

4-6 Arch Street Market Analysis (Norwalk, CT)

I. Description Of Property

The Subject Property – Affordable Housing Program

The assessor's property card indicates the subject site to be 0.32 acres. The subject apartments are all one bedroom flats in two buildings. One structure is a ranch style duplex with units close to 542 square feet each. The other structure is a 3-story Victorian era house converted to six one bedroom units. Building SFLA is 4,565 suggesting an average unit size of about 760 square feet.

Base unit rent is \$280 per month according to 2012 Summary Tenant Profile. Initial admission is based on 50% AMI of adjusted gross income. There are no restrictions for age. Rent is determined on base rent or a percentage of adjusted income – minus any utility allowance, whichever is higher.

4-6 Arch Street

4-6 Arch Street
Norwalk, CT 06851

Table 1

Type	Property Type	Baths	# of units	Living Area SF	Base Rate
1 Bedroom	Flat	1	8	540-760 sf	\$280
Total			8		

Additional Property Info

Property Type	Affordable
Program	SH Affordable
Parking	8 +/-
Year Built	1909
Rehab	1991
# of Buildings	2
Acres	0.32 (TAX CARD)
Handicap Units	0
Vacancy	None
Waiting List	NA
Owner	Norwalk Mutual Housing, Inc.

Subject Property Features and Amenities –

- Utilities Provided: Partial, Utility Allowance \$159
- Gas hot water and heat
- Refrigerator: Yes
- Stove: Yes
- Microwave: No
- Dishwasher: No
- Laundry Room: 1
- Community Room: No
- Elevators: No
- Parking: Lot, 8 cars



4-6 Arch Street, 8 Units

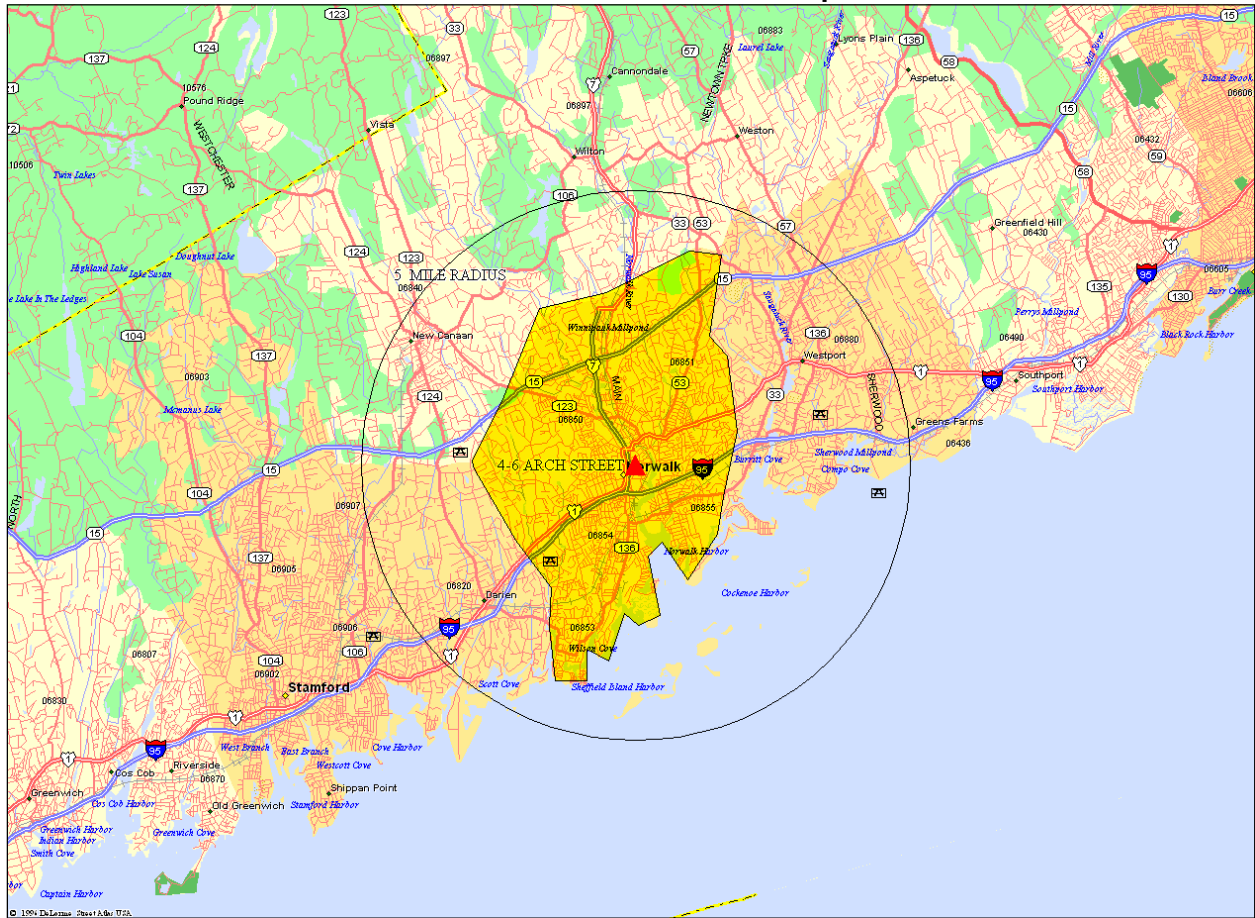
II. Description of Site and Neighborhood

