

## Market Assessment –Sheldon Common I & II (Hartford)

### I. Description Of Property - Limited Equity Program

**Subject Property Description & Location** – Sheldon Common is a nine unit affordable housing complex of two buildings located in the Northeast neighborhood of Hartford. The project represents both renovation and new construction undertaken in 1993.

Property consists of a 2-unit multifamily building (Sheldon Common II) and seven townhouses in a second building (Sheldon Common I). According to data provided, tenants supply refrigerator and stove. Hookups are provided for washer and dryers. Parking totals 11 spaces which includes garage spaces for the townhouses. Subject Property Unit mix includes two, three and four bedroom units.

According to the State Limited Equity program, there are three different options for establishing rent (1) an established charge approved by management plan, (2) a % of adjusted income not exceed 30% of income, or (3) the greater of the two methods noted above. Based on data supplied, the base rate for the units at Flagg Rid Co-op as of September 30, 2012 was \$525/m for the two bedroom, \$625/m for the three bedroom and \$675 for the four bedroom. No data was provided on utilities or provision of utility allowances. In September 2012, no vacancies were reported at the Subject Property, nor was there any waiting list of applicants.

Below is chart on unit mix.

#### Sheldon Common I

110 Martin St  
Hartford, CT, 06120

| Type         | Property Type | Baths | # of units | Living Area SF | Base Rate | Utility Allow |
|--------------|---------------|-------|------------|----------------|-----------|---------------|
| 2 BR         | TH            | 1(?)  | 3          | 850            | \$525     | N/A           |
| 3 BR         | TH            | 1(?)  | 4          | 1000           | \$625     | N/A           |
| <b>Total</b> |               |       | <b>7</b>   |                |           |               |

#### Sheldon Common II

120-122 Martin St  
Hartford, CT, 06120

| Type         | Property Type | Baths | # of units | Living Area SF | Base Rate | Utility Allow |
|--------------|---------------|-------|------------|----------------|-----------|---------------|
| 2 BR         | Flat          | 1     | 1          | 800            | \$525     | N/A           |
| 4 BR         | Flat          | 2     | 1          | 1175           | \$675     | N/A           |
| <b>Total</b> |               |       | <b>2</b>   |                |           |               |

| Additional Property Info |                                 |
|--------------------------|---------------------------------|
| Property Type            | Co-op                           |
| Program                  | SR Limited Equity               |
| Year Built               | 1993                            |
| Parking                  | 11                              |
| # of Buildings           | 2 Buildings                     |
| Acres                    |                                 |
| Handicap Units           | 0                               |
| Vacancy                  | 0 (9-30-2012)                   |
| Waiting List             | 0 (9-30-2012)                   |
| Owner                    | Sheldon Common Coop Assoc. Inc. |

***Subject Property Features and Amenities –***

- Utilities Provided in Rent: *Unknown*
- Refrigerator: *Tenant*
- Stove: *Tenant*
- Microwave: *No*
- Laundry Room: *No*
- Hook-Up: *Yes*
- Community Room: *No*
- Elevators: *N/A*
- Other: *Garages (Sheldon Common I)*



Sheldon Common Co-op I  
Martin St



Sheldon Common Co-op II  
Martin St



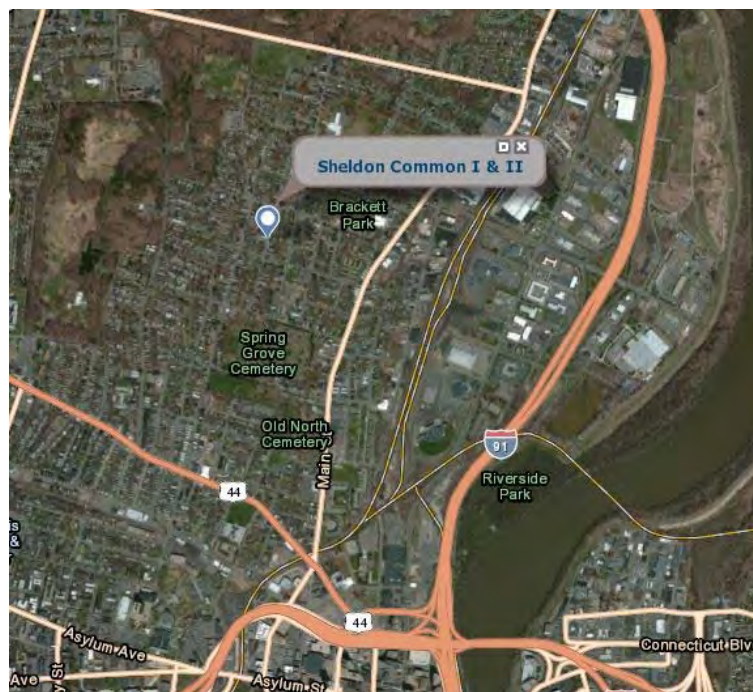
## II. Description of Site and Neighborhood

**Map of the Area** – Below is Exhibit 1a & 1b : Site Locator Map identifying the Subject Properties in relation to surrounding transportation corridors, land uses and physical features.

**Exhibit 1a – Subject Site Map**



**Exhibit 1b – Subject Site Map**





***Neighborhood Description & Land Uses*** – The Subject Property is located in the Northeast neighborhood of Hartford. Northeast is one of the poorer neighborhoods in the city with over 40% of its households living below the poverty line and receiving public assistance. The most distinguishing feature of this neighborhood is Keney Park, a 695-acre park established in 1896 making it one of the largest municipal parks in New England. Much of the immediate area surrounding the subject property is residential consisting primarily of multi-family properties and small rental complexes. Just south of the property on Capen St is the 35-acre Spring Grove Cemetery. Shopping and services are somewhat limited in the area mostly confined to neighborhood bodegas and small business outlets. More expanded options are located ½ mile east on Main Street. Nearest school to the Subject Property is John C. Clark Elementary School located one street over on Barbour St.

