

## Market Assessment – Sunset Park (Norwich)

### I. Description Of Property - Moderate Rental

**Subject Property Description & Location** – Sunset Park is a 53-unit moderate rental development consisting of duplexes and single family homes. The complex extends along five streets in a residential area of Norwich that includes several other Norwich Housing Authority properties. Unit mix at the Subject Property consists of two and three bedroom units and homes in 29 buildings constructed in 1950-2.

According to property data provided, tenants must supply their own refrigerator and stove. Nearly all homes have dedicated pad parking for each unit, and those that don't have ample on-street parking. There is no community building or laundry area and information was unavailable regarding access to laundry hook-ups in any of the units.

As a state Moderate Rental Program project, eligibility is based on 100% of HUD's defined Area Median Income or less if a loan program (or grant-loan) or 80% if a straight grant as determined by adjusted gross income. Once admitted, household income can rise to 125% of HUD's defined "very low" income limit before being subject to surcharge or eviction. Rent is based on percentage of adjusted gross income (minus utility allowance) or base rent, whichever is greater. There are no age restrictions under this program.

Base rents as of September 2012 ranged \$410/m for the two bedroom duplex unit and \$415/m for the 2 BR SF unit and the 3 BR duplex. Utilities are not included in rent (other than water) however utility allowances ranging from \$115/m to \$284/m are applied. In September 2012, the Subject Property reported 3 vacancies. Meanwhile, a joint waiting list for four Norwich Housing Authority properties inclusive of the Subject Property equaled 20 households for the same period.

Below is chart on unit mix.

#### Sunset Park

Elizabeth St Ext., Clifton Pl., Pembroke Ave, Dunham St, Stanley Pl  
Norwich, CT, 06360

Type	Property Type	Baths	# of units	Living Area SF	Base Rate	Utility Allowance
2 Bedroom	SF	1	5	820	\$415	\$115-\$233
2 Bedroom	Duplex	1	30	760	\$410	\$115-\$233
3 Bedroom	Duplex	1	18	880	\$415	\$140-\$384
<b>Total</b>			<b>53</b>			

#### Additional Property Info

Property Type	Family
Program	SR Moderate Rental
Year Built	1950
Parking	Pad Parking
# of Buildings	29 Buildings
Acres	N/A
Handicap Units	0
Vacancy	3 (as of 9-30-2012)
Waiting List	20 (as of 9-30-2012) / list for four properties
Owner	Norwich Housing Authority

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

- Utilities Provided in Rent: *None (Utility Allowance ranging \$115/m-\$384/m)*
- Refrigerator: *No*
- Stove: *No*
- Microwave: *No*
- Laundry Room: *No*
- Hook-Up: *Unknown*
- Community Room: *No*
- Elevators: *N/A*
- Other:



Sunset Park  
Duplex -Elizabeth St Ext



Sunset Park  
SF House - Pembroke Ave



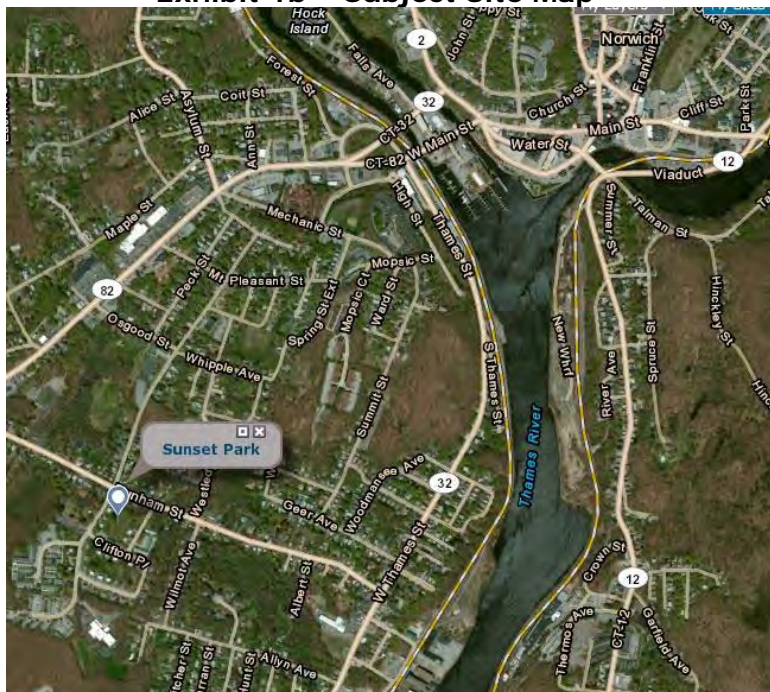
## II. Description of Site and Neighborhood

**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*** – Sunset Park is located in a residential area of Norwich within a neighborhood supporting several affordable housing properties owned and managed by the Norwich Housing Authority. In addition to Sunset Park, they include: Westwood Park (100 units – elderly), Eastwood Park (25 units – elderly) and Oakwood Knoll (75 units –family). Norwich Housing Authority's main office is also stationed here. More recently, a non-profit housing developer (ECHO) added to the mix of affordable housing in the neighborhood with the completion of a 29-unit complex off Elizabeth St. in 2009. A small amount of private housing – principally single family homes – also exists in the area. In addition to housing, the Uncas Elementary School is located in this neighborhood within easy walking distance for children housed at either Sunset and Oakwood.