Map of the Area – Below are two maps: Exhibit 1 is a Site Locator Map identifying the Subject Property in relation to surrounding transportation corridors, land uses and physical features; Exhibit 2 is a map delineating the Primary Market Area (Norwalk) and Secondary Market Area.

Exhibit 1 – Subject Site Map



Exhibit 2 – Market Area Map



Neighborhood Description & Land Uses – The subject is situated in Norwalk Center, in zip code 06851. It is on a side street just off West Avenue which is a mixed use corridor running between South Norwalk and Downtown Norwalk and which is the subject of extensive redevelopment including new apartment and retail. The land use in the immediate vicinity along Arch Street includes multiple dwellings and some small condo buildings.

Access – Arch Street is a short side street that connects to West Ave., which in turn provides access to SONO and Downtown Norwalk as well as I-95 and Ct Rte 7.

Delineation of Market Area – The defined Primary Market Area (PMA) of demand for units at the Subject Property is Norwalk.

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 consist primarily of Norwalk.

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]

VI. Rental Surveys

Table 1
Housing Rental Survey

PROPERTY	TOTAL UNITS	Age	INCOME LIMIT	1BR	1 BR SIZE	UTILITIES	WAIT
Riverview 93 Richards Ave.	92	Open	Open	\$1,640	850	H & HW	Available
Avalon Norwalk 26 Belden Ave.	311	Open	Open	\$1,580	712	NONE	Available
Jefferson 55-77 Water Street	136	Open	Open	\$2,279	934	NONE	Available
SONO Lofts 266 Prospect Street	34	Open	Open	\$1,800	723	NONE	Available
244 Main St Same	5	Open	Open	\$1,195	864	NONE	Available
65 Winfield Street Same	NA	Open	Open	\$1,200	650	NONE	Available
Morningside Gardens 32 Prospect St.	34	Open	Open	\$1,170	384	NONE	Available
Unit #21 Condo 1 Walter St.	NA	Open	Open	\$1,250	490	H & HW	Available
River Commons 15 School St.	34	Open	Low	\$850	740	NONE	Available
1 North Ave. MF Same	NA	Open	Open	\$800	NA	NONE	Available
1 North Ave. MF Same	NA	Open	Open	\$1,000	NA	NONE	Available
71 Osborne St. MF Same	NA	Open	Open	\$1,875	704	NONE	Available
19 Isaac St. Condo Same	NA	Open	Open	\$1,500	905	NONE	Available

Source: Property Managers, Rental Agents, Web Sites

In the general neighborhood of the subject buildings there are other apartment complexes with units available. The collected data is shown in the table above. The one bedroom rental rates observed in multi-unit professionally managed market rate properties range from \$1,170 to \$2,279. Most of these units do not include utilities. One low income property has rates at \$850 for their one bedroom apartments and a small multi-family has units at \$800 and \$1000.

