

Market Assessment - Rye Field Manor (Old Lyme, CT)

I. Description Of Property

Subject Property Description & Location – Rye Field Manor is a 39-unit Elderly Housing complex located off Ryefield Road (99 Ryefield Road) on a 28-acre site in Old Lyme, CT. The project consists of 39 units of which all are rentals for Elderly and Persons with Disabilities. Rye Field Manor was built in 2000 to meet the needs of elderly affordable housing in Old Lyme. Consisting of one-story flats (1 BRs) in 14 duplex buildings, Rye Field Manor offers off-street surface parking, and community laundry rooms. Household rent for these units is determined on 30% of income, with a base rent of \$510/m. for the one bedroom unit. All current tenants except five receive rental assistance payments (RAP). There is currently one vacant unit and a waiting list of 6 HHs.

Property Description

Type	Property Type	Baths	# of units	Living Area SF	Base Rate
1 Bedroom	Flat	1	39	700 sf	\$510
Total			39		

Table 2: Additional Property Info

Property Type	Senior
Program	SH Elderly
Parking	60
Year Built	2000
Rehab	N/A
# of Buildings	14
Acres	28
Handicap Units	6
Vacancy	1
Waiting List	6
Owner	Shoreline Affordable Housing

Subject Property Features and Amenities –

- Utilities Provided: Allowance
- Refrigerator: yes
- Stove: yes
- Microwave: no
- Laundry Room: yes
- Hook-Up: no
- Storage: no
- Community Room: yes
- Elevators: no
- Garages: no



Rye Field Manor, Old Lyme

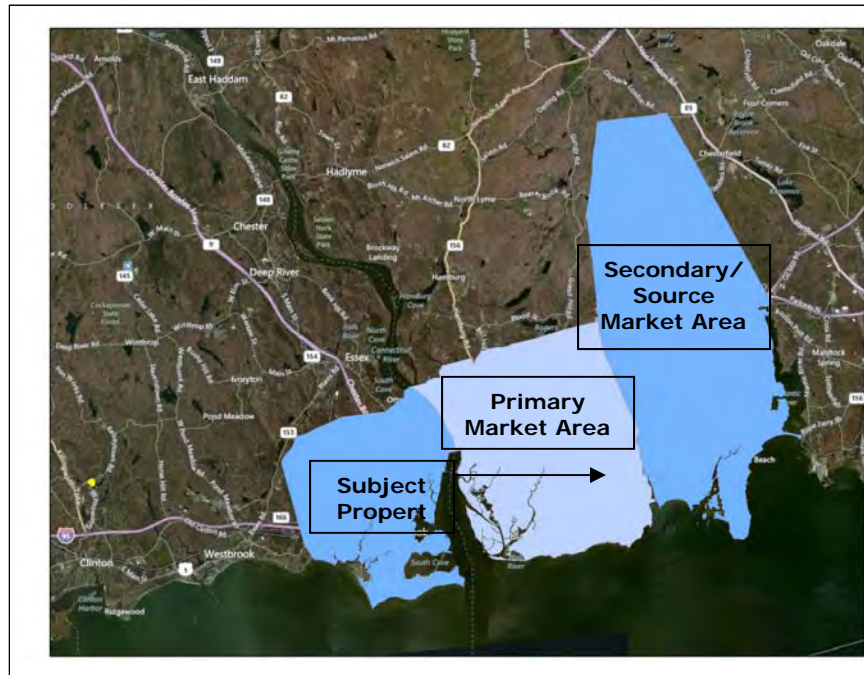
II. Description of Site and Neighborhood

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 and Secondary/ Source Market Area.

Exhibit 1 – Subject Site Map



Exhibit 2 – Market Area Map



Neighborhood Description & Land Uses – The surrounding neighborhood is a mixture of undeveloped open space and low density development. The location adjacent to Boston Post Road (Route 1) results in a mix of land uses typical of Boston Post Road as a historically significant travel route, many uses have developed since Colonial days. The neighborhood creates a positive environment for the property with no negative impacts.

Access – Rye Field Manor is accessed via Nicaja Way to the Boston Post Road (U.S. Route 1) which connects to Interstate 95 to the west or directly due east 2.2 miles via four Mile River Road. I-95 is a major east-west corridor providing easy access to shopping, services and jobs and other destinations in the region

Delineation of Market Area – The defined Primary Market Area (PMA) of demand for units is an 8-mile radius around Old Lyme – and includes East Lyme, Waterford, Old Saybrook and Old Lyme..

