

The Liaison

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Drum Country Housing Market Supply: Too much or too little?



There are many and varied opinions on the state of the rental housing market in the Fort Drum area and on what the community should do next. The “churn” in the rental housing market, people constantly moving in and out of units, has led some landlords to believe that there is plenty of available housing.

- Why would families, especially military families, move out of perfectly good rental units unless there are other choices based on an overbuilt market?
- Over the past four years, we have witnessed periods when the rental market had over 10% vacancy, signs of excess supply in a “normal” rental market.

But officials at Fort Drum have been reporting for the past six months that it is becoming harder and harder to find available rental units for new arrivals, especially three and four bedroom units even 30 miles from the installation. Still others in the community have concluded that since the majority of the additional soldiers assigned to Fort Drum arrived between 2005 and 2009, and with 1,500 new family housing units built on post, and approximately the same number produced off post during that time period, that no additional housing is needed.

So why do people have such different perceptions of the current rental market?

To answer this question, we have to understand how our rental market works and what factors affect it the most.

- In a typical rental market, the industry standard suggests average vacancy should run between 5 and 7% throughout the year. Yet in the Fort Drum area, we have seen vacancy rates as high as 11% and below 2% all within an eight month period.

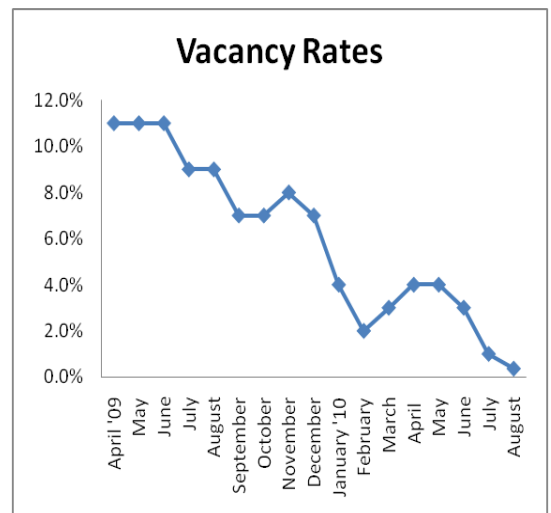
- In a typical rental market, where the area population remains relatively stable, hitting 11% vacancy is a good indication of oversupply.
- But at Fort Drum where the percentage of military renters compared to total number of renters continues to increase, the coming and going of this somewhat transient population, or “churn”, is having an ever increasing influence on how our rental market performs.
- Deployments have a very dramatic effect on that market. The frequency of deployments, the length of deployments and a soldier’s average dwell time at Fort Drum all influence market vacancy.

All these factors influence a soldier’s decision to keep his or her apartment unit when deployed. They also influence whether the soldier’s family stays while the soldier is deployed. These factors have produced the large swings in market vacancies over the past four years, at times peaking at 11% leading some landlords to conclude an overbuilt market and, at times, less than 1% leading others to conclude we need more housing.

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Is there need for additional housing ?

The current vacancy rate is less than 1%. This is based on periodic surveying of about 3,500 housing units. That percentage has not gone above 1% in almost two months and has stayed consistently below 4% since January. In addition, a recent survey at Fort Drum revealed that of the total number of soldiers with families, 20% said their family was not at Fort Drum. There are approximately 10,000 soldiers at Fort Drum who have families. That means that as many as 2,000 military families are not living in the Fort Drum area. The prospect of some or all of those families potentially coming at some point creates additional demand.

The recent return of the 2nd Brigade marks the first time since 2004 that a Brigade's "dwell time" (the time they will stay at home and not deploy) will be close to 24 months. Fort Drum's recent challenge in finding available three and four bedroom units for newly arriving families might suggest some of those families are already beginning to rejoin soldiers in our community.

We also know that the spring of 2012 will mark the first time that all three brigades will be home at the same time. (See Chart on page 4). That too will create additional demand for housing in the market.