Survey of Affordable Senior Housing– In order to better understand the options for senior housing in and around Norwalk, a survey was undertaken of affordable housing in the

area. The elderly apartments at 1 Leonard Street are within walking distance of the subject.

Table 2
Survey Of Affordable Elderly Housing

PROPERTY	TOTAL UNITS	Age	INCOME LIMIT	1BR	1 BR SIZE	UTILITIES	WAIT
Leonard St. Apts	52	Senior	Low	30%	NA	Included	Wait List
1 Leonard Street							
Schoolhouse Apts.	40	Senior	Low	30%	650	Included	Wait List
New Canaan							
Ballard Green	60	Senior	Low	\$375	512	\$ 127	Wait List
Ridgefield							
Prospect Ridge	34	Senior	Low	\$512	450	Included	Wait List
Ridgefield							
Canal Court	50	Senior	Low	30%	NA	Included	Wait List
Westport							
Ogden House	85	Senior	Low	30%	NA	Included	Wait List
Wilton							

The subject is much smaller than many professionally managed properties and tends to fall more into the multi-family category. AMS conducted a survey of this category in the local market and found the rental range for one bedrooms to run from \$875 to \$1,700 with an average at \$1,066.

Table 3
AMS Multi-family Rental Survey

Mfamily	BR	# of Prop	Avg List Price	Avg Rent Sale	Avg DOM	Rental Range
	0					
	1	38		\$1,066	54	\$875-\$1700
	2	54		\$1,466	67	\$850-\$1900
	3	21		\$1,971	61	\$1400-\$2400
	4					

Source: Fairfield Cty MLS (Dom- Days on Market)

V. Rent Structure Analysis

Demographics-Economics-Rent Structure of Current Tenant Base:

- Total Units: **8**
- Total Occupied Units: **8**
- Total Residents: **10**
- Total # of Children: **0**
- Average Age: **64**
- % Minority: **50% Black 50% Caucasian**
- # of Disabled HH under 62: **0% (0)**
- # at Base Rent or below: **1 HH at Base Rent, 7 pay over base**

- Income Below 25%AMI: **25% (2)**
- Income 25% at 50% AMI: **75% (6)**
- Income 50% AMI or greater: **0% (0)**
- Average Adjusted Income: **\$28,212**
- Average Tenant Rent: **1BR \$512**

**Arch Street
Income Distribution**

Resident HH Income	Rent Equivalent	% of HH
< \$10,000	\$250	0
\$10000-\$15000	\$250-\$375	0
\$15000-\$20000	\$375-\$500	13%
\$20000-\$25000	\$500-\$625	38%
\$25000-\$30000	\$625-\$750	25%
>\$30000	>\$750	25%

Demographics on Waiting List:

NA

VI. Conclusions/Recommendations

a. Rent Structure Opportunity

The current rental rates on average are very much below market. However, the current rental rates are close to maxing out the tenants' ability to pay at an affordable level. The average pay rate of income is 28.5%. 7 tenants pay about 28% and one is paying 33%.

While the market rents indicate the subject rates to be well below market, the existing tenant profile at the subject presents challenges to increase of tenant payments without RAP assistance. The present tenant profile is generally below 50% AMI. If the profile were expanded to admit households up to 80% AMI there may be opportunity to increase rental rates. Such a change may or may not be consistent with relevant housing policy.

