

**MABEY POND  
REDEVELOPMENT**  
Housing Update

May 2017

**Better City**  
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Ogden, UT 84403

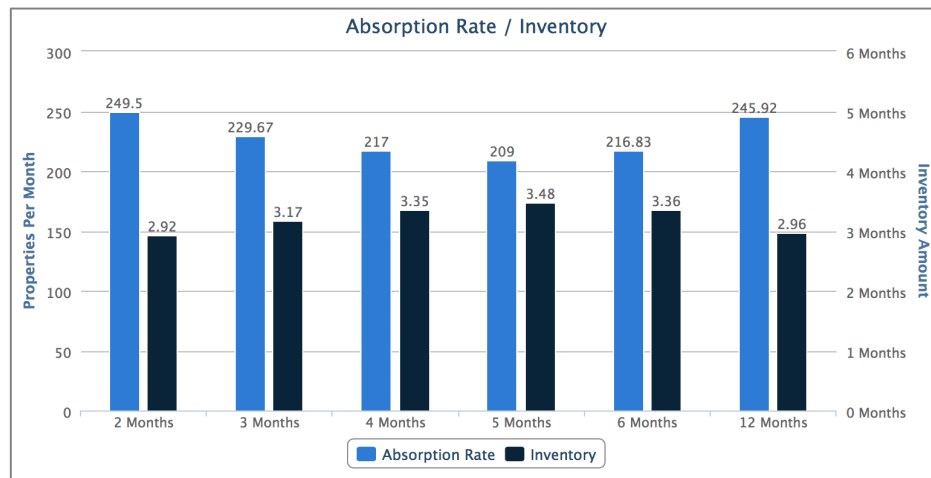
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## INTRODUCTION

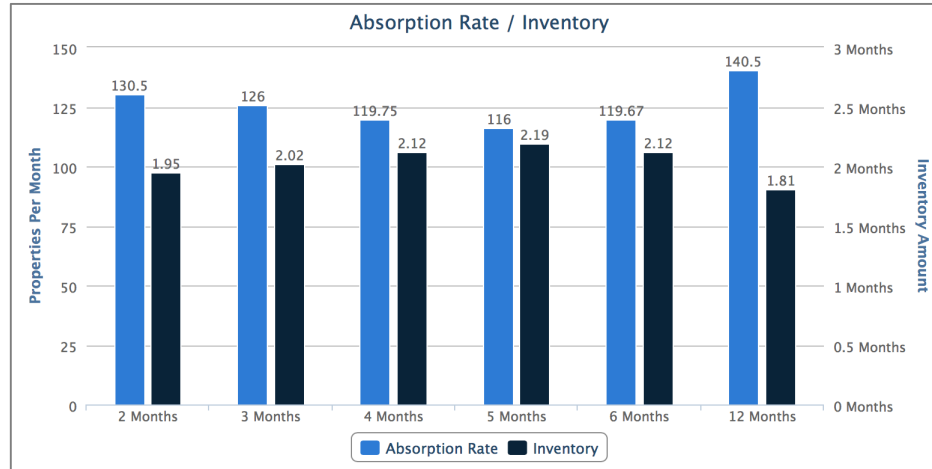
In December of 2016, Better City completed a feasibility study regarding redevelopment of the Mabey Pond area in Clearfield. Since that time, the housing market has changed drastically—for sale housing has seen a dramatic increase in prices, decrease in days on market, and decrease in inventory. Also during this time, several multifamily projects have either broken ground or begun the entitlement process. The purpose of this memo is to analyze recent housing and construction data and revisit the report’s recommendations regarding for-sale and for-rent housing as part of the Mabey Pond redevelopment area. The study area analyzed in this memo is Clearfield and five adjacent cities—Layton, Syracuse, Clinton, West Point, and Sunset.

## FOR-SALE HOUSING MARKET

The absorption rate for for-sale housing within the study area is 34%, meaning that with an average of 728 homes available for sale in a given month, 246 will be sold during that period. The chart below shows what the average absorption rate and housing inventory (in months) is on a trailing 2, 3, 4, 5, 6, and 12-month period. Home inventory in the study area, on a trailing 12-month average, is just under 3 months. A market with a 6-month inventory and a 16% absorption rate is considered healthy. The current inventory and absorption figures in the subject area suggest that housing demand far exceeds supply.



The high absorption rate and low inventory is driven primarily by entry level housing. The same exercise but for homes priced under \$250,000 shows even tighter market conditions with an absorption rate of 55% and inventory of 1.8 months<sup>1</sup> on a 12-month trailing basis.