The Trade Area is the geographic area within which we expect the majority of prospective households to consider affordable housing alternatives as well as competitive properties. Factors that are considered in the establishment of the 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 Secondary/Source Area to incorporate Old Lyme, East Lyme, and Old Saybrook.

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– The rental market in Old Lyme and the surrounding towns is extremely limited. Below in Table 2 are results of closed multifamily sales in Old Lyme in last 18 months. The vast majority of rental units are private rentals of single family houses or condominiums, many of which are targeted to summer vacation renters. This elevates the average rents in the Town and the surrounding area, and makes comparisons and analysis particularly difficult. According to our survey, there is one market rate multi-family managed complex in Old Lyme with 2 bedroom units. The reported rent for these units is \$995/ per month.

Directly next door to Rye Field Manor is Lymewood, an age restricted rental complex that takes Section 8 housing vouchers. Its buildings and facilities are in similar, above average condition, to those at Rye Field Manor. *Below is a summary of the results of the rental survey within Old Lyme and surrounding market area.*

Table 1

Contract Rent Distribution, 2010	Old Lyme	New London County
Under \$200	3.50%	4.30%
\$200-\$399	5.50%	8.00%
\$400-\$599	2.20%	10.60%
\$600-\$799	25.60%	24.60%
\$1500-\$1999	17.10%	22.90%
\$800-\$999	19.90%	14.30%
\$1000-\$1249	8.50%	5.20%
\$1250-\$1499	1.30%	3.90%
Above 2000	7.90%	1.30%
Median Contract Rent	\$923	\$800

Source: ACS Housing Surveys, ESRI Business Systems

Table 2: Rental Analysis– Old Lyme Multifamily Homes – 2012

	Property Address	Age	BR Type	Rent Sale	Unit Size	\$/sf
	16 B Breen Ave	1940	1 BR	\$800	700	\$1.14
	34 Mile Creek Rd	1966	1 BR	\$995	864	\$1.15
	9 Lyme St	1842 Renovated	1 BR	\$1195	500	\$2.39
	Average			\$996		

Source: CT MLS

Survey of Governmental Assisted Housing– In order to better understand the options for affordable housing in Old Lyme and surrounding area, a survey was undertaken of governmental assisted housing in the region. This survey identified 6 publically funded housing properties in the region resulting in a total of 289 units.

Refer to Table 3 for results of survey of publically assisted housing projects in Old Lyme and surrounding region.

Table 3: SURVEY OF GOVERNMENTALLY ASSISTED HOUSING

Town	Property Name	Address	Owner	Public Funder	# of Units	Elderly Units	Family Units
East Lyme	AHEPA Niantic	267 Roxbury Road	AHEPA 250 Inc	HUD	54	54	
East Lyme	Deerfield Village I & II	10 King Arthur Drive	Wilder Richman Mgmt. Corp.	CHFA	100		100
East Lyme	Faylor Apartments	130 Boston Post Road		CHFA	36		36
East Lyme	Nicholas Manor	183 Boston Post Road	John & Judith Faniola	USDA/RD	9		9
East Lyme	Twin Haven Apartments	39 Upper Pattagansett Road	Twin Haven Inc.	USDA/RD	40	40	
Old Saybrook	Saye Brook Village	55 Sheffield St	Old Saybrook Senior Housing	HUD/CHFA	50	50	
TOTAL					289	144	145

V. Rent Structure Analysis

Demographic-Economics-Rent Structure of Current Tenant Base:

- Total HHs: 38
- Total Residents: 41
- Total # of Children: 0
- Average Age: 73
- % non-minority: 98%
- Handicapped: 5
- % at Base Rent or below: 84% (33 HHs)
- Income Below 25% AMI: 63% (24 HHs)
- Income 25% - 50% AMI: 37% (14 HHs)
- Income 50% AMI or greater: 0% (0 HHs)
- Average Income: \$16,078
- Average Tenant Rent: \$344
- # HH receiving DECD RAP Subsidy: 32 HHs

Demographics on Waiting List:

According to the CHFA waiting list database for the Subject Property there is modest demand for units within the complex. The greatest demand is for handicapped units from non-elderly disabled populations. Based on the most recent data, there are 6 households on the waiting list for Rye Field Manor. No information was available on the demographic characteristics of the wait list.