Ample retail, service and dining can be found nearby ½ mile from the Subject Property on West Main Street (Route 82). This corridor which connects the downtown to Interstate 395 functions as the main commercial corridor for the city.

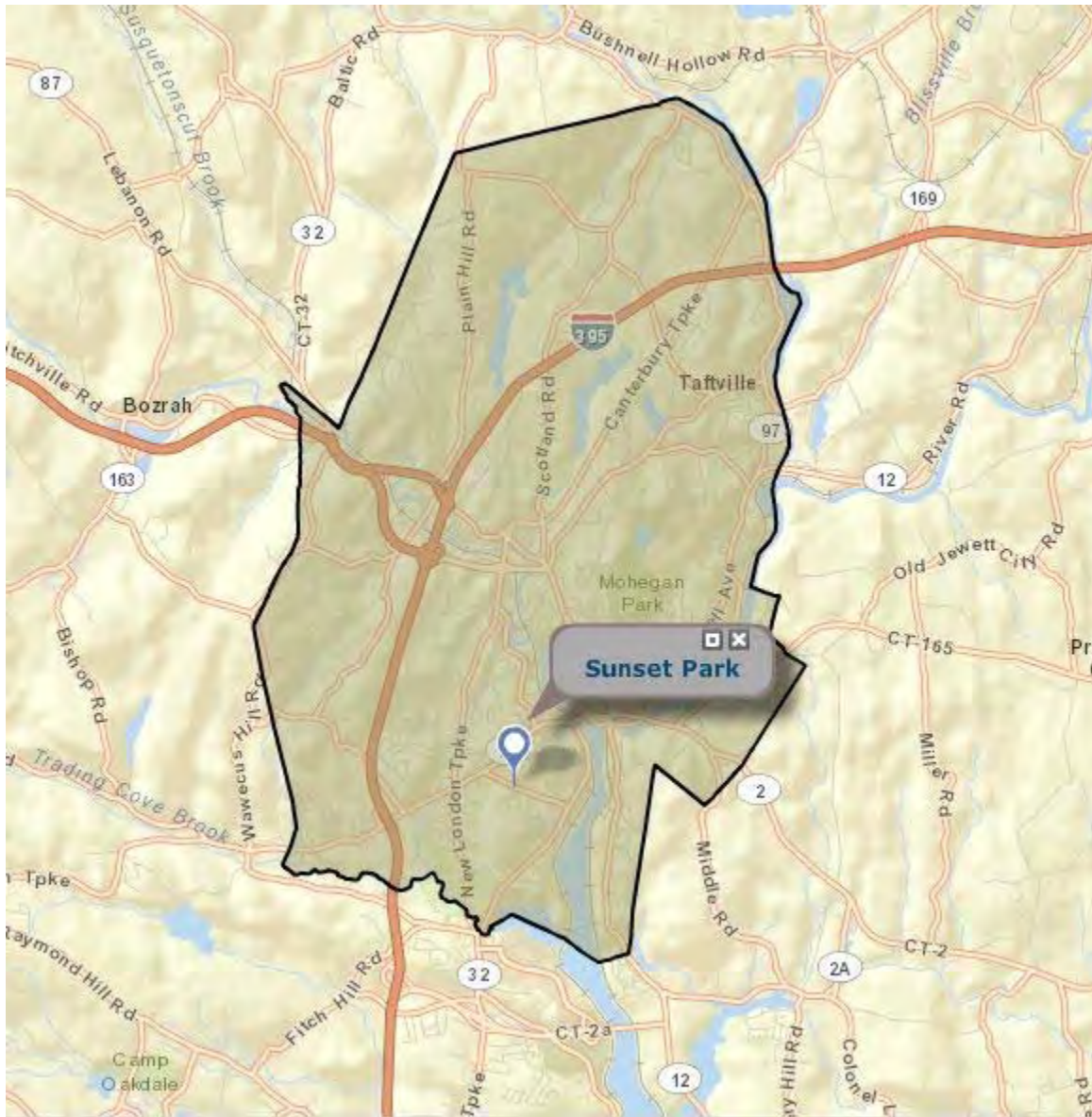
***Access*** – The Subject Property has easy access to both shopping and regional thoroughfares in the area. West Main St (Route 82) is less than ½ mile north, Interstate 395 is 1.5 miles west from Sunset Park, with the Downtown only a bit further in distance to the east. Public bus transportation is provided by Southeast Area Transit District with a service route that covers Salem Turnpike and includes convenient stops within the Norwich Housing Authority complex. This route also links up with the Norwich Transportation Center Downtown where transfers can be made to destinations that include New London, Groton, Lisbon and the casinos.

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

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 Norwich.

