

MARKET STUDY SUMMARY REPORT

PROPOSED PREFERRED PLAN - WASHINGTON VILLAGE/SOUTH
NORWALK

Raymond Street, and 13 & 20 Day Street
Norwalk, Fairfield County, Connecticut 06854

Ms. Gayle Epp

Partner

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February 19, 2013

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7 Greenough Avenue
Jamaica Plain, Massachusetts 02130

RE: Appraisal of Proposed Preferred Plan - Washington Village/South Norwalk
Raymond Street, and 13 & 20 Day Street
Norwalk, Fairfield County, Connecticut 06854

Dear Ms. Epp:

At your request and authorization, CBRE, Inc. has prepared a market study related to the referenced property where we provide an estimate of the rents and absorption for the proposed market rate units at. Our analysis is presented in the following Market Study Report.

As is exists, the subject is a 136-unit public housing complex known as Washington Village. The property was built in 1941 and is situated on a 4.78-acre site in South Norwalk, Fairfield County, Connecticut.

As proposed, the subject will be part of a Choice Neighborhoods Transformation Plan which focuses on replacing the existing, obsolete 136-unit Washington Village public housing development with a new mixed-income community in the South Norwalk neighborhood. Washington Village was the subject of a HOPE VI feasibility study in 2009, through which it was determined that creating a new mixed-income community to replace the existing units would be best for both residents and neighbors.

The Choice Neighborhood Transformation Plan indicates, "A primary goal of the Transformation Plan is to ensure that all 136 existing public housing units are replaced in the South Norwalk neighborhood, providing residents with ready access to the quality services and programs they need to thrive. This is a challenge given high property prices and demand for developable land in this area. The City's willingness to use its land for this Transformation Plan has been critical to realizing the housing goals for the redevelopment of Washington Village. The new mixed income development will be constructed on three adjacent sites with a total of 6.55 acres: the NHA owned Washington Village site (4.78 acres) and two City owned parcels – the 20 Day Street parcel (1.32 acres) to the north of

the site across Raymond Street and the 13 Day Street parcel (.45 acres) also to the north across Hanford Place. The two City owned parcels are currently vacant and ready for development. An option agreement transferring the two parcels to NHA for \$1 will be executed once the City and Planning Commission have approved the Transformation Plan.”

The current planned income mix for the new development includes 273 units allocated as follows: 50% public housing (deeply subsidized) units, 25% tax credit only units, and 25% unrestricted market-rate units. The following chart details the current proposed unit mix.

	<i>Public Housing</i>	<i>LIHTC</i>	<i>Market</i>	<i>Total</i>
1 BR	31	27	34	92
2 BR	70	39	36	145
3 BR	31	1	0	32
4 BR	4	0	0	4
Total	136	67	70	273

**From Chapter IV of the Washington Village/South Norwalk Choice Transformation Plan*

The purpose of this market study is to determine market rents and absorption for the proposed market rate units as of the effective date of this report.

It should be noted however, that we have been asked to estimate market rents for all four unit types (one, two, three, and four-bedrooms) even though, as currently proposed, the market rate units will likely be only one- and two-bedroom units.

For our absorption estimate, we are assuming the 70 market rate units will consist of one- and two-bedroom unit types.

This report assumes all approvals have been granted and the project will be developed as discussed herein.

The market rental value conclusions pursuant to the hypothetical condition that the subject improvements are completed as of the date of inspection (February 13, 2013), are summarized as follows:

MARKET RENT CONCLUSIONS AS OF FEBRUARY 13, 2013			
Type	Unit Size (SF)	Quoted \$/Unit	Rent Per SF
1BR/1BA	632 SF	\$1,500	\$2.37
2BR/1BA	952 SF	\$1,800	\$1.89
3BR/1.1BA Flat	1,054 SF	\$2,100	\$1.99
3BR/1.1BA TH	1,258 SF	\$2,300	\$1.83
4BR/2BA TH	1,350 SF	\$2,500	\$1.85
Total/Average:	866 SF	\$1,749	\$2.02
Compiled by CBRE			

Other conclusions made with this report include the following:

- An absorption period of 3-4 months, or 17 to 23 units per month for the 70 market rate units is forecast.

Data, information, and calculations leading to the value conclusion are incorporated in the report following this letter. The report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter.

The following appraisal sets forth the most pertinent data gathered, the techniques employed, and the reasoning leading to the opinion of value. The analyses, opinions and conclusions were developed based on, and this report has been prepared in conformance with, our interpretation of the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP), the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute. It also conforms to Title XI Regulations and the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) updated in 1994 and further updated by the Interagency Appraisal and Evaluation Guidelines promulgated in 2010.

The intended use and user of our report are specifically identified in our report as agreed upon in our contract for services and/or reliance language found in the report. No other use or user of the report is permitted by any other party for any other purpose. Dissemination of this report by any party to non-client, non-intended users does not extend reliance to any other party and CBRE will not be responsible for unauthorized use of the report, its conclusions or contents used partially or in its entirety.

It has been a pleasure to assist you in this assignment. If you have any questions concerning the analysis, or if CBRE, Inc. can be of further service, please contact us.

Respectfully submitted,

CBRE, Inc. - VALUATION & ADVISORY SERVICES



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CERTIFICATION OF THE APPRAISAL

We certify to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in or bias with respect to the property that is the subject of this report and have no personal interest in or bias with respect to the parties involved with this assignment.
4. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
5. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
6. This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
7. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, as well as the requirements of the State of Connecticut.
8. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
10. As of the date of this report, Helene Jacobson, MAI has completed the continuing education program of the Appraisal Institute.
11. Deborah Preston Lipman has and Helene Jacobson, MAI has not made a personal inspection of the property that is the subject of this report.
12. No one provided significant real property appraisal assistance to the persons signing this report.
13. Valuation & Advisory Services operates as an independent economic entity within CBRE. Although employees of other CBRE divisions may be contacted as a part of our routine market research investigations, absolute client confidentiality and privacy were maintained at all times with regard to this assignment without conflict of interest.
14. Deborah Preston Lipman and Helene Jacobson, MAI have not provided any real estate related services on this property in the three years prior to accepting this assignment.



Deborah Preston Lipman
Connecticut State Cert. No. 0001275

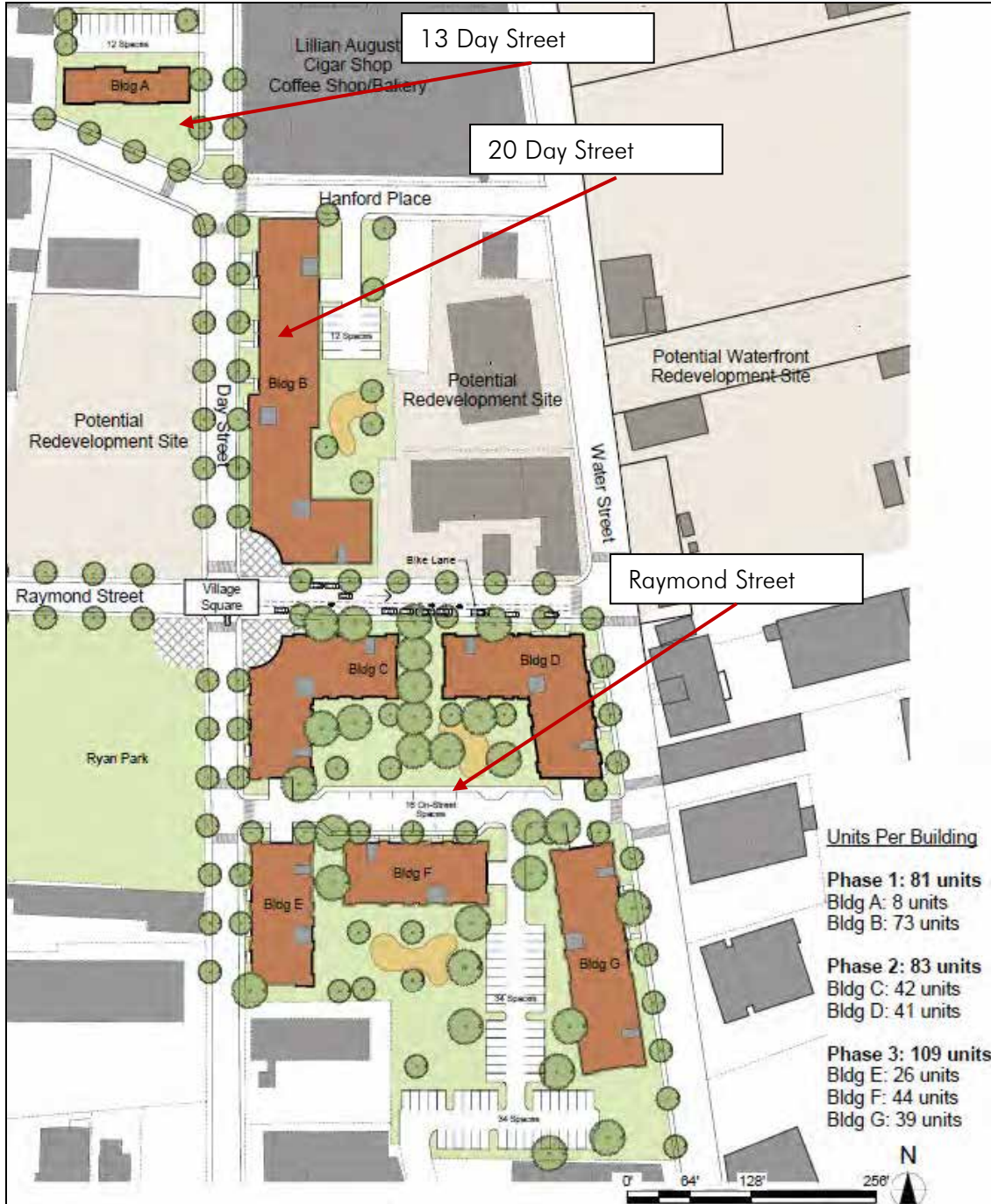


Helene Jacobson, MAI
Connecticut State Cert. No. 0001334

SUBJECT PHOTOGRAPHS



AERIAL VIEW



PROPOSED IMPROVEMENTS



View of new Day Street Multifamily Building

PROPOSED ELEVATION PLAN



TYPICAL VIEW OF THE SUBJECT – PRIMARY SITE



TYPICAL VIEW OF THE SUBJECT – PRIMARY SITE



VIEW OF 13 DAY STREET SITE



VIEW OF 20 DAY STREET SITE



VIEW SOUTH ON WATER STREET



VIEW NORTH ON WATER STREET



VIEW NORTH ON DAY STREET



VIEW SOUTH ON DAY STREET FROM HANFORD STREET

SUMMARY OF SALIENT FACTS

Property Name	Proposed Preferred Plan - Washington Village/South Norwalk	
Location	Raymond Street, and 13 & 20 Day Street, Norwalk, Fairfield County, Connecticut 6854	
Assessor’s Parcel Numbers	Raymond Street 20 Day Street 13 Day Street	
Highest and Best Use		
As If Vacant	Multifamily development	
As Improved	Multifamily development	
Property Rights Appraised	Fee Simple Estate	
Land Area	6.55 AC	285,318 SF
Improvements		
Property Type	Apartment	(Multi-family Mid/High Rise)
Number of Buildings	7	
Number of Stories	Three & four	
Net Rentable Area	236,536 SF	
Number of Units	273	
Average Unit Size	866 SF	
Year Built	2014+ (Proposed)	
Condition	Very Good, Upon Completion	

Compiled by CBRE

EXTRAORDINARY ASSUMPTIONS

An *extraordinary assumption* is defined as “an assumption directly related to a specific assignment, which, if found to be false, could alter the appraiser’s opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis.” ¹

- None noted

HYPOTHETICAL CONDITIONS

A *hypothetical condition* is defined as “that which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about

¹ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 5th ed. (Chicago: Appraisal Institute, 2010), 73.

physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.”²

- Construction of the subject development has not commenced. Therefore, it is a critical assumption of this market study/appraisal that the subject will be completed as of the proposed completion date based on the specifications detailed in this appraisal report, with good quality materials and craftsmanship.
- Should any of the preceding conditions or assumptions not come to fruition or vary from what is assumed, we reserve the right to review and amend our conclusions.

² *Dictionary of Real Estate Appraisal*, 97.

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ADDENDA

A Chapter IV Housing Strategy from Washington Village/South Norwalk Choice Neighborhoods
Transportation Plan

B Engagement Letter

C Qualifications

INTRODUCTION

Property Identification:	Proposed Preferred Plan - Washington Village/South Norwalk
<i>Location:</i>	Raymond Street, and 13 & 20 Day Street, Norwalk, Connecticut
Property History:	
<i>Current Owner:</i>	City of Norwalk & Norwalk Housing Authority
<i>Current Asking Price:</i>	Not being marketed
<i>Previous Sale Date:</i>	N/A
<i>Previous Sale Price:</i>	N/A
<i>Other Sales - Past 3 Years:</i>	None
Appraisal Premise:	Date of Value: Property Rights Appraised:
<i>Assuming Complete</i>	February 13, 2013 Fee Simple Estate
Date of Inspection:	February 13, 2013
Date of Report:	Date stipulated on the Letter of Transmittal
Special Appraisal Instructions:	None noted

PURPOSE OF THE MARKET STUDY

The purpose of this market study is to determine market rents and absorption for the proposed market rate units as of our date of inspection (February 13, 2013). It should be noted however, that we have been asked to estimate market rents for all four unit types (one, two, three, and four-bedrooms) even though, as currently proposed, the market rate units will likely be only one- and two-bedroom units.

For our absorption estimate, we are assuming the 70 market rate units will consist of one- and two-bedroom unit types

INTENDED USE OF REPORT

This market study is to be used by the client in its application to the State of Connecticut, Department of Economic and Community Development (“DECD”) for State General Obligation Funds to be used for gap funding for the subject development, and no other use is permitted.

INTENDED USER OF REPORT

This appraisal is to be used by EJP Consulting Group, LLC, and no other user may rely on our report unless as specifically indicated in the report.

Intended Users - the intended user is the person (or entity) who the appraiser intends will use the results of the appraisal. The client may provide the appraiser with information about other potential users of the appraisal, but the appraiser ultimately determines who the appropriate users are given the appraisal problem to be solved. Identifying the intended users is necessary so that the appraiser can report the opinions and conclusions developed in the appraisal in a manner that is clear and understandable to the intended users. Parties who receive or might receive a copy of the appraisal are not necessarily intended users. The appraiser's responsibility is to the intended users identified in the report, not to all readers of the appraisal report.³

SCOPE OF WORK

The scope of the assignment relates to the extent and manner in which research is conducted, data is gathered and analysis is applied, all based upon the following problem-identifying factors stated elsewhere in this report:

- Client
- Intended use
- Intended user
- Type of opinion
- Effective date of opinion
- Relevant characteristics about the subject
- Assignment conditions

This market study of the subject has been presented in the form of a Summary Report, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(b) of the USPAP. That is, this report incorporates a summary of all information significant to the solution of the appraisal problem. It also includes summary descriptions of the subject and the market for the subject type. CBRE, Inc. completed the following steps for this assignment:

Extent to Which the Property is Identified

CBRE, Inc. collected the relevant information about the subject from the owner (or representatives), preliminary elevation plans, preliminary unit plans, preliminary site layout plans, public records and through an inspection of the subject property. The property was legally identified through the following sources:

- postal address
- assessor's records

Extent to Which the Property is Inspected

CBRE, Inc. inspected the exterior of the subject, as well as its surrounding environs on the effective date of appraisal.

³ Appraisal Institute, *The Appraisal of Real Estate*, 13th ed. (Chicago: Appraisal Institute, 2008), 132.

Type and Extent of the Data Researched

CBRE reviewed the micro and/or macro market environments with respect to physical and economic factors relevant to this market study. This process included interviews with regional and/or local market participants, available published data, and other various resources. CBRE also conducted regional and/or local research with respect to applicable demographics and comparable rental information.

Type and Extent of Analysis Applied

CBRE analyzed the data gathered through the use of appropriate and accepted appraisal methodology to arrive at the market rental value indication for each unit type for the proposed development. Assessments are also made relative to projected absorption rates.

AREA ANALYSIS



LOCATION

The subject property is located in the City of Norwalk, which can generally be characterized as urban/suburban community within the south-central portion of the state of Connecticut, approximately 14 miles east of the New York state line.

The area encompassing Fairfield County, which includes the subject community of Norwalk, has routinely ranked in the top 20 wealthiest counties in the United States and today is home to 15 Fortune 1000 companies. The county is also home to three of the five largest cities in Connecticut (Stamford, Norwalk, and Bridgeport) and provides its residents with a multitude of recreational and cultural amenities in addition to a convenient location, approximately 60 minutes north of New York City via the Metro-North commuter line.

DEMOGRAPHICS

The following statistics are available through the U.S. Census Bureau. Projections are based upon the 2012 census, and are applied to an urban growth simulation model. Demographic statistics for Fairfield County and the State of Connecticut are summarized as follows:

SELECTED AREA DEMOGRAPHICS			
	Norwalk	Fairfield County	Connecticut
Population			
2018 Population	89,794	962,116	3,602,971
2013 Population	87,418	936,341	3,586,986
2010 Population	85,603	916,829	3,574,097
2000 Population	82,891	882,567	3,405,569
Annual Growth 2013 - 2018	0.54%	0.54%	0.09%
Annual Growth 2000 - 2013	0.16%	0.16%	0.03%
Annual Growth 2000 - 2010	0.32%	0.38%	0.48%
Households			
2018 Households	34,840	352,064	1,384,250
2013 Households	33,925	342,631	1,376,955
2010 Households	33,217	335,545	1,371,087
2000 Households	32,687	324,234	1,301,667
Annual Growth 2013 - 2018	0.53%	0.54%	0.11%
Annual Growth 2000 - 2013	0.16%	0.16%	0.03%
Annual Growth 2000 - 2010	0.16%	0.34%	0.52%
Income			
2013 Median HH Inc	\$70,019	\$75,366	\$65,516
2013 Estimated Average Household Income	\$100,431	\$120,852	\$93,252
2013 Estimated Per Capita Income	\$38,975	\$44,223	\$35,797
Age 25+ College Graduates - 2010	24,529	275,619	869,895
Age 25+ Percent College Graduates - 2013	39.8%	43.8%	35.6%
Source: Nielsen/Claritas			

Population/Households

The population and number of households in Norwalk, Fairfield County, and the State of Connecticut have increased overall since 1990. Both population and households are expected to increase at a slower pace over the next five years. Income levels in Norwalk are below that of the County as a whole, but are above the state average.

HOUSING

The housing stock in Norwalk totaled 35,582 units as of year-end 2009. Of that total, 53.2% represented single-family units. As of fourth quarter 2012, the median sale price of a house in Norwalk was \$418,000, which compared to \$463,500 for Fairfield County and \$250,000 for the state of Connecticut as a whole.

Demand for housing in Norwalk continues to remain strong. Based on the number of actual sales during 2012, the city of Norwalk placed 4th out of 23 communities within Fairfield County. During the 2012, Norwalk experienced 597 closings of single family homes, surpassed only by Fairfield (611 sales), Stamford (597 sales), Greenwich (578 sales). Also, the marketing periods for homes in Norwalk are generally favorable, with an average exposure of 151 days, or approximately five months.

FAIRFIELD COUNTY SINGLE-FAMILY									
Community	2011 Days on Market	2012 Days on Market	% Change	2011 Median Sales Price	2012 Median Sales Price	% Change	2011 Sales	2012 Sales	% Change
Bethel	143	176	23.1%	\$321,250.00	\$320,500.00	-0.2%	88	124	40.9%
Bridgeport	153	151	-1.3%	\$130,000.00	\$129,000.00	-0.8%	431	429	-0.5%
Brookfield	162	153	-5.6%	\$361,250.00	\$334,950.00	-7.3%	114	142	24.6%
Danbury	155	167	7.7%	\$259,950.00	\$248,750.00	-4.3%	310	334	7.7%
Darien	173	166	-4.0%	\$1,400,000.00	\$1,240,000.00	-11.4%	227	281	23.8%
Easton	159	144	-9.4%	\$665,000.00	\$567,500.00	-14.7%	53	78	47.2%
Fairfield	141	149	5.7%	\$549,000.00	\$549,000.00	0.0%	523	611	16.8%
Greenwich	214	196	-8.4%	\$1,650,000.00	\$1,661,250.00	0.7%	526	578	9.9%
Monroe	149	153	2.7%	\$365,000.00	\$384,900.00	5.5%	141	158	12.1%
New Canaan	179	181	1.1%	\$1,500,000.00	\$1,302,500.00	-13.2%	261	278	6.5%
New Fairfield	151	146	-3.3%	\$328,000.00	\$315,000.00	-4.0%	123	133	8.1%
Newtown	148	154	4.1%	\$374,750.00	\$395,000.00	5.4%	250	270	8.0%
Norwalk	151	158	4.6%	\$418,000.00	\$408,000.00	-2.4%	447	515	15.2%
Redding	167	169	1.2%	\$550,000.00	\$525,000.00	-4.5%	79	87	10.1%
Ridgefield	150	140	-6.7%	\$668,000.00	\$625,000.00	-6.4%	239	268	12.1%
Shelton	128	140	9.4%	\$286,000.00	\$297,500.00	4.0%	234	283	20.9%
Sherman	183	199	8.7%	\$372,500.00	\$359,500.00	-3.5%	34	42	23.5%
Stamford	142	145	2.1%	\$535,000.00	\$546,000.00	2.1%	527	597	13.3%
Stratford	135	145	7.4%	\$220,000.00	\$210,000.00	-4.5%	394	387	-1.8%
Trumbull	128	130	1.6%	\$358,000.00	\$359,250.00	0.3%	263	360	36.9%
Weston	158	175	10.8%	\$750,000.00	\$750,000.00	0.0%	107	135	26.2%
Westport	151	155	2.6%	\$1,085,625.00	\$1,203,500.00	10.9%	344	362	5.2%
Wilton	150	171	14.0%	\$825,000.00	\$715,000.00	-13.3%	171	209	22.2%

The following chart demonstrates the median sales price of single-family homes within the towns bordering Long Island Sound, traveling eastward from the New York state line.

SINGLE-FAMILY HOUSE SALES	
Town/City	Median Sales Price
Greenwich	\$1,650,000
Stamford	\$535,000
Darien	\$1,400,000
Norwalk	\$418,000
Westport	\$1,085,625
Fairfield	\$549,000
Bridgeport	\$130,000
Stratford	\$220,000

Source: Prudential Connecticut Realty

In comparison to the surrounding communities, the current median price of a home in Norwalk falls along the low end of the pricing found within the surrounding communities. Overall, the median pricing in Norwalk reflects the age and quality of housing found in the city of Norwalk.