***Access*** – The Subject Property is located relatively close to two major arterial roads serving the city: Main Street (north-south) and Albany Avenue (east-west). Both function as commercial corridors supporting neighborhood based retail and businesses. Access to highway (I-84) is roughly 2 miles south. Local bus service in the area can be accessed on Capen Street two blocks south or on adjacent Garden or Barbour Streets.

***Delineation of Market Area*** – The primary Source Market Area (SMA) of demand for units at the Subject Property is defined as North Hartford.

The Competitive Trade Area is the geographic area within which we expect the majority of prospective households to consider affordable housing alternatives. Factors that are considered in the establishment of the Competitive Trade Area include consistency in housing options, access to housing options, distance from the subject property and character of neighborhood. For purpose of this analysis, we have defined the Competitive Trade Area to be Hartford with emphasis on North Hartford neighborhoods of Northeast (the neighborhood of the Subject Property), Clay Arsenal, Upper Albany and Asylum Hill.

*Refer to Exhibit 2 on following page for map of the Competitive Trade Area.*





## IV. Rental Survey

### *Housing Rental Survey Summary Analysis –*

According to 2010 Census Hartford's population in 2010 was 124,775. This represented an increase of nearly 3% over 2000 levels and a significant turn-around from the previous decade when Hartford lost more than 15,000 residents. Nevertheless, Hartford's ranking in the state in population actually slipped to third from second – with New Haven moving up into second position. Hartford is one the most ethnically diverse community in the state with minorities accounting for 82% of the population.

Despite evidence of population stabilization, Hartford is still feeling the effects of the major out-migration that occurred in the 1990s<sup>1</sup> with housing vacancy in the city topping 13% in 2010. This in turn has led to low rents in most areas of the city<sup>2</sup> as landlord look for ways to achieve optimum occupancy. Adding to the pressure on rents in the city is the sheer volume of rental units in the city with three-quarters of all occupied housing in Hartford housed by renters. Issues of poverty also place heavy pressure on rents with only seven census tracts out of 32 in the city reporting median incomes above \$30,000 in 2010.

Much of the apartment product in Hartford outside the downtown is linked to modest size low-rise apartments most often built between 1950s to 1970s. Supplementing this market are rentals offered in multi-family properties which make up as much as one-quarter to a third of the private rental. The city also has a heavy inventory of affordable housing as will be seen in the discussion on affordable rentals that follows.

In the survey undertaken for the Subject Property, we have chosen to concentrate our research in the area of North Hartford inclusive of Northeast (the neighborhood of the Subject Property), Clay Arsenal, Upper Albany and Asylum Hill as being most representative of the market environment for the Subject Property. Moreover we have included an analysis of multi-family rental in the area in order to gain unit comps not found among the surveyed complexes (mainly 3 and 4 Bedrooms)

Based on a review of apartments in this area, six complexes were identified deemed most relevant to the Subject Property in terms of product type, layout and configuration.

*Below is a summary of the results of the rental survey within the market area.*

### **Summary of Rental Market Analysis**

A summary of the rental analysis indicates the following market factors:

- Six open-age market rate apartments were identified that best reflect the market environment for unit rent at the Subject Property.
- The majority of the properties selected were built in the 1960s or 1970s. All are considered low or mid rise apartments. Average complex size calculated to 35 units.
- The six properties selected offer basic amenities that include laundry room and off street parking. Adds-on are generally limited to dishwashers and microwaves.

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<sup>1</sup> Hartford's out-migration of the 1990s equaled 18,161, superseded only by the 70's outmigration of 21,625.

<sup>2</sup> Areas of stronger rent support in Hartford are found in Downtown, and certain areas of West End.

- Average rent for the two bedroom calculated to \$819/m. Three of the six properties included utilities in the rent.
- Our analysis of closed rents at private multi-family properties (mostly 2 and 3-family) for 2, 3 and 4 bedroom units indicated averages of \$804/m, \$904/m and \$1,088/m, respectively. Only one property included heat and HW in rent.

*A summary of the analysis of rental data for Apartment and Multi-family rental survey is provided in the table 1a below and 1b on the following page.*

Table 1a

| Multi-family Rental - North End Neighborhood - Hartford |               |      |     |      |             |                |               |           |
|---|---------------|------|-----|------|-------------|----------------|---------------|-----------|
| Address   | Property Type | Age  | BRs | Bath | Unit Size   | Rent Price     | \$/Sq. Ft     | Utilities |
| 61 Bedford St   | 3-fam         | 1918 | 2   | 1    | 1,100       | \$875          | \$0.80        |           |
| 443 Edgewood St   | 3-fam         | 1910 | 2   | 1    | 860         | \$650          | \$0.76        |           |
| 51 Pliny St   | 3-fam         | 1900 | 2   | 1    |             | \$850          |               |           |
| 78 Sterling St  | 2-fam         |      | 2   | 1    |             | \$750          |               |           |
| 25 Pliny St   | 3-fam         | 1900 | 2   | 1    | 1,000       | \$750          | \$0.75        |           |
| 67 Williams St  | 3-fam         | 1900 | 2   | 1    | 1,100       | \$950          | \$0.86        |           |
| <b>Two BR Average</b>                                   |               |      |     |      | <b>1015</b> | <b>\$804</b>   | <b>\$0.79</b> |           |
| 480 Ann St  | LowRise       | 1900 | 3   | 1    |             | \$925          |               | H&HW      |
| 50 Cabot St   | 3-fam         | 1900 | 3   | 1    | 1,232       | \$950          | \$0.77        |           |
| 165 Clark St  | 2-fam         | 1900 | 3   | 1    | 965         | \$850          | \$0.88        |           |
| 443 Edgewood St   | 3-fam         | 1910 | 3   | 1    | 900         | \$850          | \$0.94        |           |
| 47 Green St   | 6-plex        | 1910 | 3   | 1    | 1,100       | \$950          | \$0.86        |           |
| 217 Martin St   | 3-fam         | 1900 | 3   | 1    | 1,000       | \$900          | \$0.90        |           |
| <b>Three BR Average</b>                                 |               |      |     |      | <b>1039</b> | <b>\$904</b>   | <b>\$0.87</b> |           |
| 151 Martin St   | 2-fam         | 1900 | 4   | 1    | 914         | \$1,000        | \$1.09        |           |
| 47 Henry St   | 3-fam         | 1925 | 4   | 1    | 1,333       | \$1,000        | \$0.75        |           |
| 132 Newbury St  | 2-fam         | 1927 | 4   | 1    | 1,134       | \$1,100        | \$0.97        |           |
| 19 Preston St   | 3-fam         | 1900 | 4   | 1    | 1,200       | \$1,250        | \$1.04        |           |
| <b>Four BR Average</b>                                  |               |      |     |      | <b>1145</b> | <b>\$1,088</b> | <b>\$0.96</b> |           |