Summary Table of Rents

Unit Type	Subject Property	Subject Property	Local Market Alternatives	Norwalk MLS Multifamily	Norwalk MLS Condo	Norwalk Managed Apartments
	Contract Rent	Avg Rent	Avg Rent	Avg Rent	Avg Rent	Avg Rent
Studio						\$1,158
1 BR	\$280	\$512	\$1,183	\$1,066	\$1,423	\$1,479
2 BR				\$1,466	\$1,882	\$1,922

Tenant Base Trends

- No historical data was available for this property to compare changes in tenant household incomes among defined brackets over time.

Arch St Resident HH Income		Arch St Year 2012
< 25%AMI		2
25-50% AMI		6
50%-80% AMI		0
Occupancy		100%

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 Norwalk*). 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.

	Fairfield County Tenure Distribution		Adjustment Factor – Norwalk SMA Area	
Income Distribution	Rent	Own	Rent	Own
under 15,000	69%	31%	78%	22%
15000-25000	63%	37%	74%	26%
25000-35000	49%	51%	64%	36%
35000-50000	44%	56%	60%	40%

Source: US Census 2010, American Community Survey, 2011

The chart below reflects estimated distribution of all households in the Norwalk SMA (City of Norwalk) by tenure and income. In analyzing the tenant base of the Subject Property it was found that over half the households are over 65 years of age – thus the estimate includes both households age 18-64 and elderly households 65+. Based on this analysis of tenure by income, we estimate the primary Source Market Area contains 11477 households whose incomes fall within the income threshold for the target market of which 7788 are renters. The chart also shows current distribution within the Subject Property of tenants by income.

	Norwalk Source Market			Subject Property Tenant Base
Income Distri	Total	Rent	Own	
under 15,000	2770	2160	610	0
15000-25000	2336	1722	614	4
25000-35000	2403	1533	870	2
35000-50000	3938	2372	1566	2
Total	11447	7788	3659	8
Vacancy				0
			Total Units	8

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 Norwalk 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 18+ 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 85 units. While above \$25,000, the potential market base is estimated at 35 units based on a 3 to 5% penetration of market.

Norwalk	Norwalk Source Market				
Income Distr	Total	Rent	Turnover ratio	# Renters Moving	Current HH Tenants
under 15,000	2770	2160	30%	648	0
15000-25000	2336	1722	30%	517	4
25000-35000	2403	1533	30%	460	2
35000-50000	3938	2372	30%	712	2
Vacancy					0
Total	11447	7788	3659	2336	8
Potential capture rates:		Annual Potential Capture Rate	Current # HHs at Sub. Prop		
under 15,000	10%	52	0		
15000-25000	8%	33	4		
25000-35000	5%	18	2		
35000-50000	3%	17	2		
Total		120	8		

* 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 households at 50% AMI within the defined source market area at each income bracket.

Norwalk	Total HHs		Aggregate Potential Capture Total HH	
Income Distribution	Total	Renters	Capture Rates	Total HH Capture Potential
under 15,000	2770	2160	10%	216
15000-25000	2336	1722	8%	138
25000-35000	2403	1533	5%	77
35000-50000	3938	2372	3%	71
Total	11447	7788		502

Source: US Census 2010, American Community Survey, 2011

b. Improvements for Improving Marketability

The subject property appears to be in good condition for its age with signs of regular maintenance. The premises are fully occupied and no extraordinary measures need be taken to enhance marketability at present rates. However, it is noted that the tax card indicates no elevator in this building which includes three floors. This certainly limits the pool of prospective tenants for upper floor units – particularly seniors – though it is noted 5 of the 8 households are over 65 years of age.

c. Redevelopment Scenario

From a Market perspective, Arch St does not reflect a strong need for a redevelopment scenario.

APPENDIX

SUBJECT PHOTOS
MARKET BRIEF



4 Arch Street, Duplex



6 Arch Street, 6 Units



Driveway entrance



Covered exterior stairway to upper floors



Arch Street looking east subject ahead on left



Arch Street from the air

Connecticut Towns: Market Assessment Briefs

Town: Norwalk, CT
County: Fairfield County

1. Economic Trends

Major Employers - Norwalk

Employer
Norwalk Hospital
Stew Leonard's
MBI
Diageo
Hewitt Associates

Norwalk supports broad economic base with organizations and companies in health care , retail food, consumer products marketing, liquor products and human resource services comprising the top employers of Norwalk.

