

Market Assessment – Buckingham Terrace (Watertown, CT)

The Subject Property – Elderly Housing Program

The subject property includes 5 buildings 40 apartment units on a site of approximately 7.70 acres. The subject apartments include 30 efficiency units and 10 one bedroom units in ranch style buildings. The project was constructed in 1981. Additional to the unit facilities there is a community building and support facilities.

Buildings are frame, single story, vinyl sided. Roofs are gable design with asphalt shingle cover. Efficiency units are 400 square feet and one bedroom units are 500 square feet.

Base unit rent is \$100 per month plus a \$50 utility allowance for efficiencies and \$105 per month rent with \$55 for utilities for the one bedroom apartments. Occupancy is restricted to seniors over 62 years old and disabled persons. There are 2 tenants in the disabled category under 62 years old. There is no vacancy at the subject property.

Buckingham Terrace
935 Buckingham Street
Watertown, CT 06796

Table 1

BUCKINGHAM TERRACE					
Type	Property Type	Baths	# of units	Living Area SF	Base Rate
Efficiency	Ranch	1	30	400	\$100
1 Bedroom	Ranch	1	10	500	\$105
Total			40		

Additional Property Info	
Property Type	Elderly
Program	SR Elderly
Parking	62
Year Built	1981
# of Buildings	5
Acres	7.7
Handicap Units	0
Vacancy	0 (9-30-2012)
Waiting List	33
Owner	Watertown HA

Subject Property Features and Amenities

- Utilities Provided: Water and trash removal
- Electric Heat and HW, Lights and cooking paid by tenant
- Refrigerator: Yes
- Stove: Yes
- Microwave: No
- Dishwasher: No
- Laundry Facilities: none
- Community Room: Yes
- Elevators: No
- Parking: Lot, 62 cars



Buckingham Terrace

II. Description of Site and Neighborhood

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

Exhibit 1 – Subject Site Map



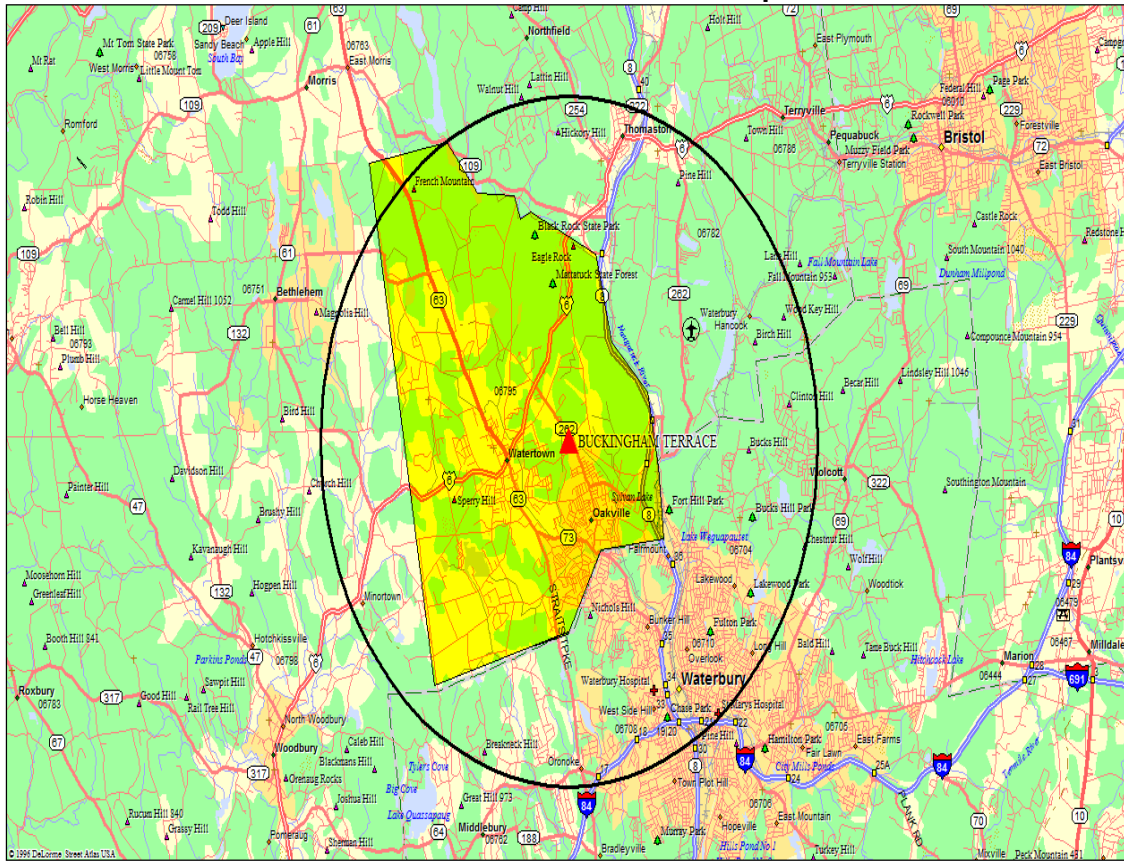
Neighborhood Description & Land Uses – The Subject Property is located on Buckingham Street in Watertown. Across Buckingham Street to the northeast is the Watertown Business Park with a collection of industrial facilities. Just south of the subject is an elementary school. To the north is another WHA senior housing property, Country Ridge. Development to the west tends to be residential.

