

Market Assessment -Ludlow Commons (Norwalk, CT)

I. Description Of Property

The Subject Property

The subject property is a congregate senior apartment. They are all one bedroom flats in 4-story elevator building which appears to have been a school before conversion. There are a total of 44 units in the project. That is a density of about 47 units per acre. Additional to the units there are 2 half lavatories and a common area kitchen. The assessor's property card indicates the subject site to be 0.93 acres.

Building is concrete foundation and masonry construction with brick exterior. Roof is flat with built up composition surface. Building area is 55,412 square feet. Overall condition is described as average on the assessor's property card.

Base unit rent is \$620 per month on the 2012 Recap. Information on service charge linked to congregate services was not provided by property owner. Occupancy is restricted to seniors over 62 years old with incomes below 80% AMI.

Ludlow Commons

11 Rogers Square
Norwalk, CT 06855

Type	Property Type	Baths	# of units	Living Area SF	Base Rate
1 Bedroom	Flat	1	44	NA sf	\$620
Total			44		

Additional Property Info	
Property Type	Senior
Program	SH Congregate
Parking	13 +/-
Year Built	NA
Rehab	1996
# of Buildings	1
Acres	0.93 (TAX CARD)
Handicap Units	44
Vacancy	NA
Waiting List	NA
Owner	Norwalk HA

Parking is limited, but probably adequate for staff and visitors. Residents are likely to have few vehicles.

Subject Property Features and Amenities –

- Utilities Provided: All
- Gas Heat and HW
- Refrigerator: Yes
- Stove: Yes
- Microwave: No
- Dishwasher: No
- Laundry Room: 1 Each floor
- Community Room: Yes
- Elevators: One
- Parking: Lot

The Norwalk Housing Authority Senior Services are designed to promote independence and the well-being of senior residents. Professional staff serves as liaisons to seniors by providing information and assistance that enable them to access community services. Senior Coordinators provide direct services to anyone in public housing who is 62 or older or disabled. At Ludlow Commons the NHA contracts an ASLA provider for congregate services. Congregate service fees are additional to base rent.



Ludlow Commons

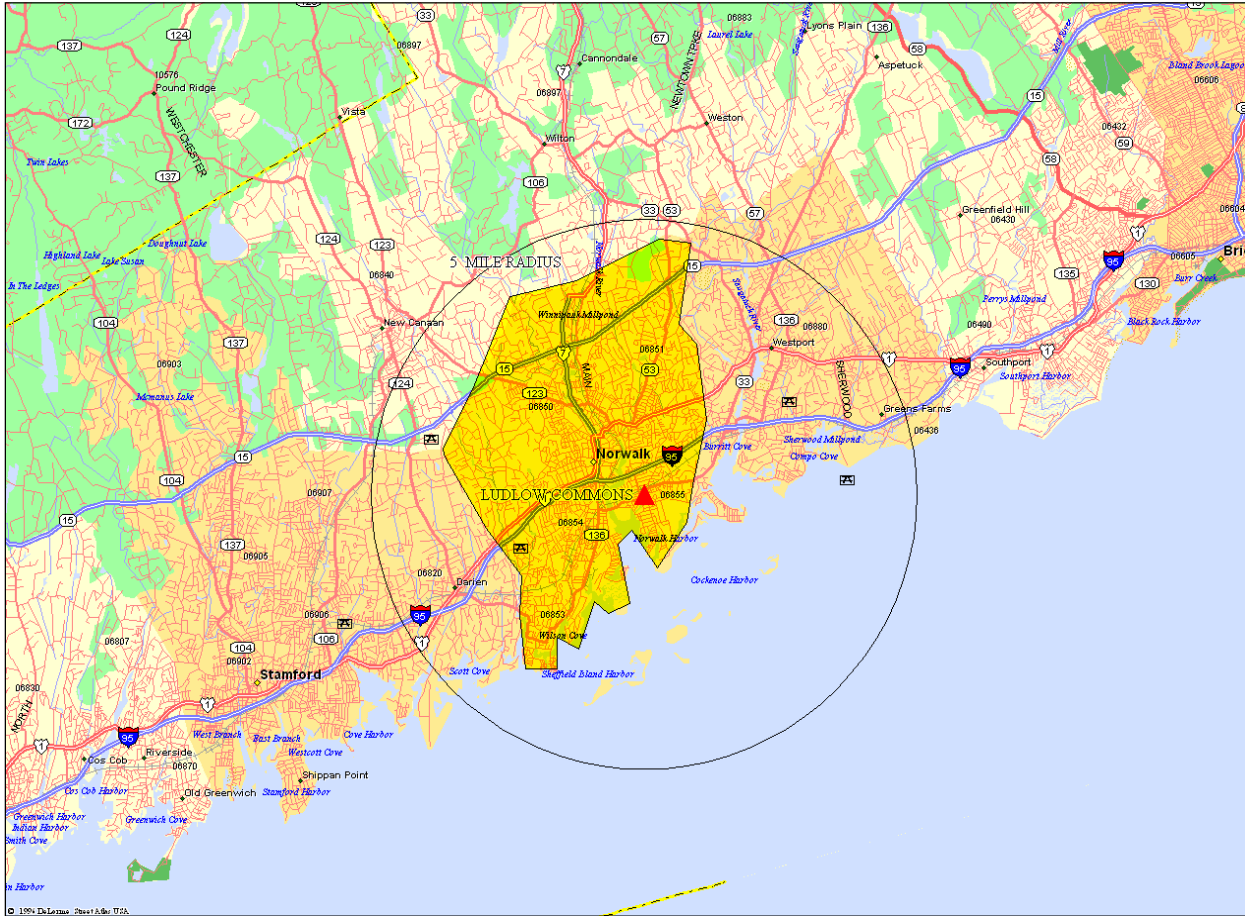
II. Description of Site and Neighborhood