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

## Exhibit 2 – Competitive Trade Area Map



### 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 Survey**

### ***Housing Rental Survey Summary Analysis –***

Norwich is a modest sized city of 40,493 as of 2010. During the past decade, the city witnessed exceptional population growth translating to nearly a 12% gain in its resident base. Fueling this growth was major expansions in nearby Mohegan Sun and Foxwood casinos. However, with the economic downturn of 2008 and increased competition for gaming from neighboring states, both casinos have had to scale back on growth plans and initiate workforce reductions. As a result, demographers are now projecting a net decline of population in Norwich by 2016.

Rental housing demand in Norwich, however, continues to remain relatively strong despite the pull-back from the casinos. Both casinos still employ over 15,000 workers with many of these workers housed in apartments. Local employers including Backus Hospital and other health care providers have also grown in importance (30% of jobs base) which has expanded local demand for housing, particularly rental. Meanwhile, tourism and defense industries continue to play a vital role in the region's economy adding to housing demand in southeastern Connecticut.

Within the southeast Connecticut region, Norwich represents the largest source of rental housing with 7,985 rental occupied units in 2010, exceeding Groton's rental base at 7,656 units and New London at 6,465 units. In town, it constitutes 49% of all occupied housing. Approximately 25% of Norwich's rental housing is assisted housing. Of the remaining 5,970 rental units, an estimated 25 to 30% is linked to professionally managed apartment complexes in town. While most of these rental properties are small apartments or complexes built between 1950's to 70s, new rental product built since 2000 has also hit the market in Norwich. In general, rental housing is moderately affordable in Norwich, particularly with respect to private multi-family, though there are signs of steeper rent growth in recent years compared to past years.

Our survey of Norwich apartments focused mainly on older more basic apartment complexes in the city, though some of the larger properties offer expanded amenities, particularly recreational components. In addition we have included newer properties with 3 Bedrooms in order develop sufficient database of rents for this unit type.

In addition to rental apartment survey, we have also added a survey on closed rents in the past year on private 2 and 3 Bedroom Multi-family (MF) units and 2 Bedroom Single Family homes in Norwich in order better evaluate competitive rent structure for duplexes and single family homes in Sunset Park.

While no true comparable to the Subject Property was identified (containing mostly side-by-side duplex units and some single family homes), apartments/homes selected for the survey reflected available market options based on unit type, pricing, amenities (basic) and configuration (mostly flat style units). For the most part these properties tend to serve markets whose incomes fall below 80% AMI.

*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:

- Based on an analysis of Multifamily and Single Family rent sales in Norwich over the last year, average rent calculated to the following: **\$831/m for 2BR MF rental**, **\$950/m for 3 BR MF rental**, and **\$1,225/m for the 2 BR single family home rental**. Homes within the survey ranged in size from 900 sf to 1,281 sf.
- Eight apartment rentals were surveyed in Norwich. Each property identified represent a market alternative for units at the Subject Property based on pricing, unit configurations, features and amenities for family households.
- Four of the eight apartments surveyed were built in the 1970s, two were built or rehabbed in the 1980s, with the remaining two built in 1990s and 2000s. Six of the properties are 3 to 4 story lowrises, one a garden apartment and one a midrise mill.
- In most complexes, the features and amenities offered are generally basic, typically limited to standard appliances, on-site laundry, off-site parking, decks-patios, and storage – though kitchens often included dishwashers, microwaves and garbage disposals. Meadow Ridge and Thamesview offer expanded recreational amenities that includes a pool.
- The average rent among the the eight complexes calculated to **\$958/m for the 2 bedroom unit** and **\$1175/m for the 3 bedroom**. Five of the complexes included utilities in the rent.
- All eight complexes indicated current or near term unit availability.

*On following page is summary of survey on closed rent sales on 2 BR homes in Norwich in the last 12 months (Table 1a). On page 10, Table 1b summarizes the results of Rental Survey of Market Rate Apartments Alternatives in Norwich.*



**Table 1.a**

**Rent Survey – Single Family/Multi Family Housing Alternatives – Norwich**

**2 BR Single Family**

Property	Prop. Type	Age	2 BR	2 BR size	\$/sf	Utilities In Rent
196 West Thames	Sfamily	1954	\$1,150	1271	\$0.90	
349 New London Tpke	Sfamily	1953	\$1,200	900	\$1.33	
6 Tyler Ave	Sfamily	1912	\$1,200	1176	\$1.02	
728 Scotland Rd	Sfamily	1890	\$1,350	1281	\$1.05	
<b>2 BR Sfamily Average</b>			<b>\$1,225</b>	1157	\$1.08	

**2 BR Multi Family**

Property	Prop. Type	Age	2 BR	2 BR size	\$/sf	Utilities In Rent
129 Summit St	2-Fam	1870	\$725	700	\$1.04	
88 Chestnut	Duplex	1870	\$800	950	\$0.84	
7 Rock St	3-Plx	1900	\$750	950	\$0.79	
40 Oakridge	Duplex	1902	\$890	964	\$0.92	
445 East Main	2-Fam	1840	\$800	1100	\$0.73	
139 Laurel Hill	Duplex	1989	\$835	960	\$0.87	
71 Mckinley	Duplex	1860	\$850	875	\$0.97	
170 Washington St	Duplex	1860	\$995	1100	\$0.90	H&HW
<b>2 BR Average</b>			<b>\$831</b>	950	\$0.88	