The short answer to the question of whether additional housing is needed is yes! But how much?

Fort Drum's recent Housing Market Analysis indicates there is a need for an additional 1,700 housing units. That assumes a housing unit built for every military family, whether they are at Fort Drum or not. Since a typical military installation regularly includes some percentage of geographic bachelors, a soldier whose family is not with them, building an additional 1,700 units could very well produce an oversupply of housing.

The FDRLO's most recent Housing Market Study concluded that if all military families currently not at Fort Drum were to return, the market demand could increase by as much as 1,200 more units. Remember: that is if all families return. That is a 500 unit variance between what the two studies concluded as maximum need.

While any market analysis is based on certain assumptions which can vary the results a bit, much of the difference here can be attributed to availability of existing community housing the Army's study concluded did not meet a prescribed Army standard and would require new construction rather than rehabilitation.

How should the community respond?

The community already is responding and continues to look for ways to meet the emerging housing need.

Existing projects currently under construction will help alleviate some of the market pressure for additional housing over the next few months.

- Ongoing construction projects both on and off post will add another 324 units through Spring of 2011 and another 180 are planned and funded. (See chart below)
- Local housing agencies are examining ways to fill funding gaps on existing projects that were close to start-of-construction before the downturn in the economy. Those projects could produce another 100 to 200 units if fully funded between now and 2012.
- Other projects and future phase of projects designed and approved by known, experienced developers could yield additional units if State and Federal resources can be made available to provide subsidy financing.
- With the help of our elected officials, leveraging local, state and federal resources can also jump start stalled housing projects by filling financing gaps!

Beyond these efforts future housing demand is really driven by the families who have not followed the Soldier assigned to Fort Drum or do not stay during a deployment.

The key to determining just how much additional housing is needed is an approach that builds units in phases, reassesses the market situation periodically, and builds a few more. This reassessment and build cycle would continue until the community is satisfied it has adequately housed both military and non-military families in the region. Only then can we meet the needs of all housing stakeholders, including renters, landlords, lenders and investors by attaining a balanced supply of quality rental housing in the Fort Drum market area.

Kevin Jordan, Chair FDRLO Housing Task Force

Projected Housing Production

Projected Housing Production	By Dec 2010	Jan thru Jun 2011	Jul thru Dec 2011	Jan thru Jun 2012	Jul thru Dec 2012	Total
Projects Under Construction	212	92				304
Projects Ready for Construction Pending Final Funding Commitments		20	100	80		200
Projects Designed with Approvals Pending Financing				100	35	135
Totals	212	112	100	180	35	639

Michael Flick is the NYSDOT Public Information Officer and serves as President of the Watertown City School District Board of Education. He was nominated and selected to attend the Army War College in Carlisle, PA this June. He agreed to share his thoughts on the experience with us.

My Week at the Army War College

It is difficult to capture the essence of a week at the Army War College in a few short paragraphs. In writing this, I feel kind of like a kid writing home from camp, but here goes!

I had the privilege of listening to renowned guest speakers on a daily basis who talked about everything from the role the US plays in the world to American civil liberties, and participated in follow up debates about the quality of the guest speaker and the content of their message. Conversations could also be a little less heady and a lot more collegial with topics including who picked out one's clothes for the day and whether "that" shirt actually went with "those" pants. As you may have guessed, it was an atmosphere conducive to conversation and the free exchange of viewpoints on any particular subject. Daily conversations in the seminar group included questions from the civilian members to our military hosts, and one question developed into a conversation that I won't soon forget. The question was about a commander's responsibility to their soldiers. In their response, I heard two men who, when they spoke of their responsibility, spoke slowly, and with a tone that was both deeply paternal and reverent. Maybe the tone and cadence of their speech was a function of their training, but I believe it was more than that. They spoke with empathy and understanding of what it meant command, to lead, and to have lost soldiers – and their response from the group was acknowledged by more than a few quiet nods from their peers.