Access – Echo Lake Road connects west to the downtown area of Watertown and to the east it connects with CT Rte 8. Buckingham street runs from Route 6 south to Main Street in the Oakville section of the community.

Delineation of Market Area – The defined Primary Market Area (PMA) of demand for units at the Subject Property is five mile radius from Subject Site in Watertown.

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 Watertown and nearby neighborhoods in adjoining towns.

Exhibit 2 – Market Area Map



As will become evident in the apartment rental survey data, the managed apartment complex market in Watertown is limited. Most of the renter occupied units in the community tend to be in smaller multiple dwellings.

III. Economics & Demographics of Market Area

[PLEASE REFER TO MARKET BRIEF IN THE APPENDIX ON TRENDS RELATED TO ECONOMIC AND DEMOGRAPHIC TRENDS FOR THE AREA]

III. Rental Survey

Because there was limited apartment complex properties in Watertown, data was collected from nearby communities within the competitive market area.

Housing Rental Survey

Property	Total Units	Prop. Type	Age	0 BR	0 BR size	\$/sf	1 BR	1BR size	\$/sf	Utilities In Rent	Unit Availability
Highland Ridge 329 Schraffts Dr. Waterbury	x	Garden	1970	\$715	500	\$1.43	\$795	800	\$0.99	Part	Available
Hilltop Manor 48 Craftwood Rd. Waterbury	x	Elevator	1986	\$540	400	\$1.35	\$620	690	\$0.90	S, T, CW	Available
Holly House Apts. 69 N. Main St. Woodbury	32	Ranch	x	\$745	275	\$2.71	\$1,050	700	\$1.50	H, HW	Available
Quail Hollow Village 144 N. Main St., Plymouth	67	Garden	2003				\$1,020	850	\$1.20	Heat	Available
Thomaston Valley Village 200 Reynolds Bridge Rd, Thomaston	27	Garden	2003				\$910	925	\$0.98	Heat	Available
Greenbriar Hills 143 Falls Terrace, Watertown	172	Garden	1973				\$825	624	\$1.32	Part	Available
Average				\$667	392	\$1.70	\$870	765	\$1.14		

Source: Property Managers, Rental Agents, Web Sites

The indications of the data suggested a central tendency to a rental rate at \$1.14 per square foot for the one bedroom market, unadjusted for utilities. For studios the average was \$1.70 per square foot. Holly House which includes heat and hot water was at the high end of the price range.

Survey of Affordable Housing– In order to better understand the options for senior housing in and around Watertown, a survey was undertaken of affordable senior housing in the area. Properties identified are listed in the Table below. This is not an exhaustive survey since there are numerous additional senior housing properties within the City of Waterbury, Watertown's neighbor to the south.