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 East Norwalk, in zip code 06855. It is on the east side of Norwalk Harbor and close to Long Island Sound. The land use in the immediate vicinity includes another Norwalk Housing Authority property other apartment buildings and multi-family homes.

Access – Rogers Square is a short side street. The subject also has frontage on Emerson Street. Both these streets connect to Gregory Boulevard a collector street in the neighborhood. I-95 is just north of the subject location.

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]

IV. Rental Surveys

Table 1
Housing Rental Survey - Norwalk

PROPERTY	TOTAL UNITS	Age	INCOME LIMIT	1BR	1 BR SIZE	UTILITIES	WAIT	\$/sq. ft.
Riverview 93 Richards Ave.	92	Open	Open	\$1,640	850	H & HW	Available	\$1.93
Avalon Norwalk 26 Belden Ave.	311	Open	Open	\$1,580	712	NONE	Available	\$2.22
Jefferson 55-77 Water Street	136	Open	Open	\$2,279	934	NONE	Available	\$2.44
SONO Lofts 266 Prospect Street	34	Open	Open	\$1,800	723	NONE	Available	\$2.49
244 Main St Same	5	Open	Open	\$1,195	864	NONE	Available	\$1.38
65 Winfield Street Same	NA	Open	Open	\$1,200	650	NONE	Available	\$1.85
Morningside Gardens 32 Prospect St.	34	Open	Open	\$1,170	384	NONE	Available	\$3.05
Unit #21 Condo 1 Walter St.	NA	Open	Open	\$1,250	490	H & HW	Available	\$2.55
River Commons 15 School St.	34	Open	Low	\$850	740	NONE	Available	\$1.15

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.

Two properties listed in Table 2 are congregate type facilities – including one, Old Marvin, owned and operated by Norwalk Housing Authority. Since the subject is a congregate facility, the rates for assisted living facilities in the area were also reviewed and are included in Table 2

Table 2
Assisted and Congregate Living Rental Survey

PROPERTY	TOTAL UNITS	Type Project	INCOME LIMIT	Rate	BR SIZE	UTILITIES	WAIT
New Canaan Inn	41	Assisted	Open	\$4,550	Studio	Included	Wait List
New Canaan							
Brookdale Place	64	Assisted	Open	\$2,280-\$5,000	302-624	Included	Wait List
Wilton							
Greens at Cannondale	68	Assisted	Open	\$6,000-\$8,000	NA	Included	Wait List
Ridgefield							
Greens at Cannondale	18	Assisted	80%AMI	30%	NA	Included	Wait List
Ridgefield							
Broad River Homes	49	Congregate	50%AMI	30%	NA	Included	Wait List
Norwalk							
The Marvin	49	Congregate	50%AMI	\$520	585	\$36	Wait List
Norwalk							

Survey of Governmental Assisted Housing– In order to better understand the options for affordable senior housing in and around Norwalk, a survey was undertaken of governmental assisted housing in the area. This survey identified 3 other Norwalk properties, Broad River and The Marvin are listed in Table 2 and Norwalk Elderly Housing aka One Leonard Street is shown in Table 3.