Note: Four bedroom units are selected town-wide



Table 1b  
**Rental Survey - Market Rate Apartment Alternatives – North Hartford Area**

| Property                                    | Total Units | Prop. Type | Age  | 2 BR         | 2R size | \$/sf  | Utilities In Rent | Unit Availability |
|---|-------------|------------|------|--------------|---------|--------|-------------------|-------------------|
| <b>Niles St</b><br>16 Niles St              | 48          | Low Rise   | 1968 | \$795        |         |        | H&HW              | Available         |
| <b>Gillett Marshall</b><br>50 Gillett       | 24          | Mid-Rise   | 1963 | \$870        |         |        | H&HW              | Available         |
| <b>Sisson St</b><br>145 Sisson St           | 50          | Low Rise   | 1969 | \$799        | 755     | \$1.05 |                   | Available         |
| <b>Evergreen</b><br>15 Evergreen St         | 21          | Low-Rise   | 1928 | \$850        |         |        |                   | Available         |
| <b>Garden Hill Apts</b><br>165 Sigourney St |             | Low-Rise   |      | \$800        |         |        | H&HW              | Available         |
| <b>Huntington</b><br>28 Huntington St       |             | Low-Rise   |      | \$800        | 1000    | \$0.80 |                   | Available         |
| <b>Average</b>                              | 35          |            |      | <b>\$819</b> | 877     | \$0.92 |                   |                   |

Source: Property Managers, Internet, Rental Agents. Hartford Assessor

**Survey of Affordable Family Housing**– In order to better understand the options for senior housing, a survey was undertaken of affordable housing for family units in North Hartford area as defined by zip code 06120. Twenty-seven properties were identified inclusive of the Subject Property totaling 1,209 units. This represents 18% of the total number of assisted family units city-wide. Three of the properties are owned and managed by Hartford Housing Authority. As noted earlier, the Subject Property reported no vacancies as of September 30, 2012.

*Refer to Table 2 below for results of survey of affordable family housing in North Hartford (zip code 06120).*

**Table 2**  
**Survey of Affordable Family Housing – North Hartford (06120)**

| Property Name  | Address                                      | Owner                         | Public Funder | Family Units | Zip code |
|--|--|-------------------------------|---------------|--------------|----------|
| Sheldon Common Cooperative I & II (Subject Property) | 110 /120 Martin Street                       | Sheldon Common Coop Assoc.    | CHFA          | 9            | 6120     |
| 150-160 Nelson Street                                | 150-160 Nelson Street                        | Martin Nelson Sts. Assoc., LP | HUD/DECD      | 47           | 6120     |
| Amistad Court Cooperative                            | 165-171 Westland Street                      |                               | CHFA          | 14           | 6120     |
| Barbour Garden Apartments                            | 387 Barbour Street                           | Adar Hartford Realty, LLC     | HUD           | 84           | 6120     |
| Barbour Kensington Apartments                        | 312 Barbour Street                           | Kensington Associates         | HUD           | 36           | 6120     |
| Chappelle Gardens, Inc.                              | 367 Barbour Street                           | Chappelle Gardens, Inc.       | HUD           | 117          | 6120     |
| Chestnut Street Parador                              | 88-90 Chestnut Street                        | The House of Bread            | CHFA          | 2            | 6120     |
| Clay Hill  | 1713 Main Street                             | Clay Hill Associates          | CHFA/DECD/HUD | 156          | 6120     |
| Cleveland Avenue Cooperative                         | 272 Cleveland Avenue                         | Cleveland Avenue Coop         | CHFA          | 10           | 6120     |
| Cleveland Barbour                                    | 240-242 Cleveland Avenue; 442 Barbour Street |                               | DECD          | 11           | 6120     |
| Cooper Brothers Building                             | 165-175 Albany Avenue                        | CHFA                          | CHFA          | 10           | 6120     |
| Earle Street Apartments                              | 150 Earle Street                             | Famek Management Corporation  | HUD           | 48           | 6120     |
| Ed O'Neill House                                     | 107 Albany Avenue                            |                               | CHFA          | 27           | 6120     |
| Esquina Brillante (Bella Vista)                      | 1721-1739 Main Street                        | Esquina Brillante Coop        | CHFA/DECD     | 8            | 6120     |
| Harrington Place                                     | 146-160 Barbour Street                       |                               | CHFA          | 18           | 6120     |
| Main & Nelson Streets                                | 2357-59 Main Street                          | Nelson Associates             | HUD           | 55           | 6120     |
| Main & Pavilion Streets                              | 17 Barbour Street                            | Pavilion Associates           | HUD           | 72           | 6120     |
| Mary Seymour Place                                   | 2185-2209 Main Street                        | MSP Housing Ltd. Partnership  | CHFA/DECD     | 30           | 6120     |

| Property Name                  | Address                           | Owner                                    | Public Funder | Family Units | Zip code |
|--------------------------------|-----------------------------------|--|---------------|--------------|----------|
| Mary Shepard Place             | 15 Pavilion Street                | Hartford Housing Authority               | HUD           | 127          | 6120     |
| Nelton Court                   | 26-26A Nelton Court               | Hartford Housing Authority               | HUD           | 120          | 6120     |
| My Sister's Place II           | 102 Pliny Street                  | My Sister's Place II                     | CHFA          | 30           | 6120     |
| Nelson Street Apartments       | 53 Nelson Street                  | 37-39 Nelson Coop                        | CHFA          | 14           | 6120     |
| New Community at Stowe Village | 64 Hampton Street                 | Hartford Housing Authority               | HUD           | 92           | 6120     |
| Plaza Terrace                  | 17-19 Martin Street               | Plaza Terrace Mutual Housing Association | HUD           | 14           | 6120     |
| Summers Square Cooperative     | 152-160 Wooster Street            | Summers Square Cooperative               | CHFA          | 9            | 6120     |
| Villa Coqui                    | 95 Chestnut St. & 110 Edwards St. |  | CHFA          | 12           | 6120     |
| Windsor on Main                | 2495-2620 Main Street             | Windsor on Main LLC                      | HUD           | 37           | 6120     |
| Total – Zip 06120              |                                   |  |               | 1209         |          |
| Citywide                       |                                   |  |               | 6697         |          |