**3 BR Multi Family**

Property	Prop. Type	Age	3 BR	3 BR size	\$/sf	Utilities In Rent
3 Aquaduct St	Duplex	1890	\$800	973	\$0.82	
221 Broadway	4-Plx	1860	\$925	900	\$1.03	
37 Otis St	2-Fam	1880	\$950	1165	\$0.82	
45 Fairmont St	Duplex	1880	\$975	1000	\$0.98	
8 Belmont St	2-Fam	1949	\$1,000	1106	\$0.90	Heat
443 East Main	Duplex	1890	\$1,050	1800	\$0.58	
<b>3 BR Average</b>			<b>\$950</b>	1389	\$1.03	

Source: CT-MLS

**Table 1.b**  
**Rental Survey Market Rate Apartment Alternatives– Norwich**

Property	Total Unit	Age	Prop. Type	2 BR	2BR.s ize	\$/SF	3 BR	3 BR size	\$/SF	Utilities In Rent
<b>Meadow Ridge</b> 4B Plumtree Norwich, CT	212	1986	Gar den	\$1080	1100	\$0.98				H&HW
<b>Huntington Ridge</b> 21 Henry St Norwich, CT	100	2004	Low- Rise	\$975	980	\$0.99	\$1125	1190	\$0.95	
<b>Indian Leap Apts</b> 166 Yantic St Norwich, CT		1900 (1980s)	Mill Rehab	\$850						H&HW
<b>Thamesview Apts</b> 495 Laurel Hill Norwich, CT	224	1972	Low Rise	\$905	1005	\$0.96	\$1275	1250	\$1.02	H&HW
<b>Rose Hill Est.</b> 10-J Gregory Norwich, CT	185	1971	Low Rise	\$1085	831	\$1.31	\$1275	1161	\$1.10	
<b>Summitwoods I</b> 3 Summitwood Norwich, CT	120	1991	Low Rise	\$925	950	\$0.97	\$1025	1326	\$0.77	
<b>Cedar Glen Apts</b> 99 Cedar St Norwich, CT	63	1971	Low Rise	\$850						H&HW
<b>Mohegan Com.</b> 40 E. Baltic Norwich, CT	183	1971	Low- Rise	\$1000	797	\$1.25	\$1175	959	\$1.23	H&HW
<b>Average</b>				\$958	943	\$1.08	\$1175	1177	\$1.01	

Source: Property Managers, Internet, Rental Agents

**Survey of Affordable Family Housing– Survey of Affordable Family Housing–** In order to better understand the options for family housing in Norwich, a survey was undertaken of affordable housing for families in the city. In total we identified 18 affordable family complexes in Norwich, including the Subject property, totaling 1,055 units. Six of the properties are owned and managed by Norwich Housing Authority.

*Refer to Table 2 below for results of survey of affordable family housing complexes in Norwich*

**Table 2**  
**Survey of Affordable Family Housing – Norwich**

Property Name	Address	Owner	Public Funder	Deter. Of Rent	Family Units	Age
Sunset Park (Subject Property)	Clifton, Dunham, et al	Norwich HA.	CHFA	Base Rent	53	1950
AHEPA 110	110 Pukallus	AHEPA 110, Inc	HUD	Income	46	1989
Artspace Norwich	24 Chestnut	Artspace Norwich LP	CHFA/DECD	Base Rent	58	
Elizabeth St Apts	112-120 Elizabeth	ECHO, Inc	CHFA	Base Rent	29	2009
Hedgewood Apts	101-200 Sandy		CHFA		100	1970
Hillside Apts	29 Mopsic	Hillside Assoc.	CHFA/DECD/HUD		26	1982
Hillside Terrace	2-82 Quarto	Norwich HA	CHFA		118	1950
JFKennedy Apts	Kennedy Dr-Sullivan	Norwich HA	CHFA	Base Rent	40	1990
JFKennedy Heights	Overlook, Fairview, et al	Norwich HA	CHFA	Base Rent	64	1950
Kate Blair House	117 Cliff St	Bethsaida Community Inc	CHFA		8	1840
Melrose Park	9-60 Melrose Park Rd	Norwich HA	CHFA/DSS		51	1949
Mohegan Village	90 North St		HUD	Income	88	1974
Norwich Apts	301 Sandy Lane	CR Norwich LP	HUD	Income	100	1970
Oakwood Knoll	Oakwood Knoll St	Norwich HA	HUD	Income	75	1952
Reliance House	40 Union St	Reliance House, Inc	HUD	Income	5	
Thames River Family	1 Thames River		DECD		24	
Wauregan Hotel	192 Main St	Wauregan Dev. LLC	CHFA		70	
Wolf Den Village	21 Henry St		HUD	Income	100	
<b>Total Family/City</b>					<b>1055</b>	