INCOME

According to estimates as of 2012, Norwalk had a median household income of \$71,442, which compares to \$78,103 for Fairfield County and \$64,587 for the state of Connecticut as a whole. Overall, the subject community can be characterized as a middle-income community, below the median income level associated with Fairfield County, but above the state.

TRANSPORTATION

The City of Norwalk has excellent access to the regional highway system. Interstate Route 95, which extends along the coastline of Connecticut, affords rapid access to Stamford and Westchester County, New York. Interstate Route 95 also affords easy access to other limited access highways within the state of Connecticut, thereby increasing the accessibility to major employment centers within the general region.

The Merritt Parkway (Connecticut Route 15) extends along the northern border of Norwalk in an east-west direction. The Merritt Parkway extends westerly to the Hutchinson River Parkway in New York and the east, extending to Meriden, Connecticut.

Norwalk also has accessibility to a rail system which affords efficient transportation to New York City. Metro-North has two stations in Norwalk, one in East Norwalk and another one in South Norwalk (approximately 300 yards from the subject property).

EMPLOYMENT

The following chart summarizes the labor force and unemployment rates for all communities within the Bridgeport-Stamford Labor Market Area.

<u>LMA/TOWNS</u>	<u>LABOR FORCE</u>	<u>EMPLOYED</u>	<u>UNEMPLOYED</u>	<u>RATE</u>
BRIDGEPORT-STAMFORD	468,903	435,281	33,622	7.2
Ansonia	10,104	9,202	902	8.9
Bridgeport	65,118	57,489	7,629	11.7
Darien	9,132	8,619	513	5.6
Derby	6,986	6,387	599	8.6
Easton	3,675	3,473	202	5.5
Fairfield	28,491	26,697	1,794	6.3
Greenwich	29,029	27,471	1,558	5.4
Milford	29,877	27,753	2,124	7.1
Monroe	10,315	9,693	622	6.0
New Canaan	8,580	8,150	430	5.0
Newtown	14,192	13,449	743	5.2
Norwalk	48,233	45,107	3,126	6.5
Oxford	7,295	6,859	436	6.0
Redding	4,701	4,462	239	5.1
Ridgefield	11,681	11,064	617	5.3
Seymour	9,239	8,529	710	7.7
Shelton	22,206	20,669	1,537	6.9
Southbury	8,999	8,404	595	6.6
Stamford	66,657	62,383	4,274	6.4
Stratford	26,535	24,334	2,201	8.3
Trumbull	17,962	16,816	1,146	6.4
Weston	4,756	4,513	243	5.1
Westport	12,312	11,612	700	5.7
Wilton	8,195	7,760	435	5.3
Woodbridge	4,634	4,388	246	5.3

The State Labor Department estimates the unemployment rate for Norwalk at 6.5% as of December 2012. This compares to a 7.2% unemployment rate for the Bridgeport-Stamford Labor Market Area

ECONOMY.COM

Moody's Economy.com provides the following Bridgeport-Stamford, Connecticut metro area economic summary as of September 2012. The full Moody's Economy.com report is presented in the Addenda.

BRIDGEPORT-STAMFORD AREA – ECONOMIC ANALYSIS

Indicators	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Gross Metro Product (C\$B)	56.5	58.8	59.0	56.0	52.7	54.5	55.8	56.4	58.3	60.6	63.0	64.9
% Change	2.7	4.1	0.3	-5.0	-5.8	3.3	2.4	1.1	3.4	4.0	3.9	2.9
Total Employment (000)	429.5	432.6	438.6	436.2	415.3	412.0	414.9	414.9	420.6	431.6	445.2	455.4
% Change	0.6	0.7	1.4	-0.5	-4.8	-0.8	0.7	0.0	1.4	2.6	3.2	2.3
Unemployment Rate	4.4	3.9	4.0	5.1	7.7	8.4	8.0	7.4	7.2	6.4	5.7	5.2
Personal Income Growth	5.2	11.7	5.4	0.6	-11.3	2.7	5.9	2.7	2.9	6.0	6.7	5.2
Population (000)	897.7	896.3	897.5	903.8	910.4	918.3	925.9	928.3	931.1	933.9	936.4	938.9
Single-Family Permits	2,054.0	1,480.0	1,438.0	713.0	476.0	546.0	583.0	675.3	782.6	973.9	1,277.8	1,271.2
Multifamily Permits	1,065.0	459.0	852.0	1,101.0	723.0	380.0	354.0	1,223.2	782.6	610.8	582.7	549.2
Existing-Home Price (\$Ths)	472.2	473.2	484.0	434.9	375.1	404.9	398.6	357.1	370.0	403.4	429.2	456.9
Mortgage Originations (\$Mil)	16,964.1	14,330.1	14,039.4	9,650.9	12,817.2	12,358.4	9,608.9	12,305.2	8,689.0	6,893.0	7,002.3	7,242.8
Net Migration (000)	-4.1	-6.1	-4.0	1.7	2.3	3.6	3.4	-2.2	-2.0	-2.1	-2.5	-2.6
Personal Bankruptcies	2,529.0	710.0	910.0	1,428.0	1,953.0	2,233.0	1,878.0	1,700.1	1,701.2	1,668.0	1,501.4	1,574.4

Source: Moody's Economy.com

RECENT PERFORMANCE

The Fairfield County economy is back in recovery. Employment has grown at a moderate pace through 2012 following a period of weakness toward the end of 2011. Hiring in education/healthcare and professional services is making up for job losses in securities brokerages and manufacturing. Residential construction is showing modest gains thanks to increased multi-family housing starts. However, construction firms are still operating well within capacity, so increased residential construction has not yet led to any hiring.

FINANCIALS

Although financial firms, securities brokerages and hedge funds in particular, will continue to be the largest income generators, their growth potential over the coming year is low. According to Fed Flow of Funds data, securities brokerages across the country suffered a loss in net worth in the second and third quarters of last year as well as the second quarter of this year as the European financial crisis heated up, leading to selloffs in financial markets worldwide. The bearish climate explains the downward trend in financial employment in the metro area since early last year. Moreover, as long as financial uncertainty over Europe and the U.S. fiscal cliff persists, and as long as interest rates remain at record lows, industry income growth will languish.

NEW INDUSTRIES

Although Fairfield County does not have any industries in serious decline, it will be hard put to broaden its income base in the coming years. Industrial diversity peaked in 1997 and has subsequently fallen as smaller manufacturers and service firms have closed or relocated. In other cases, industries such as industrial machinery manufacturing, which recorded good growth in the previous decade, have remained static. The more recent problem is not so much the closure or relocation of existing firms as it is the difficulty in establishing startup firms in new industries. In this regard, Bridgeport has some of the highest business costs in the Northeast outside of New York City.

As a result, more venture capital in the region goes to biotech and electronics firms in New Jersey and Boston than to those in Bridgeport.

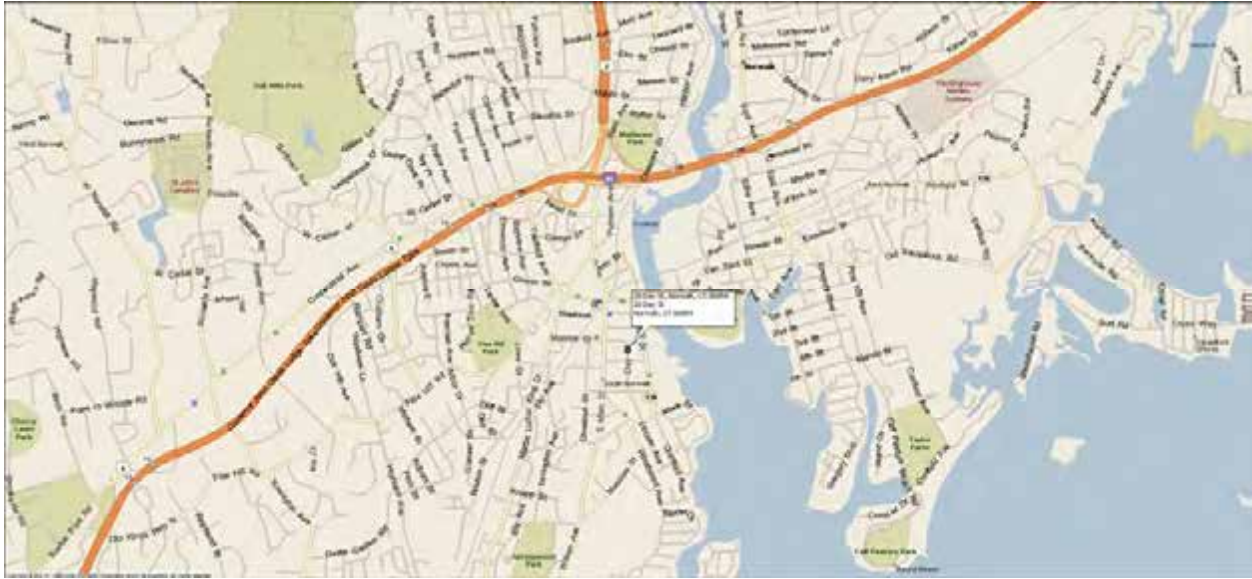
HOUSEHOLD INCOMES

Despite one of the highest per capita incomes in the U.S., growth has been slow the past two years given the slower growth of interest, dividend and rental income in comparison with inflation, and this trend will not change for a while. Worse, real median household income actually lost a lot of ground in 2009 and 2010, as most of the job losses in the metro area were in lower-earning industries such as construction and trade rather than in high-income flagship companies such as Sikorsky, GE, UBS and RBS. The effects on incomes at the lower end have been harsh. Connecticut's poverty rate increased from 2010 to 2011, and in the City of Bridgeport, which lacks the high-income industries in the rest of the metro area, the poverty rate for families is 25.7%, according to the American Community Survey.

CONCLUSION

Fairfield County will record slow job growth in the near term, but the metro area's economy will pick up in the latter half of next year, helped by the U.S. recovery and as concerns over the fiscal cliff and Europe's financial crisis start to recede. Even so, job growth will be slower than that of the U.S., with Bridgeport not reaching its pre-recession payroll peak before mid-2015, well after the U.S. and the Northeast return to expansion. Longer term, Bridgeport will remain a high-income economy, but because of familiar problems, high energy and other business costs, low housing affordability, and out-migration, it will lag the U.S. for the foreseeable future.

NEIGHBORHOOD ANALYSIS



LOCATION

The property comprises three non-contiguous parcels along the east and west side of Day Street. The location benefits from views of the Norwalk River and Norwalk Harbor to the east. The subject property is located in the south-central portion of the City of Norwalk in a neighborhood known as South Norwalk (“SoNo”).

Norwalk is bounded on the east by Westport, on the north by Wilton; on the northwest by New Canaan; on the west by Darien and on the south by Long Island Sound. While these communities are among the most affluent of the New York City suburbs (and the entire country), the City of Norwalk is alternatively comprised of numerous smaller neighborhoods with resident bases that span a far wider range of household income levels.

LAND USE

The South Norwalk neighborhood is an eclectic mix of nineteenth-century brick maritime and industrial buildings that were redeveloped in the 1980’s and 1990’s into art galleries, studios, restaurants, boutiques, offices and apartments. The South Norwalk neighborhood has become a major entertainment center in the area and draws a mix of singles and young professionals who enjoy living in an urban environment with nearby commercial services, restaurants and entertainment venues.

Prominent improvements in the neighborhood include the Maritime Center, which includes the Maritime Aquarium along the banks of Norwalk Harbor, a 774-space public parking garage and an associated three-story condominium and apartment complex at the northwest corner of Marshall Street and North Water Street.

As an extension of South Norwalk, the final portion of the 70-acre Reed Putnam urban renewal project calls for the extension of a street beneath the Metro-North Railroad tracks, linking the subject neighborhood to a 13.137 acre site that is situated between West Avenue and the railroad tracks and commonly referred to as District 95/7.

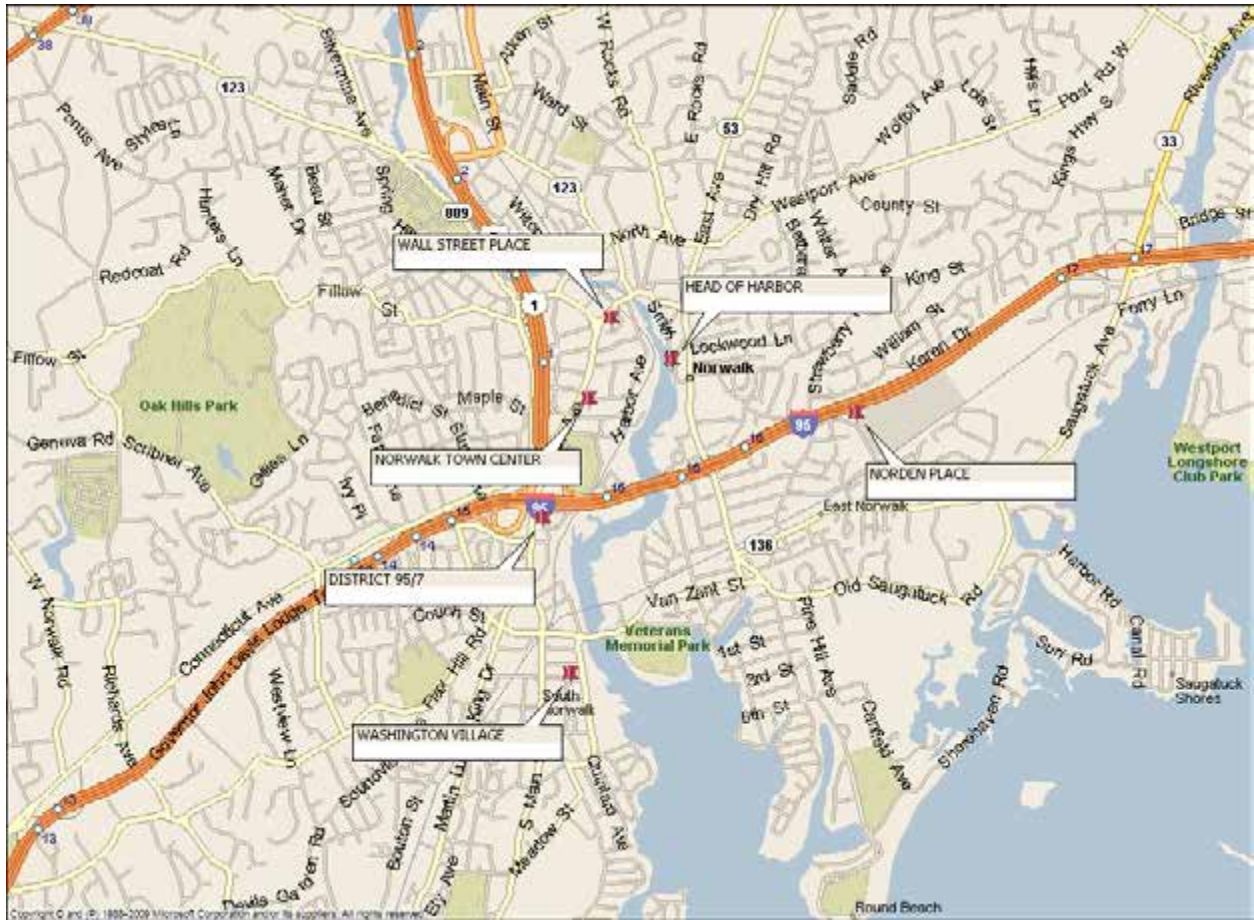
The District 95/7 mixed-use development project, an office-anchored, mixed-use proposed development was approved for up to 1,144,000 square feet, including three office buildings totaling approximately 601,000 square feet, 250 residences, 125,000 square feet of retail space and a 145-room hotel. Phase I of District 95/7 received site plan approval on April 4, 2008. The owners are attempting to revise the Phase 1 plan to include development of the southern portion of the site only with retail and apartment units. The same developers recently completed a mixed-use residential condominium, apartment and office building on Ann Street known as the Jefferson at 55/77 Water.

North Main Street is a major retail artery in South Norwalk and contains a mix of one-story retail buildings, a multi-screen movie theater, one- to three-story historic buildings with first floor retail uses and either office or apartments above. The intersection of North Main Street and Washington Street is the heart of the historic district with numerous restaurants and retail shops in restored three or four-story loft buildings. Specific tenants along Washington Street include Donovans, Red Lulu, Strand 18 Appizza, The Loft Martini Lounge, Episode Nightclub, Black Bear Salon, Match, Caffeine, Beadworks, and many more.

GROWTH PATTERNS

Within the City of Norwalk multifamily development has occurred as of late, predominantly in the Class A category. 597 Westport was completed in 2010 and Merritt River and 55/77 Water are both Class A properties constructed between 2002 and 2007. Avalon Norwalk was built in 2010. Summerview Square, a class B property containing 63 units in 20 buildings completed its final phase in 2012 and is the most recent property to come online. All of these properties enjoy greater than 90% occupancy. Demand for this product type is healthy.

A new hotel, the Hotel Zero Degrees Norwalk has been approved and is under construction at 353 Main Avenue in Norwalk. This property is expected to open in mid- 2013.



Proposed developments in Norwalk include the following:

Norwalk Town Center (formerly Waypoint): The Norwalk Zoning Commission approved the first phase of Norwalk Town Center, a \$200 million project that replaces the Waypoint project planned by Norwalk-based Stanley M. Seligson Properties. In June 2011, Greenwich real estate investment company Belpointe Capital LLC, partnering with MacFarlane Partners, a San Francisco-based institutional real estate investment management firm, bought an equity stake in the project from Seligson Properties for an undisclosed price.

The proposed Norwalk Town Center is scheduled to be built over three phases and cover 10 acres. Current plans for Phase II include as of right for 300 apartments and 80,000 square feet of retail. This may be changed depending on leasing for Phase I to include more retail or possibly even a hotel component.

The first phase will consist of 425 luxury apartments in a group of five-story buildings and 58,494 square feet of street-level retail and restaurant space to be built on the block between Orchard and Merwin Streets. Two parking garages will also be built totaling 807 spaces to serve both the apartment and retail uses.

Wall Street Place: POKO Partners is the developer of the Wall Street Place redevelopment project. Located on a 6.3-acre site extending from Wall and Isaacs Sts. to West Ave., Wall Street Place will be a sustainable, mixed-use community with approximately 380 residences and 60,000 square feet of retail. The residential portion of Wall Street Place will be comprised of market rate and affordable rental apartments as well as condominiums. The project is expected to be completed in three phases. Phase One of Wall Street Place calls for construction of 100 apartments, 12,000 square feet of retail and 220 parking spaces in the area bounded by Wall and Isaacs streets and including the Isaacs Street Parking Lot. POKO Partners has indicated that they anticipated breaking ground in 2012. According to Susan Sweitzer, Senior Project Manager at the Norwalk Redevelopment Agency, the Wall Street Place project is likely to move forward within the next year because this developer has secured all of the necessary zoning approvals, has a considerable amount of capital invested already into the project, and has also time constraints regarding his approvals and financing. Phase One of this project won all of its approvals in late 2008 and a demolition permit was filed in September 2011.

Norden Place: The proposed residential development is located on 38 acres of vacant land that is east of the Northrop Grumman, Norden Systems building located on Norden Place in East Norwalk. Spinnaker Real Estate Partners received approvals for a 240-unit rental housing complex and four single-family homes, and in July 2011 sold the land and approvals to Avalon Bay Communities who are developing the site as approved.

Head of Harbor: M. F. DiScalia and Company was selected to develop an industrial area in Norwalk that lies between Smith Street and the Norwalk River. M. F. DiScalia has created a proposal to develop the site with 80 condominium housing units and a small office component. The site development will include one and a half levels of parking below the new buildings. The Head of Harbor development has not yet received any of the necessary approvals.

District 95/7 SoNo: District 95/7 SoNo is an office-anchored, mixed-use proposed development on twelve acres of vacant land adjacent to the Norwalk Harbor and historic South Norwalk, at the intersection of Interstate 95 and US Route 7. The 2007 approved conceptual master site plan called for 475,000 to 625,000 square feet of offices, 75,000 to 125,000 square feet of retail, 250 to 350 housing units, with 15% priced as affordable; and a 110,000- square foot hotel. Approximately 2% to 4% of the project would be devoted to public/cultural use. Spinnaker Real Estate Partners and Greenfield Partners are the developers of District 95/7 SoNo.

ACCESS

Access to the subject neighborhood is provided via Exit 15 from Interstate Route 95, the major east to west interstate highway in southern Connecticut. Interstate 95 runs from New York to the west, along the south shore of Connecticut to Rhode Island and Massachusetts to the east. Route 7 runs north from Interstate 95 (Exit 15) through the north section of Norwalk into Wilton and Danbury. Route 7 also connects with the Merritt Parkway, approximately 2.5 miles north of Interstate 95. Other main

routes in the area include Routes 1 and 136. Route 1 is a primary commercial artery that runs parallel with Interstate 95.

The subject is benefitted by its proximity (approximately 300 yards) to the South Norwalk Metro North commuter train station. The commute to the Midtown Manhattan (Grand Central Station) is about an hour. LaGuardia and JFK International airports are also about an hour’s drive from the subject neighborhood.

Overall, access to and from the subject from major transportation arteries and alternative modes of transportation is very good.

DEMOGRAPHICS

Selected neighborhood demographics in a 1-, 3-, and 5-mile radii from the subject are shown in the following table:

SELECTED NEIGHBORHOOD DEMOGRAPHICS			
Raymond & Day Streets Norwalk, CT	1 Mile Radius	3 Mile Radius	5 Mile Radius
Population			
2018 Population	24,456	83,921	131,370
2013 Population	24,024	81,715	127,811
2010 Population	23,681	80,036	125,111
2000 Population	23,180	77,779	120,815
Annual Growth 2013 - 2018	0.36%	0.53%	0.55%
Annual Growth 2000 - 2013	0.11%	0.16%	0.16%
Annual Growth 2000 - 2010	0.21%	0.29%	0.35%
Households			
2018 Households	9,222	32,251	49,270
2013 Households	9,093	31,413	47,961
2010 Households	8,992	30,769	46,965
2000 Households	8,842	30,531	46,154
Annual Growth 2013 - 2018	0.28%	0.53%	0.54%
Annual Growth 2000 - 2013	0.09%	0.16%	0.16%
Annual Growth 2000 - 2010	0.17%	0.08%	0.17%
Income			
2013 Median HH Inc	\$50,770	\$68,266	\$82,378
2013 Estimated Average Household Income	\$72,510	\$103,397	\$133,522
2013 Estimated Per Capita Income	\$27,446	\$39,748	\$50,104
Age 25+ College Graduates - 2010	5,310	22,375	42,631
Age 25+ Percent College Graduates - 2013	32.2%	39.5%	49.2%

Source: Nielsen/Claritas

CONCLUSION

The surrounding neighborhood can be characterized as a historic redevelopment area that is primarily commercial in nature, with a mix of retail, office and residential improvements. For the most part, improvements within the neighborhood are in good condition. The property is very well located along Day and Water Streets, in proximity to Norwalk Harbor and the South Norwalk Metro North Rail Station. Overall, the proposed use is considered to conform well to the neighborhood.