Survey Of Affordable Elderly Housing

Property Name	Address	Owner	Public Funder	Deter. Of Rent	Elderly Units	Age	Vacancy/ Waitlist**
Eli Terry Retirement Center	Terryville	Non-Profit	USDA-RD 515		34	1986	
Green Manor	Thomaston	THA	SH Elderly	Base Rent	62	1970	44
Truman Terrace	Watertown	WHA	SH Elderly	Base Rent	40	1975	33
Buckingham Terrace	Watertown	WHA	SH Elderly	Base Rent	40	1981	33
Country Ridge	Watertown	WHA	SH Elderly	Base Rent	40	1997	33
Spruce Bank Farms I	Woodbury	Non-Profit	Farmers Home	Base Rate	24	1986	
Spruce Bank Farms II	Woodbury	Non-Profit	HUD	Income	24	1991	
Nottingham Terrace	Waterbury	Profit	Hud 236/LIHTC	<60% AMI	165	1976	
Laurel Ridge	Wolcott	Non-Profit	Sect. 8	Income	40	1997	
Chestnut Hill Apts	Wolcott	Non-Profit	Sect. 8	Income	39	1997	
Countryside Apts	Wolcott	Profit	Sect. 8	Income	55	1982	
Countryside Apts. II	Wolcott	Profit	Sect. 8	Income	54	1983	
Total					617		

VI. Analysis of Current Tenant Base

Demographics-Economics-Rent Structure of Current Tenant Base:

- Total Units: **40**
- Total Occupied Units: **40**
- Total Residents: **44**
- Total # of Children: **0**
- Average Age: **76**
- % Minority: **0%**
- # of Disabled HH under 62: **2**
- % at Base Rent or below: **0% (OHHs)**

- Income Below 25%AMI: **28% (11)**
- Income 25% at 50% AMI: **63% (25)**
- Income 50% AMI or greater: **9% (3)**
- Average Income: **\$17,858**
- Average Tenant Rent: **\$315, studio/ \$345, 1BR**

Income Distribution

Resident HH Income	Rent Equivalent	% of HH
< \$10,000	\$250	3%
\$10000-\$15000	\$250-\$375	43%
\$15000-\$20000	\$375-\$500	25%
\$20000-\$25000	\$500-\$625	15%
\$25000-\$30000	\$625-\$750	8%
>\$30000	>\$750	8%

V. Conclusions/Recommendations

a. Rent Structure Opportunity

Market & Property Factors

Positive

- Country setting
- Adequate on site parking

Challenges

- Limited convenience activities in immediate area

b. Competitive Rents

Considering the data compiled on the Subject Property and the rental data collected from the market, a rate range of \$540 to \$580 for the studios and \$500 to \$650 for the 1 bedrooms would be deemed 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 parameter, target market and policy goals of the program, nor an estimate of rent value*, but a statement of possible rent ranges that have the potential of being competitive in the marketplace).

* Among Market Analysts and Appraisers the process for determining “Estimate of rent value” has a clear meaning for housing infers at a minimum the undertaking of a Rent Comparability Study involving the use of a Rent Comparability Grid for valuing and documenting adjustments to comparables to arrive at estimate of rent for the Subject Property. The market survey conducted herein is sufficient only for broad conclusions on possible rents for subject units that would be competitive within the marketplace discounting any age or income restriction.

Summary of Rent Rates

Unit Type	Subject Property	Subject Property	Local Market Alternatives	Watertown MLS Multifamily	Watertown MLS Condo	Watertown Managed Apartments
	Contract Rent	Avg Rent	Avg Rent	Avg Rent	Avg Rent	Avg Rent
Studio	\$100	\$315	\$667			
1 BR	\$105	\$345	\$870	\$717		\$870
2 BR				\$825	\$1,250	\$1,025

Tenant Base Trends

- Buckingham Terrace has a history of full occupancy
- Income profile has been steady in the 25%-50% bracket, but has contracted at the upper end and expanded at the lower end of the profile.