Source: Property Owners/Managers, Internet

\* **Sunset Park reported 3 vacancies in September 2012**

## V. Analysis of Current Tenant Base

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

- Total Units: **53**
- Total Occupied Units: **50** \* As of 9-30-2012
- Total Residents: **137 (47-2+ HHs)**
- Total # of Children: **60**
- Average Age: **46**
- % Minority: **56% (28 HH)**
- % of HH over 61: **9% (5 HHs)**
- % at Base Rent or below: **54% (27 HHs)**
  
- Income Below 25%AMI: **30% (15)**
- Income 25% at 50% AMI: **62% (31)**
- Income 50% AMI or greater: **8% (4)**
- Average Income: **\$22,208**
- Average Tenant Rent: **<\$476/m,2 BR>, <\$440/m,3BR>**
- Waiting List: **20 (as of 9-30-2012)** Consolidated list with 3 other properties

**Sunset Park - Income Distribution**

Resident HH Income	Rent Equivalent	% of HH
< \$10,000	\$250	10% (5)
\$10000-\$15000	\$250-\$375	12% (6)
\$15000-\$20000	\$375-\$500	18% (9)
\$20000-\$25000	\$500-\$625	24% (12)
\$25000-\$30000	\$625-\$750	16% (8)
\$30000-\$35000	\$750-\$875	12% (6)
>\$35000	>\$875	18% (9)



## VI. Conclusions/Recommendations

### a. Rent Structure Opportunity

#### **Market & Property Factors**

##### Positives

- Close to shops and services
- Some Single Family Product
- Complex near public bus line
- Housing Authority office/maintenance nearby

##### Challenges

- Lack of Kitchen appliances
- Age and obsolescence of property

*Below 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 present size, age, layout, amenities, condition and utility configuration of the subject units, a rental range of \$750 to \$820 for the two bedroom duplex, \$850/m to \$920/m for the three bedroom duplex, and \$1000/m to \$1075/m for the 2 Bedroom Single Family 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>1</sup>, but a statement of possible 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 MF Alternatives	Local SFamily Alternatives	Local Mkt Apt Alternatives	Norwich MLS Multifamily	Norwich MLS Condo	Norwich Managed Apartments
	Base Rent	Avg Ten. Rent	Avg Rent	Avg. Rent	Avg Rent	Avg Rent	Avg Rent	Avg Rent
Studio								
1 BR						\$686	\$871	\$860
2 BR	\$410-\$415	\$476	\$831	\$1225	\$958	\$788	\$1221	\$1006
3 BR	\$415	\$440	\$950		\$1175	\$870	\$1362	\$1233

<sup>1</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 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.

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

- A comparison of tenant income profiles for the Subject Property for the years 2003 and 2012 revealed a substantial increase in households above 25% AMI in 2012 (70%) vs. same bracket for 2003 (49%).

Sunset Park Resident HH Income	Year 2003 # of tenants	Year 2012 # of tenants
< 25%AMI	51% (27)	30% (15)
25-50% AMI	42% (22)	62% (31)
50%-80% AMI	7% (4)	8% (4)
Occupancy Rate	100%	94%

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 Norwich*). 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)<sup>2</sup>.

	New London County Tenure Distribution		Adjustment Factor – City of Norwich	
Income Distribution	Rent	Own	Rent	Own
under 15,000	63%	37%	70%	30%
15000-25000	59%	41%	67%	33%
25000-35000	44%	56%	55%	45%
35000-50000	43%	57%	54%	46%

Source: US Census 2010, American Community Survey, 2011

<sup>2</sup> The adjustment was determined based on the ratio of ownership in the SMA to County home ownership.

The chart below reflects estimated distribution of family households age 18-64 in the Norwich SMA by tenure and income. Based on our analysis of tenure by income, we estimate the primary Source Market Area contains 5699 households whose incomes fall within the income threshold for the target market of which 3469 are renters. The chart also shows current distribution within the Subject Property of family households by income

Norwich	Source Mkt HH 18-64			Subject Property
Income Distribution (Adj. Gross)	Total	Rent	Own	
under 15,000	1420	1000	420	11
15000-25000	996	670	326	21
25000-35000	1181	653	528	14
35000-50000	2102	1145	957	4
<b>Total</b>	<b>5699</b>	<b>3469</b>	<b>2230</b>	<b>50</b>
<b>Vacancy</b>				<b>3</b>
			<b>Total Units</b>	<b>53</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 Norwich SMA.

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 18-64 years of age 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. Notably in terms of market depth, we identify highest counts at the lower incomes levels \$25,000 and below. At incomes below \$25,000, source market potential shows 52 units. While above \$25,000, the potential market base is estimated at 16 units based on a 3 to 5% penetration of market.