SITE ANALYSIS

The following chart summarizes the salient characteristics of the subject site.

SITE SUMMARY			
Physical Description			
Gross Site Area	6.55 Acres	285,318 Sq. Ft.	
Net Site Area	6.55 Acres	285,318 Sq. Ft.	
Excess Land Area	None		
Surplus Land Area	None		
Shape	Irregular		
Topography	Generally Level		
Zoning District	TOD, Transit Oriented Development		
Flood Map Panel No. & Date	09001C0531F	18-Jun-10	
Flood Zone	Zone AE		
Adjacent Land Uses	Commercial and residential uses		
Comparative Analysis			Rating
Access	Good		
Visibility	Good		
Functional Utility	Assumed adequate		
Traffic Volume	Average		
Adequacy of Utilities	Assumed adequate		
Landscaping	Average		
Drainage	Assumed adequate		
Utilities	Provider	Adequacy	
Water	City of Norwalk	Yes	
Sewer	City of Norwalk	Yes	
Natural Gas	Yankee Gas	Yes	
Electricity	Connecticut Light & Power	Yes	
Telephone	Various	Yes	
Other	Yes	No	Unknown
Detrimental Easements		X	
Encroachments		X	
Deed Restrictions	X		
Reciprocal Parking Rights		X	
Common Ingress/Egress		X	
Source: Various sources compiled by CBRE			

LOCATION

The subject comprises three non-contiguous parcels. The smaller parcel (13 Day Street) has frontage along the north side of Hanford Place on the west side of Day Street. 20 Day Street has 160 feet of frontage along the north side of Hanford Place, and full-block frontage feet along the east side of Day Street, between Hanford and Raymond Streets. The largest parcel sits on the south side of Raymond Street between Day Street to the west and Water Street to the east. This parcel features more than 600 feet of frontage on both Day and Water Streets.

ASSESSORS PARCEL NUMBERS

The subject parcels are identified as Block 61/Lot 4; Block 60/Lot 1; & Block 58/Lot 46.

As assembled, the subject contains approximately 6.55 acres of land area.

LAND AREA

The land area was obtained via site information provided by the Norwalk Assessors Office. The land areas for 13 and 20 Day Street are .45 and 1.32 acres, respective. The land area for the primary site is 4.78 acres. Overall, the subject sites are each considered adequate in terms of size and utility. There is no unusable, excess or surplus land area.

SHAPE AND FRONTAGE

The 13 Day Street and Raymond Street parcels are both irregular in shape. 20 Day Street is generally rectangular in shape.

TOPOGRAPHY AND DRAINAGE

The topography of each site is generally level and along roadway frontage. The topography of each site is not seen as an impediment to the development of each site.

Given the proximity of the subject sites to Norwalk Harbor, flooding and drainage issues have occurred. During the recent Superstorm Sandy, the ground level units at the Washington Village development were flooded to varying degrees. As proposed, the subject development is expected to deal with these issues in a number of ways including having the units above grade over podium parking.

SOILS

A soil analysis for the site has not been provided for the preparation of this appraisal. In the absence of a soil report, it is a specific assumption that the site has adequate soils to support the highest and best use.

EASEMENTS AND ENCROACHMENTS

There are no known easements or encroachments impacting the site that are considered to affect the marketability or highest and best use. It is recommended that the client/reader obtain a current title policy outlining all easements and encroachments on the property, if any, prior to making a business decision.

COVENANTS, CONDITIONS AND RESTRICTIONS

As of the effective date of this valuation, there are no known covenants, conditions and restrictions impacting the site that are considered to affect the marketability or highest and best use. However, it is anticipated that the subject will have stipulated restrictions regarding the proposed subject development, including future income limitations imposed upon the proposed apartment units upon completion.

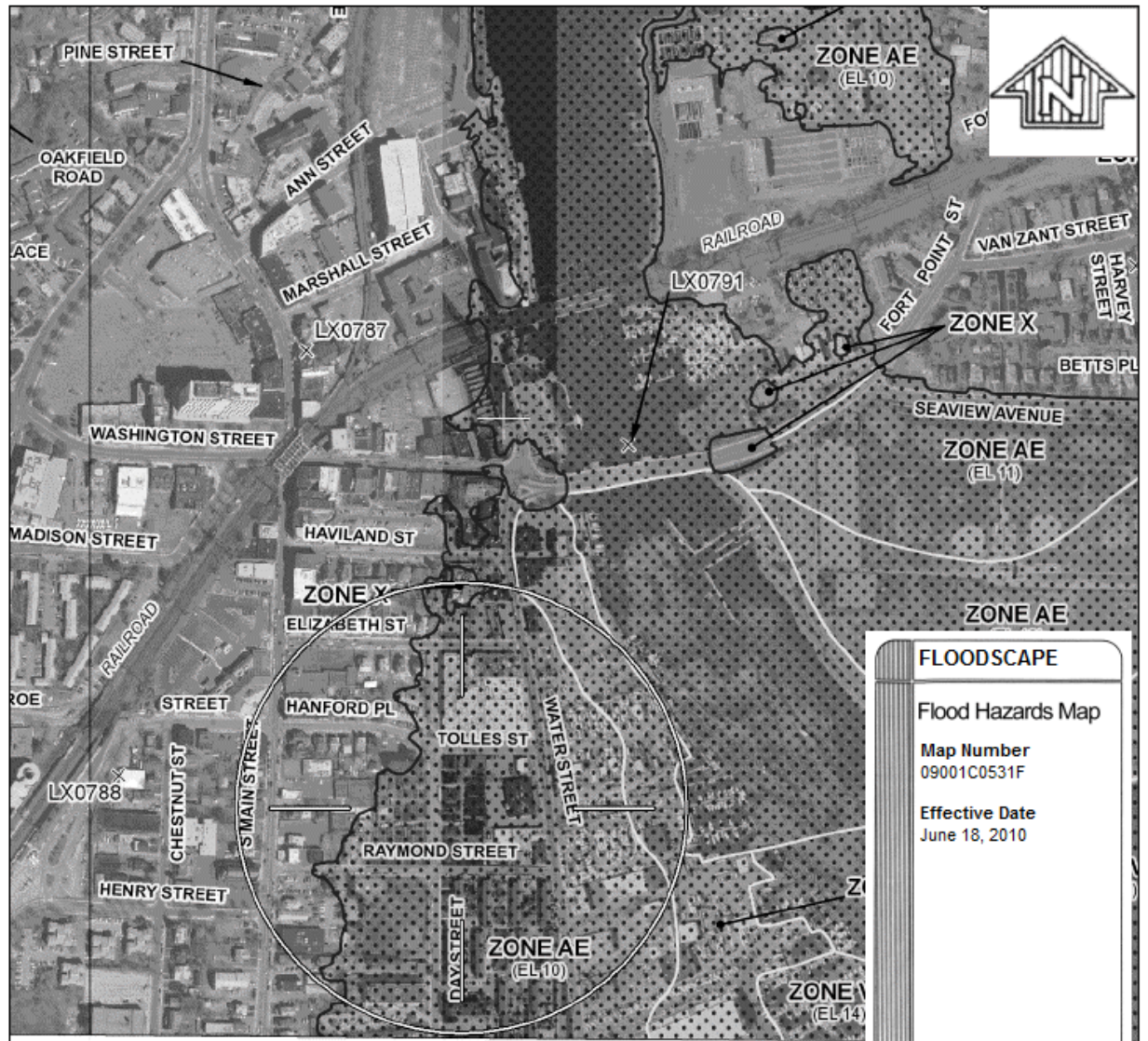
UTILITIES AND SERVICES

The site is within the jurisdiction of the City of Norwalk and is provided all municipal services. All public utilities are available to the site.

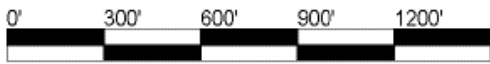
FLOOD MAP



Prepared for:
 CB Richard Ellis-NE Partners LP
 20 Day St
 Norwalk, CT 06854-3021



FLOODSCAPE
Flood Hazards Map
Map Number 09001C0531F
Effective Date June 18, 2010
Powered by FloodSource 877.77.FLOOD www.floodsource.com



© 1999-2012 SourceProse and/or FloodSource Corporations. All rights reserved. Patents 6,631,326 and 6,678,615. Other patents pending. For Info: info@floodsource.com.

According to flood hazard maps published by the Federal Emergency Management Agency (FEMA), the site is within Zone AE, as indicated on Community Map Panel 09001C0531F, dated June 18, 2010. This zone is defined as follows:

FEMA Zone AE Zones AE and A1-A30 are the flood insurance rate zones used for the 1-percent-annual-chance floodplains that are determined for the Flood Insurance Study (FIS) by detailed methods of analysis. In most instances, Base Flood Elevations (BFEs) derived from the detailed hydraulic analyses are shown at selected intervals in this zone. Mandatory flood insurance purchase requirements apply. AE zones are areas of inundation by the 1-percent-annual-chance flood, including areas with the 2-percent wave runup, elevation less than 3.0 feet above the ground, and areas with wave heights less than 3.0 feet. These areas are subdivided into elevation zones with Base Flood Elevations (BFEs) assigned. The AE zone will generally extend inland to the limit of the 1-percent-annual-chance Stillwater Flood Level (SWEL).

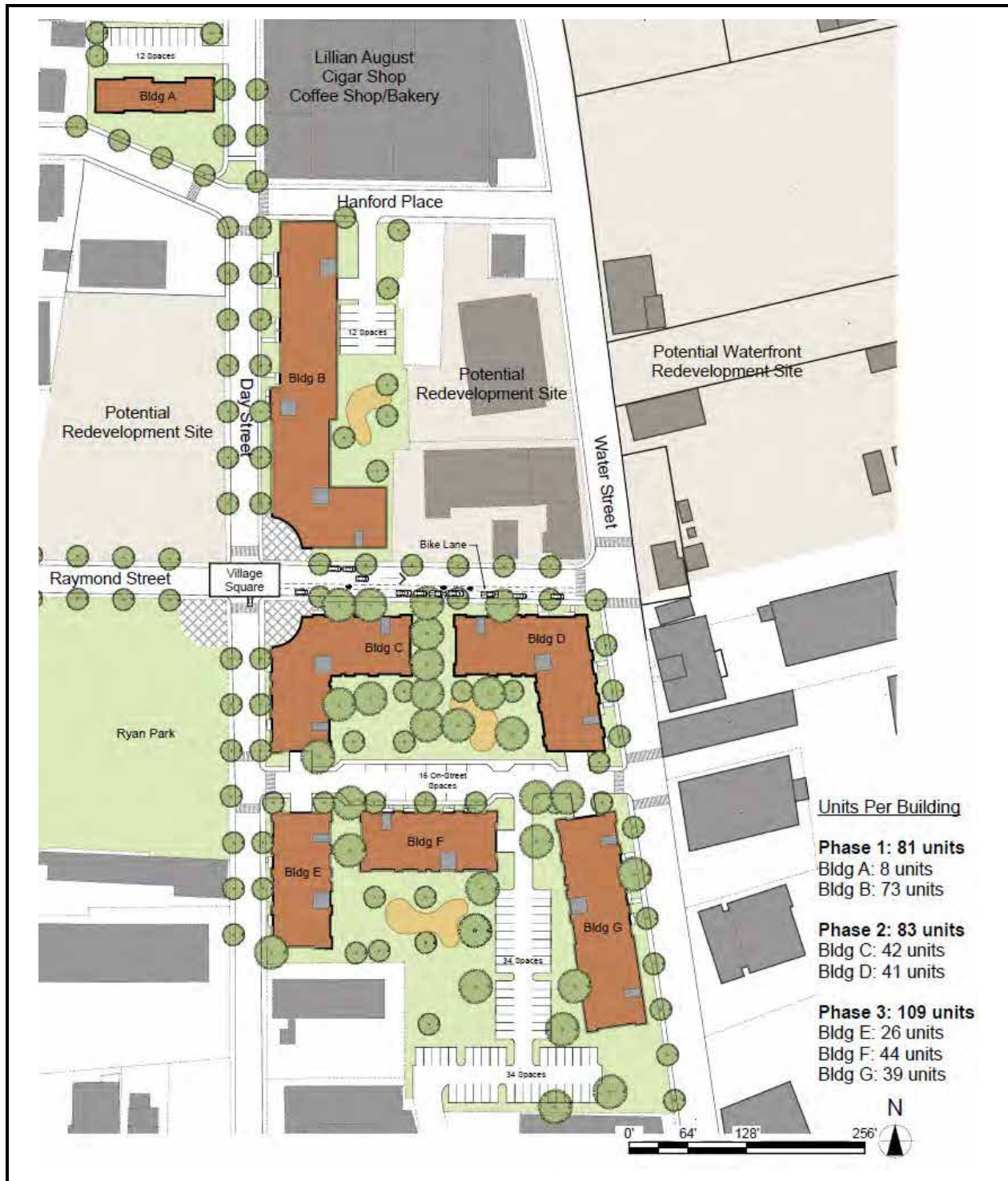
ENVIRONMENTAL ISSUES

CBRE, Inc. has not observed, yet is not qualified to detect, the existence of potentially hazardous material or underground storage tanks which may be present on or near the site. The existence of hazardous materials or underground storage tanks may have an effect on the value of the property. For this appraisal, CBRE, Inc. has specifically assumed that the property is not affected by any hazardous materials and/or underground storage tanks which may be present on or near the property.

CONCLUSION

The overall property is well located and afforded average access and visibility from roadway frontage. The size of the site is generally consistent with the area and use, based on density of proposed development, and there are no known detrimental uses in the immediate vicinity. Overall, there are no known factors adverse to the proposed use of the site.

IMPROVEMENTS LAYOUT – AS PROPOSED



IMPROVEMENTS ANALYSIS – AS PROPOSED

The following chart shows a summary of the improvements as proposed.

IMPROVEMENTS SUMMARY	
Property Type	Apartment (Multi-family Mid/High Rise)
Number of Buildings	7
Number of Stories	Three and four
Year Built	2014+ (Proposed)
Net Rentable Area	236,536 SF
Number of Units	273
Average Unit Size	866 SF
Development Density	41.7 Units/Acre
Parking Improvements	Open and Covered (under building podiums)
Total Spaces:	344
Parking Ratio (spaces/unit)	1.26

Source: Various sources compiled by CBRE

IMPROVEMENT DESCRIPTION & RATING - AS PROPOSED					
Improvement Summary Description		Comparative Rating			
		Good	Avg.	Fair	Poor
Foundation	Reinforced concrete		X		
Frame	Concrete/Wood		X		
Exterior Walls	Painted masonry		X		
Interior Walls	Textured and painted drywall		X		
Roof	Built-up composition		X		
Ceiling	Drywall		X		
HVAC System	Individual package HVAC for each unit		X		
Exterior Lighting	Mercury Vapor Fixtures		X		
Interior Lighting	Flourescent & incandescent fixtures		X		
Flooring	Carpet, vinyl tile, laminate		X		
Plumbing	Assumed adequate		X		
Elevators/Stairwells	Adequate elevators and stairwells in each building		X		
Fire Protection	Sprinklered and smoke detectors		X		
Amenities	Laundry rooms, washer/dryer hook ups, full kitchen appliance packages, playground, outdoor spaces		X		
Furnishings	Personal property excluded		N/A		
Parking	Covered (under podium) and open		X		
Landscaping	Grass, gravel and natural forest courtyards with irrigated planted beds		X		

Source: Various sources compiled by CBRE

UNIT MIX

Unit Mix/Type	Comments	No. Units	Percent of Total	Unit Size (SF)	NRA (SF)
1BR/1BA	One-Bedroom	92	33.7%	632	58,144
2BR/1BA	Two-Bedroom	145	53.1%	952	138,040
3BR/1.1BA Flat	Thre-Bedroom Flat	26	9.5%	1,054	27,404
3BR/1.1BA TH	Three-Bedroom Townhouse	6	2.2%	1,258	7,548
4BR/2BA TH	Four-Bedroom Townhouse	4	1.5%	1,350	5,400
Total/Average:		273	100.0%	866	236,536

Source: Various sources compiled by CBRE

	Public Housing	LIHTC	Market	Total
1 BR	31	27	34	92
2 BR	70	39	36	145
3 BR	31	1	0	32
4 BR	4	0	0	4
Total	136	67	70	273

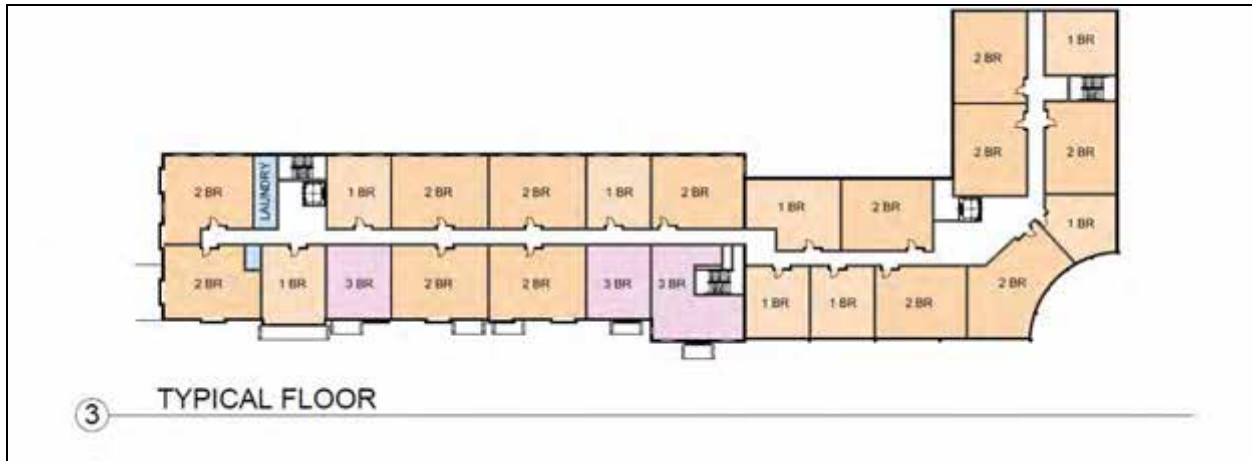
*From Chapter IV of the Washington Village/South Norwalk Choice Transformation Plan

UNIT MIX

As depicted and discussed, the current improvements which consist of 136-units of public housing are to be razed and redeveloped with mixed-income housing.

The new development will consist of seven buildings housing 273 units. As currently proposed, there will be 92 one-bedroom units, 145 two-bedroom units, 26 three-bedroom flats, 6 three-bedroom townhomes, and 4 four-bedroom townhomes. As currently proposed, all of the four-bedroom units will be public housing units, 31 of the 32 three-bedroom units will be public housing and one will be affordable. One bedroom units will be 31 public housing, 27 affordable, and 34 market rate. Two-bedroom units will be 70 public housing, 39 affordable, and 36 market rate.

As noted previously, currently only one and two bedroom units are slated to be market rate apartments; however we have been asked to provide market rental rates for all of the unit types. Our absorption analysis, however assumes the market units will be only one and two-bedroom units.



PROJECT DESIGN

The following design description is taken directly from the *Washington Village/South Norwalk Choice Transformation Plan*:

The proposed design follows the city's recently adopted TOD design guidelines, complements the historic qualities of the buildings on Washington and Main Streets, and serves as a transition from the 2- and 3-story structures to the west of the site to the proposed 4- and 5-story residential structures along the riverfront.

The design includes a series of buildings, primarily 3- and 4-story apartment buildings, all of which front on public streets. Buildings facing Day Street will have two- or three-bedroom units with direct private access from the street, activating the streetscape. A new street between Day and Water Streets will be built through the existing Washington Village site to create street frontage for all buildings and to maximize 'eyes on the street' for enhanced public safety. Building A is proposed as eight 3-story townhouses.

Buildings of three and four stories – within the building height guidelines adopted in the TOD Master Plan -- wrap around these three corners, set back to create the new plazas at the intersection of Raymond and Day Streets. With upper floor residential, ground floor active uses, and a signature fountain, "Village Square" will become a new focal point for South Norwalk. Raymond Street will remain a relatively narrow neighborhood street, with broad, decorative tree-lined sidewalks, and buildings set back to allow additional outdoor activity all along the street, making this a very pedestrian-friendly destination and an attractive connection between South Main Street and the waterfront and its vibrant activity. Over time it is expected that the riverfront will be redeveloped as a mixed use residential community which nonetheless respects the current maritime use.

The proposed style and massing of the new buildings reflect the character of the 19th century mercantile buildings of the historic district, with the use of brick and traditional window design. Buildings facing Water Street and the maritime uses along the Norwalk River will take design cues from that context.

UNIT DESIGN AND AMENITIES

The following description is taken directly from the *Washington Village/South Norwalk Choice Transformation Plan*

All residential units will be designed with the same layout, finish and appliance standards. The new units will be significantly larger than the existing Washington Village apartments. The one- and two-bedroom units will be flats and the larger units, with three and four bedrooms, will be a combination of flats and townhouses. These larger units will have washer and dryer hookups in closets within the unit. To serve the one- and two-bedroom apartments, a laundry room with a folding table, seating, and visibility will be situated on each floor of the new multi-story buildings. The kitchen designs will be clean and elegant. An open peninsula with seating will allow views from the kitchen into the dining/living space, encouraging gatherings under the pendant light fixtures. The refrigerator and pantry will be located adjacent to the peninsula, for efficient access, while the dishwasher, sink with disposal, oven, and microwave venting range hood will be located along the back wall. Most units will have a walk-in closet for the master bedroom and a linen closet in the bathroom. Finishes will be attractive and durable. Every apartment will have wood-look flooring and plastic laminate countertops.

As proposed, the project will feature modern unit design and amenities comparable with other, newer area apartment properties. While the finishes are not expected to be luxury caliber they are expected to be in line with other modern apartment developments and should be superior to any of the older class B and C product in this market.



PROJECT AMENITIES

The following descriptions are summarized from the *Washington Village/South Norwalk Choice Transformation Plan*.

Parking

Current plans call for parking a half-level below grade under the buildings (subject to due diligence on flood plain mitigation and cost). This provides 252 parking spaces under the residential buildings and another 92 parking spaces will be provided at grade, for a total parking count of 344 spaces (not including the 16 on-street parking spaces along the new proposed street). This results in a parking ratio of approximately 1.26 spaces per residential unit. This ratio is lower than what the area is currently zoned for but rezoning is underway to be consistent with the goals and standards of the TOD district plan.