Another highlight of the week was meeting, or more accurately, being tracked down by, two gentlemen who had been stationed at Fort Drum, with both speaking highly of their experience and of their fondness for the area. One was recently retired...and let's just say for the sake of conversation that he was boisterous by nature...his experience here was, as he put it, rising on his toes and clapping his hands in front of him, "OUTSTANDING!" His remarks came complete with a handshake that nearly tore my arm from its socket followed by a shoulder

slap that would have surely re-set the recently dislocated appendage. The other, still in active service and a War College student, was less succinct, but no less articulate about his fondness for Fort Drum, the North Country and his hopes to return here.

Overall, the week was fast-paced, full of lectures, discussion groups, break-out sessions, a tour of Gettysburg and a celebration of the Army's birthday complete with a cake cut by a two-star general and a PFC in front of 500 people singing the Army Song. The week quickly came to a close and we collected up our class-notes, exchanged remembrances with our student sponsors and departed to reflect upon our week. The students graduated the next day and were immediately off to their next duty station.

Looking back on the week, I can offer the following. Fort Drum and the North Country are indeed that special. The folks I met in Carlisle are some of the best and brightest people I have had the privilege of meeting and finally, the U.S. Army War College is a treasure and its mission of "Not to promote war, but to preserve peace" has never been needed more.

My thanks to those who nominated me, to my student sponsor and to the Army War College.



NEW FDRLO OFFICERS AND DIRECTORS ELECTED

Four FDRLO members accepted new roles and responsibilities with their election to officer positions at the June 3rd annual meeting.

Elizabeth C. Fipps succeeds Keith Caughlin as chair. Mrs. Fipps has served as Vice-chair since 2006. She is Senior Vice President, Market Manager for HSBC BANK PLC HBUS Central New York District. She and her husband Randy have one daughter, Maggie.

Kevin T. Mastellon is Vice-chair; Mary Corriveau moves from secretary to Treasurer and Thomas Carman succeeds Mary as Secretary. FDRLO officers serve two year terms.

Members of the Board of Directors are elected for three year terms on a staggered schedule. Six individuals elected to serve on the board through June 2013 are: Jay Boak, Robert Hagemann, Kevin Jordan, Carole McCoy, Terrence Roche, and David Zembiec.

www.FDRHPO.org

Have you visited the Fort Drum Regional Health Planning Organization's new website yet? While



it is geared primarily for military families in the Drum region, civilian residents will also find it useful to find medical specialists, hospitals and other medical facilities in the region.

Drum Country: The Warmest Place You'll Ever Live

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FORT DRUM REGIONAL LIAISON ORGANIZATION

P. O. Box 775
Watertown, New York 13601

Phone: 315-836-1531
Fax: 315-836-1532
Email: office@fdrlo.org

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Community Recognizes Division

Hopefully you have noticed the new banners in downtown Watertown. FDRLO was proud to partner with the local AUSA Chapter and the City in funding this display of Drum Country support for the Soldiers and Families of the 10th Mountain Division.

Command changes and troop comings and goings

Shortly after Labor Day, COL Kenneth Riddle will relinquish command of Fort Drum Garrison to COL Noel Nicolle. Best wishes to the Riddles and welcome to the Noelles. Also in September, BG Harry E. Miller, Jr. assumes ranking command here at home as MG James Terry departs for Afghanistan with the Division's Headquarters and the Aviation Brigade.

Activity continues in 2011. During the first part of 2011, the 3rd Brigade will deploy to Afghanistan as the 1st Brigade returns. Aviation and HQ should return during the second half of 2011 and 3rd BCT in the first half of 2012. Spring 2012 may be the first time none of the Brigades are deployed.



	By Dec 2010	Jan thru Jun 2011	Jul thru Dec 2011	Jan thru Jun 2012
Deployments (<i>depart</i>)				
Aviation & HQ	(3500)			
3 rd Brigade		(3500)		
Redeployments (<i>return</i>)				
1 st Brigade		3500		
Aviation & HQ			3500	
3 rd Brigade				3500