Source: CERC Town Profiles, 2012

Key Job Sectors - Norwalk

Industry Sector - 2011	% Share of Jobs
Retail Trade	14.0%
Health Care	13.6%
Professional & Technical Services	9.2%
Finance & Insurance	7.1%
Admin & Support	6.6%
Government	9.0%

Norwalk's economy is well diversified with a substantial retail sector supporting over 6,000 employees in 2011 and Health care close behind with 5,900. Rounding out the top job base sectors is Professional services, Finance and Insurance and Admin & Support.

Source: CT Dept. of Labor

Labor Force & Employment Trends

Labor Force +Employment	Norwalk	Fairfield County
Labor Force-2011	49,910	481,769
Unemployment -2011	7.5%	8.0%
Total Employment -Workplace	44,088	403,196
2005 - 2011 - Annual Growth	0.1%	-0.4%
2010 - 2011 - Annual Growth	2.9%	6.4%

Source: CT Dept. of Labor

Unemployment levels for Norwalk were better than the county overall in 2011 and an improvement from 2010 when it posted 7.8%.

Jobs picture is more mixed with levels in 2011 below 2005, but with signs of a turnaround in 2011 with a 2.9% increase.

Connecticut Towns: Market Assessment Briefs

Town: *Norwalk, CT*
County: *Fairfield County*

2. Demographic Trends

Population Trends

Population	Norwalk	Fairfield County
2000 Total population	82,908	882,567
2010 Total Population	85,603	916,829
Annual Percentage Growth	0.33%	0.39%
2011 Total Population (est)	86,026	918,594
2016 Total Population (proj.)	87,712	930,650
2011– 2016 Annual Rate	0.39%	0.26%

Population in Norwalk expanded by 3.6% last decade - on par with rate of growth for the county. Continued growth at near 0.4 annually is projected through 2016.

Source: 2010 Census, ESRI Business Systems

Household Trends

Household	Norwalk	Fairfield County
2000 Total Households	32,695	324,232
2010 Total Households	33,217	335,545
Annual Percentage Growth	0.16%	0.35%
2011 Total Households (est.)	33,372	336,205
2016 Total Households (proj.)	33,938	340,435
2011– 2016 Annual Rate	0.34%	0.25%

The rate of growth was more lighter for households but still netted 522 households. Projections call for stronger growth over the near term 2011-2016.

Source: 2010 Census, ESRI Business Systems

Race & Ethnicity

% Share of Population

Population - 2010	Norwalk	Fairfield County
White Alone	68.7%	74.8%
Black Alone	14.2%	10.8%
Asian Alone	4.8%	4.6%
Hispanic (Any Race)	24.3%	16.9%

Norwalk is very diverse with nearly one quarter of its residents Hispanic. Blacks account for 14% - though this is a drop in share from 15% in 2000.

Change - 2000 to 2010

White Alone	-7.0%	-5.7%
Black Alone	-7.2%	8.0%
Asian Alone	45.5%	-2.1%
Hispanic (Any Race)	55.8%	42.0%