Table 3
Survey Of Governmentally Assisted 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	30%	NA	Included	Wait List
Ridgefield							
Prospect Ridge	34	Senior	Low	30%	NA	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							

VI. Rent Structure Analysis

Demographics of Current Tenant Base:

- Total Residents: 45
- Total # of Children: 0
- 36% Black; 20% Hispanic; 44% non-minority
- 12 disabled resident households
- Only 3 HH at Base Rent, none pay over base
- 100% below 50% single person AMI

Based on the occupancy data, the average age of the head of household is about 79 and none of the units are occupied by a household under 62 years old. Of the 44 occupied units 93% receive RAP subsidy. The typical subsidy is about \$325. The average household adjusted gross income is \$12,808 and the tenant housing payment averages about 29% of income.

Demographics on Waiting List:

There are 45 persons on the wait list for Ludlow Commons.

VI. Conclusions/Recommendations

a. Rent Structure Opportunity

Market & Property Factors

The current rental rates tend to max out the tenants ability to pay with 93% of tenants requiring subsidy even at the below market rent level. The latest apartment base rate of \$620 including utilities is well below the \$1,479 average for Norwalk 1 BR apartments as surveyed in the AMS Norwalk Market Brief.

The current rent structure fits the ability to pay of the present tenants, but it is very much below market. There appears to be a substantial elderly population with incomes from \$25,000 to \$57,750 (including renters and owners) who could be eligible and afford to pay a rent between the current base rate up to about \$1,440. Change in the rent structure would be dependent on changing the prospective tenant pool, which may or may not be consistent with relevant housing policy. This upper market segment would also be narrowed in the case of the subject by the frailty requirement for eligibility.

Below is a summary of data compiled on Subject Property and average rents identified within specific market segments.

Unit Type	Subject Property	Service Charge*	Subject Property	Local Market Alternatives	Assisted Alternatives	CT MLS Multifamily	CT MLS Condo	Managed Apartments
	Contract Rent		Avg Rent	Avg Rent	Avg Rent	Avg Rent	Avg Rent	Avg Rent
Studio								\$1158
1 BR	\$620	?	\$306	\$1396	\$850	\$1066	\$1423	\$1479
2 BR						\$1466	\$1882	\$1922

Tenant Base Trends

- Old Marvin Congregate has seen a slight shift towards broader income diversification at its facility in the last ten years.
- Between 2003 and 2012, the share of residents at household incomes under \$25,000 has dropped by 11%, from 35 in 2003 to 31 in 2012.
- Meanwhile, the number of Households at >50% rose from zero in 2003 to 3 in 2012.

Marvin Cong Resident HH Income	Marvin Cong. Year 2003	Marvin Cong. Year 2012
< 25%AMI	83%	65%
25-50% AMI	17%	29%
50%-80% AMI	0%	6%

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 it is used here, it is primarily designed to reflect scale of demand at different price brackets and the capacity to capture that market assuming somewhat conservative penetration rates. Thus at lower household incomes you would expect higher capacity to capture due to lack of affordable options. The opposite is the case at higher household incomes.

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 city of 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	Fairfield County Tenure Distribution		Adjustment Factor Norwalk	
Income Distribution	Rent	Own	Rent	Own
under 15,000	66%	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 senior households 75+ in Norwalk by tenure and income. Based on our analysis of tenure by income, we estimate the primary Source Market Area contains 1605 households whose incomes fall within the income threshold for the target market of which 1129 are renters. The chart also shows current distribution within the Subject Property of senior tenants by income.

Norwalk	Source Mkt Senior HH 75+			Subject Property
Income Distrib	Total	Rent	Own	Senior Tenant Base
under 15,000	514	401	113	31
15000-25000	447	330	117	10
25000-35000	299	191	108	3
35000-50000*	345	208	137	0
Total	1605	1129	476	44
Young/Dis.				0
Vacancy				0
		Total Units		44

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 expected absorption of units by source market renters.

- As demand for congregate housing is largely driven by health care needs and not typically undertaken as a voluntary move, the evaluation of market depth focuses on aggregate penetration opportunity as opposed to anticipated rental turnover in the marketplace.
- Relative to source market, we have assumed that 75% of the units will be filled by residents in Norwalk.