Resource Center

A 6,000 SF Resource Center is planned near the Community Center which will include satellite offices for key service providers, an office suite for case management staff, and a computer lab with 10-12 stations and office space, accessible to all residents near the "Village Square." Norwalk Community College will have a classroom and office for on-site programs and the Workforce Investment Board (WIB) will also have a satellite office to support on-site workforce development activities. Space for the Clothes Closet – a Dress for Success program – will also be provided. The offices and classrooms will be designed to be flexible, to accommodate changes in on-site service delivery needs over time.

Outdoor Areas

Outdoor areas will be provided for each building on site, including age appropriate playgrounds as well as quiet sitting areas, per comments from the resident survey. Courtyards will be well-landscaped and well-maintained. Tot lots for young children will be located on site, with the expectation that the newly revitalized Ryan Park will provide outdoor play areas for older children. Efforts will be made to preserve existing healthy, mature trees on the current Washington Village site. Ground level residential units will have front stoops to allow ready access to the outdoors. Private fenced-in gardens will be provided where possible between the public sidewalk and the building.

The vision for the new housing development is one of a bold transformation that acknowledges and builds on the success of the City's vision of the future for South Norwalk. The broader South Norwalk community has undergone much change and development in the last several decades and the proposed redevelopment plan will complement what is already underway. The focus of the proposed plan is a major new public space, a "Village Square" – at the intersection of Raymond and Day Streets. With an upgraded and enhanced Ryan Park providing a more inviting and thoughtfully programmed set of recreational activities at the southwest corner of the "Village Square," the other

three corners will provide intimate, comfortable but active urban plazas that engage one another across the lightly travelled neighborhood streets.

The plan lays the groundwork for the creation of a walkable district, with easy access to the train and buses, retail activity along South Main and Washington Streets, educational opportunities at the Maritime Museum, and future access to development along the waterfront to the east of Water Street.

The design of the new residential development will help in important ways to decrease the threats to public safety that currently plague Washington Village and its immediate surroundings. The existing superblock configuration and densely packed buildings create dangerous areas on the interior of the site – out of view of passing cars and police vehicles. In response, the proposed plan adds a new through street between Raymond and Water that allows all new buildings to front on an active, public street. This will provide “eyes on the street” for all pedestrian and vehicular traffic, discouraging non-residents from inappropriate activity on site. Building and unit entries will be well-lit and security cameras will be strategically placed around the site to discourage illegal activities. New sidewalks and street lighting will encourage pedestrian activity and safe passage during the day as well as at night. In addition, the new community center has been strategically located to overlook Ryan Park, which will be redesigned to support healthy activities for residents of all ages, with a water feature, age appropriate playgrounds, and adult sitting and gathering areas

Enterprise Green Communities Criteria (EGCC) & LEED ND Certification

The new development will comply with all mandatory elements of the Enterprise Green Communities Criteria (EGCC) Standards 2011 and will be certifiable at a minimum “Silver” level and Energy Star II level. EGCC 2011 increases the efficiency of the building envelopes and systems, includes Energy Star for Homes certification, reduces greenhouse gas emissions through decreased need for fossil fuels, and promotes healthy living environments through the use of healthy interior materials (e.g., low- and no-VOC paints and adhesives, green label carpeting, formaldehyde-free products, etc.), integrated pest control, and adequate ventilation planning. ICON architecture has registered for the LEED Neighborhood Development program and the current design reflects the criteria outlined in this standard.

ZONING

The City of Norwalk is currently transitioning to a Transit Oriented Development (TOD) zoning approach for the project area. In July 2012 the Norwalk Zoning Commission amended the existing industrial zoning to allow for multifamily zoning as a Special Permit Use. The City is open to additional changes to their current dimensional requirements and parking standards, to conform to the principles established for the TOD area. The redevelopment is being planned to conform to these TOD principles as well and will be submitted for Site Plan Review and Special Permit in early 2013.

It is a hypothetical assumption of this report that all municipal approvals have been granted for the development as detailed herein.

CONCLUSION

Upon completion of construction as proposed, it is assumed the subject improvements will be in very good overall condition. The development and units are expected to be modern in terms of design and amenities. Overall, there are no known factors that could be considered to adversely impact the marketability of the improvements as proposed.

MARKET ANALYSIS

The market analysis forms a basis for assessing market area boundaries, supply and demand factors, and indications of financial feasibility. Primary data sources utilized for this analysis includes REIS, CoStar, and our in-house work files.

As proposed, the subject will represent a 273-unit mixed-income apartment community with 50% public housing units, 25% affordable units (60% of area median income) and 25% market-rate units.

As discussed, the purpose of this market study is to determine rental rates and absorption for the 70 market rate units planned for the subject property.

The subject will be located in South Norwalk in the West Fairfield County Submarket of Fairfield County.

DEMOGRAPHIC ANALYSIS

Demand for additional residential property is a direct function of population change. Multi-family communities are products of a clearly definable demand relating directly to population shifts.

Housing, Population and Household Formation

The following table illustrates the population and household changes for the subject neighborhood.

POPULATION AND HOUSEHOLD PROJECTIONS			
	1 Mile Radius	3 Mile Radius	5 Mile Radius
Population			
2018 Population	24,456	83,921	131,370
2013 Population	24,024	81,715	127,811
2010 Population	23,681	80,036	125,111
2000 Population	23,180	77,779	120,815
Annual Growth 2013 - 2018	0.36%	0.53%	0.55%
Annual Growth 2000 - 2013	0.11%	0.16%	0.16%
Annual Growth 2000 - 2010	0.21%	0.29%	0.35%
Households			
2018 Households	9,222	32,251	49,270
2013 Households	9,093	31,413	47,961
2010 Households	8,992	30,769	46,965
2000 Households	8,842	30,531	46,154
Annual Growth 2013 - 2018	0.28%	0.53%	0.54%
Annual Growth 2000 - 2013	0.09%	0.16%	0.16%
Annual Growth 2000 - 2010	0.17%	0.08%	0.17%

Source: Nielsen/Claritas

As shown, the subject’s neighborhood is experiencing moderate positive increases in both population and households across all three radii with growth expected to continue over the next five years.

Given the subject’s location and positioning, the market rate units at the property are likely to appeal to younger, working singles or couples, or possibly empty nesters.

The following chart details the population age trends over the next five years.

POPULATION TRENDS			
Raymond & Day Streets			
Norwalk, CT	1 Mile	3 Mile	5 Mile
2013 Estimated Population	24,024	81,715	127,811
- Aged 0 to 4 Years	1,762 (7.3%)	5,649 (6.9%)	8,745 (6.8%)
- Aged 5 to 9 Years	1,511 (6.3%)	5,267 (6.4%)	8,938 (7.0%)
- Aged 10 to 14 Years	1,350 (5.6%)	4,947 (6.1%)	8,882 (6.9%)
- Aged 15 to 17 Years	840 (3.5%)	3,188 (3.9%)	5,739 (4.5%)
- Aged 18 to 20 Years	784 (3.3%)	2,327 (2.8%)	3,419 (2.7%)
- Aged 21 to 24 Years	1,289 (5.4%)	3,730 (4.6%)	5,480 (4.3%)
- Aged 25 to 34 Years	4,622 (19.2%)	11,703 (14.3%)	14,453 (11.3%)
- Aged 35 to 44 Years	3,759 (15.6%)	12,385 (15.2%)	18,233 (14.3%)
- Aged 45 to 54 Years	3,206 (13.3%)	12,254 (15.0%)	20,464 (16.0%)
- Aged 55 to 64 Years	2,468 (10.3%)	9,723 (11.9%)	15,942 (12.5%)
- Aged 65 to 74 Years	1,454 (6.1%)	5,996 (7.3%)	9,687 (7.6%)
- Aged 75 to 84 Years	678 (2.8%)	3,102 (3.8%)	5,279 (4.1%)
- Aged 85 Years and Older	301 (1.3%)	1,444 (1.8%)	2,550 (2.0%)
- 2013 Estimated Median Age	34.68	38.30	39.74
- 2013 Estimated Average Age	36.26	38.39	38.77
2018 Projected Population by	24,456	83,921	131,370
- Aged 0 to 4 Years	1,763 (7.2%)	5,747 (6.8%)	9,023 (6.9%)
- Aged 5 to 9 Years	1,636 (6.7%)	5,568 (6.6%)	8,931 (6.8%)
- Aged 10 to 14 Years	1,423 (5.8%)	5,114 (6.1%)	8,887 (6.8%)
- Aged 15 to 17 Years	817 (3.3%)	3,275 (3.9%)	6,001 (4.6%)
- Aged 18 to 20 Years	759 (3.1%)	2,436 (2.9%)	3,783 (2.9%)
- Aged 21 to 24 Years	1,142 (4.7%)	3,993 (4.8%)	6,686 (5.1%)
- Aged 25 to 34 Years	4,105 (16.8%)	10,419 (12.4%)	13,742 (10.5%)
- Aged 35 to 44 Years	3,980 (16.3%)	12,273 (14.6%)	16,500 (12.6%)
- Aged 45 to 54 Years	3,218 (13.2%)	11,905 (14.2%)	19,421 (14.8%)
- Aged 55 to 64 Years	2,805 (11.5%)	11,161 (13.3%)	18,494 (14.1%)
- Aged 65 to 74 Years	1,769 (7.2%)	7,290 (8.7%)	11,780 (9.0%)
- Aged 75 to 84 Years	736 (3.0%)	3,272 (3.9%)	5,523 (4.2%)
- Aged 85 Years and Older	304 (1.2%)	1,470 (1.8%)	2,599 (2.0%)
- 2018 Projected Median Age	36.42	39.49	40.44
- 2018 Projected Average Age	37.18	39.10	39.38

Source: Nielsen/Claritas

As depicted above, the general population trend is for slight aging over the next five years with average and median ages expected to increase by one to two years overall.

The age groups that will most likely be attracted to the subject are the 25 to 44s and the 45 to 65s. As depicted, the 25-34 and 45-54 categories are expected to show slight declines, but the remaining categories to which the subject will appeal are expected to grow. Overall, the general population picture is not expected to change dramatically in the next few years.

Income Distributions

Household income available for expenditure on housing and other consumer items is a primary factor in determining the price/rent level of housing demand in a market area. In the case of this study, projections of household income, particularly for renters, identifies in gross terms the market from which the subject submarket draws. The following table illustrates estimated household income distribution for the subject neighborhood.

HOUSEHOLD INCOME DISTRIBUTION			
Households by Income Distribution - 2013	1 Mile Radius	3 Mile Radius	5 Mile Radius
Less than \$15K	16.75%	11.29%	9.25%
\$15K - \$25K	9.27%	6.19%	5.27%
\$25K - \$35K	10.39%	8.27%	7.12%
\$35K - \$50K	13.02%	11.83%	10.26%
\$50K - \$75K	15.15%	16.51%	14.33%
\$75K - \$100K	13.16%	13.07%	11.99%
\$100K - \$150K	13.74%	15.95%	16.83%
\$150K - \$250K	3.93%	6.97%	8.62%
\$250K - \$500K	2.42%	4.66%	7.29%
\$500K or more	0.62%	2.78%	5.61%

Source: Nielsen/Claritas

The following table illustrates the median and average household income levels for the subject neighborhood.

HOUSEHOLD INCOME LEVELS			
Income	1 Mile Radius	3 Mile Radius	5 Mile Radius
2013 Median HH Inc	\$50,770	\$68,266	\$82,378
2013 Estimated Average Household Income	\$72,510	\$103,397	\$133,522
2013 Estimated Per Capita Income	\$27,446	\$39,748	\$50,104

Source: Nielsen/Claritas

An analysis of the income data indicates that the submarket is generally comprised of upper-middle and high-income economic cohort groups.

Again, we expect the subject market rate units to appeal to the 25-65 age group of working singles and couples and possible empty nesters. The following chart details age and income statistics.

AGE BY INCOME LEVELS			
Raymond & Day Streets Norwalk, CT	1 Mile	3 Mile	5 Mile
2013 Estimated Householders Aged 25 to 34 Years	1,916	4,814	5,841
- with Income Less than \$15,000	328 (17.1%)	532 (11.1%)	582 (10.0%)
- with Income \$15,000 to \$24,999	198 (10.3%)	298 (6.2%)	317 (5.4%)
- with Income \$25,000 to \$34,999	211 (11.0%)	464 (9.6%)	502 (8.6%)
- with Income \$35,000 to \$49,999	271 (14.1%)	724 (15.0%)	804 (13.8%)
- with Income \$50,000 to \$74,999	330 (17.2%)	1,033 (21.5%)	1,201 (20.6%)
- with Income \$75,000 to \$99,999	234 (12.2%)	624 (13.0%)	741 (12.7%)
- with Income \$100,000 to \$124,999	162 (8.5%)	440 (9.1%)	546 (9.3%)
- with Income \$125,000 to \$149,999	88 (4.6%)	267 (5.5%)	368 (6.3%)
- with Income \$150,000 to \$199,999	59 (3.1%)	213 (4.4%)	321 (5.5%)
- with Income \$200,000 and Over	37 (1.9%)	220 (4.6%)	458 (7.8%)
- Householder Aged 25 to 34 Years Average Income	\$63,330	\$86,719	\$105,484
2013 Estimated Householders Aged 35 to 44 Years	1,910	6,423	9,328
- with Income Less than \$15,000	233 (12.2%)	433 (6.7%)	498 (5.3%)
- with Income \$15,000 to \$24,999	152 (8.0%)	249 (3.9%)	279 (3.0%)
- with Income \$25,000 to \$34,999	169 (8.8%)	422 (6.6%)	480 (5.1%)
- with Income \$35,000 to \$49,999	201 (10.5%)	661 (10.3%)	774 (8.3%)
- with Income \$50,000 to \$74,999	303 (15.9%)	1,142 (17.8%)	1,391 (14.9%)
- with Income \$75,000 to \$99,999	259 (13.6%)	815 (12.7%)	1,033 (11.1%)
- with Income \$100,000 to \$124,999	235 (12.3%)	752 (11.7%)	1,015 (10.9%)
- with Income \$125,000 to \$149,999	141 (7.4%)	497 (7.7%)	772 (8.3%)
- with Income \$150,000 to \$199,999	116 (6.1%)	549 (8.5%)	962 (10.3%)
- with Income \$200,000 and Over	101 (5.3%)	902 (14.0%)	2,123 (22.8%)
- Householder Aged 35 to 44 Years Average Income	\$79,887	\$106,533	\$128,747
2013 Estimated Householders Aged 45 to 54 Years	1,782	6,813	11,229
- with Income Less than \$15,000	274 (15.4%)	646 (9.5%)	770 (6.9%)
- with Income \$15,000 to \$24,999	112 (6.3%)	285 (4.2%)	371 (3.3%)
- with Income \$25,000 to \$34,999	131 (7.4%)	376 (5.5%)	503 (4.5%)
- with Income \$35,000 to \$49,999	221 (12.4%)	661 (9.7%)	853 (7.6%)
- with Income \$50,000 to \$74,999	293 (16.4%)	1,103 (16.2%)	1,457 (13.0%)
- with Income \$75,000 to \$99,999	271 (15.2%)	1,008 (14.8%)	1,477 (13.2%)
- with Income \$100,000 to \$124,999	165 (9.3%)	809 (11.9%)	1,316 (11.7%)
- with Income \$125,000 to \$149,999	98 (5.5%)	446 (6.5%)	826 (7.4%)
- with Income \$150,000 to \$199,999	86 (4.8%)	616 (9.0%)	1,221 (10.9%)
- with Income \$200,000 and Over	131 (7.4%)	864 (12.7%)	2,434 (21.7%)
- Householder Aged 45 to 54 Years Average Income	\$77,054	\$97,563	\$116,793
2013 Estimated Householders Aged 55 to 64 Years	1,471	5,692	9,235
- with Income Less than \$15,000	259 (17.6%)	601 (10.6%)	732 (7.9%)
- with Income \$15,000 to \$24,999	98 (6.7%)	256 (4.5%)	333 (3.6%)
- with Income \$25,000 to \$34,999	118 (8.0%)	340 (6.0%)	462 (5.0%)
- with Income \$35,000 to \$49,999	200 (13.6%)	616 (10.8%)	791 (8.6%)
- with Income \$50,000 to \$74,999	227 (15.4%)	880 (15.5%)	1,171 (12.7%)
- with Income \$75,000 to \$99,999	203 (13.8%)	785 (13.8%)	1,154 (12.5%)
- with Income \$100,000 to \$124,999	120 (8.2%)	610 (10.7%)	997 (10.8%)
- with Income \$125,000 to \$149,999	79 (5.4%)	382 (6.7%)	699 (7.6%)
- with Income \$150,000 to \$199,999	68 (4.6%)	519 (9.1%)	1,006 (10.9%)
- with Income \$200,000 and Over	100 (6.8%)	703 (12.4%)	1,889 (20.5%)
- Householder Aged 55 to 64 Years Average Income	\$72,059	\$93,249	\$112,507

Source: Nielsen/Claritas

As depicted in the previous chart, the average householder income level ranges from \$63,330 to \$79,887 for the age groups to which the subject will appeal. Based on a 30% of income for housing calculation this would translate to rents of \$1,583 to \$1,997 per month. In general, householders in Fairfield County may spend more than this 30% rule of thumb on housing. As will be discussed, these numbers indicate the population to whom the subject will appeal should be able to afford the rents projected.

As discussed, the subject will be a mixed-income property. The public housing rents are set by the state and are currently estimated at \$388 per month.

The affordable unit rents are also determined by the state and are based on 60% of the area median income (AMI) which is \$115,800 for 2013; this assumes a 30% cap on income spent on housing which is low as a percentage of what many households actually spend on housing in Fairfield County. According to the Fairfield County Business Council, approximately 38% of the renter occupied households in Fairfield County spend 30 percent or more of their household income on rent. The AMI requirements result in rents ranging from \$1,445 for a one bedroom to \$2,235 for a four bedroom unit.

As noted, the purpose of this report is to determine the rents for market rate units.

Employment

An employment breakdown typically indicates the working class characteristics for a given market area. The specific employment population within the indicated radii of the subject is as follows:

EMPLOYMENT BY INDUSTRY			
Occupation	1 Mile Radius	3 Mile Radius	5 Mile Radius
Agr/Frst/Fish/Hunt/Mine	0.44%	0.26%	0.19%
Construction	7.79%	7.24%	6.31%
Total Manufacturing	8.18%	7.83%	7.21%
Wholesale Trade	2.58%	2.61%	2.73%
Retail Trade	14.41%	12.31%	10.85%
Transport/Warehse/Utils	4.10%	3.20%	2.64%
Information	2.27%	3.22%	3.60%
Fin/Insur/RE/Rent/Lse	8.79%	12.15%	15.22%
Prof/Sci/Tech/Admin	8.71%	10.01%	12.01%
Mgmt of Companies	0.33%	0.21%	0.27%
Admin/Spprt/Waste Mgmt	7.95%	6.68%	5.95%
Educational Svcs	7.02%	8.11%	8.20%
Health Care/Soc Asst	10.86%	10.56%	10.05%
Entertainment & Rec Services	2.21%	2.52%	2.74%
Accommdtn/Food Svcs	5.38%	4.73%	4.18%
Oth Svcs, Not Pub Admin	7.15%	6.45%	5.81%
Public Administration	1.82%	1.90%	2.04%

Source: Nielsen/Claritas

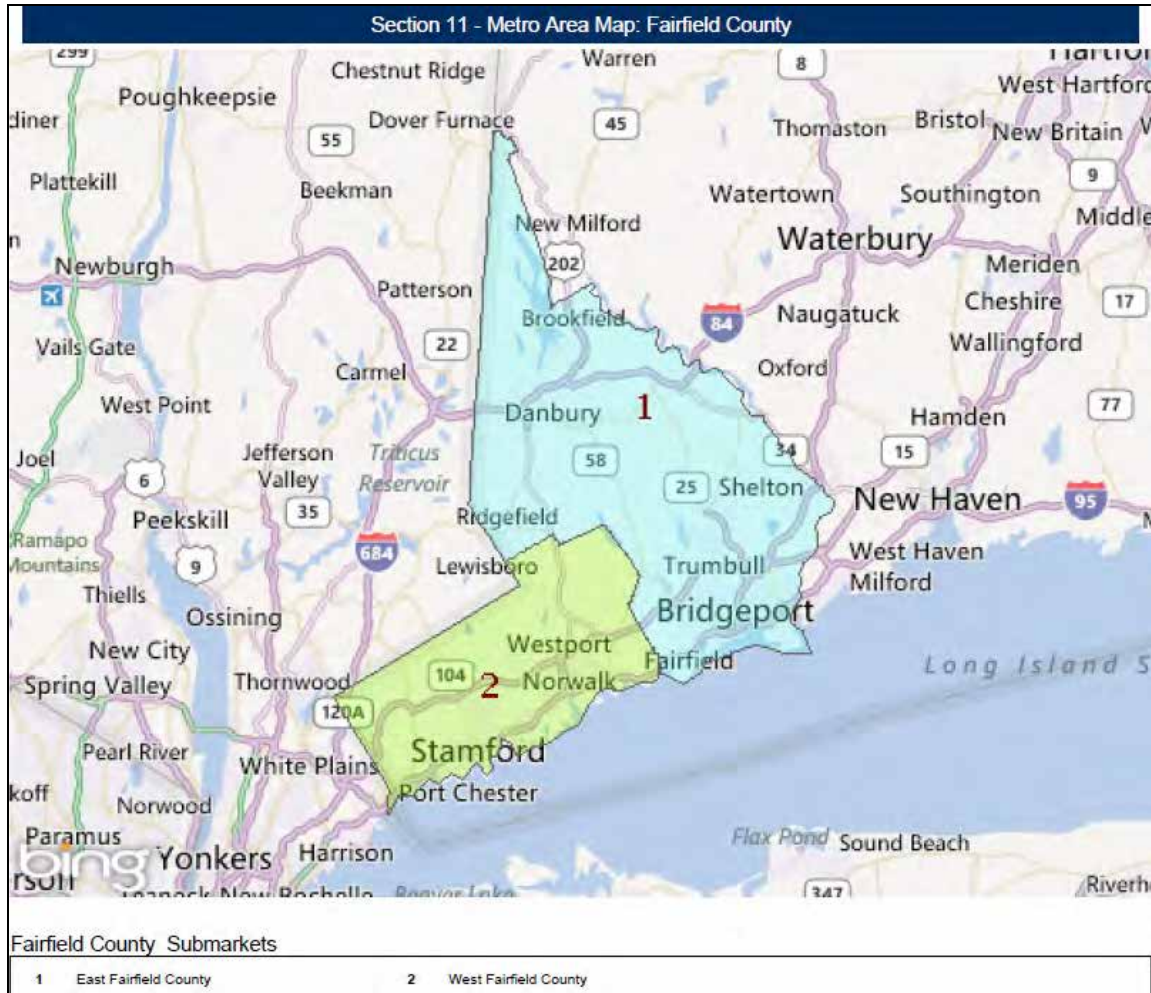
The previous table illustrates the employment character of the submarket, indicating a predominantly middle- to upper-income employment profile, with the majority of the population holding retail, financial or health care related jobs.