Source: 2010 Census, ESRI Business Systems

Connecticut Towns: Market Assessment Briefs

Town: Norwalk, CT
County: Fairfield County

2. Demographic Trends (Cont'd)

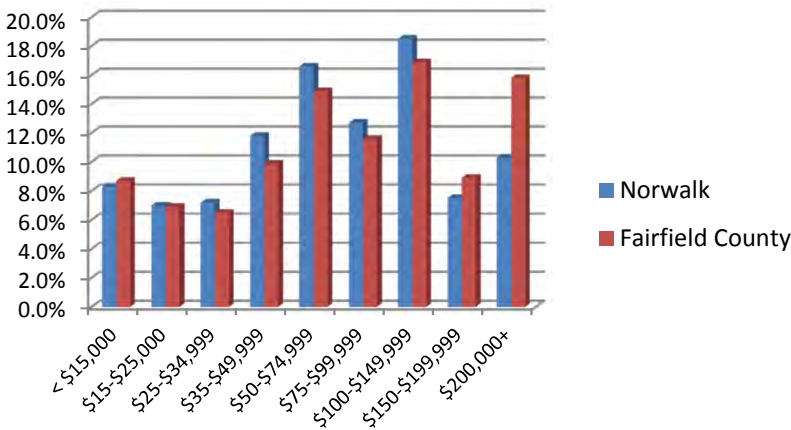
Median Income

Median HH Income	Norwalk	Fairfield County
2000	\$59,872	\$64,876
2011 (est.)	\$73,162	\$80,531
Annual Avg % Growth	2.0%	2.2%

Norwalk reports a moderate to high income profile, with median at \$73,162.

Source: 2010 Census, ESRI Business Systems

HH Income Distribution (2011)



Income distribution in Norwalk conforms to the county for most income categories with the exception of the middle - high incomes (\$50-\$150,000) where it more concentrated and at \$200,000 plus where it is less pronounced compared to the county.

Source: 2010 Census, ESRI Business Systems

HH Income Distribution - 65+ (2010)

HH's	Norwalk		Fairfield County	
	65-74	75+	65-74	75+
Total HHs	3,490	3,457	37,819	38,134
< \$15,000	11.3%	14.6%	9.5%	17.5%
\$15-\$25,000	6.9%	12.7%	8.1%	13.7%
\$25-\$34,999	8.8%	8.5%	6.3%	9.1%
\$35-\$49,999	9.5%	9.8%	9.4%	9.2%
\$50-\$74,999	21.7%	16.2%	18.2%	14.2%
\$75-\$99,999	12.2%	14.3%	11.9%	10.8%
\$100-\$149,999	14.1%	10.4%	14.4%	9.9%
\$150-\$199,999	6.1%	5.6%	6.2%	4.9%
\$200,000+	9.6%	7.8%	15.9%	10.7%
Med Inc.	\$63,248	\$55,008	\$72,114	\$50,597

23% of Norwalk's elderly 65+ HHs report incomes of under \$25,000, 18% earn between \$25,000 to \$50,000.

Source: 2010 Census, ESRI Business Systems

Connecticut Towns: Market Assessment Briefs

Town: Norwalk, CT
County: Fairfield County

2. Demographic Trends (Cont'd)

Poverty Rates

Households - 2010	Norwalk % Total	Fairfield Ct % Total
Married Couple - Family	1.1%	1.2%
Other Family HHs (spouse not present)	2.4%	2.4%
Non-Family HHs	5.0%	4.4%
Poverty Ratio - Total	8.6%	8.0%

Poverty rate in Norwalk is only slightly higher than the county - impacting mostly Non-family HHs. .

Source: ACS Population Survey, ESRI Business Systems

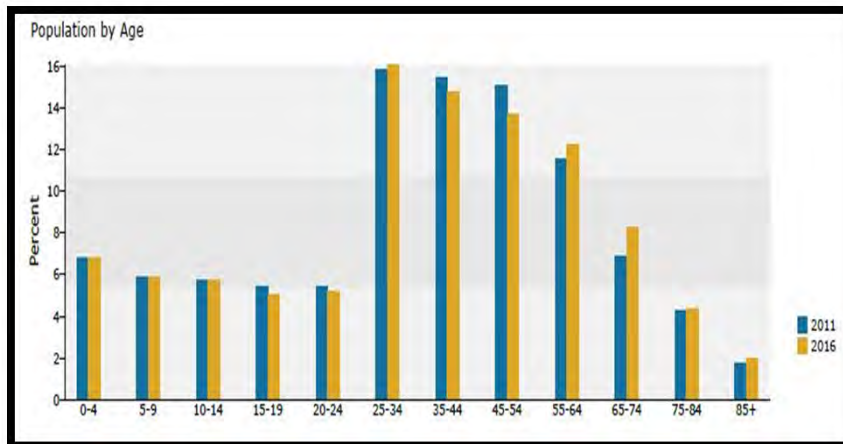
Age Trends

Population - 2010	Norwalk % Total	Fairfield Ct % Total
Age 18+	78.0%	75.2%
Age 65+	12.8%	13.5%
Age 75+	6.1%	6.7%
Median Age	38.1	39.4