Norwich	Source Market - HH 18-64 Years				
Income Distribution (Adj. Gross)	Total	Rent	Turnover ratio	# Renters Moving	Current HH Tenants
under 15,000	1420	1000	30%	300	11
15000-25000	996	670	30%	201	21
25000-35000	1181	653	30%	196	14
35000-50000+	2102	1145	30%	344	4
					50
<b>Vacancy</b>					3
<b>Total</b>	<b>5699</b>	<b>3469</b>	<b>2230</b>	<b>1041</b>	<b>53</b>
<b>Potential capture rates:</b>		<b>Annual Potential Capture Rate</b>	<b>Current # HHs at Sub. Prop</b>		
under 15,000	15%	36	11		
15000-25000	10%	16	21		
25000-35000	5%	8	14		
35000-50000+	3%	8	4		
<b>Total</b>		<b>68</b>	<b>50</b>		

\* 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 below age 65 within the defined source market area at each income bracket without consideration to turnover.

Norwich	HH 18-64		Aggregate Capture Potential Total HH	
Income Distribution	Total	HH Renters	Capture Rates	Total HH Capture Potential
under 15,000	1420	1000	15%	150
15000-25000	996	670	10%	67
25000-35000	1181	653	5%	33
35000-50000+	2102	1145	3%	34
<b>Total</b>	<b>5699</b>	<b>3469</b>		<b>284</b>

Source: US Census 2010, American Community Survey, 2011

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

Based on a field inspection of the Subject Property, the exterior of buildings and grounds (exclusive of roofs which could not be inspected) appear to be in moderate fair condition – though some signs of deferred maintenance was observed. We believe, however, without the benefit of viewing units, that most needed steps for improving marketability at the Subject Property would be largely confined to interior improvements – including upgrades in kitchens, the addition of kitchen appliances, upgrading cabinets and flooring, improvements to baths, ADA upgrades, HVAC, etc.

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

From a Market perspective, Sunset Park does not reflect a strong need for a redevelopment scenario.



**APPENDIX**

**PROPERTY PHOTOS**

**MARKET BRIEF**



Sunset Park  
Duplex- Dunham St



Sunset Park  
Duplex – Clifton Pl



Sunset Park  
Single Family – Clifton Pl



Sunset Park  
Off-Street Parking



## Connecticut Towns: Market Assessment Briefs

**Town:** *Norwich, CT*  
**County:** *New London County*

### 1. Economic Trends

#### Major Employers - Norwich

Employer
William W. Backus Hospital
City of Norwich
Computer Science Corporation
Norwich Inn and Spa
US Foodservice

Major employers in Norwich are found in Healthcare, Government, Accommodations, Data Center and WholesaleTrade-Distribuiton.

Source: CERC Town Profiles, 2012

#### Key Job Sectors - Norwich

Industry Sector - 2011	% Share of Jobs
Health Care	29.2%
Retail Trade	12.0%
Food Services	7.8%
Transportation	5.1%
Professional & Technical Services	4.1%
Government	17.7%

Once a major manufacturing town, Health care now dominates the town's economy, followed by retail trade and food services. State and local government are also key contributors of jobs to the Norwich economy with 2,700 workers combined in 2011.

Source: CT Dept. of Labor

#### Labor Force & Employment Trends

Labor Force +Employment	Norwich	New London County
Labor Force-2011	22,893	151,676
Unemployment -2011	9.6%	8.6%
Total Employment -Workplace	16,115	123,703
2005 - 2011 - Annual Growth	-1.1%	-0.7%
2010 - 2011 - Annual Growth	-0.1%	-0.3%

Source: CT Dept. of Labor

Unemployment is somewhat elevated in Norwich in 2011 though slightly below the 9.9% posted in 2010.

Meanwhile, the job profile in the city has declined in numbers 2005-2011, with continued slippage seen in the 2011 jobs report for the city.



## Connecticut Towns: Market Assessment Briefs

**Town:** *Norwich, CT*  
**County:** *New London County*

### 2. Demographic Trends

#### Population Trends

Population	Norwich	New London County
<b>2000 Total population</b>	36,117	259,088
<b>2010 Total Population</b>	40,493	274,055
<b>Annual Percentage Growth</b>	1.15%	0.56%
<b>2011 Total Population (est)</b>	39,893	273,987
<b>2016 Total Population (proj.)</b>	39,267	277,493
<b>2011– 2016 Annual Rate</b>	-0.32%	0.26%

Source: 2010 Census, ESRI Business Systems

Norwich witnessed exceptional population growth last decade powered by employment growth in the casinos nearby. Between 2000 and 2010, Norwich saw the addition of 4,376 residents. With the recent retrenchment of the casinos, projections are now showing decline in population.

#### Household Trends

Household	Norwich	New London County
<b>2000 Total Households</b>	15,091	99,835
<b>2010 Total Households</b>	16,599	107,057
<b>Annual Percentage Growth</b>	1.00%	0.70%
<b>2011 Total Households (est.)</b>	16,365	107,029
<b>2016 Total Households (proj.)</b>	16,076	108,858
<b>2011– 2016 Annual Rate</b>	-0.35%	0.34%

Source: 2010 Census, ESRI Business Systems

Along with growth in population, Norwich also gained households totaling 1,508 HHs, surpassing the rate of growth for the county. However, like population, estimates point to a reversal in growth through 2016.