Source: Internet, Property Owners/Managers, Inventory of Assisted Housing

## V. Analysis of Current Tenant Base

### *Demographics-Economics-Rent Structure of Current Tenant Base:*

- Total Units: **9**
- Total Occupied Units: **9 \* As of 9-30-2012**
- Total Residents: **22 (7 –2+ /HHs)**
- Total # of Children: **6**
- Average Age: **37**
- % Minority: **100% (9 HH)**
- % of HH under over 61: **0% (0)**
- % at Base Rent or below: **All Pay Base Rent**
- Income Below 25%AMI: **0% (0)**
- Income 25% at 50% AMI: **56% (5)**
- Income 50% AMI or greater: **44% (4)**
- Average Income: **\$37,669**
- Average Tenant Rent: **same as base rent**
- Waiting List: **0 (As of 9-30-2012) .**

#### Sheldon Commons- Income Distribution

| Resident HH Income | Rent Equivalent | % of HH |
|--------------------|-----------------|---------|
| < \$10,000         | \$250           | 0%(0)   |
| \$10000-\$15000    | \$250-\$375     | 0%(0)   |
| \$15000-\$20000    | \$375-\$500     | 11%(1)  |
| \$20000-\$25000    | \$500-\$625     | 0%(0)   |
| \$25000-\$30000    | \$625-\$750     | 22%(2)  |
| \$30000-\$35000    | \$750-\$875     | 11%(1)  |
| \$35000-\$40000    | \$875-\$1000    | 22%(2)  |
| >\$40000           | >\$1000         | 44%(4)  |

Note: 2HH >\$50,000

## VI. Conclusions/Recommendations

### a. Rent Structure Opportunity

#### Market & Property Factors

##### Positives

- Complex near public bus line
- Unit sizes and configuration comparable to Market
- Townhouse unit configuration (Sheldon I)
- Garages (Sheldon I)
- Relatively new structure (1993)

##### Challenges

- Challenging Neighborhood

On following page is a summary of data compiled on Subject Property and average rents identified within various market segments.

**Based on review of the market and considering the size, age, layout, amenities and utility configuration of the subject units, a rental range of \$800/m to \$875/m for the two bedroom units, \$900/m to \$975/m for the three bedrooms units and \$1000/m to \$1075/m for the four bedroom unit at the Subject Property would be considered competitive with the area inventory involving properties with basic amenities.** (Disclaimer – this is not a projection of what could be achieved at the subject property, which would need to consider income eligibility parameters, target market and policy goals of the program, nor an “estimate of rent value”<sup>3</sup>, but a statement of possible

<sup>3</sup> Among Market Analysts and Appraisers the term “Estimate of Rent Value” has a distinct meaning calling for analytical process for determining value, typically requiring at a minimum a Rent Comparability Study. The “Estimate of Rent Value” study includes the use of a Rent Comparability Grid for valuing and documenting adjustments to comparables in order to calculate an “estimate of rent” for the Subject Property. The Market



rent ranges that have the potential of being competitive in the marketplace if no affordable housing restrictions were in place).

| Unit Type | Subject Property | Subject Property | Local Market Apt Alternatives | Local Market Multi-Family Alternatives | Hartford MLS Multifamily | Hartford MLS Condo | Hartford Managed Apartments |
|-----------|------------------|------------------|-------------------------------|--|--------------------------|--------------------|-----------------------------|
|           | Base Rent        | Avg Ten. Rent    | Avg Rent                      |  | Avg Rent                 | Avg Rent           | Avg Rent                    |
| Studio    |                  |                  |                               |  |                          | \$1098             | \$789                       |
| 1 BR      |                  |                  |                               |  | \$781                    | \$1151             | \$852                       |
| 2 BR      | \$525            | \$525            | \$819                         | \$804                                  | \$868                    | \$1327             | \$989                       |
| 3 BR      | \$625            | \$625            |                               | \$904                                  | \$969                    | \$2593             | \$1108                      |
| 4 BR      | \$675            | \$675            |                               | \$1088                                 |                          |                    |                             |

### ***Tenant Base Income Trends***

- No trend analysis could be undertaken on income profiles of tenants for 2003 and 2012 due to lack of data for 2003.

| Sheldon Commons Resident HH Income | Year 2003 | Year 2012 |
|------------------------------------|-----------|-----------|
| < 25%AMI                           | N/A       | 0 (0%)    |
| 25-50% AMI                         | N/A       | 5 (56%)   |
| 50%-80% AMI                        | N/A       | 4 (44%)   |
| Occupancy                          | 100%      | 100%      |

Source: CHFA Tenant Profile Report

### ***Market Depth***

To evaluate the capacity for rent restructuring at the Subject property, we have performed a market penetration analysis. This type of analysis bases its assessment of potential market capture on the relationship between the size of the development and its target market, taking into consideration housing options likely to compete with the Subject Property.

The market penetration rate represents the share of eligible target market that the Subject Development must capture in order to achieve full/optimum occupancy, assuming all existing and planned facilities are operating at capacity.