Resident HH Income	Year 2003	Year 2011
< 25%AMI	15%	28%
25-50% AMI	67%	63%
50%-80% AMI	18%	9%
Occupancy	100%	100%

Source: DECD, CHFA, Property Owners

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 five mile radius from Subject Property in Watertown*). We 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)¹.

¹ The adjustment was determined based on the ratio of ownership in the SMA to County home ownership.

	Litchfield County Tenure Distribution		Adjustment Factor – Watertown SMA Area	
Income Distribution	Rent	Own	Rent	Own
under 15,000	63%	37%	67%	33%
15000-25000	44%	56%	51%	49%
25000-35000	44%	56%	51%	49%
35000-50000	43%	57%	50%	50%

Source: US Census 2010, American Community Survey, 2011

The chart below reflects estimated distribution of senior households in the Watertown SMA by tenure and income. Based on our analysis of tenure by income, we estimate the primary Source Market Area contains 5469 households whose incomes fall within the income threshold for the target market of which 3061 are renters. The chart also shows current distribution within the Subject Property of senior tenants by income (excludes young disabled).

Watertown a	Source Mkt Senior HH 65+			Subject Property
Income Distri	Total	Rent	Own	Senior Tenant Base
under 15,000	1786	1204	582	17
15000-25000	1339	679	660	15
25000-35000	1061	538	523	5
35000-50000	1283	639	644	1
Total	5469	3061	2408	38
Young/Dis.				2
Vacancy				0
		Total Units		40

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 Watertown Source Market area.

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 areas 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 based on assumption of turnover per year in the marketplace as well as the potential demand overall among all households 65+ 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. There is evident depth at the lower incomes levels \$25,000 and below with a source market potential for 59 units. While above \$25,000, the potential market base is estimated at 11 units based on a 3 to 5% penetration of market.

Watertown SMA - 65+ Households					
Income Distr	Total	Rent	Turnover ratio	# Renters Moving	Current Senior HH Tenants
under 15,000	1786	1204	30%	361	17
15000-25000	1339	679	30%	204	15
25000-35000	1061	538	30%	161	5
35000-50000	1283	639	30%	192	1
Young/disabled					2
Vacancy					0
Total	5469	3061	2408	918	40
Potential capture rates:		Annual Potential Capture Rate	Current # Senior HHs at Sub. Prop		
under 15,000	15%	43	17		
15000-25000	10%	16	15		
25000-35000	5%	6	5		
35000-50000	3%	5	1		
Total		71	38		

* Formula = (# Renters Moving X % from Source Mkt) X Potential Capture Rate

Source: US Census 2010, American Community Survey, 2011

In the chart below, we identify the capture potential for total number of 65+ households within the defined source market area at each income bracket.

Watertown SMA	Senior HH 65+		Aggregate Potential Capture	
	Total	65+ HH Renters	Total HH 65+	Total Senior HH
Income Distribution			Capture Rates	Capture Potential
under 15,000	1786	1204	15%	181
15000-25000	1339	679	10%	68
25000-35000	1061	538	5%	27
35000-50000	1283	639	3%	19
Total	5469	3061		295

Source: US Census 2010, American Community Survey, 2011

c. Recommendations for Improving Marketability

The property is relatively new (1981) and has a history of full occupancy with normal turnover. No marketability enhancements appear necessary though further penetration in the 50%AMI market – which has slipped in past ten years - might require updates to kitchens-baths. Consideration might also be given to expanding a select number of studios to 1 BRs (end units?) – given the small studios represent 75% of the unit mix.

d. Redevelopment Scenario

From a Market perspective, Buckingham Terrace does not reflect a strong need for a redevelopment scenario.

APPENDIX

**SUBJECT PHOTOS
MARKET BRIEF**



Buckingham Terrace from Buckingham Street



Buckingham Terrace typical building and parking



Buckingham Terrace typical building and parking



Buckingham Terrace, community building, garage

Connecticut Towns: Market Assessment Briefs

Town: Watertown, CT
County: Litchfield County

1. Economic Trends

Major Employers - Watertown

Employer
The Siemon Company
United Parcel Service
The Torrington Company
Bristol Babcock, Inc.
Eyelematic Manufacturing Co.