Table 4: Rye Field Manor: Waiting List – Senior Rental

Waiting List by Household Type	# of Households	Waiting List by Bedroom Type	# of Households	Waiting List by Family Status Type	# of Households
Female	NA	One BR	6	Elderly	NA
Male	NA			Elderly-Dis	NA
				Non-Elderly	NA
				Non –Eld-Dis	1
Total	6		6		6

Source: CHFA Wait List of 9/30/2012

VI. Conclusions/Recommendations

a. Rent Structure Opportunity

Market & Property Factors

Currently all but five tenants at Rye Field Manor receive a RAP. This can be attributed to the lower income levels and a base rent of \$510, which is closer to market rate than found at most State Elderly Housing complexes. The fact that Old Lyme is a higher income community than the balance of the county and Source market area provides the potential for tenants to be able to pay the base rent or in many cases in excess of the base rent. In addition, it would appear from the waiting list of 6 households that a marketing program to reach out to income eligible households with higher incomes than the present rent rolls is possible.

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

Unit Type	Subject Property	Subject Property	Local Market Alternatives	CT MLS Condo	CT MLS SF	Managed Apartments
	Contract Rent	Avg Rent	Avg Rent	Avg Rent	Avg Rent	Avg Rent
Studio					\$900	
1 BR	\$510	\$344	\$996		\$1381	
2 BR				\$1233	\$1710	\$995

Tenant Base Trends

- Over the last ten years, Rye Field Manor has witnessed a sizeable increase in the number of households at incomes 25-50% AMI.
- The number of households at incomes of 25%-50% AMI increased from 2 in 2003 to 14 in 2012. On a percentage basis, this income category represented a 37% share in 2012 vs 5% in 2003.
- A corresponding decline in households under 25% AMI also occurred during this time.
- Meanwhile, in neither 2003 nor 2012 did Rye Manor report any households at incomes exceeding 50% AMI.

Rye Field Resident HH Income	Rye Field Year 2003	Rye Field Year 2012
< 25%AMI	95%	63%
25-50% AMI	5%	37%
50%-80% AMI	0%	0%
Occupancy	100%	97%

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 Old Lyme Area – 8 mile ring*). 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.

New London County	New London County Tenure Distribution		Adjustment Factor Old Lyme Area	
Income Distribution	Rent	Own	Rent	Own
under 15,000	63%	37%	61%	39%
15000-25000	59%	41%	57%	43%
25000-35000	44%	56%	41%	59%
35000-50000	43%	57%	22%	78%

Source: US Census 2010, American Community Survey, 2011

The chart below reflects estimated distribution of senior households in Old Lyme Area by tenure and income. Based on our analysis of tenure by income, we estimate the primary Source Market Area contains 3262 households 65+ whose incomes fall within the income threshold for the target market of which 1374 are renters. The chart also shows current distribution within the Subject Property of senior tenants by income (excludes young disabled).

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

Old Lyme-8	Source Mkt Senior HH 65+			Subject
Income Distrib	Total	Rent	Own	Property
				Senior Tenant Base
under 15,000	663	403	260	15
15000-25000	787	445	342	15
25000-35000	683	278	405	5
35000-50000	1129	248	881	0
Total	3262	1374	1888	35
Young/Dis.				4
Vacancy				0
			Total Units	39

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 the primary source 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 conservative 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 level based on assumption of turnover per year in the marketplace as well as the potential capture in aggregate overall among all households 65+ within the source area in each bracket. A comparison is provided between the present income distribution found at the Subject Property among seniors and estimate of potential capture on an annual basis.

Below is a chart showing estimates for potential capture on an annual basis at different income brackets. There is evident depth at the lower incomes levels \$25,000 and below on an annual basis with a source market potential for 26 units. While above \$25,000, the potential market base is estimated at 5 units based on a 3 to 5% penetration of market.

Old Lyme-8	Old Lyme SMA - 65+ Households				
Income Distr	Total	Rent	Turnover ratio	# Renters Moving	Current Senior HH Tenants
under 15,000	663	403	30%	121	15
15000-25000	787	445	30%	133	15
25000-35000	683	278	30%	83	5
35000-50000	1129	248	30%	75	0
Young/disabled					4
Vacancy					0
Total	3262	1374	1888	412	39
Potential capture rates:		Annual Potential Capture Rate	Current # Senior HHs at Sub. Prop		
under 15,000	15%	15	15		
15000-25000	10%	11	15		
25000-35000	5%	3	5		
35000-50000	3%	2	0		
Total		31	35		

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

Source: US Census 2010, American Community Survey, 2011

In the chart below, we estimate the aggregate capture potential among 65+ households within the defined source market area (Old Lyme area) at each income bracket. This is helpful in gauging overall market depth in the primary source market.

