generate demand for about 180 to 300 for-sale housing units, including 140 to 150 market-rate units. Break points shown above represent housing prices that are affordable at 30%, 80% and 100% of the city’s estimated 2019 median household income. *Altogether, the market analysis suggests that Delaware could generate demand for about 1,650 to 2,580 rental and for-sale housing units over the next five to seven years.* The broader timeframe allows for the possibility of an economic slowdown, which would delay and slow housing market growth for an average of two years.

Section 4. DEVELOPMENT RECOMMENDATIONS

Based on the findings of the market analysis, coupled with stakeholder input from within the real estate and lending industries, several recommendations are made with respect to the types of housing product needed to meet the demand forecasted in this report. Also recommended are development concepts or strategies for sub-areas within the city, with a particular focus on Area 1 (South Eastern District) and Area 2 (South Western District). These recommendations are summarized below.

Targeted Housing Products

Recommended housing product development would be targeted to meet three specific objectives. First, product is recommended to help create more available attainable housing and meet the needs of Delaware's own employment base. Second, there is product recommended to meet the needs of an aging Baby Boom generation and "empty nesters." Finally, there are recommended products to help diversify the overall single-family product base in the city as part of marketing the city for executives, workers, and families.

Attainable Housing

Meeting the needs of existing and potential new workers at Delaware's various manufacturing and other business facilities is a priority as it helps to close a gap in the market and ameliorate the cross-commutation patterns that characterize Delaware's labor market. "Attainable" is defined for the purposes of this analysis as pricing affordable to those workers with household incomes at 60-80% of Delaware's estimated 2019 median of \$72,700 per year. Key products needed to address this need include more rental apartments, preferably those built in mixed-use or walk-able formats that are well-integrated with the community. Another target product would be "higher-density" single-family development, such as in the form of "cottage communities," townhouses, vertical mixed-use, and 0-lot line developments.

Cottage-style communities, which include smaller units with smaller yards but high amenity value through shared open space, recreation amenities, and walk-able development patterns, are becoming a popular product not only as an affordable alternative but also for empty nesters and others looking to lower maintenance costs. Finally, there are opportunities for rehabilitation of existing housing in older neighborhoods within the city. These rehab opportunities could be leveraged through incentives and infrastructure investments.

Empty Nester Housing

As noted above, empty nesters are looking increasingly at “maintenance-free” housing products in walk-able neighborhoods. The Baby Boom generation has driven housing demand and formats for nearly 60 years, and this trend continues today as the largest single demographic cohort in the housing market starts to downsize and express a lifestyle preference for walk-able environments. Again, the products most suited to this lifestyle include condominiums, 0-lot line developments, and “cottage homes” or small-lot single-family units in HOAs or similar shared maintenance arrangements. As this population cohort ages, then efforts will need to ensure that housing remains accessible, since the vast majority of seniors prefer to “age in place” rather than relocate to independent or assisted living developments.

More Diverse Single-Family Product

Delaware has benefited from development of relatively affordable, single-family product, especially on the south-east side. Unfortunately, some of these new communities lack a sense of place and high-quality product. There is a need to avoid “cookie-cutter” housing development, and to encourage more walk-able developments that incorporate some mix of uses. Having a small convenience node can help to encourage walking within a neighborhood. Where possible, new communities should be integrated seamlessly with existing neighborhoods but not in a way where drivers are “lost” within a never-ending swirl of cul-de-sac developments.

Delaware has the opportunity to attract master-planned development in the form of a traditional neighborhood (TND) or other community that offers a mix of single- and multi-family housing along with commercial uses in a walk-able environment. There is increasing demand for this product in Delaware.

Sub-Area Concepts

There are several special areas that have been defined through the Delaware Together planning process. Two of these areas offer significant potential for new housing development within the timeframe of the implementation of this plan: Special Area 1 (South Eastern District, as indicated by an oval shape on the map) and Special Area 2 (South Western District, indicated by the square shape on the map).



Input from the market analysis, real estate professionals, and the Southwest Industrial Area assessment helped to inform recommendations for

development and redevelopment concepts for these sub-areas, as summarized below.

Area 1 (South Eastern District)

The south eastern portion of Delaware includes a number of newer single-family residential developments, many of which are melded together in a way that it is sometimes difficult to tell where one development ends and another begins. The housing stock, pricing, and community layout are fairly uniform, with limited variation and few amenities to anchor neighborhoods and establish neighborhood identity.

Here there is the opportunity to diversify the housing stock as noted previously in this section, and to create more walk-able neighborhoods through the addition of small amenity centers or commercial nodes that incorporate convenience uses as well as amenities like parks or recreation facilities.

The south eastern district is well-suited as the location for a traditional neighborhood development (TND), because of its proximity to downtown Delaware as well as its accessibility to employment and shopping nodes to the south around Polaris and Dublin. A TND in this location would need to be amenity-rich and offer a mix of housing products (single-family detached, apartments, condominiums, and cottage homes), along with a retail/commercial center. Ultimately, a TND provide Delaware one of its best opportunities for attracting housing to meet the needs of executives and professionals who commute into Columbus/Polaris/Dublin or who might establish offices in a newly branded Sawmill District corridor.

Area 2 (South Western District)

The city's south western district could provide a competitive location for housing if an "amenity node" were to be established as part of the Sawmill District Gateway recommended as part of the Southwest Industrial Assessment. This amenity node might include a mix of attainable housing (apartments, mixed-use, townhouses, cottage home community) along with retail, restaurants, services, and recreation amenities.

This amenity node would complement the "corporate" character and intent of marketing the Sawmill Corridor for industrial and office business uses. Closer to U.S. Route 23, the area would evolve a more "residential" character, consistent with the existing uses in that area and the marketing of a traditional neighborhood development in the south-east.