Watertown is a community in which manufacturing continues to play a prominent role. Major employers include Siemons (copper and optical cable solutions), The Torrington Co (precision bearings), Bristol Babcock (products, services for oil, gas and water industry), Eyelematic (supplier to cosmetic industry).

Source: CERC, Town Profiles 2012

Major Industries - Watertown

Industry Sector - 2011	% Share of Jobs
Manufacturing	29.7%
Retail Trade	15.0%
Health Care	11.1%
Food Services	5.6%
Educational Services	5.3%
Government	7.0%

Manufacturing accounts for nearly on-third of Watertown's employment, or 2,299 jobs in 2011. Retail Trade and Health care add another 2,017 jobs.

Source: CT Dept. of Labor

Labor Force & Employment Trends

Labor Force +Employment	Watertown	Litchfield County
Labor Force-2011	12,295	106,511
Unemployment -2011	8.7%	8.2%
Total Employment -Workplace	7,734	59,580
2005 - 2011 - Annual Growth	-1.8%	-0.6%
2010 - 2011 - Annual Growth	1.3%	1.2%

Source: CT Dept. of Labor

Given Watertown's heavy reliance on manufacturing - it is not too surprising the town experienced job loss between 2005 - 2011 - a period that included a severe recession. On a positive note - in 2011, local jobs increased by 1.3%.

Unemployment in Watertown in 2011 was above the county but slightly below the state (8.8%).

Connecticut Towns: Market Assessment Briefs

Town: Watertown, CT
County: Litchfield County

2. Demographic Trends

Population Trends

Population	Watertown	Litchfield County
2000 Total population	21,661	182,193
2010 Total Population	22,514	189,927
Annual Percentage Growth	0.39%	0.42%
2011 Total Population (est)	22,613	189,377
2016 Total Population (proj.)	23,081	190,178
2011– 2016 Annual Rate	0.41%	0.08%

Town Population grew by nearly 4% last decade - a rate of growth projected for the period 2011-2016.

Source: 2010 Census, ESRI Business Systems

Household Trends

Household	Watertown	Litchfield County
2000 Total Households	8,046	71,551
2010 Total Households	8,672	76,640
Annual Percentage Growth	0.75%	0.69%
2011 Total Households (est.)	8,706	76,415
2016 Total Households (proj.)	8,958	77,279
2011– 2016 Annual Rate	0.57%	0.23%

Watertown added 626 new households in the 2000s representing a 7.5% increase. The rate of growth is expected to drop somewhat 2011-2016.

Source: 2010 Census, ESRI Business Systems

Race & Ethnicity

% Share of Population

Population - 2010	Watertown	Litchfield County
White Alone	94.4%	93.9%
Black Alone	1.4%	1.3%
Asian Alone	1.7%	1.5%
Hispanic (Any Race)	3.7%	4.5%

Minorities account for only 5.6% of Watertown's population with Asians most represented. Fewer share of Hispanics reside in town compared to the county.

Change - 2000 to 2010

White Alone	-2.2%	-2.0%
Black Alone	100.0%	18.2%
Asian Alone	30.8%	25.0%
Hispanic (Any Race)	94.7%	114.3%