Old Lyme Area	Senior HH 65+		Aggregate Potential Capture Total HH 65+	
Income Distribution	Total	65+ HH Renters	Capture Rates	Total Senior HH Capture Potential
under 15,000	663	403	15%	60
15000-25000	787	445	10%	44
25000-35000	683	278	5%	14
35000-50000	1129	248	3%	7
Total	3262	1374		126

Source: US Census 2010, American Community Survey, 2011

b. Recommendations for Improving Marketability

Based on field observations, Rye Field Manor appears to be in good condition with buildings and grounds that are well maintained with no physical improvements deemed necessary to increase marketability to the market now being served.

c. Redevelopment Scenario

From a market analysis perspective, Rye Field Manor does not reflect a strong need for a redevelopment scenario.

APPENDIX
PROPERTY PHOTOS
MARKET BRIEF



Typical Duplex with Parking



Neighborhood View



Community building and street view

Connecticut Towns: Market Assessment Briefs

Town: *Old Lyme, CT*
County: *New London County*

1. Economic Trends

Major Employers - Old Lyme

Employer
LEARN
Regional School District #18
INC Research
A & P
Sennheiser Electronic Corporation

Old Lyme is primarily a commuter/retirement community but it does support a small amount private industry linked with Education (LEARN), Professional services (INC Research - formerly Kendle), Retail (Food), and Electronics (Sennheiser).

Source: CERC Town Profiles, 2012

Key Job Sectors - Old Lyme

Industry Sector - 2011	% Share of Jobs
Wholesale Trade	11.0%
Health Care	10.7%
Retail Trade	9.5%
Food Services	6.3%
Professional & Technical Services	6.3%
Government	15.8%

Industry job leaders in Old Lyme is varied with Wholesale Trade firms (21 establishments) commanding 11% of the job base, followed by Health Care and Retail Trade. Biggest job base in town is government with 416 jobs, nearly all local.

Source: CT Dept. of Labor

Labor Force & Employment Trends

Labor Force +Employment	Old Lyme	New London County
Labor Force-2011	4,247	151,676
Unemployment -2011	6.4%	8.6%
Total Employment -Workplace	2,632	123,703
2005 - 2011 - Annual Growth	0.3%	-0.7%
2010 - 2011 - Annual Growth	-0.1%	-0.3%

Old Lyme has historically reported low unemployment and compared to county and state it continues that pattern more recently with a 6.4% average in 2011. Job growth has been minimal between 2005-2011 averaging 0.3% annually.

Source: CT Dept. of Labor

Connecticut Towns: Market Assessment Briefs

Town: *Old Lyme, CT*
County: *New London County*

2. Demographic Trends

Population Trends

Population	Old Lyme	New London County
2000 Total population	7,406	259,088
2010 Total Population	7,603	274,055
Annual Percentage Growth	0.27%	0.56%
2011 Total Population (est)	7,615	273,987
2016 Total Population (proj.)	7,618	277,493
2011– 2016 Annual Rate	0.01%	0.26%

Old Lyme realized a net gain of 197 residents - 2010, a 2.6% increase. Very little growth is anticipated 2011-2016.

Source: 2010 Census, ESRI Business Systems

Household Trends

Household	Old Lyme	New London County
2000 Total Households	2,958	99,835
2010 Total Households	3,172	107,057
Annual Percentage Growth	0.72%	0.70%
2011 Total Households (est.)	3,178	107,029
2016 Total Households (proj.)	3,201	108,858
2011– 2016 Annual Rate	0.14%	0.34%

In terms of HHs, Old Lyme matched the rate of growth for the county last decade but new growth 2011-16 is expected to be marginal.

Source: 2010 Census, ESRI Business Systems

Race & Ethnicity

% Share of Population

Population - 2010	Old Lyme	New London County
White Alone	95.7%	82.2%
Black Alone	0.5%	5.8%
Asian Alone	2.0%	4.2%
Hispanic (Any Race)	2.4%	8.5%

Largest minority group by race in town is Asians at 2%; Hispanics (all races) makes up 2.4% of the population - essentially tripling its share since 2000 when it stood at 0.9%.