At this level of the senior housing market that is more needs driven, identifying appropriate benchmarks for market penetration becomes more challenging. For seniors 75+, mobility is quite low and any move they take to new housing at this age is generally one of their last. Adding to the challenge is that 9 out of 10 persons 65 and older plan to stay in their home as long as they are able according to an AARP survey, a trend that has led to greater reliance on in-home care.

As a rule, benchmark market penetration rates attesting to the project's potential feasibility for independent housing involving targeting very low income households can range from 10 to 20% (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. .

In view of the fact that congregate housing is designed as independent housing for seniors who are less active and in need of some services associated with housekeeping, meals, laundry, we have chosen to maintain similar rates of penetration as possible absorption.

To assist in determining potential for rent structuring, we looked at market depth as a function of potential capture in aggregate overall among all households 75+ within the source area in each bracket (in this case Norwalk). A comparison is provided between the present income distribution found at the Subject Property among seniors and estimate of aggregate capture potential providing a gauge on market depth in the source market area. The results of this analysis are presented in the chart below.

Norwalk	Senior HH 75+		Aggregate Potential Capture	
	Total	75+ HH Renters	Total HH 75+	Total Senior HH
Income Distribut			Capture Rates	Capture Potential
under 15,000	514	401	15%	60
15000-25000	447	330	10%	33
25000-35000	299	191	5%	10
35000-50000	345	208	3%	6
Total	1605	1129		109

Source: US Census 2010, American Community Survey, 2011

b. Recommendations for Improving Marketability

The subject property appears to be in good condition for its age with signs of regular maintenance and occasional capital improvements.

The premises are fully occupied and no extraordinary measures need be taken to enhance marketability at present rates.

c. Redevelopment Scenario

From a market analysis perspective, Ludlowe Congregate does not reflect a strong need for a redevelopment scenario.

APPENDIX
PROPERTY PHOTOS
MARKET BRIEF



Front of Units facing Rogers Square



North side facing parking lot



View to Gregory Blvd. and Rogers Sq. subject to right



Emerson Street, subject at left

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%

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.

Source: CT Dept. of Labor

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)

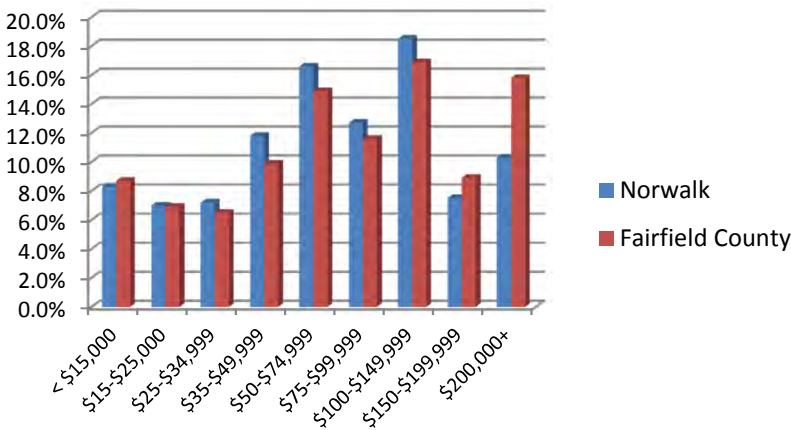
Median Income

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

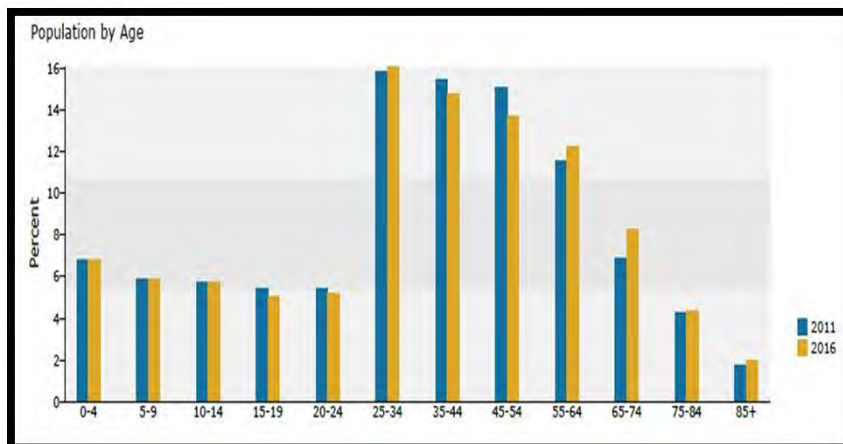
Age Trends

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