Source: 2010 Census, ESRI Business Systems

Connecticut Towns: Market Assessment Briefs

Town: Watertown, CT
County: Litchfield County

2. Demographic Trends (Cont'd)

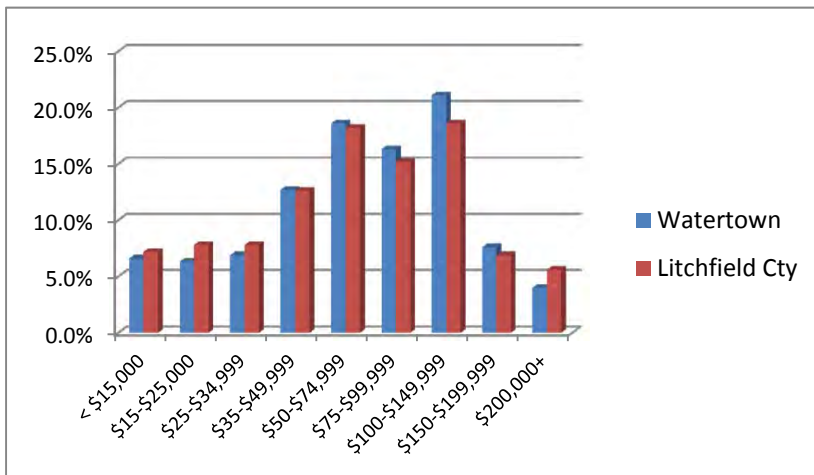
Median Income

Median HH Income	Watertown	Litchfield County
2000	\$59,477	\$56,199
2011 (est.)	\$72,945	\$68,271
Annual Avg % Growth	2.1%	2.0%

Income profile in Watertown is moderately high with median income of \$72,945.

Source: 2010 Census, ESRI Business Systems

HH Income Distribution (2011)



Income distribution in Watertown closely matches the county - but with slightly lower concentration in the \$35,000 and lower income bracket (20% vs. 23%) and higher in the \$100,000-\$150,000 income band (21% vs. 19%).

Source: 2010 Census, ESRI Business Systems

HH Income Distribution - 65+ (2010)

HH's	Watertown		Litchfield County	
	65-74	75+	65-74	75+
Total HHs	988	921	9,086	8,679
< \$15,000	6.9%	22.0%	7.3%	18.7%
\$15-\$25,000	11.2%	10.0%	10.2%	17.5%
\$25-\$34,999	11.5%	9.6%	9.9%	12.0%
\$35-\$49,999	17.9%	13.5%	13.4%	11.0%
\$50-\$74,999	21.6%	16.0%	24.6%	14.1%
\$75-\$99,999	14.0%	10.1%	11.7%	9.4%
\$100-\$149,999	9.1%	10.5%	9.9%	8.5%
\$150-\$199,999	3.1%	4.1%	5.9%	5.3%
\$200,000+	4.7%	4.2%	7.1%	3.6%
Med Inc.	\$51,849	\$43,255	\$56,781	\$36,932

25% of Watertown's 65+ seniors earn under \$25,000/yrly (32% for 75+ HHs); 26% of the 65+ HHs report incomes between \$25,000-\$50,000.

Source: 2010 Census, ESRI Business Systems

Connecticut Towns: Market Assessment Briefs

Town: Watertown, CT
County: Litchfield County

2. Demographic Trends (Cont'd)

Poverty Rates

Households - 2010	Watertown % Total	Litchfield Cty % Total
Married Couple - Family	0.1%	0.8%
Other Family HHs (spouse not present)	0.8%	1.4%
Non-Family HHs	4.3%	4.0%
Poverty Ratio - Total	5.2%	6.1%

Poverty rate in Watertown is moderate - mostly impacting non-family households (primarily seniors).

Source: ACS Population Survey, ESRI Business Systems

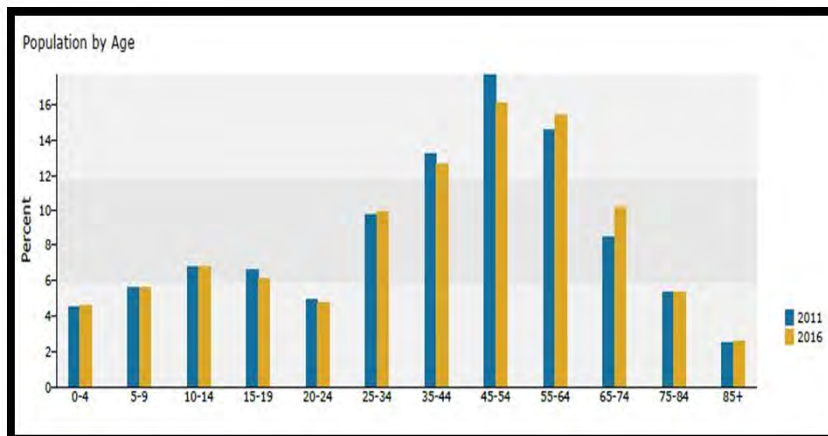
Age Trends

Population - 2010	Watertown % Total	Litchfield Cty % Total
Age 18+	78.4%	78.4%
Age 65+	16.2%	16.0%
Age 75+	7.9%	7.5%
Median Age	43.9	44.4

Watertown's population profile is similar in age profile compared to the county. Median age for Watertown was 43.9 in 2010. Litchfield county was 44.4.