Change - 2000 to 2010

White Alone	-1.7%	-5.5%
Black Alone	66.7%	9.4%
Asian Alone	66.7%	110.0%
Hispanic (Any Race)	166.7%	66.7%

Source: 2010 Census, ESRI Business Systems

Connecticut Towns: Market Assessment Briefs

Town: *Old Lyme, CT*
County: *New London County*

2. Demographic Trends (Cont'd)

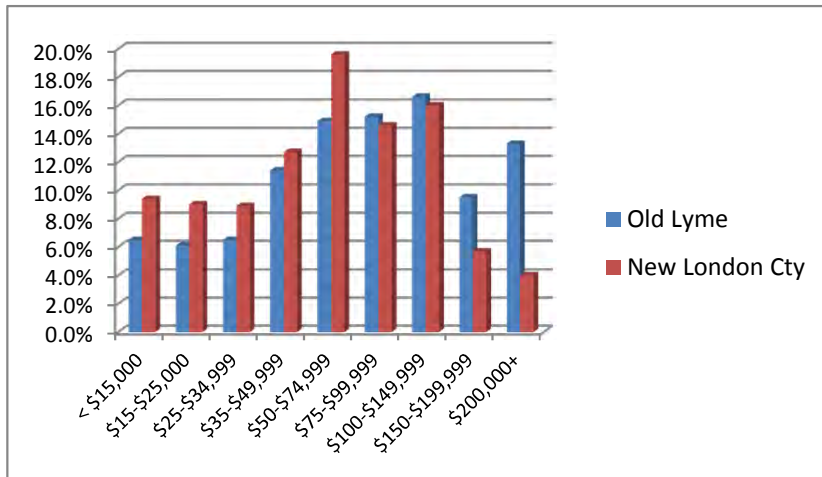
Median Income

Median HH Income	Old Lyme	New London County
2000	\$67,295	\$50,659
2011 (est.)	\$81,135	\$60,209
Annual Avg % Growth	1.9%	1.7%

Source: 2010 Census, ESRI Business Systems

The income base in Old Lyme is upper income with median HH income in 2011 estimated at \$81,135.

HH Income Distribution (2011)



Source: 2010 Census, ESRI Business Systems

As the graph to the left reveals, Old Lyme has a high number of HHs earning over \$100,000 representing nearly 40% vs. the county at 26%. Households with incomes under \$25,000 account for 13% of the total HHs in town; the county reports 18%.

HH Income Distribution - 65+ (2010)

HH's	Old Lyme		New London County	
	65-74	75+	65-74	75+
Total HHs	508	477	11,730	11,669
< \$15,000	8.1%	10.9%	9.7%	19.7%
\$15-\$25,000	8.9%	10.3%	9.8%	16.7%
\$25-\$34,999	4.9%	6.5%	10.9%	11.8%
\$35-\$49,999	6.5%	15.5%	14.9%	14.5%
\$50-\$74,999	11.4%	14.9%	23.9%	16.4%
\$75-\$99,999	25.8%	22.4%	14.7%	9.3%
\$100-\$149,999	10.4%	9.9%	7.8%	4.7%
\$150-\$199,999	11.0%	4.6%	4.1%	3.2%
\$200,000+	13.0%	5.0%	4.3%	3.7%
Med Inc.	\$82,548	\$59,295	\$53,297	\$36,351

Source: 2010 Census, ESRI Business Systems

19% of Old Lyme's senior HHs, 65+, earn under \$25,000. 17% report incomes under \$35,000. Meanwhile more than half maintain incomes exceeding \$75,000.

Connecticut Towns: Market Assessment Briefs

Town: *Old Lyme, CT*
County: *New London County*

2. Demographic Trends (Cont'd)

Poverty Rates

Households - 2010	Old Lyme % Total	New Lon. Ct % Total
Married Couple - Family	0.7%	0.8%
Other Family HHs (spouse not present)	1.3%	2.5%
Non-Family HHs	1.1%	3.8%
Poverty Ratio - Total	3.1%	7.1%

Poverty levels are low in Old Lyme at but appear to hit a broad spectrum of household types.