As discussed, one of the primary draws for the subject is its location within walking distance of the South Norwalk Metro North train station. Trains regularly run south to Stamford and New York City and north to New Haven. This very easy accessible transportation will appeal to many renters.

Outlook

Based on this analysis, the immediate area surrounding the subject is projected to experience moderate, positive growth relative to households and population into the near future. Given the area demographics, it appears that demand for both comparable surrounding area apartment units and the subject, as proposed, should be favorable.

FAIRFIELD COUNTY APARTMENT MARKET OVERVIEW



The 32,322-unit Fairfield County apartment market continues to show its strength. The addition of nearly 2,200 new apartments since 2010 has had a minimal impact on overall vacancy which still remains below 5% as of year-end 2012.

In 2012, 339 new units were added while 485 were leased resulting in an overall decline in vacancy to 4.6% from 5.1% at the end of 2011. Of these new units, 333 were in the subject’s West Fairfield submarket, which was met by 380 units leased, indicating the strength of the subject’s submarket.

The continued strength of the market is seen in rents. As of year-end 2012, the average asking rent on the county level increased 1.24% to \$1,866 per month over the year-end 2011 rent of \$1,843. For 2013, a 2.1% rent increase is projected with a 3% increase projected for 2014.

Despite a record number of completions since 2010 and additional 1,150 unit completions projected for 2013 and 2014, strong absorption is expected to continue and keep vacancy in the 5% range as asking rents continue to increase in the future.

Fairfield County Residential Market

The most recent survey for Fairfield County is shown on the following table:

Fairfield County Apartment 4Q 2012 Metro Trend Futures							
Year	Quarter	Inventory (Units)	Completions	Vac %	Net Absorption	Asking Rent \$	Asking Rent % Chg
2000	Y	27,762	195	1.6	686	\$1,461	8.2
2001	Y	28,285	523	3.1	85	\$1,562	7.0
2002	Y	28,755	470	5.6	-266	\$1,583	1.3
2003	Y	29,096	341	4.5	642	\$1,615	2.0
2004	Y	29,111	189	3.5	306	\$1,642	1.6
2005	Y	29,284	305	3.4	215	\$1,671	1.8
2006	Y	29,140	0	3.4	-160	\$1,691	1.2
2007	Y	29,579	439	4.1	233	\$1,779	5.2
2008	Y	29,796	217	4.3	137	\$1,813	1.9
2009	Y	30,159	363	5.5	4	\$1,739	-4.1
2010	1	30,159	0	5.3	41	\$1,748	0.5
2010	2	30,232	73	4.9	183	\$1,747	-0.1
2010	3	30,507	275	5.2	184	\$1,765	1.1
2010	4	31,355	848	6.0	540	\$1,778	0.7
2010	Y	31,355	1,196	6.0	948	\$1,778	2.2
2011	1	31,355	0	5.3	222	\$1,792	0.8
2011	2	31,449	94	5.1	172	\$1,812	1.1
2011	3	31,983	534	5.7	304	\$1,830	1.0
2011	4	31,983	0	5.1	183	\$1,843	0.7
2011	Y	31,983	628	5.1	881	\$1,843	3.7
2012	1	32,010	27	4.8	135	\$1,836	-0.4
2012	2	32,175	165	4.9	134	\$1,854	1.0
2012	3	32,316	141	4.7	171	\$1,868	0.8
2012	4	32,322	6	4.6	45	\$1,866	-0.1
2012	Y	32,322	339	4.6	485	\$1,866	1.2
Forecast							
2013	Y	32,986	664	4.2	784	\$1,906	2.1
2014	Y	33,472	486	4.4	401	\$1,964	3.0
2015	Y	33,867	395	4.9	188	\$2,011	2.4
2016	Y	34,299	432	5.2	315	\$2,050	1.9
2017	Y	34,784	485	5.8	240	\$2,081	1.5
Source: REIS							

As previously mentioned, this survey is only a representative sample of buildings whose management or owners were willing to participate. The inventory measured is not representative of the overall size of the market, but of its trends. Also, the survey does not distinguish among the prices of studio, one-, two-, and three-bedroom apartments.

The overall market area and the local submarket have maintained stabilized occupancy rates since 2007. Occupancy in Fairfield County has generally ranged from 94% to 96% since 2007. Occupancy in the West Fairfield County submarket has ranged from 94.3% to 97.7% over the same time period. Over the last four quarters, occupancy has been 95% or higher on the County level and has remained at 95% or higher at the submarket level as well.

Rental rates have been following a moderately increasing trend since 2007 as well. In Fairfield County and the submarket, rental rates have increased approximately 4% to 5%. Through 2008, rental increases continued to increase; however rental rates decreased overall in 2009 on both the county and submarket levels. Rental rates are again increasing and are projected to increase further over the next few years.

The relatively steady occupancy levels and rental rates provide an accurate picture of the stability and popularity of the subject area as a residential base.

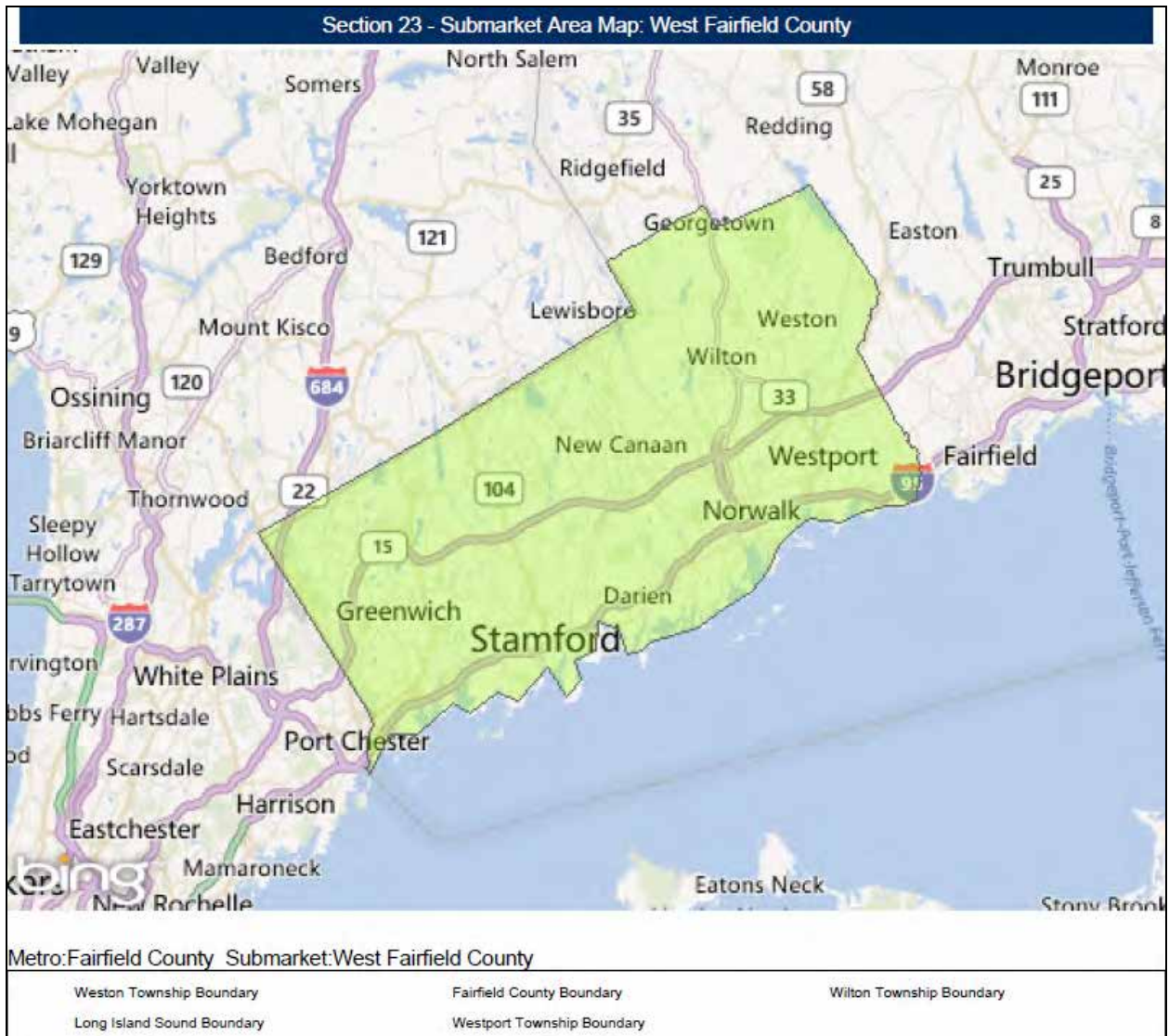
The overall Fairfield County residential marketplace is broken down into two different submarkets as tracked by REIS Reports and the subject property is located in the West Fairfield County Submarket.

The following tables present a summary of the Fairfield County market and West Fairfield County market:

APARTMENT MARKET STATISTICS		
Category	Fairfield County	West Fairfield County Submarket
Existing Supply (Units)	32,322	21,272
New Construction (Units)	339	333
Leasing (Units)	485	380
Average Occupancy	95.4%	95.2%
Average Rent Per Unit	\$1,866	\$2,131
Date of Survey	Year End 2012	
Source: REIS		

As shown above, the average occupancy rate for the subject submarket is in line with that of the overall market area despite substantial new development. In addition, the average rental rate for the submarket is higher than the overall market. The subject submarket is considered an upper tier submarket as compared to the other submarkets in the overall market area. Absorption for 2012 was positive for the overall market area and at the submarket level.

West Fairfield County Residential Market



A historical summary of the West Fairfield County submarket is presented on the following table:

West Fairfield County Apartment 4Q 2012 Submarket Trend Futures							
Year	Quarter	Inventory (SF/Units)	Completions	Vac %	Net Absorption	Asking Rent \$	Asking Rent % Chg
2000	Y	18,203	195	1.4	552	\$1,711	6.5
2001	Y	18,726	523	3.7	85	\$1,835	7.2
2002	Y	19,196	470	6.3	-46	\$1,833	-0.1
2003	Y	19,537	341	4.7	632	\$1,873	2.2
2004	Y	19,565	189	3.4	281	\$1,905	1.7
2005	Y	19,504	71	3.1	-1	\$1,928	1.2
2006	Y	19,360	0	2.6	-42	\$1,942	0.7
2007	Y	19,496	136	3.3	-4	\$2,055	5.8
2008	Y	19,551	55	3.5	14	\$2,075	1.0
2009	Y	19,779	228	4.6	2	\$1,991	-4.0
2010	1	19,779	0	4.5	20	\$2,010	1.0
2010	2	19,779	0	4.5	0	\$2,000	-0.5
2010	3	20,054	275	5.1	142	\$2,024	1.2
2010	4	20,591	537	5.7	386	\$2,027	0.1
2010	Y	20,591	812	5.7	548	\$2,027	1.8
2011	1	20,591	0	5.2	109	\$2,046	0.9
2011	2	20,685	94	4.9	145	\$2,077	1.5
2011	3	20,939	254	5.6	95	\$2,103	1.3
2011	4	20,939	0	5.1	105	\$2,113	0.5
2011	Y	20,939	348	5.1	454	\$2,113	4.2
2012	1	20,966	27	5.0	47	\$2,101	-0.6
2012	2	21,131	165	5.0	156	\$2,121	0.9
2012	3	21,272	141	5.0	132	\$2,132	0.5
2012	4	21,272	0	4.8	45	\$2,131	-0.1
2012	Y	21,272	333	4.8	380	\$2,131	0.8
Forecast							
2013	Y	21,558	286	4.0	445	\$2,177	2.1
2014	Y	21,914	356	4.3	276	\$2,241	3.0
2015	Y	22,143	229	4.9	86	\$2,291	2.2
2016	Y	22,381	238	5.1	182	\$2,331	1.7
2017	Y	22,655	274	5.5	169	\$2,362	1.3
Source: REIS							

The West Fairfield County sub-market has historically enjoyed a relatively low vacancy rate. The market vacancy for the West Fairfield County submarket was 4.8% for Q42012, the same as the prior quarter. Reis reports 333 new units were completed in 2012. Despite the addition of these units in 2012, vacancy has fallen below 5% as absorption remains positive. Net absorption has been positive since the end of 2008. According to Reis, average asking rents have increased an average of 1.6% annually over the last decade, rising from \$1,833 in 2002 to \$2,131 in 2012. REIS anticipates that average asking rents will experience healthy increases through 2015.

Future Supply/Absorption

The following chart depicts under construction, planned and proposed residential supply in the Norwalk market, according to REIS:

Norwalk Apartment New Construction Listings As of 2/11/2013						
Property Name	Type	Street Address	Est.	Est.	Size SF/Units	Status
			Completion Month	Completion Year		
DISTRICT 95/7 - CONDOMINIUMS	Condominiums	REED ST @ PUTNAM AVE/WEST AVE	N/A	N/A	60	Proposed
DISTRICT 95/7 - RENTAL APARTMENT BLDG	Apartment	PUTNAM AVE @ N WATER ST/LIBERTY ST	N/A	N/A	250	Proposed
HEAD OF THE HARBOR PH II	Condominiums	SMITH ST @ WALL ST	N/A	N/A	80	Planned
NORWALK TOWN CENTER PH I RESIDENTIAL	Apartment	WEST AVE @ WALL ST	N/A	N/A	250	Planned
NORWALK TOWN CENTER PH II RESIDENTIAL	Apartment	WEST AVE @ WALL ST	N/A	N/A	120	Planned
HEAD OF THE HARBOR PH I	Apartment	10 WALL ST	N/A	N/A	73	Proposed
WALL STREET PLACE PH I	Apartment	61 WALL ST @ ISAACS ST	N/A	N/A	100	Planned
WALL STREET PLACE PH II	Apartment	65 WALL ST @ ISAACS ST	N/A	N/A	120	Planned
WALL STREET PLACE PH III	Apartment	WALL ST @ ISAACS ST	N/A	N/A	120	Planned
TOTAL					1,173	
Source: REIS						

As depicted, there are 886 residential units under construction, planned or proposed for development in Norwalk.

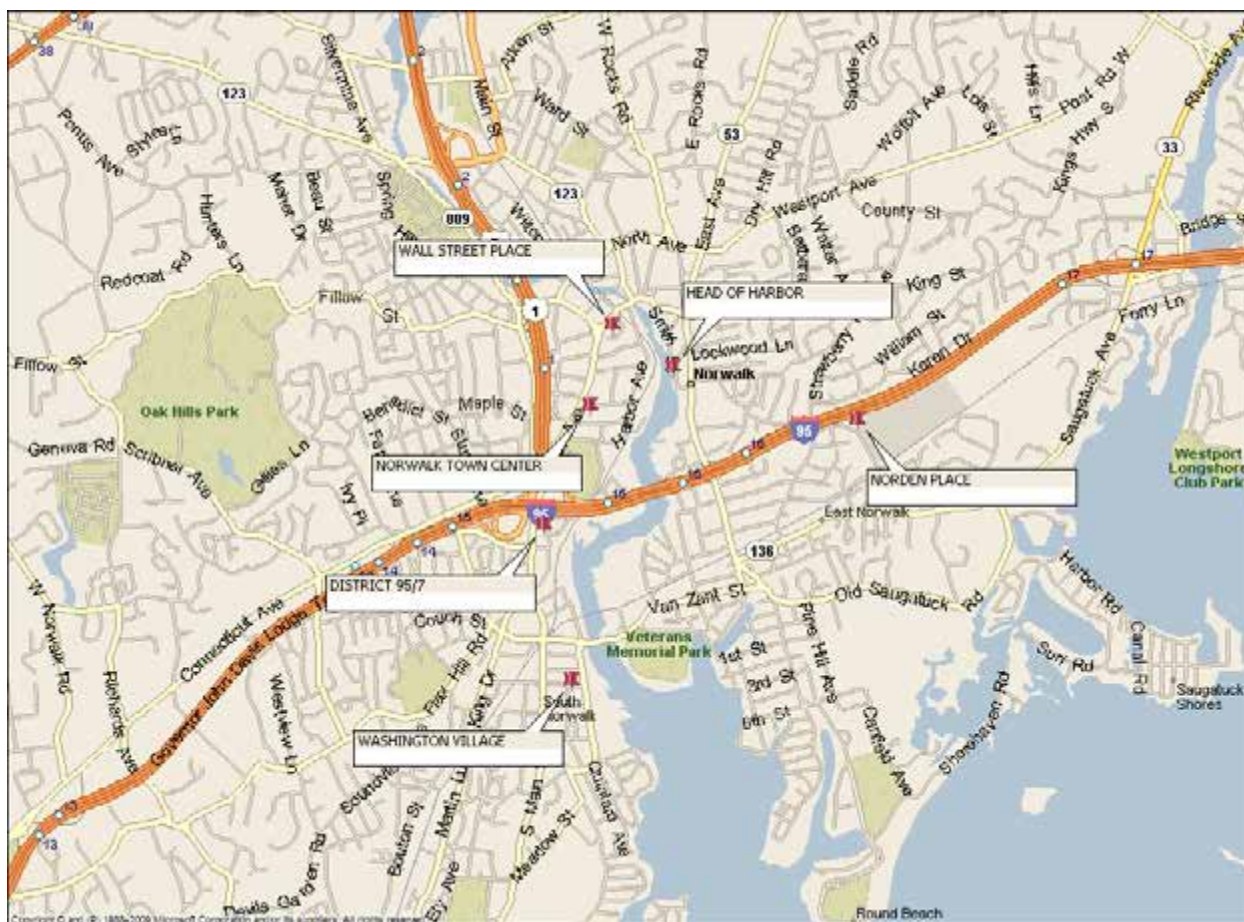
It is unknown how much of the new development will actually come to fruition. However, absorption of new supply is readily expected.

Barriers to Entry

In Norwalk, local planning and zoning ordinances act as a barrier to entry. Barriers to entry also include the general lack of available land near major routes in the area. Redevelopment of existing sites is common, generally through the repurposing of sites that have outlived their useful life.

It is unknown how much of the new development will actually come to fruition. However, absorption of new supply is readily expected.

GROWTH PATTERNS



Proposed developments in Norwalk include the following:

Norwalk Town Center (formerly Waypoint): The Norwalk Zoning Commission approved the first phase of Norwalk Town Center, a \$200 million project that replaces the Waypoint project planned by Norwalk-based Stanley M. Seligson Properties. In June 2011, Greenwich real estate investment company Belpointe Capital LLC, partnering with MacFarlane Partners, a San Francisco-based institutional real estate investment management firm, bought an equity stake in the project from Seligson Properties for an undisclosed price.

The proposed Norwalk Town Center is scheduled to be built over three phases and cover 10 acres. Current plans for Phase II include as of right for 300 apartments and 80,000 square feet of retail. This may be changed depending on leasing for Phase I to include more retail or possibly even a hotel component.

The first phase will consist of 425 luxury apartments in a group of five-story buildings and 58,494 square feet of street-level retail and restaurant space to be built on the block between Orchard and

Merwin Streets. Two parking garages will also be built totaling 807 spaces to serve both the apartment and retail uses.

Wall Street Place: POKO Partners is the developer of the Wall Street Place redevelopment project. Located on a 6.3-acre site extending from Wall and Isaacs Sts. to West Ave., Wall Street Place will be a sustainable, mixed-use community with approximately 380 residences and 60,000 square feet of retail. The residential portion of Wall Street Place will be comprised of market rate and affordable rental apartments as well as condominiums. The project is expected to be completed in three phases. Phase One of Wall Street Place calls for construction of 100 apartments, 12,000 square feet of retail and 220 parking spaces in the area bounded by Wall and Isaacs streets and including the Isaacs Street Parking Lot. POKO Partners has indicated that they anticipated breaking ground in 2012. According to Susan Sweitzer, Senior Project Manager at the Norwalk Redevelopment Agency, the Wall Street Place project is likely to move forward within the next year because this developer has secured all of the necessary zoning approvals, has a considerable amount of capital invested already into the project, and has also time constraints regarding his approvals and financing. Phase One of this project won all of its approvals in late 2008 and a demolition permit was filed in September 2011.

Norden Place: The proposed residential development is located on 38 acres of vacant land that is east of the Northrop Grumman, Norden Systems building located on Norden Place in East Norwalk. Spinnaker Real Estate Partners received approvals for a 240-unit rental housing complex and four single-family homes, and in July 2011 sold the land and approvals to Avalon Bay Communities who are developing the site as approved.

Head of Harbor: M. F. DiScalia and Company was selected to develop an industrial area in Norwalk that lies between Smith Street and the Norwalk River. M. F. DiScalia has created a proposal to develop the site with 80 condominium housing units and a small office component. The site development will include one and a half levels of parking below the new buildings. The Head of Harbor development has not yet received any of the necessary approvals.

District 95/7 SoNo: District 95/7 SoNo is an office-anchored, mixed-use proposed development on twelve acres of vacant land adjacent to the Norwalk Harbor and historic South Norwalk, at the intersection of Interstate 95 and US Route 7. The 2007 approved conceptual master site plan called for 475,000 to 625,000 square feet of offices, 75,000 to 125,000 square feet of retail, 250 to 350 housing units, with 15% priced as affordable; and a 110,000- square foot hotel. Approximately 2% to 4% of the project would be devoted to public/cultural use. Spinnaker Real Estate Partners and Greenfield Partners are the developers of District 95/7 SoNo.

Barriers to Entry

In Norwalk, local planning and zoning ordinances act as a barrier to entry. Barriers to entry also include the general lack of available land near major routes in the area. Redevelopment of existing

sites is common, generally through the repurposing of sites that have outlived their useful life; this is what is proposed for the subject.

As discussed, the subject, as proposed, will be the redevelopment of a 136-unit public housing complex built in 1941 into a 273-unit mixed-income, multifamily development. The site, in South Norwalk is across the street from the Norwalk Harbor waterfront and is just a few blocks from the South Norwalk Metro North train station.

Demand Generators

Demand generators are plentiful in this area. There is a significant population base which continues to grow. The area is located in close proximity to major employment centers such as New York City, Stamford, and New Haven. Access to the area is excellent. As discussed, income levels in the area are very high as are education levels. The high cost of homes in the area also contributes to a larger than average rental pool.

Investment Trends

Fairfield County multifamily properties have always been in demand given the excellent metrics. As discussed, occupancy levels are very high with increasing rents, despite substantial new development. Area market participants indicate that the highest and best use for most land (appropriately zoned, and sometimes not) is for multifamily rental properties. Most new development has been occurring in Stamford, although Norwalk has a number of developments in the planning stages. Brokers indicate that Fairfield County properties tend to be an easy sell. Some of the most recent apartment transactions are detailed in the following chart.