Source: 2010 Census, ESRI Business Systems

Age Distribution 2011-2016



Source: 2010 Census, ESRI Business Systems

Watertown's 65+ population is expected to increase to 18.2% by 2016- from 16.2% in 2010, and 14.1% in 2000. Sharp reductions are projected in the 25-54 age cohorts.

Connecticut Towns: Market Assessment Briefs

Town: Watertown, CT
County: Litchfield County

3. Housing Trends

Tenure and Vacancy

HH's	Watertown		Litchfield County	
	2000	2010	2000	2010
Own-Occp	79.4%	79.8%	75.2%	76.3%
Own-Units	6,381	6,920	53,822	58,455
Rent-Occp	20.6%	20.2%	24.8%	23.7%
Rent Units	1,660	1,752	17,755	18,185
Ttl Occp Units	8,041	8,672	71,577	76,640
Vacancy	3.0%	4.7%	9.7%	12.5%

Watertown's rental market in 2010 accounted for 20% of the total occupied units in town and nearly 10% for the county.

Source: 2010 Census, ESRI Business Systems

Housing Characteristics

% Share of Total Housing

Structure Type - 2010	Watertown	Litchfield County
1 Detached	77.6%	73.3%
1-Attached	4.2%	3.8%
2-unit	6.2%	7.1%
3/4 unit	6.3%	5.7%
5+ units	5.5%	10.1%
Total Housing Units - 2010	8,602	87,550

22% of Watertown's housing is found in attached housing, where much of the rental housing market resides in town. Within this subset - housing product is evenly distributed between townhomes, 2-4 unit homes/properties, and properties 5 units or more. Less than 1% of housing is linked to mobile homes. Very few units are in properties exceeding 20 units.

Source: ACS Housing Surveys, ESRI Business Systems

Rent-occupied Housing by Contract Rent

Renters with Contract Rent

Contract Rent - 2010 Distribution	Watertown	Litchfield County
Under \$200	5.5%	4.7%
\$200-\$399	5.8%	7.9%
\$400-\$599	12.9%	18.2%
\$600-\$799	34.4%	30.0%
\$800-\$999	12.5%	15.8%
\$1000-\$1249	8.7%	7.5%
\$1250-\$1499	3.1%	3.1%
\$1500-\$1999	1.2%	2.2%
above \$2000	0.0%	2.0%
Median Contract Rent	\$716	\$693

Rents in Watertown are moderate - mostly clustering between \$700-\$1000m. Median rent in town was estimated at \$716 for 2010.

Source: ACS Housing Surveys, ESRI Business Systems

Connecticut Towns: Market Assessment Briefs

Town: Watertown, CT
County: Litchfield County

4. Rental Housing Market

Mfamily

BR	# of Prop	Avg List Price	Avg Rent Sale	Avg DOM	Rental Range
0					
1	4	\$711	\$717	121	\$550-\$975
2	8	\$831	\$825	66	\$650-\$1000
3	2	\$1,200	\$1,100	110	\$1100-\$1100
4					

Source: CT MLS

(Dom- Days on Market)

Condo

BR	# of Prop	Avg List Price	Avg Rent Sale	Avg DOM	Rental Range
0					
1					
2	4	\$1,250	\$1,250	73	\$1175-\$1325
3					
4					

Source: CT MLS

(Dom- Days on Market)

Managed Apartments

	# of Prop	Avg Studio BR rent	Avg One BR rent	Avg Two BR rent	Avg Three BR rent
Apts	1		\$870	\$1,025	

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