Source: ACS Population Survey, ESRI Business Systems

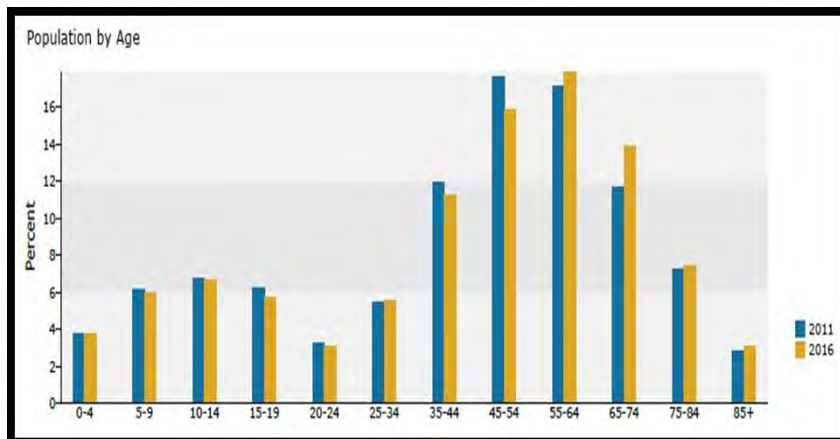
Age Trends

Population - 2010	Old Lyme % Total	New Lon. Ct % Total
Age 18+	78.8%	78.3%
Age 65+	21.4%	14.2%
Age 75+	9.9%	6.7%
Median Age	48.8	40.4

The age profile in Old Lyme is considerably older than the e county overall with 21% of its population 65+ compared to the county and median age at 48.8 vs. county at 40.4.

Source: 2010 Census, ESRI Business Systems

Age Distribution 2011-2016



Source: 2010 Census, ESRI Business Systems

Projections for Old Lyme call for gains on a percent basis in its 55+ population while dropping or remaining flat in all other age cohorts. By 2016, the 65+ population is expected to rise to 24.3% of resident base compared to 21.4%.

Connecticut Towns: Market Assessment Briefs

Town: *Old Lyme, CT*
County: *New London County*

3. Housing Trends

Tenure and Vacancy

HH's	Old Lyme		New London County	
	2000	2010	2000	2010
Own-Occp	84.2%	85.5%	66.7%	67.7%
Own-Units	2,491	2,712	66,562	72,518
Rent-Occp	15.8%	14.5%	33.3%	32.3%
Rent Units	466	460	33,273	34,539
Ttl Occp Units	2,957	3,172	99,855	107,057
Vacancy	35.3%	36.8%	9.8%	7.6%

Source: 2010 Census, ESRI Business Systems

Owner Occupancy rose in share and numbers last decade - while rentals dropped in both. It is to be noted, however, that a substantial part of Old Lyme's rental market is seasonal. This is particularly pronounced in the vacancy figure where 90% of the vacancy can be attributed to seasonal housing.

Housing Characteristics

% Share of Total Housing

Structure Type - 2010	Old Lyme	New London County
1 Detached	91.2%	65.0%
1-Attached	1.8%	3.5%
2-unit	3.6%	8.6%
3/4 unit	2.6%	6.9%
5+ units	0.8%	16.0%
Total Housing Units - 2010	5,021	120,994

Source: ACS Housing Surveys, ESRI Business Systems

Old Lyme's housing is almost entirely single detached. Virtually little exists in town in structures over 10 units.

Rent-occupied Housing by Contract Rent

Renters with Contract Rent

Contract Rent - 2010 Distribution	Old Lyme	New London County
Under \$200	3.5%	4.3%
\$200-\$399	5.5%	8.0%
\$400-\$599	2.2%	10.6%
\$600-\$799	25.6%	24.6%
\$800-\$999	17.1%	22.9%
\$1000-\$1249	19.9%	14.3%
\$1250-\$1499	8.5%	5.2%
\$1500-\$1999	1.3%	3.9%
above \$2000	7.9%	1.3%
Median Contract Rent	\$923	\$800

Source: ACS Housing Surveys, ESRI Business Systems

Outside of a few properties, single family is the primary rental market in town. Overall Rents therefore tend to be elevated. Median rent in Old Lyme was estimated at \$923/m for 2010.

Connecticut Towns: Market Assessment Briefs

Town: *Old Lyme, CT*
County: *New London County*

4. Rental Housing Market

Condo

BR	# of Prop	Avg List Price	Avg Rent Sale	Avg DOM	Rental Range
0					
1					
2	5	\$1,279	\$1,233	66	\$950-\$1750
3					
4					

Source: CT MLS

(Dom- Days on Market)

Sfamily

BR	# of Prop	Avg List Price	Avg Rent Sale	Avg DOM	Rental Range
0					
1	1	\$900	\$900	6	\$900-\$900
2	4	\$1,381	\$1,381	74	\$975-\$1750
3	15	\$1,753	\$1,710	57	\$1100-\$2100
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>	1	***	***	\$995	***

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