#### Race & Ethnicity

##### % Share of Population

Population - 2010	Norwich	New London County
<b>White Alone</b>	69.5%	82.2%
<b>Black Alone</b>	10.4%	5.8%
<b>Asian Alone</b>	7.7%	4.2%
<b>Hispanic (Any Race)</b>	12.6%	8.5%

##### Change - 2000 to 2010

<b>White Alone</b>	-16.4%	-5.5%
<b>Black Alone</b>	52.9%	9.4%
<b>Asian Alone</b>	266.7%	110.0%
<b>Hispanic (Any Race)</b>	106.6%	66.7%

Source: 2010 Census, ESRI Business Systems

Hispanics make up 12.6% of Norwich's population, up over 100% from 2000. Blacks grew from 6.8% to 10.4% over the last decade.

## Connecticut Towns: Market Assessment Briefs

**Town:** *Norwich, CT*  
**County:** *New London County*

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

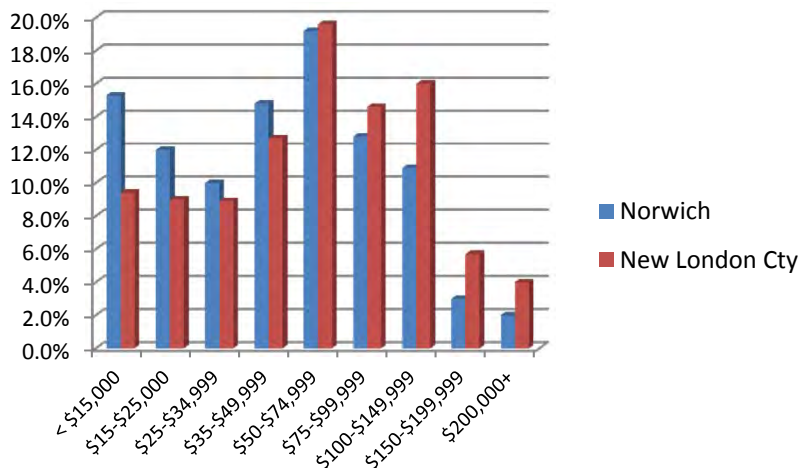
#### Median Income

Median HH Income	Norwich	New London County
<b>2000</b>	\$39,226	\$50,659
<b>2011 (est.)</b>	\$47,231	\$60,209
<b>Annual Avg % Growth</b>	1.9%	1.7%

Source: 2010 Census, ESRI Business Systems

Norwich's income profile is moderate with median income of \$47,231.

#### HH Income Distribution (2011)



27% of Norwich's HH's earn under \$25,000 compared to 18% for the county ; while with very few HHs earning over \$150,000 (5%). Much of the HH income base in Norwich is found in the bandwidth between \$35,000 to \$75,000.

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

HH's	Norwich		New London County	
	65-74	75+	65-74	75+
<b>Total HHs</b>	<b>1,576</b>	<b>1,928</b>	<b>11,730</b>	<b>11,669</b>
<b>&lt; \$15,000</b>	14.3%	28.9%	9.7%	19.7%
<b>\$15-\$25,000</b>	15.4%	18.3%	9.8%	16.7%
<b>\$25-\$34,999</b>	9.8%	10.8%	10.9%	11.8%
<b>\$35-\$49,999</b>	21.7%	17.5%	14.9%	14.5%
<b>\$50-\$74,999</b>	20.9%	11.9%	23.9%	16.4%
<b>\$75-\$99,999</b>	9.0%	5.4%	14.7%	9.3%
<b>\$100-\$149,999</b>	5.6%	4.3%	7.8%	4.7%
<b>\$150-\$199,999</b>	1.0%	1.8%	4.1%	3.2%
<b>\$200,000+</b>	2.2%	1.2%	4.3%	3.7%
<b>Med Inc.</b>	<b>\$40,768</b>	<b>\$27,118</b>	<b>\$53,297</b>	<b>\$36,351</b>

Source: 2010 Census, ESRI Business Systems

Nearly 40% of the city's elderly HHs 65+ report income of under \$25,000. 30% earn between 25,000 and \$50,000.

## Connecticut Towns: Market Assessment Briefs

**Town:** *Norwich, CT*  
**County:** *New London County*

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

#### Poverty Rates

Households - 2010	Norwich % Total	New Lon. Ct % Total
<b>Married Couple - Family</b>	1.0%	0.8%
<b>Other Family HHs (spouse not present)</b>	5.8%	2.5%
<b>Non-Family HHs</b>	6.4%	3.8%
<b>Poverty Ratio - Total</b>	13.2%	7.1%

Poverty rates in Norwich are high at 13.2% with most found in non-family HHs (seniors) and single headed households - (primarily women).