SELECT FAIRFIELD COUNTY APARTMENT SALES							
Property Name	Property Address	Property City	# Of Units	Sale Date	Sale Price	Price Per Unit	Year Built
<u>Class A Sales</u>							
LockWorks	Henry Street	Stamford	329	Dec-12	\$130,000,000	\$395,137	2011/2012
Jefferson at 55/77 Water	55-77 North Water St	South Norwalk	136	Nov-12	\$43,250,000	\$318,015	2007
Park Square West	101 Summer St	Stamford	143	Dec-11	\$40,000,000	\$279,720	1999
The Blvd	1201 Washington Blvd	Stamford	94	Aug-11	\$32,200,000	\$342,553	2011
The Wescott	1450 Washington Blvd	Stamford	261	Dec-10	\$62,000,000	\$237,548	1986
<u>Norwalk Sales 10 Units & Larger</u>							
	115 Main Street	Norwalk	11	Aug-12	\$1,275,000	\$115,909	1880
Rowayton Gardens	3 Trolley Pl	Norwalk	23	Jun-12	\$3,500,000	\$152,174	1974
	1 Elmcrest Ter	Norwalk	14	May-12	\$2,812,500	\$200,893	1880
	6 Elm Street	Norwalk	12	Dec-11	\$1,150,000	\$95,833	1967
	143 1/2 S Main St	Norwalk	12	Aug-11	\$960,000	\$80,000	1970
	1 Mott Ave	Norwalk	10	Feb-11	\$900,000	\$90,000	1835
80 Fair Street	80 Fair St	Norwalk	57	May-10	\$10,494,025	\$184,106	2009
Source: CBRE/CoStar							

As depicted, some substantial Class A transactions have occurred in recent years, primarily in Stamford. Most recently, LockWorks, a new development sold for nearly \$400,000 per unit. Per the

selling broker, the cap rate on the LockWorks sales was 4.85% which represents the first sub 5% cap rate sale since the recession ended. The one recent Class A sale in Norwalk also occurred in late 2012. Jefferson at 55/77 Water sold in November 2012. This 136 unit property sold in November 2012 for \$43.25 million or approximately \$318,000 per apartment unit; however this property also houses approximately 28,000 square feet of office space that is leased to Virgin Atlantic and Kayak.com. This commercial component contributes to the NOI at the property and no allocation of apartment versus office income was available. It should be noted that, while none of the Class A sales feature a public housing component, they all feature 10% to 20% designated affordable units.

Smaller, sub-Class A properties have also recently traded in Norwalk. 80 Fair Street, which is an all-affordable (60% of AMI) property sold in May 2010 for \$184,106 per unit. Other smaller properties have traded at per unit levels ranging from \$80,000 to \$200,000 per unit.

The sale prices indicated above are reflective both of achievable rents in this strong market as well as investor demand.

CONCLUSION

The Fairfield County apartment market and particularly the West Fairfield County submarket suffered minimally during the past recession. These minor setbacks have reversed as occupancy and rental rates continue to increase despite new product coming online. Although a strong apartment market, the significant new construction previously discussed may slow absorption and add lease-up risk. In general, Fairfield County's base of a highly educated, upper income demographic is not expected to change and growth is expected in the long run.

As discussed, the subject will represent a 273-unit mixed-income apartment community with 50% public housing units, 25% affordable units (60% of area median income) and 25% market-rate units. Given the strength of the subject apartment market, the location of the subject property, and the fact that the subject will be new construction, we expect the market rate units to be readily absorbed.

HIGHEST AND BEST USE

In appraisal practice, the concept of highest and best use represents the premise upon which value is based. The four criteria the highest and best use must meet are:

- legal permissibility;
- physical possibility;
- financial feasibility; and
- maximum profitability.

The highest and best use analysis of the subject is discussed on the following pages. This analysis incorporates the information presented in the Market Analysis section, as well as any unique characteristics of the subject described previously.

AS VACANT

As discussed City of Norwalk is currently transitioning to a Transit Oriented Development (TOD) zoning approach for the project area. In July 2012 the Norwalk Zoning Commission amended the existing industrial zoning to allow for multifamily zoning as a Special Permit Use. It is a hypothetical assumption of this report that all municipal approvals have been granted for the development as detailed herein. The immediate area includes various commercial uses that would support an apartment development at the subject location. Considering the surrounding land uses, location attributes, legal restrictions and other factors, it is our opinion that an apartment oriented use would be reasonable and appropriate. Therefore, it is our opinion that the highest and best use would be for apartment-related use, time and circumstances warranting.

APPRAISAL METHODOLOGY

In appraisal practice, an approach to value is included based on its applicability to the property type being valued and the quality and quantity of information available.

As discussed throughout this report, the subject, as proposed will represent a 273-unit mixed-income rental apartment property. 50% of the subject units will be public housing, 25% will be designated affordable (rents at 60% of AMI), and 25% of the units will be market rate units.

As noted, the purpose of this market study is two-fold.

First, we have been asked to determine market rental rates for the market rate units at the subject property and compared our concluded rents to the designated 2013 AMI unit rents which were provided by the client. Currently, only one and two bedroom units are slated to be designated as market rate; however we have been asked to determine market rents for all five unit types in the following chart:

UNIT MIX					
Unit Mix/Type	Comments	No. Units	Percent of Total	Unit Size (SF)	NRA (SF)
1BR/1BA	One-Bedroom	92	33.7%	632	58,144
2BR/1BA	Two-Bedroom	145	53.1%	952	138,040
3BR/1.1BA Flat	Thre-Bedroom Flat	26	9.5%	1,054	27,404
3BR/1.1BA TH	Three-Bedroom Townhouse	6	2.2%	1,258	7,548
4BR/2BA TH	Four-Bedroom Townhouse	4	1.5%	1,350	5,400
Total/Average:		273	100.0%	866	236,536

Source: Various sources compiled by CBRE

Second, we have been asked to estimate the absorption for the proposed market rate units at the subject property. In estimating the absorption, we have assumed that only one and two bedrooms (as currently designated) will be market rate apartments.

In estimating the market rent for the subject, an analysis was completed based upon a comparison of current rents being quoted in the marketplace for apartment units. Adjustments are made for differences between the subject and the comparables, to indicate a rental value for the market rate apartments at the subject.

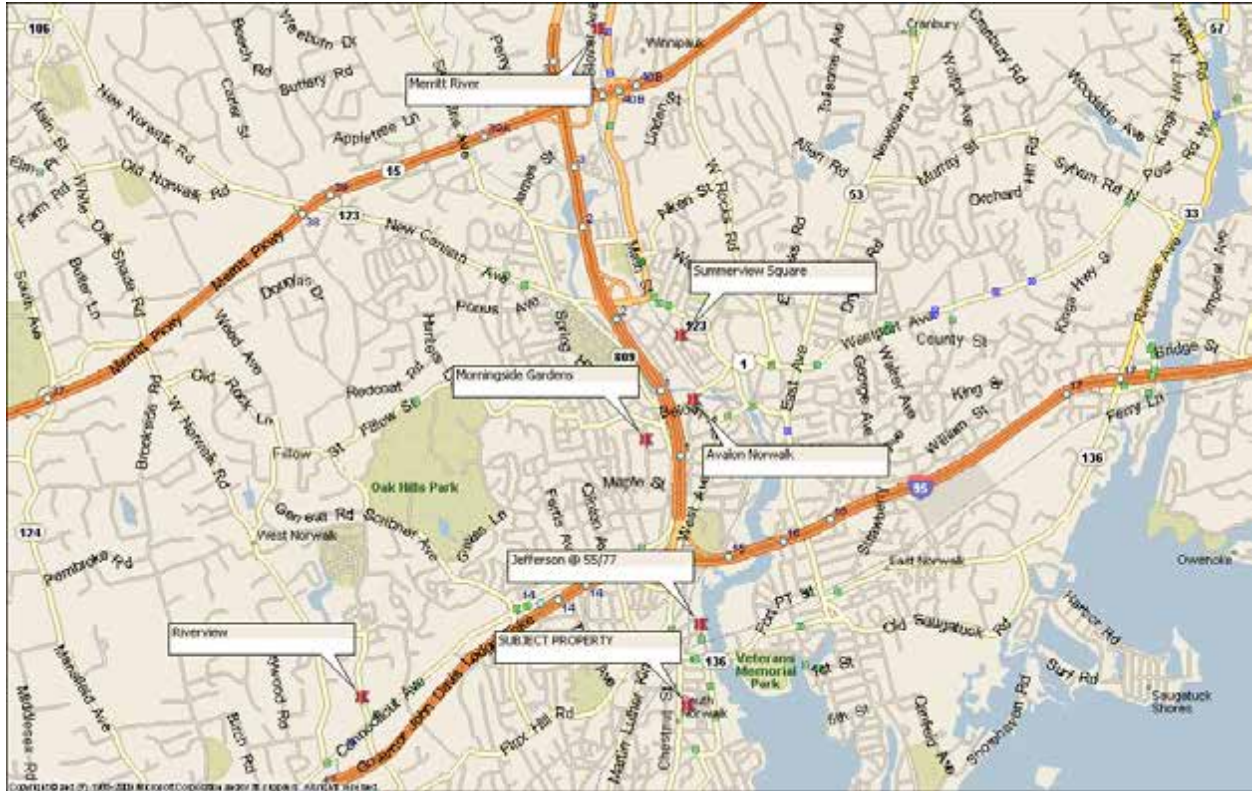
We also discussed rental estimates for Norwalk apartments and mixed-income developments with various area brokers. Last, we examined current AMI and market rental rates at a recently developed mixed-income property in Stamford called Southwood Square.

Rental valuations are typically accomplished using physical units of comparison such as price per square foot per year (retail), price per unit per month (apartments), and price per parking space per month. The resulting rental value conclusions are based on the general comparisons.

RENTAL RATE AND ABSORPTION ANALYSIS

In order to determine current market rental rates for the market rate units at the subject property we examined rental rates at area apartment properties. It should be noted that, while some of the developments feature a percentage of units that are designated affordable, none of the developments features a public housing component.

The following map and table summarize the comparable data used in determining market rents for the subject units.



SUMMARY OF COMPARABLE APARTMENT RENTALS										
Comp. No.	Property Name	Location	Year Built	Occ.	No. Units	Unit Type	SF	Monthly Base		Amenities
								Rent ⁽¹⁾	Rent/SF	
1	Avalon Norwalk Class A	26 Belden Avenue Norwalk, CT	2010	98%	311	1 BR	712	\$1,640	\$2.30	Covered Parking, Fitness Center, Pool, Business Center, Resident Lounge, Washer/Dryer In Unit, Balcony/Patio
						1 BR	865	\$1,710	\$1.98	
						1 BR	956	\$1,750	\$1.83	
						1 BR	980	\$1,840	\$1.88	
						2 BR	1027	\$1,920	\$1.87	
						2 BR	1070	\$1,990	\$1.86	
						2 BR	1264	\$2,285	\$1.81	
						3 BR	1505	\$2,711	\$1.80	
						3 BR	1608	\$3,096	\$1.93	
2	Jefferson @ 55/77 Water Class A	55 North Water Street Norwalk, CT	2007	98%	136	1 BR	677	\$1,800	\$2.66	Covered Parking, Fitness Center, Pool, Business Center, Clubhouse, Washer/Dryer In Unit, Balcony/Patio
						1 BR	718	\$1,986	\$2.77	
						1 BR	751	\$2,081	\$2.77	
						1 BR	777	\$1,944	\$2.50	
						1 BR w Den	998	\$2,046	\$2.05	
						2 BR	1067	\$2,682	\$2.51	
						2 BR	1218	\$2,823	\$2.32	
3	Merritt River Class A	399 Main Avenue Norwalk, CT	2002	93%	227	1 BR	850	\$2,158	\$2.54	Covered Parking, Fitness Center, Pool, Business Center, Resident Lounge, Cyber Café, Washer/Dryer In Unit, Balcony/Patio
						2 BR	1019	\$2,363	\$2.32	
						2 BR	1056	\$2,621	\$2.48	
						3 BR	1338	\$2,995	\$2.24	
						3 BR	2042	\$4,187	\$2.05	
4	Riverview Class B	93 Richards Avenue Norwalk, CT	1990	96%	92	1 BR	850	\$1,560	\$1.84	Covered Parking, Fitness Center, Playground, Washer/Dryer In Unit, Balcony/Patio
						2 BR	975	\$1,590	\$1.63	
						2 BR	1050	\$1,662	\$1.58	
5	Summerview Square Class B	Summer Street Norwalk, CT	2010- 2012	95%	63	2 BR	1200	\$1,900	\$1.58	Covered Parking, Washer/Dryer In Unit
						2 BR	1424	\$2,050	\$1.44	
						3 BR	2212	\$2,500	\$1.13	
6	Morningside Gardens Class B/C	32 Prospect Avenue Norwalk, CT	1965	99%	69	1 BR	425	\$1,150	\$2.71	Laundry Rooms
						1 BR	500	\$1,150	\$2.30	
						2 BR	650	\$1,550	\$2.38	

(1) Rent net of any fees.

Compiled by CBRE

For our analysis, we analyzed a variety of apartment properties located in Norwalk in and around the subject property.

DISCUSSION/ANALYSIS OF RENT COMPARABLES

Rent Comparable One

Avalon Norwalk is a Class A apartment development located at 26 Belden Avenue in Norwalk, less than two miles north of the subject property at Route 1. This 311 unit property was built in 2010 and is in overall good condition. This development features one, two, and three bedroom apartment units and is currently 98% occupied. Amenities at this development include covered parking, pool, fitness center, business center, resident lounge, in unit washer/dryer, and balcony or patio.



Recent rents for one-bedroom units at this property range from \$1,640 to \$1,840 per month or \$1.83 to \$2.30 per square foot for units ranging in size from 712 to 980 square feet. For two-bedroom units, recent rents at this property range from \$1,920 to \$2,285 per month or \$1.81 to \$1.87 per square foot for units ranging in size from 1,027 to 1,264 square feet. Three bedroom rents range from \$2,711 to \$3,096 per month or \$1.80 and \$1.93 per square foot for units of 1,505 and 1,608 square feet.

Although the subject is closer to the train station, the location of this comparable is considered generally similar. The amenities at this property are superior compared to what will be offered at the subject property. In addition, the unit sizes at this comparable are superior to the proposed sizes of the units at the subject property. Given its positioning, amenities, and unit sizes, monthly rents at the subject will likely be lower for each unit type compared to the current rents at this comparable.

Rent Comparable Two

Jefferson at 55/77 Water is a Class A apartment and office development located at 55 and 77 North Water Street in South Norwalk, just a half mile north of the subject property. This 136 unit waterfront property was built in 2007 and is in overall good condition. This development features one and two bedroom apartment units and is currently 98% occupied. Amenities at this development include covered parking, pool, fitness center, business center, clubhouse, in unit washer/dryer, stainless steel appliances, wood floors, and balcony or patio.

Recent rents for one-bedroom units at this property range from \$1,800 to \$2,046 per month or \$2.05 to \$2.77 per square foot for units ranging in size from 677 to 998



square feet. For two-bedroom units, recent rents at this property range from \$2,046 to \$2,823 per month or \$2.32 to \$2.51 per square foot for units ranging in size from 1,067 to 1,218 square feet.

The location of this comparable is similar to that of the subject. The project and unit amenities at this property are superior compared to what will be offered at the subject property. In addition, the unit sizes at this comparable are superior to the proposed sizes of the units at the subject property. Given its positioning, amenities, and unit sizes, monthly rents at the subject will likely be lower for each unit type compared to the current rents at this comparable.

Rent Comparable Three

Merritt River is a Class A apartment property located at 399 Main Avenue in Norwalk, four miles north of the subject property, just north of the Merritt Parkway. This 227 unit property was built in 2002, was recently renovated, and is in overall good condition. This development features one, two, and three bedroom apartment units and is currently 93% occupied. Amenities at this development include covered parking, pool, fitness center, business center, resident lounge, cyber café, in unit washer/dryer, and balcony or patio.



Recent rents for one-bedroom units at this property are \$2,158 or \$2.54 per square foot for an 850 square foot unit. For two-bedroom units, recent rents at this property range from \$2,363 to \$2,621 per month or \$2.32 to \$2.48 per square foot for units ranging in size from 1,019 to 1,056 square feet. Three bedroom rents range from \$2,995 to \$4,187 per month or \$2.05 and \$2.24 per square foot for units of 1,338 and 2,042 square feet.

The amenities at this property are superior compared to what will be offered at the subject property. In addition, the unit sizes at this comparable are superior to the proposed sizes of the units at the subject property. Given its positioning, amenities, and unit sizes, monthly rents at the subject will likely be lower for each unit type compared to the current rents at this comparable.

Rent Comparable Four

Riverview is a mixed condominium and rental complex located at 93 Richards Avenue in Norwalk, about three miles west of the subject just off Connecticut Avenue (Route 1). This property was built in 1990 and is in average overall condition. This development features one



and two bedroom apartment units and is currently 96% occupied. Amenities at this development include covered parking, playground, fitness center, in unit washer/dryer, and balcony or patio.

The recent rent for an 850 square foot one-bedroom unit at this property was \$1,560 per month or \$1.84 per square foot. For two-bedroom units, recent rents at this property range from \$1,590 to \$1,662 per month or \$1.58 to \$1.63 per square foot for units ranging in size from 975 to 1,050 square feet.

The subject's location and proximity to the train station are superior compared with this property. The project amenities at this property are generally similar compared to what will be offered at the subject property although this property features superior unit amenities such as washer/dryer. The subject will be superior compared with this property in terms of age and condition. The unit sizes at this comparable are only slightly larger compared with the proposed sizes of the units at the subject property. Given its location and new condition, monthly rents at the subject will likely be similar or higher for each unit type compared to the current rents at this comparable.

Rent Comparable Five

Summerview Square is a newly developed 63 unit apartment property spread over 20 two-story buildings. The property is located on Summer Street in Norwalk, about 2.5 miles north of the subject property. This property was built in phases from 2010 through 2012 and is in good overall condition. This development features one, two, and three bedroom apartment units and is currently 95% occupied. Amenities at this development include covered parking, hardwood floors and in unit washer/dryer



For two-bedroom units, recent rents at this property range from \$1,900 to \$2,050 per month or \$1.44 to \$1.58 per square foot for units ranging in size from 1,200 to 1,424 square feet. A three bedroom unit at this property indicates a rental rate of \$2,500 or \$1.13 per square foot for a 2,212 square foot unit.

The subject's location and proximity to the train station are superior compared with this property. The project amenities at this property are generally similar compared to what will be offered at the subject property although this property features superior unit amenities such as hardwood floors and washer/dryer. The unit sizes at this comparable are substantially larger compared with the proposed sizes of the units at the subject property. Given its positioning and smaller unit sizes, rents at the

subject will likely be slightly lower on a monthly basis for each unit type compared to the current rents at this comparable.

Rent Comparable Six

Rent comparable six is the Morningside Gardens apartment complex located at 32 Prospect Avenue in Norwalk, less than two miles north of the subject in close proximity to Norwalk Hospital. This property was built in 1965 and is in average condition. This development features one and two bedroom apartment units and is currently 99% occupied. Amenities at this development include laundry facilities.



Current one-bedroom rents at this property are \$1,150 per month or \$2.30 to \$2.71 per square foot for units ranging from 425 to 500 square feet. The two-bedroom rent is \$1,550 per month or \$2.38 per square foot for the 650 square foot units.

The subject's proposed amenities and finishes will be superior compared with this property as will the overall age and condition. The unit sizes at the subject will be substantially larger as well. Given its new construction, larger unit sizes, and superior amenities rents at the subject will likely be higher on a monthly basis for each unit type compared to the current rents at this comparable.

MARKET PARTICIPANTS

We discussed the concept of mixed-income development and South Norwalk location with a number of area brokers in order to further analyze market rents. These market participants indicated they, and we, would to consider the following:

- the mixed income nature of the project,
- new construction,
- the good (but not luxury) finishes and amenities,
- the location proximate to area roadways
- location proximate to the South Norwalk Metro North Station
- market strength – very high occupancy, increasing rental rates
- lack of mid-price rental housing in Norwalk.

The general consensus indicated that rents in the \$1,400 to \$1,500 range would be appropriate for one-bedroom units; \$1,700 to \$1,800 for two-bedroom units; and \$2,000 to \$2,300 for three-bedroom units. There are virtually no four-bedroom apartment units in this market. Market

participants indicated an additional \$100 to \$300 premium would be appropriate for an additional bedroom and the square footage increase.

MARKET RENT CONCLUSIONS - ASSUMING COMPLETION

Based on our analysis of the rental data, the following chart shows our estimate of the current market rent for the subject units assuming the development has been completed as of February 13, 2013.

MARKET RENT CONCLUSIONS AS OF FEBRUARY 13, 2013			
Type	Unit Size (SF)	Quoted \$/Unit	Rent Per SF
1BR/1BA	632 SF	\$1,500	\$2.37
2BR/1BA	952 SF	\$1,800	\$1.89
3BR/1.1BA Flat	1,054 SF	\$2,100	\$1.99
3BR/1.1BA TH	1,258 SF	\$2,300	\$1.83
4BR/2BA TH	1,350 SF	\$2,500	\$1.85
Total/Average:	866 SF	\$1,749	\$2.02
Compiled by CBRE			

It is important to note that our estimate of market rent is as of February 13, 2013.

Also, as noted throughout this report, currently only one and two bedroom units are slated to be market rate at the subject although we were asked to determine market rents for all unit types.

Concluded Market Rents vs. Current AMI Rents

We were also asked to show our concluded market rents compared with the 2013 AMI rents per the State of Connecticut for each unit type.

MARKET RENT CONCLUSIONS AND STIPULATED RENTS FOR 2013					AMI
Type	Unit Size (SF)	Market \$/Unit	Market Rent Per SF	AMI \$/Unit	AMI Rent Per SF
1BR/1BA	632 SF	\$1,500	\$2.37	\$1,372	\$2.17
2BR/1BA	952 SF	\$1,800	\$1.89	\$1,647	\$1.73
3BR/1.1BA Flat	1,054 SF	\$2,100	\$1.99	\$1,903	\$1.81
3BR/1.1BA TH	1,258 SF	\$2,300	\$1.83	\$1,903	\$1.51
4BR/2BA TH	1,350 SF	\$2,500	\$1.85	\$2,124	\$1.57
Total/Average:	866 SF	\$1,749	\$2.02	\$1,591	\$1.84

Compiled by CBRE

Our concluded market rents are above the current stipulated affordable rents.

ABSORPTION

As discussed, we were also asked to provide an absorption estimate of the 70 market rate apartment units at the subject property. This analysis assumes all of the market rate units are one and two bedrooms.

Comparable Property Absorption

The following chart details absorption rates for recently developed properties in Stamford and Norwalk.