Norwalk is closely aligned with Fairfield County in age profile with median at 38.1 vs. 39.4 for the county.

Source: 2010 Census, ESRI Business Systems

Age Distribution 2011-2016



Source: 2010 Census, ESRI Business Systems

Norwalk's 65 + population is projected to grow in share to 14.6% by 2016 from 12.8% in 2010.

Connecticut Towns: Market Assessment Briefs

Town: *Norwalk, CT*
County: *Fairfield County*

3. Housing Trends

Tenure and Vacancy

HH's	Norwalk		Fairfield County	
	2000	2010	2000	2010
Own-Occp	62.0%	62.4%	69.2%	68.6%
Own-Units	20,286	20,732	224,516	230,167
Rent-Occp	38.0%	37.6%	30.8%	31.4%
Rent Units	12,421	12,485	99,716	105,378
Ttl Occp Units	32,707	33,217	324,232	335,545
Vacancy	3.1%	6.2%	4.5%	7.1%

Owner occupancy is relatively high in Norwalk given its urban context representing 63% in 2010. Interestingly, rental occupancy showed very little change in numbers in the last decade despite the addition of a number of new rental developments.

Source: 2010 Census, ESRI Business Systems

Housing Characteristics

% Share of Total Housing

Structure Type - 2010	Norwalk	Fairfield County
1 Detached	50.4%	58.4%
1-Attached	4.7%	6.2%
2-unit	10.3%	8.6%
3/4 unit	8.1%	8.8%
5+ units	26.6%	18.1%
Total Housing Units - 2010	35,415	361,221

Housing options are varied in Norwalk with equal proportions of single detached and attached product.

Source: ACS Housing Surveys, ESRI Business Systems

Rent-occupied Housing by Contract Rent

Renters with Contract Rent

Contract Rent - 2010 Distribution	Norwalk	Fairfield County
Under \$200	5.9%	5.8%
\$200-\$399	5.4%	6.8%
\$400-\$599	5.8%	7.0%
\$600-\$799	9.9%	13.5%
\$800-\$999	15.2%	16.3%
\$1000-\$1249	20.1%	16.0%
\$1250-\$1499	16.4%	11.2%
\$1500-\$1999	11.1%	11.6%
above \$2000	7.3%	8.1%
Median Contract Rent	\$1,078	\$987

Norwalk rent structure is relatively high - boosted in part by the addition of several new luxury rental developments. Median income in Norwalk was estimated at \$1,078 in 2010.

Source: ACS Housing Surveys, ESRI Business Systems

Connecticut Towns: Market Assessment Briefs

Town: *Norwalk, CT*
County: *Fairfield County*

4. Rental Housing Market

Mfamily

BR	# of Prop	Avg List Price	Avg Rent Sale	Avg DOM	Rental Range
0					
1	38		\$1,066	54	\$875-\$1700
2	54		\$1,466	67	\$850-\$1900
3	21		\$1,971	61	\$1400-\$2400
4					

Source: Fairfield Cty MLS

(Dom- Days on Market)

Condo

BR	# of Prop		Avg Rent Sale	Avg DOM	Rental Range
0	N/A				
1	39		\$1,423	39	\$100-\$2100
2	48		\$1,882	34	\$1395-\$2650
3	N/A				
4	N/A				

Source: Fairfield Cty 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
<i>Apartments</i>	12	\$1,158	\$1,479	\$1,922	\$2,627

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