As a first step in testing market depth for Rent Stratification, we must first estimate the number of renters from homeowners by income in the primary source market area (*in this case the Primary Source Market Area is defined as North Hartford neighborhoods: Northeast, Clay Arsenal, Upper Albany, Blue Hills, North Meadows and Asylum Hill*). We

Assessment conducted herein is designed to offer a broad assessment of the market environment and a statement on possible rents for subject units potentially competitive within the marketplace, discounting any age or income restriction or other program parameter in affect at the subject property. These factors along with issues related to policy goals and market served would need to be considered as part of any final rent determination.

assume that most, if not all of the market for the available units will come from households renting homes, rather than from those who are homeowners. As this data is not available at town level for 2010, we start by using data from both 2010 Census and American Community Survey 2011 to arrive at distribution within the county, the lowest level for which current tenure HH data by income is available. Using that data, an adjustment factor was applied to better reflect the tenure base of the the Source Market Area (SMA)<sup>4</sup>.

|                        | Hartford County<br>Tenure Distribution |     | Adjustment Factor –<br>North Hartford |     |
|------------------------|--|-----|---------------------------------------|-----|
| Income<br>Distribution | Rent                                   | Own | Rent                                  | Own |
| under 15,000           | 76%                                    | 24% | 92%                                   | 8%  |
| 15000-25000            | 61%                                    | 39% | 87%                                   | 13% |
| 25000-35000            | 52%                                    | 48% | 83%                                   | 17% |
| 35000-50000            | 42%                                    | 58% | 80%                                   | 20% |

Source: US Census 2010, American Community Survey, 2011

The chart below reflects estimated distribution of households age 18-64 in North Hartford by tenure and income. Based on our analysis of tenure by income, we estimate the primary Source Market Area contains 12686 households whose incomes fall within the income threshold for the target market of which 11080 are renters. The chart also shows current distribution within the Subject Property of tenants by income.

| N. Hartford                         | Source Mkt HH 18-64 |              |                    | Subject  |
|-------------------------------------|---------------------|--------------|--------------------|----------|
| Income Distribution<br>(Adj. Gross) | Total               | Rent         | Own                | Property |
| under 15,000                        | 5949                | 5458         | 491                | 0        |
| 15000-25000                         | 2401                | 2079         | 322                | 1        |
| 25000-35000                         | 2118                | 1768         | 350                | 3        |
| 35000-50000                         | 2218                | 1775         | 443                | 5        |
| <b>Total</b>                        | <b>12686</b>        | <b>11080</b> | <b>1606</b>        | <b>9</b> |
|                                     |                     |              |                    |          |
| <b>Vacancy</b>                      |                     |              |                    | 0        |
|                                     |                     |              | <b>Total Units</b> | <b>9</b> |

Source: US Census 2010, American Community Survey, 2011

### ***Other Factors for Determining Market Depth***

Other defining factors in determining market capacity of the source market for the proposed rental units of the Subject Property is overall rental turnover in the marketplace and expected absorption of units by source market renters.

- Based on discussions with area property managers and census data on mobility patterns, we have assumed a 30% turnover rate within the market place with respect to renters.
- Relative to market penetration, we have assumed that 80% of the units will be filled by residents in North Hartford.

<sup>4</sup> The adjustment was determined based on the ratio of ownership in the SMA to County home ownership.

As a rule, for housing projects looking to capture very low income households, market penetration rates of 10 to 20% attest to the project's potential feasibility (and often higher depending on an area's housing availability at such income levels) assuming most or all existing housing options are operating at capacity. As you ratchet up the income brackets and come closer to a household's financial ability to find housing in the broader market, more conservative penetration rates are applied to test feasibility/potential depth of market. Thus at income brackets \$25,000-\$50,000 rates of 3 to 5% are being applied to test market depth.

To assist in determining potential for rent structuring, we looked at both market depth on an annual basis on assumption of turnover per year in the marketplace as well as the potential demand overall among all households age 18-64 within the source area in each bracket. Our analysis of potential demand annually was compared with estimate of senior households from source market currently in the property.

In the chart below are the results on the analysis for estimating demand on an annual basis. Not surprisingly more market depth is observed at the lower income levels \$25,000 and below. At incomes below \$25,000, source market potential shows 246 units. While above \$25,000, the potential market base is estimated at 34 units based on a 3 to 5% penetration of market.

| N. Hartford SMA  | Source Market - HH 18-64 Years |                                     |                                  |                     |                       |
|--|--------------------------------|-------------------------------------|----------------------------------|---------------------|-----------------------|
| Income Distribut<br>(Adj. Gross)   | Total                          | Rent                                | Turnover<br>ratio                | # Renters<br>Moving | Current<br>HH Tenants |
| under 15,000   | 5949                           | 5458                                | 30%                              | 1637                | 0                     |
| 15000-25000  | 2401                           | 2079                                | 30%                              | 624                 | 1                     |
| 25000-35000  | 2118                           | 1768                                | 30%                              | 530                 | 3                     |
| 35000-50000  | 2218                           | 1775                                | 30%                              | 533                 | 5                     |
|  |                                |                                     |                                  |                     | 9                     |
| Vacancy  |                                |                                     |                                  |                     | 0                     |
| Total  | 12686                          | 11080                               | 1606                             | 3324                | 9                     |
|  |                                |                                     |                                  |                     |                       |
| Potential capture rates:   |                                | Annual<br>Potential<br>Capture Rate | Current<br># HHs<br>at Sub. Prop |                     |                       |
| under 15,000   | 15%                            | 196                                 | 0                                |                     |                       |
| 15000-25000  | 10%                            | 50                                  | 1                                |                     |                       |
| 25000-35000  | 5%                             | 21                                  | 3                                |                     |                       |
| 35000-50000+**   | 3%                             | 13                                  | 5                                |                     |                       |
| Total  |                                | 280                                 | 9                                |                     |                       |
| * Formula = ( # Renters Moving X % from Source Mkt) X Potential Capture Rate |                                |                                     |                                  |                     |                       |
| ** Two HHs >\$50000  |                                |                                     |                                  |                     |                       |

Source: US Census 2010, American Community Survey, 2011

In the chart below, we identify the capture potential for total number of households age 18-64 within the defined source market area at each income bracket without consideration to turnover.