COMPARABLE SPACE ABSORPTION				
Property	Opened	Size (Units)	Lease Up	Absorption/Month
Lofts at Yale & Towne	May-10	214	7 Months	30.6 units
blvd	May-11	89	5 Months	17.8 units
Lockworks at Yale & Towne	Oct-11	127	5 Months	25.4 units
Avalon Norwalk	2010	311	12 Months	25.9 units

Compiled by CBRE

As depicted, the comparable properties indicate absorption ranging from 17.8 to 30.6 units per month. While none of the properties listed features a public housing component, the Lofts, blvd, and LockWorks properties all feature an affordable component.

Market Participants

As noted, we discussed the mixed-income project and the market in general with a number of market participants. Participants mentioned the mixed-income Metro Green and Southwood Square developments in Stamford as examples that have worked and operate at market occupancy levels. All indicated they believed an absorption rate of 20 to 25 units per month would be reasonable. This would result in a three to four month absorption period for the units at the subject property.

ABSORPTION CONCLUSION

Considering the mixed income nature of the subject, the fact that it will be new construction with a good location near area roadways and the Metro North train station, and as it is positioned in an underserved market with a relatively small number of market rate units to be absorbed, we have concluded absorption of three to four months (or 17 to 23 units per month) as reasonable.

MARKET STUDY CONCLUSIONS

The market rental value conclusions pursuant to the hypothetical condition that the subject improvements are completed as of the date of inspection (February 13, 2013), are summarized as follows:

MARKET RENT CONCLUSIONS AS OF FEBRUARY 13, 2013			
Type	Unit Size (SF)	Quoted \$/Unit	Rent Per SF
1BR/1BA	632 SF	\$1,500	\$2.37
2BR/1BA	952 SF	\$1,800	\$1.89
3BR/1.1BA Flat	1,054 SF	\$2,100	\$1.99
3BR/1.1BA TH	1,258 SF	\$2,300	\$1.83
4BR/2BA TH	1,350 SF	\$2,500	\$1.85
Total/Average:	866 SF	\$1,749	\$2.02
Compiled by CBRE			

Other conclusions made with this report include the following:

- An absorption period of 3-4 months, or 17 to 23 units per month for the 70 market rate units is forecast.

ASSUMPTIONS AND LIMITING CONDITIONS

1. Unless otherwise specifically noted in the body of the report, it is assumed that title to the property or properties appraised is clear and marketable and that there are no recorded or unrecorded matters or exceptions to title that would adversely affect marketability or value. CBRE, Inc. is not aware of any title defects nor has it been advised of any unless such is specifically noted in the report. CBRE, Inc., however, has not examined title and makes no representations relative to the condition thereof. Documents dealing with liens, encumbrances, easements, deed restrictions, clouds and other conditions that may affect the quality of title have not been reviewed. Insurance against financial loss resulting in claims that may arise out of defects in the subject's title should be sought from a qualified title company that issues or insures title to real property.
2. Unless otherwise specifically noted in the body of this report, it is assumed: that the existing improvements on the property or properties being appraised are structurally sound, seismically safe and code conforming; that all building systems (mechanical/electrical, HVAC, elevator, plumbing, etc.) are in good working order with no major deferred maintenance or repair required; that the roof and exterior are in good condition and free from intrusion by the elements; that the property or properties have been engineered in such a manner that the improvements, as currently constituted, conform to all applicable local, state, and federal building codes and ordinances. CBRE, Inc. professionals are not engineers and are not competent to judge matters of an engineering nature. CBRE, Inc. has not retained independent structural, mechanical, electrical, or civil engineers in connection with this appraisal and, therefore, makes no representations relative to the condition of improvements. Unless otherwise specifically noted in the body of the report: no problems were brought to the attention of CBRE, Inc. by ownership or management; CBRE, Inc. inspected less than 100% of the entire interior and exterior portions of the improvements; and CBRE, Inc. was not furnished any engineering studies by the owners or by the party requesting this appraisal. If questions in these areas are critical to the decision process of the reader, the advice of competent engineering consultants should be obtained and relied upon. It is specifically assumed that any knowledgeable and prudent purchaser would, as a precondition to closing a sale, obtain a satisfactory engineering report relative to the structural integrity of the property and the integrity of building systems. Structural problems and/or building system problems may not be visually detectable. If engineering consultants retained should report negative factors of a material nature, or if such are later discovered, relative to the condition of improvements, such information could have a substantial negative impact on the conclusions reported in this appraisal. Accordingly, if negative findings are reported by engineering consultants, CBRE, Inc. reserves the right to amend the appraisal conclusions reported herein.
3. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraisers. CBRE, Inc. has no knowledge of the existence of such materials on or in the property. CBRE, Inc., however, is not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated groundwater or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

We have inspected, as thoroughly as possible by observation, the land; however, it was impossible to personally inspect conditions beneath the soil. Therefore, no representation is made as to these matters unless specifically considered in the appraisal.

4. All furnishings, equipment and business operations, except as specifically stated and typically considered as part of real property, have been disregarded with only real property being considered in the report unless otherwise stated. Any existing or proposed improvements, on or off-site, as well as any alterations or repairs considered, are assumed to be completed in a workmanlike manner according to standard practices based upon the information submitted to CBRE, Inc. This report may be subject to amendment upon re-inspection of the subject subsequent to repairs, modifications, alterations and completed new construction. Any estimate of Market Value is as of the date indicated; based upon the information, conditions and projected levels of operation.
5. It is assumed that all factual data furnished by the client, property owner, owner's representative, or persons designated by the client or owner to supply said data are accurate and correct unless otherwise specifically noted in the appraisal report. Unless otherwise specifically noted in the appraisal report, CBRE, Inc. has no reason to believe that any of the data furnished contain any material error. Information and data referred to in this paragraph include, without being limited to, numerical street addresses, lot and block numbers, Assessor's Parcel Numbers, land dimensions, square footage area of the land, dimensions of the improvements, gross building areas, net rentable areas, usable areas, unit count, room count, rent schedules, income data, historical operating expenses, budgets, and related data. Any material error in any of the above data could have a substantial impact on the conclusions reported. Thus, CBRE, Inc. reserves the right to amend conclusions reported if made aware of any such error. Accordingly, the client-addressee should

carefully review all assumptions, data, relevant calculations, and conclusions within 30 days after the date of delivery of this report and should immediately notify CBRE, Inc. of any questions or errors.

6. The date of value to which any of the conclusions and opinions expressed in this report apply, is set forth in the Letter of Transmittal. Further, that the dollar amount of any value opinion herein rendered is based upon the purchasing power of the American Dollar on that date. This appraisal is based on market conditions existing as of the date of this appraisal. Under the terms of the engagement, we will have no obligation to revise this report to reflect events or conditions which occur subsequent to the date of the appraisal. However, CBRE, Inc. will be available to discuss the necessity for revision resulting from changes in economic or market factors affecting the subject.
7. CBRE, Inc. assumes no private deed restrictions, limiting the use of the subject in any way.
8. Unless otherwise noted in the body of the report, it is assumed that there are no mineral deposits or subsurface rights of value involved in this appraisal, whether they are gas, liquid, or solid. Nor are the rights associated with extraction or exploration of such elements considered unless otherwise stated in this appraisal report. Unless otherwise stated it is also assumed that there are no air or development rights of value that may be transferred.
9. CBRE, Inc. is not aware of any contemplated public initiatives, governmental development controls, or rent controls that would significantly affect the value of the subject.
10. The estimate of Market Value, which may be defined within the body of this report, is subject to change with market fluctuations over time. Market value is highly related to exposure, time promotion effort, terms, motivation, and conclusions surrounding the offering. The value estimate(s) consider the productivity and relative attractiveness of the property, both physically and economically, on the open market.
11. Any cash flows included in the analysis are forecasts of estimated future operating characteristics are predicated on the information and assumptions contained within the report. Any projections of income, expenses and economic conditions utilized in this report are not predictions of the future. Rather, they are estimates of current market expectations of future income and expenses. The achievement of the financial projections will be affected by fluctuating economic conditions and is dependent upon other future occurrences that cannot be assured. Actual results may vary from the projections considered herein. CBRE, Inc. does not warrant these forecasts will occur. Projections may be affected by circumstances beyond the current realm of knowledge or control of CBRE, Inc.
12. Unless specifically set forth in the body of the report, nothing contained herein shall be construed to represent any direct or indirect recommendation of CBRE, Inc. to buy, sell, or hold the properties at the value stated. Such decisions involve substantial investment strategy questions and must be specifically addressed in consultation form.
13. Also, unless otherwise noted in the body of this report, it is assumed that no changes in the present zoning ordinances or regulations governing use, density, or shape are being considered. The property is appraised assuming that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, nor national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report is based, unless otherwise stated.
14. This study may not be duplicated in whole or in part without the specific written consent of CBRE, Inc. nor may this report or copies hereof be transmitted to third parties without said consent, which consent CBRE, Inc. reserves the right to deny. Exempt from this restriction is duplication for the internal use of the client-addressee and/or transmission to attorneys, accountants, or advisors of the client-addressee. Also exempt from this restriction is transmission of the report to any court, governmental authority, or regulatory agency having jurisdiction over the party/parties for whom this appraisal was prepared, provided that this report and/or its contents shall not be published, in whole or in part, in any public document without the express written consent of CBRE, Inc. which consent CBRE, Inc. reserves the right to deny. Finally, this report shall not be advertised to the public or otherwise used to induce a third party to purchase the property or to make a "sale" or "offer for sale" of any "security", as such terms are defined and used in the Securities Act of 1933, as amended. Any third party, not covered by the exemptions herein, who may possess this report, is advised that they should rely on their own independently secured advice for any decision in connection with this property. CBRE, Inc. shall have no accountability or responsibility to any such third party.
15. Any value estimate provided in the report applies to the entire property, and any pro ration or division of the title into fractional interests will invalidate the value estimate, unless such pro ration or division of interests has been set forth in the report.
16. The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. Component values for land and/or buildings are not intended to be used in conjunction with any other property or appraisal and are invalid if so used.
17. The maps, plats, sketches, graphs, photographs and exhibits included in this report are for illustration purposes only and are to be utilized only to assist in visualizing matters discussed within this report. Except as specifically stated, data relative to size or area of the subject and comparable properties has been obtained from sources deemed accurate and reliable. None of the exhibits are to be removed, reproduced, or used apart from this report.

18. No opinion is intended to be expressed on matters which may require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate appraisers. Values and opinions expressed presume that environmental and other governmental restrictions/conditions by applicable agencies have been met, including but not limited to seismic hazards, flight patterns, decibel levels/noise envelopes, fire hazards, hillside ordinances, density, allowable uses, building codes, permits, licenses, etc. No survey, engineering study or architectural analysis has been made known to CBRE, Inc. unless otherwise stated within the body of this report. If the Consultant has not been supplied with a termite inspection, survey or occupancy permit, no responsibility or representation is assumed or made for any costs associated with obtaining same or for any deficiencies discovered before or after they are obtained. No representation or warranty is made concerning obtaining these items. CBRE, Inc. assumes no responsibility for any costs or consequences arising due to the need, or the lack of need, for flood hazard insurance. An agent for the Federal Flood Insurance Program should be contacted to determine the actual need for Flood Hazard Insurance.
19. Acceptance and/or use of this report constitutes full acceptance of the Contingent and Limiting Conditions and special assumptions set forth in this report. It is the responsibility of the Client, or client's designees, to read in full, comprehend and thus become aware of the aforementioned contingencies and limiting conditions. Neither the Appraiser nor CBRE, Inc. assumes responsibility for any situation arising out of the Client's failure to become familiar with and understand the same. The Client is advised to retain experts in areas that fall outside the scope of the real estate appraisal/consulting profession if so desired.
20. CBRE, Inc. assumes that the subject analyzed herein will be under prudent and competent management and ownership; neither inefficient nor super-efficient.
21. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined and considered in the appraisal report.
22. No survey of the boundaries of the property was undertaken. All areas and dimensions furnished are presumed to be correct. It is further assumed that no encroachments to the realty exist.
23. The *Americans with Disabilities Act* (ADA) became effective January 26, 1992. Notwithstanding any discussion of possible readily achievable barrier removal construction items in this report, CBRE, Inc. has not made a specific compliance survey and analysis of this property to determine whether it is in conformance with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more of the requirements of the ADA. If so, this fact could have a negative effect on the value estimated herein. Since CBRE, Inc. has no specific information relating to this issue, nor is CBRE, Inc. qualified to make such an assessment, the effect of any possible non-compliance with the requirements of the ADA was not considered in estimating the value of the subject.
24. Client shall not indemnify Appraiser or hold Appraiser harmless unless and only to the extent that the Client misrepresents, distorts, or provides incomplete or inaccurate appraisal results to others, which acts of the Client approximately result in damage to Appraiser. Notwithstanding the foregoing, Appraiser shall have no obligation under this Section with respect to any loss that is caused solely by the active negligence or willful misconduct of a Client and is not contributed to by any act or omission (including any failure to perform any duty imposed by law) by Appraiser. Client shall indemnify and hold Appraiser harmless from any claims, expenses, judgments or other items or costs arising as a result of the Client's failure or the failure of any of the Client's agents to provide a complete copy of the appraisal report to any third party. In the event of any litigation between the parties, the prevailing party to such litigation shall be entitled to recover, from the other, reasonable attorney fees and costs.
25. As part of the client's requested scope of work, an estimate of insurable value is provided herein. CBRE, Inc. has followed traditional appraisal standards to develop a reasonable calculation based upon industry practices and industry accepted publications such as the *Marshall Valuation Service* handbook. The methodology employed is a derivation of the cost approach which is primarily used as an academic exercise to help support the market value estimate and therefore is not reliable for Insurable Value estimates. Actual construction costs and related estimates can vary greatly from this estimate.

This analysis should not be relied upon to determine proper insurance coverage which can only be properly estimated by consultants considered experts in cost estimation and insurance underwriting. It is provided to aid the client/reader/user as part of their overall decision making process and no representations or warranties are made by CBRE, Inc. regarding the accuracy of this estimate and it is strongly recommend that other sources be utilized to develop any estimate of insurable value.

ADDENDA

ADDENDUM A

**CHAPTER IV HOUSING STRATEGY FROM WASHINGTON VILLAGE/SOUTH NORWALK
CHOICE NEIGHBORHOODS TRANSPORTATION PLAN**

Chapter IV



View of new Day Street Multifamily Building

Housing Strategy

Choice Neighborhoods Transformation Plan for
Washington Village/South Norwalk

DRAFT
December 28, 2012

Chapter IV: Housing Strategy

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Appendices

- Appendix IV-1 Washington Village Severe Distress letter dated October 10, 2010 and photos
- Appendix IV-2. CBRE Market Study Report for Washington Village Redevelopment Project (*in process*)
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Chapter IV

Housing Strategy

The housing strategy for the Choice Neighborhoods Transformation Plan focuses on replacing the existing, obsolete 136-unit Washington Village public housing development with a new mixed-income community in the South Norwalk neighborhood. In its current condition, Washington Village not only restricts its residents' quality of life but also hinders further public and private investment in this key area of Norwalk. Washington Village was the subject of a HOPE VI feasibility study in 2009, through which it was determined that creating a new mixed-income community to replace the existing units would be best for both residents and neighbors. The Choice Neighborhoods 2010 planning grant has allowed the Norwalk Housing Authority (NHA) and the City of Norwalk to undertake a much more comprehensive assessment of the broader South Norwalk neighborhood and build community consensus for an ambitious yet feasible plan to transform both the Washington Village site and its surrounding neighborhood.

This chapter presents the guiding vision for the Transformation Plan's housing element, details existing conditions at Washington Village that support demolition and redevelopment rather than rehabilitation, outlines how the proposed housing program was developed, describes the proposed design of the new mixed-income community and its appropriateness in the context of the larger neighborhood, and ends with an overview of the implementation issues related to phasing and financing, as well as the capacity and role of the procured developer.

A. Overall Vision for Housing

The vision for the housing component of the Transformation Plan is based on a detailed assessment of current conditions, the need to deconcentrate poverty on a very dense site, and the community's desire to provide much needed affordable housing in a city with extraordinarily high housing costs. Specifically, the vision includes the following goals:

- *One-for One Replacement:* Replace Washington Village's 136 public housing units¹ in the South Norwalk neighborhood, ensuring that affordable housing

¹ Public housing units require that eligible households pay no more than 30% of their monthly income for rent. HUD also considers units with project-based subsidies to be deeply subsidized because residents pay no more than 30% of their income for rent.

continues to be available in this neighborhood, despite likely changes and growth, in part due to Washington Village’s redevelopment.

- *Mixed-income Development:* Reduce the concentration of poverty by developing a mix of public housing units, workforce housing, and market rate housing. The goal is to provide at least as many non-public housing as public housing units in the new community.
- *TOD Design Principles:* Design new housing to meet the city’s recently adopted TOD design guidelines and new zoning that supports higher density transit-oriented development (TOD).
- *Diversity of Housing Types:* Include a variety of building types such as townhouses and apartment buildings to meet the needs of different household types. The buildings should range in height from 2-4 stories, to reflect existing local architecture as well as planned new developments along the waterfront.
- *Open Space:* Design age-appropriate open space and recreation facilities near units to promote health and wellness activities. Tie these outdoor facilities to other neighborhood recreation amenities like Ryan Park to maximize use of these public facilities for healthy activities for all ages.
- *Design for Public Safety:* Employ defensible space design approaches to ensure there are “eyes on the street” and activity in common areas to promote a safer environment.
- *Green, Sustainable Design:* Design the new housing to meet Enterprise Green Communities Criteria, Energy Star requirements, and LEED ND.
- *Accessible and Visitable Units:* Maximize the number of accessible and visitable units to meet the needs of current Washington Village residents as well as other persons with disabilities in the Norwalk community. Ensure all public indoor and outdoor areas are also accessible.
- *Flood Mitigation:* Work with the City and its engineers on new infrastructure to address flooding on the eastern edge of the neighborhood along Water Street (housing sites and most of the neighborhood are within the 100 year flood plain). The recent Super Storm Sandy flooded most of the first floor units at Washington Village, forcing temporary relocation.

B. Existing Conditions at Washington Village

Washington Village, constructed in 1941, was built to last, with concrete block walls and masonry construction over poured-in-place basements and crawlspaces. However, at over 70 years old, it is obsolete and no longer meets current codes, nor is it energy-efficient. Its durable construction also makes it extremely difficult and cost-prohibitive to address structural, systems, and infrastructure deficiencies. The building envelope is structurally sound, but there is no insulation, making it difficult to regulate the temperature within the units. The crawlspaces and basements sometimes flood, resulting in mold and

poor air quality in the units. During the height of Superstorm Sandy in November 2012, up to 15 inches of water seeped into many of the first floor units, ruining appliances, medications, and personal belongings and requiring the temporary relocation of many residents due to uninhabitable conditions.²

The current electrical service is 120 amps and there are too few electrical outlets inside the units. As a result, residents frequently run extension cords or overload existing outlets, creating a fire hazard. Additional outlets and power service are needed, but can only be added by running conduit and placing electrical boxes on the interior walls. This is unsightly and creates a safety hazard because the boxes jut out two inches from the wall. The steam pipes that carry heat to the units are original to the site and are breaking with greater frequency. They are difficult to repair because they are located inside the concrete block walls. The sanitary and sewer lines have never been replaced, and these clay pipes have reached the end of their useful life as evidenced by frequent breaks and leaks.

Washington Village's design is also deficient in many ways, starting with its superblock configuration. (*See Exhibit IV-1, Current Site Plan.*) With no through streets and high density, the development contrasts starkly with the low density housing to the west and the 4-6 story office buildings directly to the south. Situated on 4.78 acres, Washington Village's two-story buildings have a density of 29 units per acre. The maze-like configuration of Washington Village includes little if any defensible space: units open onto pedestrian-only common courtyards that have no clear sense of ownership and are virtually impossible for the police to monitor and patrol. Only 20 parking spaces are provided on-site; most must park on side streets, where cars are not visible from the units.

The existing units are designed as flats over flats, with units sharing entryways. The units are very small, at 509 square feet for a 1-bedroom, 700 SF for a 2-BR, and 741 SF for a 3-BR – some 30-40% below today's standard unit sizes. All units, regardless of the number of bedrooms, have only one bathroom, and all kitchens are the same size. NHA retrofitted seven of the units to make them "accessible" by installing ramps and grab bars, but due to the buildings' concrete block construction, it would be cost-prohibitive to rehab the units to meet the full requirements of Section 504 of the Rehabilitation Act of 1973, as amended. All kitchens and bathrooms are non-compliant.

The small community center in the middle of the site, difficult for visitors to find, is heavily used for afterschool programs. It provides limited meeting space, and large resident meetings are difficult to accommodate.

Based on the conditions described above, the plan calls for demolishing Washington Village and building a new state-of-the art development. For a more detailed description of the structural and design deficiencies of the

² Norwalk Hour, "Church of the Latter Day Saints crew assists victims of Hurricane Sandy", Steve Kobak, November 11, 2012.