Existing housing market conditions strongly supports the original report's recommendation of developing 300 townhomes (~26 du/ac) on the Clearfield Mobile Home Park site with units priced in the low-to-mid \$200,000s. This will help ease market pressure, provide attractive returns to a developer, clean up the area, and bring approximately 300 new homeowners to downtown Clearfield.

<sup>1</sup> These figures count "under-contract" homes as "active." If homes under-contract are considered sold, inventory drops to 0.46 months

## RENTAL MARKET

From 2000 to 2015, occupied rental units increased in the study area by 3,000 (at a compounded annual growth rate of 1.8%). At these current trends, and without considering pressure in housing market, this area will need to add 1,385 rental units by 2020.

Rental Units	2000	2015	2020	CAGR	Units by 2020
Clearfield	3,779	4,591	4,899	1.3%	308
Sunset	461	482	489	0.3%	7
Clinton	314	926	1,328	7.5%	402
West Point	114	199	240	3.8%	41
Syracuse	227	542	724	6.0%	182
Layton	4,666	5,820	6,265	1.5%	445
Total	9,561	12,560	13,945	1.8%	1,385

Another way to predict demand for rental units is to analyze and project growth in the number of households in the area. In Clearfield, for example, the number of households increased by an average of 1.3% per year from 2000 to 2015. Using that same growth rate through 2020 means that 642 new households will be added during this period. Applying the current renter share figure of 48% to the 642 new households means that 307 of the new households created in Clearfield by 2020 will be renters. The same exercise for all adjacent cities results in 1,702 new rental units needed by 2020.

Households	2000	2015	2020	CAGR	Renters	Units by 2020
Clearfield	7,921	9,617	10,259	1.3%	48%	307
Sunset	1,785	1,795	1,798	0.0%	27%	1
Clinton	3,529	6,152	7,404	3.8%	15%	188
West Point	1,645	2,692	3,172	3.3%	7%	36
Syracuse	2,490	6,941	9,769	7.1%	8%	221
Layton	18,282	22,209	23,697	1.3%	26%	390
Total	35,652	49,406	56,100	2.2%	25%	1,702

Given the decrease in home inventory and increase in home sales prices, a significant number of would-be home buyers end up renting until they find adequate for-sale housing. Although this is a temporary issue until additional for-sale product is added to the market, the need to add rental units to the market to act as a stabilizing force is critical. Housing market aside, the northern Davis County market will need to add between 1,400 and 1,700 units by 2020. However, given the constrained housing market pushing more would-be buyers into the rental market, that range is more appropriately between 1,600 and 1,900 rental units by 2020.

There are currently 1,030 rental units<sup>2</sup> across nine projects in the study area that are either under construction, in predevelopment, or recently completed, broken down as follows:

<b>Project</b>	<b>City</b>	<b>Units</b>	<b>Status</b>
University Ridge	Clearfield	32	Under Construction
Clearfield Station	Clearfield	216	Under Construction
City Centre	Clearfield	123	Under Construction
West Square	Clearfield	141	Under Construction
Wilcox Farms	Clearfield	29	Predevelopment
University Park	Clearfield	236	Planned
Lotus Townhomes	Clearfield	47	Planned
Village at Church/Main	Layton	56	Built in 2016
Legacy Cottages	Layton	150	Built in 2017
<b>Total</b>		<b>1,030</b>	

With 1,600 to 1,900 additional rental units required by 2020, and given the number of units under construction and in planning phases, the number of units still required to meet projected demand by 2020 is between 570 and 870.