| N. Hartford SMA     | HH 18-64     |               | Aggregate Capture Potential<br>Total HH |                               |
|---------------------|--------------|---------------|---|-------------------------------|
| Income Distribution | Total        | HH<br>Renters | Capture Rates                           | Total HH<br>Capture Potential |
| under 15,000        | 5949         | 5458          | 15%                                     | 819                           |
| 15000-25000         | 2401         | 2079          | 10%                                     | 208                           |
| 25000-35000         | 2118         | 1768          | 5%                                      | 88                            |
| 35000-50000         | 2218         | 1775          | 3%                                      | 53                            |
| <b>Total</b>        | <b>12686</b> | <b>11080</b>  |   | <b>1168</b>                   |

Source: US Census 2010, American Community Survey, 2011

### ***b. Recommendations for Improving Marketability***

Based on a field inspection of the Subject Property, buildings and grounds appear to be in good to excellent condition. We believe, without the benefit of viewing units, that any needed steps for improving marketability at the Subject Property would be confined to interior improvements – including any upgrading kitchen appliances, new cabinets, ADA upgrades, etc.

### ***c. Redevelopment Scenario***

From a Market perspective, Sheldon Commons Coop does not reflect a strong need for a redevelopment scenario.



**APPENDIX**

**PROPERTY PHOTOS**

**MARKET BRIEF**



Sheldon Common Co-op I  
Martin St



Sheldon Common Co-op I  
Parking with Garages



Sheldon Common Co-op II  
Martin St

## Connecticut Towns: Market Assessment Briefs

**Town:** *Hartford, CT*  
**County:** *Hartford County*

### 1. Economic Trends

#### Major Employers - Hartford

| Employer                |
|-------------------------|
| State of Connecticut    |
| Aetna Life and Casualty |
| The Hartford            |
| Travelers Co.           |
| Hartford Hospital       |

Source: CERC Town Profile

Government, Insurance and health care essentially define Hartford's economy with Hartford the home of the state capital, two major hospitals, and numerous Insurance & financial service firms.

#### Key Economic Sectors - Hartford

| Industry Sector - 2011     | % Share of Jobs |
|----------------------------|-----------------|
| Finance & Insurance        | 22.1%           |
| Health Care                | 21.8%           |
| Prof. & Technical Services | 7.4%            |
| Administrative & Support   | 5.3%            |
| Accom & Food Services      | 4.0%            |
| Government                 | 17.8%           |

Source: CT Dept. of Labor

Insurance-Financial Services, Health Care and Government account for nearly two-thirds (61%) of Hartford's job base.

#### Labor Force & Employment Trends

| Labor Force + Employment    | Hartford | Hartford County |
|-----------------------------|----------|-----------------|
| Labor Force-2011            | 51,766   | 472,551         |
| Unemployment -2011          | 16.2%    | 9.2%            |
| Total Employment -Workplace | 109,246  | 487,169         |
| 2005 - 2011 - Annual Growth | -0.8%    | 0.1%            |
| 2010 - 2011 - Annual Growth | 0.3%     | 1.1%            |

Source: CT Dept. of Labor

Hartford's labor force has been significantly impacted by the economic downturn with unemployment averaging 16.2% in 2011, the highest of all communities in the state. Nor has the employment picture improved in 2012 with a posted unemployment rate of 17.8% in August 2012. Hartford's job base, however, has seen improvement last year after sliding 0.8% between 2005 and 2011.

As can be seen in the chart, Hartford is a significant net importer of workers relative to its resident base.



## Connecticut Towns: Market Assessment Briefs

**Town:** *Hartford, CT*  
**County:** *Hartford County*

### 2. Demographic Trends

#### Population Trends

| Population                           | Hartford | Hartford County |
|--------------------------------------|----------|-----------------|
| <b>2000 Total population</b>         | 121,547  | 857,183         |
| <b>2010 Total Population</b>         | 124,775  | 894,014         |
| <b>Annual Percentage Growth</b>      | 0.27%    | 0.42%           |
| <b>2011 Total Population (est.)</b>  | 124,300  | 894,443         |
| <b>2016 Total Population (proj.)</b> | 125,024  | 904,416         |
| <b>2011– 2016 Annual Rate</b>        | 0.12%    | 0.22%           |

Source: 2010 Census, ESRI Business Systems

Hartford's population expanded last decade by 2.6% representing a reversal of the previous decade when it lost 13% of its population base. Notably, projections call for moderate increase through 2016.

#### Household Trends

| Household                            | Hartford | Hartford County |
|--------------------------------------|----------|-----------------|
| <b>2000 Total Households</b>         | 44,973   | 335,098         |
| <b>2010 Total Households</b>         | 45,124   | 350,854         |
| <b>Annual Percentage Growth</b>      | 0.03%    | 0.47%           |
| <b>2011 Total Households (est.)</b>  | 44,986   | 351,028         |
| <b>2016 Total Households (proj.)</b> | 45,409   | 355,438         |
| <b>2011– 2016 Annual Rate</b>        | 0.19%    | 0.25%           |

Source: 2010 Census, ESRI Business Systems

Although population growth was impressive last decade, household growth was not suggesting a pattern of households doubling up in response to the economy. Projections point to better growth going forward equating to 0.2% annually.

#### Race & Ethnicity

##### % Share of Population

| Population - 2010          | Hartford | Hartford County |
|----------------------------|----------|-----------------|
| <b>White Alone</b>         | 24.2%    | 72.4%           |
| <b>Black Alone</b>         | 37.2%    | 13.3%           |
| <b>Asian Alone</b>         | 2.2%     | 4.2%            |
| <b>Hispanic (Any Race)</b> | 45.5%    | 15.3%           |

##### Change - 2000 to 2010

|                            |        |       |
|----------------------------|--------|-------|
| <b>White Alone</b>         | -12.6% | -5.9% |
| <b>Black Alone</b>         | -2.4%  | 13.7% |
| <b>Asian Alone</b>         | 29.4%  | 68.0% |
| <b>Hispanic (Any Race)</b> | 12.3%  | 33.0% |

Source: 2010 Census, ESRI Business Systems

Minorities outnumber whites in Hartford with 37% African American and 45% Hispanics. Over the last decade, Asians saw the greatest gains on a percentage basis - though still comprise only a small share of the city's population.