Source: ACS Population Survey, ESRI Business Systems

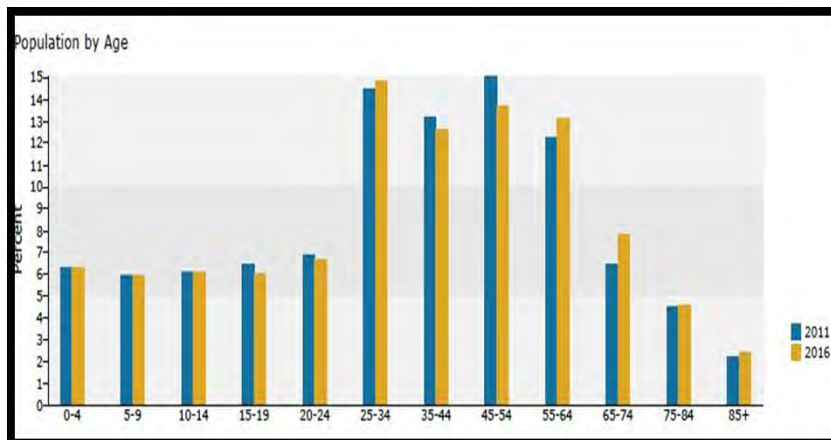
#### Age Trends

Population - 2010	Norwich % Total	New Lon. Ct % Total
<b>Age 18+</b>	77.5%	78.3%
<b>Age 65+</b>	13.1%	14.2%
<b>Age 75+</b>	6.7%	6.7%
<b>Median Age</b>	37.9	40.4

Norwich's population profile is younger compared to the county with a median age of 37.2 vs. nearly 40.4 for the county.

Source: 2010 Census, ESRI Business Systems

#### Age Distribution 2011-2016



Source: 2010 Census, ESRI Business Systems

By 2016, Norwich is expected to experience a downward shift in age from 35 to 54 to 55+ with its senior 65+ population jumping in share from 13.1% in 2010 to 14.7%.

## Connecticut Towns: Market Assessment Briefs

**Town:** *Norwich, CT*  
**County:** *New London County*

### 3. Housing Trends

#### Tenure and Vacancy

HH's	Norwich		New London County	
	2000	2010	2000	2010
<b>Own-Occp</b>	52.5%	51.9%	66.7%	67.7%
<b>Own-Units</b>	7,918	8,614	66,562	72,518
<b>Rent-Occp</b>	47.5%	48.1%	33.3%	32.3%
<b>Rent Units</b>	7,171	7,985	33,273	34,539
<b>Ttl Occp Units</b>	15,089	16,599	99,855	107,057
<b>Vacancy</b>	9.1%	11.0%	9.8%	7.6%

Source: 2010 Census, ESRI Business Systems

Tenure in Norwich is nearly equally split between ownership and rental - though rental grew in share and number last decade, while ownership declined in share.

Vacancy in 2010 was reported as 11%, up from 9% in 2000.

#### Housing Characteristics

##### % Share of Total Housing

Structure Type - 2010	Norwich	New London County
<b>1 Detached</b>	43.4%	65.0%
<b>1-Attached</b>	3.2%	3.5%
<b>2-unit</b>	16.7%	8.6%
<b>3/4 unit</b>	9.7%	6.9%
<b>5+ units</b>	27.1%	16.0%
<b>Total Housing Units - 2010</b>	18,659	120,994

Source: ACS Housing Surveys, ESRI Business Systems

Norwich maintains a diversified housing inventory with a 43% single detached, together with a solid inventory in smaller multi-family homes (2-4 units) and nearly one third in higher density housing.

#### Rent-occupied Housing by Contract Rent

##### Renters with Contract Rent

Contract Rent - 2010 Distribution	Norwich	New London County
<b>Under \$200</b>	4.7%	4.3%
<b>\$200-\$399</b>	12.0%	8.0%
<b>\$400-\$599</b>	16.1%	10.6%
<b>\$600-\$799</b>	26.6%	24.6%
<b>\$800-\$999</b>	23.0%	22.9%
<b>\$1000-\$1249</b>	11.5%	14.3%
<b>\$1250-\$1499</b>	2.6%	5.2%
<b>\$1500-\$1999</b>	0.8%	3.9%
<b>above \$2000</b>	0.2%	1.3%
<b>Median Contract Rent</b>	\$737	\$800

Source: ACS Housing Surveys, ESRI Business Systems

Rent structure in Norwich is moderate with most rates falling between \$600 to \$900/m. Very little is transacted at over \$1250/m other than in condos -and more often in 3 brs. Median rent in Norwich was estimated at \$737/m for 2010.

## Connecticut Towns: Market Assessment Briefs

**Town:** *Norwich, CT*  
**County:** *New London County*

### 4. Rental Housing Market

#### Mfamily

BR	# of Prop	Avg List Price	Avg Rent Sale	Avg DOM	Rental Range
0					
1	14	\$672	\$686	66	\$525-\$900
2	23	\$793	\$788	66	\$500-\$1000
3	8	\$880	\$870	67	\$645-\$1300
4					

Source: CT MLS

(Dom- Days on Market)

#### Condo

BR	# of Prop	Avg List Price	Avg Rent Sale	Avg DOM	Rental Range
0					
1	7	\$926	\$871	71	\$650-\$1150
2	24	\$1,293	\$1,221	71	\$100-\$1600
3	15	\$1,362	\$1,362	68	\$1200-\$1650
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
<i>Apartments</i>	11	***	\$860	\$1,006	\$1,233

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