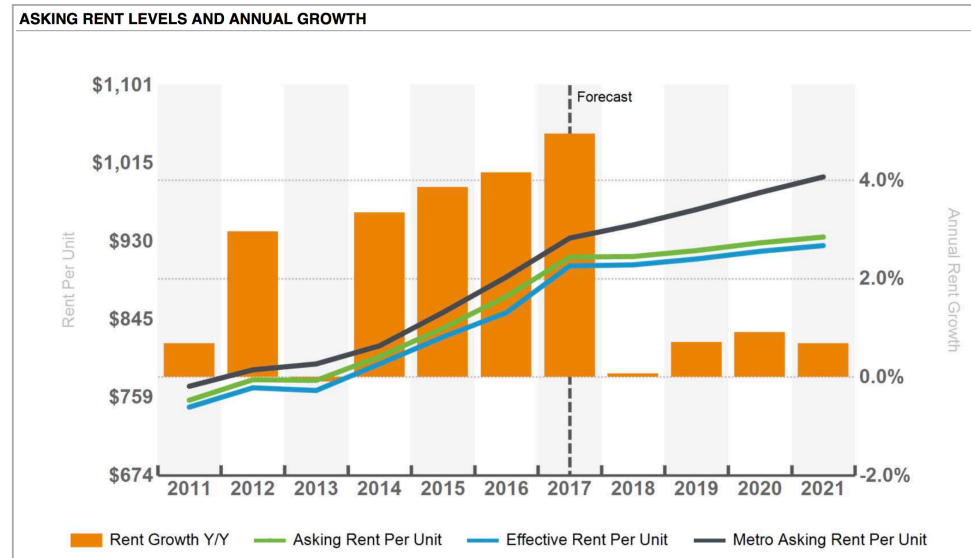
<b>Rental Demand Forecast</b>	<b>Low Range</b>	<b>High Range</b>
Units Needed By 2020	14,160	14,460
Existing Units	12,766	12,766
Units Under Construction	512	512
Units in Predevelopment	29	29
Planned Units	283	283
<b>Unmet Demand</b>	<b>570</b>	<b>870</b>

Smaller bedroom communities in this area-Sunset, Syracuse, Clinton, and West Point, consist primarily of detached single family housing and are less accommodating to apartments due to a lack of developable land (Sunset), or limited or no appropriately zoned land available (Syracuse, Clinton, West Point). Layton and Clearfield are the most logical cities for multifamily, given their proximity to commercial activity and job centers. Aside from the two multifamily projects that recently opened, Layton has no other apartment projects under construction or in the planning phases.

<sup>2</sup> Based on conversations with city staff at Clearfield, Layton, Sunset, Syracuse, Clinton, and West Point May 24-25, 2017.

## RENTAL RATES

Rental rates in Northern Davis County have grown considerably since 2014 with a year-over-year growth rate approaching 5% so far in 2017. This growth is expected to slow as more multifamily units are delivered.



Source: CoStar

Since 2012, nearly 1,000 multifamily units have been developed across six projects in Davis County as noted in the table below.

Project	City	Dist.	Units	Year
Villas on Main	Layton	2.4	144	2012
Eastgate at Greyhawk	Layton	4.5	108	2012
Kay's Crossing	Layton	5.5	156	2014
Legacy Cottages*	Layton	6.3	150	2015
Park Lane Village	Farmington	11.2	324	2012
Avanti	Farmington	11.9	104	2016
<b>Total</b>			<b>986</b>	

An analysis of the unit configuration, sizes, and rental rates for these six projects shows the average rental rate per square foot to be \$1.28 per month or \$15.40 per year. The majority of units in these projects are either 1-bed, 1-bath (47% of all units) or 2-bed, 2-bath (39%).

Unit Config.	Share	Avg SF	Rent/SF	Avg Rent
1 Bed 1 Bath	47%	730	\$1.31	\$953
2 Bed 1 Bath	4%	893	\$1.40	\$1,246
2 Bed 2 Bath	39%	1,009	\$1.19	\$1,196
3 Bed 2 Bath	10%	1,169	\$0.94	\$1,098

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## CONCLUSION

In the original “Mabey Pond Redevelopment” report, 300 entry-level townhomes were recommended for the Clearfield Mobile Home Park site and 220 multifamily units<sup>3</sup> were recommended for the Lakeside Square site. The changes in the housing and rental markets, as presented above, suggest that the inclusion of for-sale and for-rent housing in the Mabey Pond redevelopment area is more warranted now than ever.

The study area—Clearfield and its five adjacent cities—shows an extremely low home inventory of 1.8 months for homes priced under \$250,000, implying that entry-level priced townhomes in this market will be quickly absorbed. Whereas the original report suggested that the 300 townhome units be phased in 3-4 phases, these units may be able to be absorbed in 1-2 phases, if constructed in the short term.

Given tight market conditions in the housing market, growth trends in renter households, growth in rental rates, and the number of rental units under construction or planned, there is still a shortage of between 570 and 870 rental units that will need to be built in the area before 2020. Clearfield, and the subject site, with its proximity to employment centers at Hill Air Force Base and Freeport Center is well positioned to capture a large share of this rental demand.

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<sup>3</sup> It should be noted that the original recommendation of including 220 multifamily units as part of the Mabey Pond redevelopment area was driven primarily by land constraints more so than by absorption analyses. This absorption analysis clearly shows the 220 rental units proposed would be well supported from a market standpoint.