## Connecticut Towns: Market Assessment Briefs

**Town:** *Hartford, CT*  
**County:** *Hartford County*

### 2. Demographic Trends (Cont'd)

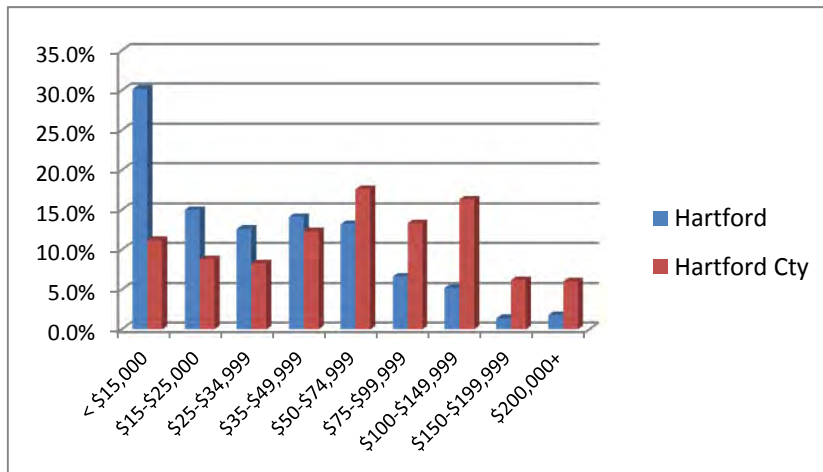
#### Median Income

| Median HH Income           | Hartford | Hartford County |
|----------------------------|----------|-----------------|
| <b>2000</b>                | \$24,814 | \$50,777        |
| <b>2011 (est.)</b>         | \$28,165 | \$61,074        |
| <b>Annual Avg % Growth</b> | 1.2%     | 1.8%            |

Source: 2010 Census, ESRI Business Systems

The income base in Hartford is one of the lowest in the state with a median of \$28,165 in 2010.

#### HH Income Distribution (2011)



30% of Hartford's household base report incomes of under \$15,000 annually. 45% earn under \$25,000.

#### HH Income Distribution - 65+ (2010)

| HH's                   | Hartford        |                 | Hartford County |                 |
|------------------------|-----------------|-----------------|-----------------|-----------------|
|                        | 65-74           | 75+             | 65-74           | 75+             |
| <b>Total HHs</b>       | <b>4,230</b>    | <b>3,636</b>    | <b>39,468</b>   | <b>41,833</b>   |
| <b>&lt; \$15,000</b>   | 33.1%           | 39.9%           | 11.5%           | 19.5%           |
| <b>\$15-\$25,000</b>   | 13.8%           | 14.0%           | 11.1%           | 16.2%           |
| <b>\$25-\$34,999</b>   | 12.5%           | 8.9%            | 10.4%           | 12.7%           |
| <b>\$35-\$49,999</b>   | 12.0%           | 11.7%           | 16.2%           | 14.1%           |
| <b>\$50-\$74,999</b>   | 11.8%           | 10.3%           | 20.0%           | 15.0%           |
| <b>\$75-\$99,999</b>   | 9.8%            | 7.9%            | 13.6%           | 10.3%           |
| <b>\$100-\$149,999</b> | 4.4%            | 3.1%            | 9.1%            | 6.1%            |
| <b>\$150-\$199,999</b> | 1.6%            | 1.2%            | 3.6%            | 3.2%            |
| <b>\$200,000+</b>      | 1.1%            | 2.9%            | 4.4%            | 3.0%            |
| <b>Med Inc.</b>        | <b>\$26,992</b> | <b>\$21,335</b> | <b>\$50,601</b> | <b>\$36,308</b> |

Source: 2010 Census, ESRI Business Systems

Poverty is most accentuated among Hartford's seniors with 50% of its households 65 and older living off incomes of \$15,000 or less. This compares to 15% for the county.

## Connecticut Towns: Market Assessment Briefs

**Town:** *Hartford, CT*  
**County:** *Hartford County*

### 2. Demographic Trends (Cont'd)

#### Poverty Rates

| Households - 2010                            | Hartford<br>% Total | Hartford Ct<br>% Total |
|--|---------------------|------------------------|
| <b>Married Couple - Family</b>               | 2.0%                | 1.1%                   |
| <b>Other Family HHs (spouse not present)</b> | 15.1%               | 3.9%                   |
| <b>Non-Family HHs</b>                        | 14.4%               | 5.2%                   |
| <b>Poverty Ratio - Total</b>                 | 31.5%               | 10.2%                  |

Households poverty rates in Hartford are exceptionally high reaching 31.5% in 2010 compared to 10% in the County. Among HH types in Hartford, female headed family HHs are most impacted accounting for 43% of all HH segments in poverty.

Source: ACS Population Survey, ESRI Business Systems

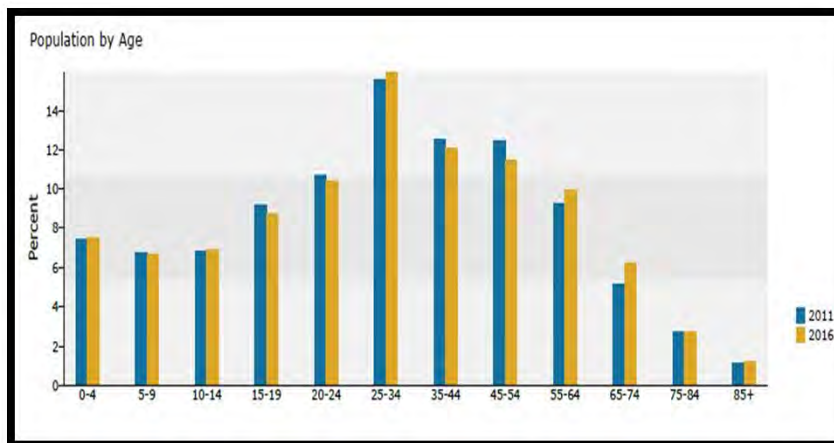
#### Age Trends

| Population - 2010 | Hartford<br>% Total | Hartford Ct<br>% Total |
|-------------------|---------------------|------------------------|
| <b>Age 18+</b>    | 74.2%               | 77.2%                  |
| <b>Age 65+</b>    | 8.9%                | 14.6%                  |
| <b>Age 75+</b>    | 3.8%                | 7.4%                   |
| <b>Median Age</b> | 30.2                | 39.9                   |

Though poverty is highly concentrated among the Hartford elderly, this group only account for 9% of the city's total population.

Source: 2010 Census, ESRI Business Systems

#### Age Distribution 2011-2016



Source: 2010 Census, ESRI Business Systems

Hartford's population is young with a large concentration centered within the 25 to 34 age bracket - representing a 15.5% share in 2010. This is expected to grow slightly to 16% by 2016. A bigger shift, however, is expected in the 65+ population expanding from 8.9% in 2010 to 10.2% in 2016.

## Connecticut Towns: Market Assessment Briefs

**Town:** *Hartford, CT*  
**County:** *Hartford County*

### 3. Housing Trends

#### Tenure and Vacancy

| HH's                  | Hartford |        | Hartford County |         |
|-----------------------|----------|--------|-----------------|---------|
|                       | 2000     | 2010   | 2000            | 2010    |
| <b>Own-Occp</b>       | 24.5%    | 24.4%  | 64.2%           | 65.5%   |
| <b>Own-Units</b>      | 11,040   | 10,988 | 215,275         | 229,920 |
| <b>Rent-Occp</b>      | 75.5%    | 75.6%  | 35.8%           | 34.5%   |
| <b>Rent Units</b>     | 33,931   | 34,136 | 119,823         | 120,934 |
| <b>Ttl Occp Units</b> | 44,972   | 45,124 | 335,098         | 350,854 |
| <b>Vacancy</b>        | 11.2%    | 12.9%  | 5.1%            | 6.3%    |

Source: 2010 Census, ESRI Business Systems

Hartford is overwhelmingly rental with owner occupancy accounting for only 24% of Hartford's occupied housing in 2010, essentially the same as in 2000.

Housing vacancy, a perennial issue in Hartford, was 13% in 2010. Both the city and Hartford public housing have looked to a program of demolishing long vacant

#### Housing Characteristics

##### % Share of Total Housing

| Structure Type - 2010             | Hartford | Hartford County |
|-----------------------------------|----------|-----------------|
| <b>1 Detached</b>                 | 15.0%    | 55.0%           |
| <b>1-Attached</b>                 | 3.1%     | 5.5%            |
| <b>2-unit</b>                     | 13.2%    | 7.8%            |
| <b>3/4 unit</b>                   | 23.2%    | 10.0%           |
| <b>5+ units</b>                   | 45.3%    | 21.7%           |
| <b>Total Housing Units - 2010</b> | 51,822   | 374,249         |

Source: ACS Housing Surveys, ESRI Business Systems

Hartford is a city of attached housing most of it in the form of older pre-1950 multifamily homes ranging from 2 to 9 units (50% of inventory). Only 15% of its housing stock is single family.

#### Rent-occupied Housing by Contract Rent

##### Renters with Contract Rent

| Contract Rent - 2010 Distribution | Hartford | Hartford County |
|-----------------------------------|----------|-----------------|
| <b>Under \$200</b>                | 11.7%    | 6.9%            |
| <b>\$200-\$399</b>                | 10.1%    | 8.7%            |
| <b>\$400-\$599</b>                | 18.5%    | 14.6%           |
| <b>\$600-\$799</b>                | 34.7%    | 28.0%           |
| <b>\$800-\$999</b>                | 16.4%    | 21.8%           |
| <b>\$1000-\$1249</b>              | 4.4%     | 10.5%           |
| <b>\$1250-\$1499</b>              | 1.1%     | 3.4%            |
| <b>\$1500-\$1999</b>              | 0.8%     | 1.3%            |
| <b>above \$2000</b>               | 0.7%     | 1.2%            |
| <b>Median Contract Rent</b>       | \$644    | \$733           |

Source: ACS Housing Surveys, ESRI Business Systems

40% of the rental HHs in Hartford pay under \$600/month compared to 30% for the county. Meanwhile, price support appears to drop off dramatically over \$1,000/m with only 7% of HHs in Hartford renting at this amount or more for housing.



## Connecticut Towns: Market Assessment Briefs

**Town:** *Hartford, CT*  
**County:** *Hartford County*

### 4. Rental Housing Market

#### Mfamily

| BR | # of Prop | Avg List Price | Avg Rent Sale | Avg DOM | Rental Range |
|----|-----------|----------------|---------------|---------|--------------|
| 0  | N/A       |                |               |         |              |
| 1  | 10        | \$781          | \$781         | 60      | \$650-\$935  |
| 2  | 29        | \$897          | \$868         | 60      | \$650-\$1200 |
| 3  | 4         | \$1,003        | \$969         | 62      | \$775-\$1850 |
| 4  | N/A       |                |               |         |              |

Source: CT MLS

(Dom- Days on Market)

#### Condo

| BR | # of Prop | Avg List Price | Avg Rent Sale | Avg DOM | Rental Range  |
|----|-----------|----------------|---------------|---------|---------------|
| 0  | 2         | \$1,098        | \$1,098       | 46      | \$995-\$1200  |
| 1  | 35        | \$1,186        | \$1,151       | 68      | \$550-\$1950  |
| 2  | 18        | \$1,341        | \$1,327       | 86      | \$750-\$2400  |
| 3  | 8         | \$2,612        | \$2,593       | 21      | \$1200-\$3500 |
| 4  | N/A       |                |               |         |               |

Source: CT MLS

(Dom- Days on Market)

#### Apartments

|                   | # of Prop | Avg Studio BR rent | Avg One BR rent | Avg Two BR rent | Avg Three BR rent |
|-------------------|-----------|--------------------|-----------------|-----------------|-------------------|
| <i>Apartments</i> | 31        | \$789              | \$852           | \$989           | \$1,108           |

Source: AMS, Property Mgrs., Internet, RE Journals