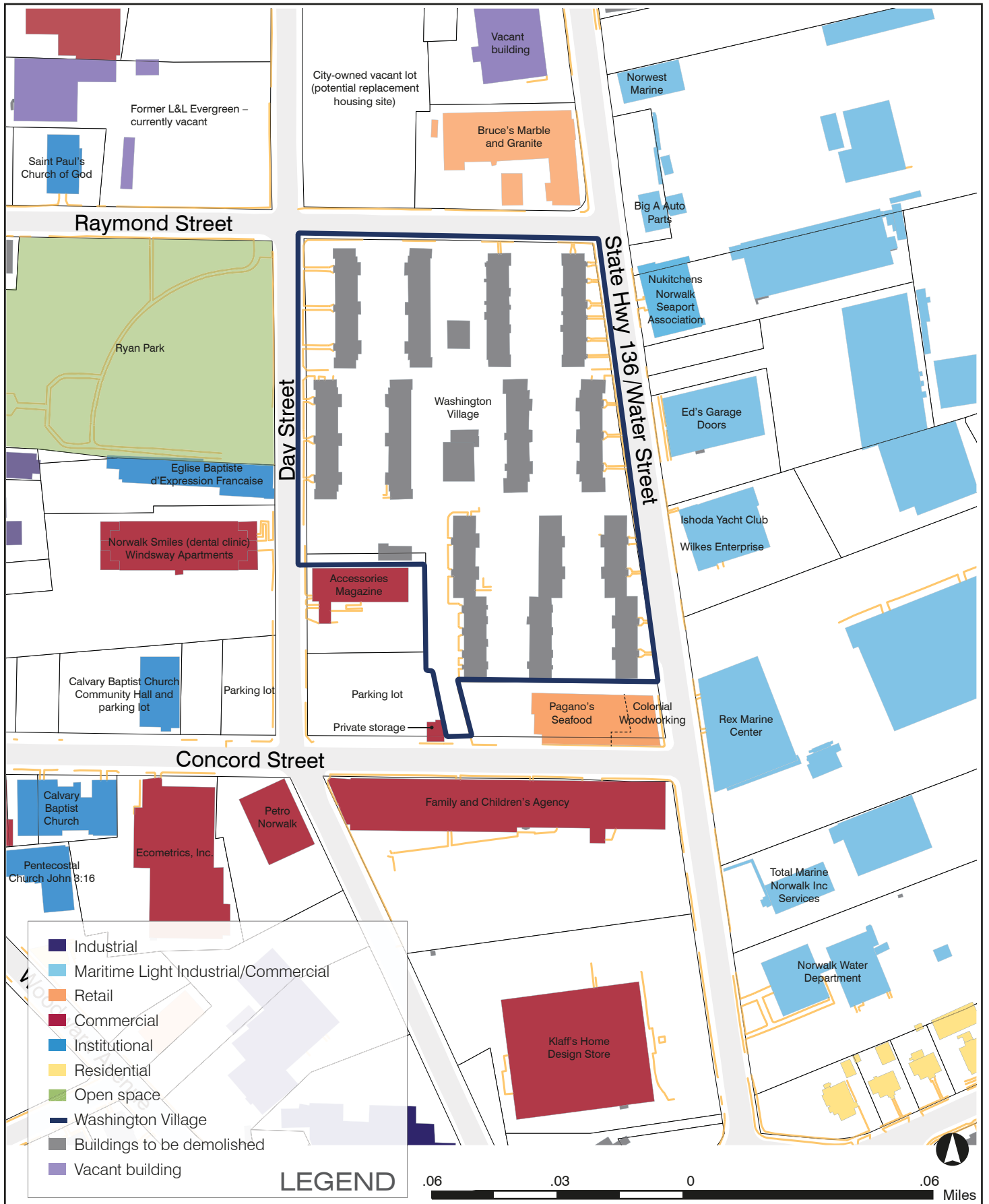


Exhibit IV-1. Current Site Plan
 Prepared by The Cecil Group

development, see Appendix IV-1 (Washington Village Severe Distress letter dated October 10, 2010 and photos).

C. Housing Program Background

In developing the housing program for the redevelopment of Washington Village, NHA and its developer, Trinity Financial, relied on various sources of information including a review of citywide housing needs, third party market assessments, and community preferences regarding housing types and design. Much of the information from this due diligence was incorporated into the Request for Qualifications for a Master Developer and further refined once the preferred developer was procured. Highlights of findings that informed the proposed housing program follow.

Citywide Housing Needs

Several key City documents addressing housing issues were reviewed including Norwalk’s Consolidated Plan and Analysis of Impediments. A recurring theme throughout these documents is the high cost of housing, supported by a relatively high average income due to Norwalk’s proximity to New York City. The city of Norwalk is part of the Stamford-Norwalk, CT HUD Metro FMR area which includes the Fairfield County towns of Darien, Greenwich, New Canaan, Stamford, Weston, Westport, and Wilton. Per HUD’s FY 2013 income limits, the annual area median income (AMI) for Norwalk (and the other Fairfield County towns) is \$111,800 (down from \$128,400 in 2012).

Table IV-1. FY 2013 Income Limits for Norwalk

Income Limits Category	Number of Persons per Household							
	1	2	3	4	5	6	7	8
Extremely Low (30%)	\$25,650	\$29,300	\$32,950	\$36,600	\$39,550	\$42,500	\$45,400	\$48,350
Very Low (50%)	\$42,700	\$48,800	\$54,900	\$61,000	\$65,900	\$70,800	\$75,650	\$80,550
Low (80%)	\$54,900	\$62,750	\$70,600	\$78,400	\$84,700	\$90,950	\$97,250	\$103,500

Source: HUD 2013

The Housing Strategy adopted by the City of Norwalk in December 2010 identified a substantial housing cost burden in the city which affects residential patterns both in and around Norwalk. “It is imperative Norwalk preserve a supply of affordable housing that will ensure local businesses may access a skilled workforce and the City may maintain its economically diverse population.”³ The City supports the need to preserve its affordable housing supply, which slightly exceeds 10% of total housing stock, by requiring that 10% of the units in new multifamily developments in the core urban area (which

³ Annual Action Plan for Housing and Community Development, Program Year 38, NRA, April 10, 2012

includes South Norwalk) be affordable.⁴ But with little to no development in the city in the past five years, no new affordable housing stock has come on line.

Per the City's Consolidated Plan, while there are both renters and owners with housing problems⁵ and challenges at all income levels, the vast majority are low income. Of the 5,985 renters with housing problems, 96% have incomes below 80% AMI and 1,735 have incomes below 20% AMI (poverty level). Of the 8,681 owners with housing problems, 72% are below 80% AMI and 810 have incomes below 20% AMI.⁶ With housing problems concentrated amongst low-income households, both preservation and new development of affordable housing stock is a top priority.

Norwalk's Analysis of Impediments⁷ (AI) identified four known or potential impediments hindering the provision of fair housing opportunities to all residents: (1) discrimination in the housing market; (2) housing affordability; (3) zoning, planning and land use issues; and (4) lending practices. The City is currently working with local community organizations to implement the actions proposed in the AI. The City is in the process of rezoning the South Norwalk neighborhood in support of the newly adopted Transit-oriented Development (TOD) Plan which calls for multifamily uses and higher densities. The Transformation Plan will increase the number of rental units available to all income levels while preserving the deeply subsidized public housing units, and calls for intensive mobility counseling to ensure that those residents who relocate with vouchers have access to low-poverty neighborhoods in the broader community with good access to jobs and services.

Residential Market Analysis

Numerous residential market studies for the South Norwalk neighborhood have been prepared over the past several years, all carefully tracking when the demand for market-rate units – both apartments and condominiums – would return to this key area. Prior to the collapse of the housing market in 2008, several large-scale market-rate apartment complexes had been built just north of Washington Street. There is now evidence that this residential demand is slowly returning, and there are several multifamily projects in the pipeline for development at this time.

Multi-family Rents and Affordability Issues

Given the high cost of housing in Norwalk, affordability is a primary concern throughout the city. Per a recent market study update⁸, less than half of Norwalk households could afford the rent for a two bedroom apartment; an average annual household income of \$90,415 is required to afford the average

⁴ Norwalk Workforce Housing Regulation, adopted by the city in 2007.

⁵ Households with housing problems include those that: (1) occupy units meeting the definition of Physical Defects; (2) meet the definition of overcrowded; and/or (3) meet the definition of cost burden greater than 30 percent.

⁶ Norwalk 3-5 Year Strategic Plan 2010—2014, page 50.

⁷ City of Norwalk Analysis of Impediments, updated December 2010.

⁸ Western Fairfield County and Norwalk Multi-Family Rental Sector, prepared by Johnson Controls, dated September 2012.

\$2,260 in monthly rent (based on the standard measure of affordability which sets a maximum expenditure of 30% of gross income for housing costs). Even fewer (25%) could afford a three bedroom unit. Rents are expected to increase by an average annual rate of 4.8% between 2012 and 2016, from an average monthly rent of \$2,164 in 2012 to \$2,615 in 2016.⁹

The fear of gentrification – and the loss of currently affordable housing -- has frequently been raised during the Choice Neighborhoods planning process. This has created some tension, however, with other members of the larger Norwalk community who believe there is already too much public and HUD-assisted housing in the neighborhood. The Transformation Plan aims to address and balance both concerns by replacing one-for-one the 136 family public housing units at Washington Village in a new mixed-income community which includes an equal amount of new workforce and market-rate housing as well. The plan ensures there will be no forced displacement of any lease-compliant public housing residents currently living at Washington Village.

Rental Absorption Rates

A more detailed 2011 market study¹⁰ by Johnson Controls indicated that the rental housing market is slowly recovering, and estimated that in the short term (3-5 years) the city could absorb approximately 700-800 units of new housing and up to 250,000 SF of retail in smaller-scale, mixed-use infill development which is heavily focused on housing and supportive retail. There are only two residential projects currently in the pipeline: 20 North Water (108 apartments), which is seeking final zoning approval, and Avalon at 8 Norden Place (240 apartments) which is under construction. The 20 North Water multi-family development is located just north of Washington Street on waterfront property accessed off North Water Street – bordering the targeted neighborhood’s boundaries. The 348 units in these two developments, which are expected to come on line in 2013/2014, account for about half of the absorption capacity identified by Johnson Controls in their market study. As a result, the proposed new replacement units at Washington Village should be readily absorbed within the next 3-5 years.

CB Richard Ellis (CBRE) has been contracted for a more definitive residential market study for the proposed project; the study will be available in early February 2013 (*see Appendix IV-2*). In a preliminary market assessment in Fall 2012, CBRE indicated that market rate developments in the South Norwalk area are in high demand, averaging over 95% occupancy rates, suggesting that additional market rate housing would be well received in this location. CBRE provided recent comparables to guide the development and design program (*see description of Washington Village preliminary design features in Strategy #4*). Highlights from the two most comparable projects follow:

⁹ Ibid.

¹⁰ Northeast Economic and Real Estate Markets Trends: Possible Effects on Urban Renewal in the City of Norwalk, prepared by Johnson Controls, dated June 2011.

Table IV-2. Recent Comparable (Market-rate) Developments in Norwalk

Development Name	Avalon Norwalk	Jefferson at 55/77 North
Location	26 Belden Avenue	55 North Water Street (South Norwalk area)
Building Type	311 units 5 story midrise Brick, cement board exterior Constructed 2010	136 units 5 story midrise Masonry Constructed 2007
Amenities	Pool, outdoor fire pit, fitness center, full size W/D in units, resident lounge	Pool, garage parking, clubhouse, business center, fitness center, W/D and dishwasher in unit
Unit Sizes	1BR: 760-957 SF 2BR: 1027-1186 SF 3BR: 1505-1608 SF	1BR: 677-998 SF 2BR: 986-1218 SF
Rent	1BR: \$1634-1844 2BR: \$2040-2260 3BR: \$2968	1BR: \$1815-2308 2BR: \$2096-2899
Occupancy	97.1%	96.3%

Source: CBRE

Other data informing the proposed development program are the income limits and rents established by the state and HUD. The Low Income Housing Tax Credit (LIHTC) income limits (2012), set at 60% AMI, are¹¹:

- 1 person - \$53,940
- 2 persons - \$61,680
- 3 persons - \$69,360
- 4 persons - \$77,040
- 5 persons - \$83,220
- 6 persons - \$89,400

The rent levels for the LIHTC program at 60% AMI and HUD’s Fair Market Rents (FMRs) follow:

Table IV-3. 2012 State and Federal Program Income Limits

	LIHTC	FMR*
1 BR	\$1,445	\$1,415
2 BR	\$1,734	\$1,769
3 BR	\$2,003	\$2,305
4 BR	\$2,235	\$2,784

*Source: CHFA and HUD

¹¹ Connecticut Housing and Finance Agency.

Community Input on Housing Design

During the planning process, residents of Washington Village and the broader community had a number of opportunities to indicate their preferences for new housing design. The resident survey included several questions regarding the current design of Washington Village and priorities for a new development. Key findings from the survey include:

Table IV-4. Resident Survey Design-related Responses

<i>What improvements would you most like to see at a new Washington Village?</i>	
88%	Larger units
81%	Increased security
74%	More parking
73%	Attractive units
69-70%	More programs and services for children, teens and adults

<i>What would you like to see in a revitalized South Norwalk neighborhood?</i>	
83%	Private front yards
83%	Private back yards
73%	Gym
73%	Computer learning center
72%	Sitting areas
68%	Community gardens
64%	Playgrounds

Additional suggestions included: resolve ongoing flooding problems; provide front and back doors; include private space between apartments; assign parking spaces; provide better maintenance; and provide individual controls for utilities.

Residents and the broader community were invited to provide additional feedback on preliminary design concepts at a Community Information Fair held September 22, 2012. Trinity Financial and ICON architecture prepared a series of large boards illustrating various midrise and townhouse building types, and community members ‘voted’ with sticky dots for their preferred housing images. (See Exhibit IV-2. *Community Design Preferences*.) ICON subsequently used this information to inform the design of the new development which includes 2- to 4-story townhouses and midrises.

D. Housing Strategies

The goal for the redevelopment of Washington Village goes beyond a simple one-for-one replacement of the existing public housing units, proposing to create a significant mixed-income, mixed-use development that not only improves residents’ quality of life but also serves as a catalyst for additional public and private investment in the South Norwalk neighborhood. The following housing strategies are designed to meet these goals.

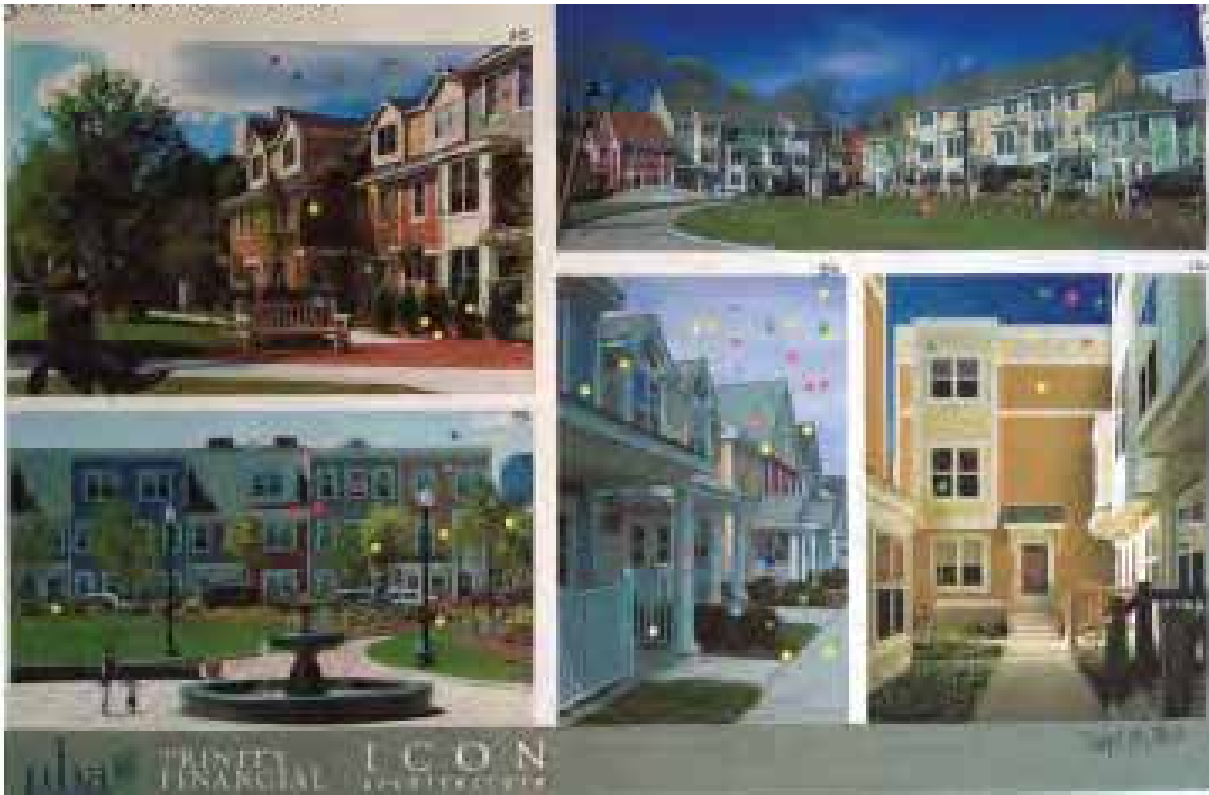


Exhibit IV-2. Community Design Preferences

Source: September 22, 2012 Community Information Fair

Housing Strategy #1: Replace the public housing units one-for-one in the South Norwalk neighborhood.

A primary goal of the Transformation Plan is to ensure that all 136 existing public housing units are replaced in the South Norwalk neighborhood, providing residents with ready access to the quality services and programs they need to thrive. This is a challenge given high property prices and demand for developable land in this area. A developer recently optioned 17 and 19 Day Street parcels, directly across the street from the City-owned 20 Day Street site, and other developers are pursuing land along the riverfront to the east for residential development. The City's willingness to use its land for this Transformation Plan has been critical to realizing the housing goals for the redevelopment of Washington Village.

The new mixed-income development will be constructed on three adjacent sites with a total of 6.55 acres: the NHA-owned Washington Village site (4.78 acres) and two City-owned parcels – the 20 Day Street parcel (1.32 acres) to the north of the site across Raymond Street and the 13 Day Street parcel (.45 acres) also to the north across Hanford Place. The two City-owned parcels are currently vacant and ready for development. An option agreement transferring the two parcels to NHA for \$1 will be executed once the City and Planning Commission have approved the Transformation Plan.

Long term affordability

All replacement public housing units as well as the Low Income Housing Tax Credit units will remain affordable for a minimum of 40 years, with restrictions in place to guarantee this. The goal is to preserve long-term affordability as this neighborhood continues to develop under market pressures.

Housing Strategy #2: Create a sustainable mixed-income community that incorporates both public housing units and at least as many non-public housing /workforce units.

This strategy addresses two concerns raised by the community during the planning process: (1) preserve the existing public housing units, as described above, but also (2) provide additional units for working households with incomes greater than 50% of Area Median Income, ensuring that South Norwalk can offer housing options for households with a wide range of incomes. These new households will boost economic demand for goods and services in the area.

Based on density studies for the available land, market studies and relevant comparables, and experience in developing similar products in nearby Stamford and New Haven, Trinity Financial has proposed an income mix that includes 50% public housing (deeply subsidized) units, 25% tax credit only units, and 25% unrestricted market-rate units.

Unit Type	Household Income Range		Proposed Units	
	AMI*	Income**	No.	Percent
Public housing	<30% AMI	< \$36,600	136	50%
Workforce housing	50-60% AMI	\$61,100-\$69,000	67	25%
Market-rate units	>80% AMI	> \$78,400	70	25%
Total			273	100%
*2013 Area Median Income for Norwalk is \$111,800				
**For family of four persons				

Public Housing Unit Mix

The proposed unit mix for the public housing units is based on the needs of current Washington Village households. For instance, there are currently several households in need of a larger 4BR unit and therefore NHA is recommending that four 4BRs be included in the new development. However, this unit mix may change over time in response to household sizes at the time of redevelopment.

	<i>Current</i>	<i>Proposed</i>
1 BR	35	31
2 BR	70	70
3 BR	31	31
4 BR	0	4
Total	136	136

Proposed Unit Mix for All Unit Types

The proposed unit mix for the non-public housing units is based on CBRE's preliminary review of comparables and will be revised, if needed, per the market study that will be available in early February 2013. Based on preliminary comparables, the following unit mix by unit type is proposed:

	<i>Public Housing</i>	<i>LIHTC</i>	<i>Market</i>	<i>Total</i>
1 BR	31	27	34	92
2 BR	70	39	36	145
3 BR	31	1	0	32
4 BR	4	0	0	4
Total	136	67	70	273

Housing Strategy #3: Design the new mixed-income development in accordance with the recently adopted TOD design guidelines.

The proposed design follows the city's recently adopted TOD design guidelines, complements the historic qualities of the buildings on Washington and Main Streets, and serves as a transition from the 2- and 3-story structures to the west

of the site to the proposed 4- and 5-story residential structures along the riverfront.

The design includes a series of buildings, primarily 3- and 4-story apartment buildings, all of which front on public streets. (See Exhibit IV-3. *Development Plan*.) Buildings facing Day Street will have two- or three-bedroom units (at the base of the apartment building) with direct private access from the street, activating the streetscape. (See Exhibit IV-4. *Building B Layout*.) A new street between Day and Water Streets will be built through the existing Washington Village site to create street frontage for all buildings and to maximize ‘eyes on the street’ for enhanced public safety. Building A is proposed as eight 3-story townhouses.

Buildings of three and four stories – within the building height guidelines adopted in the TOD Master Plan -- wrap around these three corners, set back to create the new plazas at the intersection of Raymond and Day Streets. With upper floor residential, ground floor active uses, and a signature fountain, “Village Square” will become a new focal point for South Norwalk. Raymond Street will remain a relatively narrow neighborhood street, with broad, decorative tree-lined sidewalks, and buildings set back to allow additional outdoor activity all along the street, making this a very pedestrian-friendly destination and an attractive connection between South Main Street and the waterfront and its vibrant activity. Over time it is expected that the riverfront will be redeveloped as a mixed use residential community which nonetheless respects the current maritime use.

The proposed style and massing of the new buildings reflect the character of the 19th century mercantile buildings of the historic district, with the use of brick and traditional window design. Buildings facing Water Street and the maritime uses along the Norwalk River will take design cues from that context.

Parking

Current plans call for parking a half-level below grade under the buildings (subject to due diligence on flood plain mitigation and cost). This provides 252 parking spaces under the residential buildings and another 92 parking spaces will be provided at grade, for a total parking count of 344 spaces (not including the 16 on-street parking spaces along the new proposed street). This results in a parking ratio of approximately 1.26 spaces per residential unit. This ratio is lower than what the area is currently zoned for but rezoning is underway to be consistent with the goals and standards of the TOD district plan. (See Exhibit IV-5. *Residential Parking Locations*.)

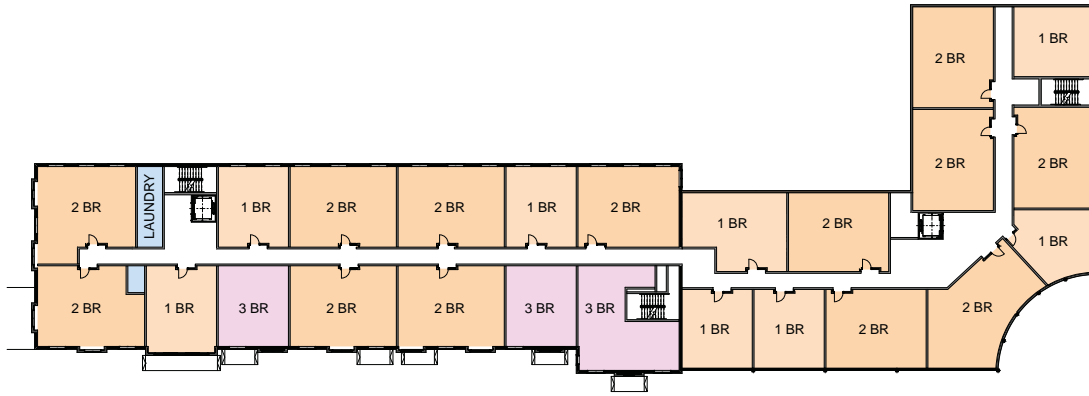
Zoning Status

The City of Norwalk is currently transitioning to a Transit Oriented Development (TOD) zoning approach for the project area. In July 2012 the Norwalk Zoning Commission amended the existing industrial zoning to allow for multifamily zoning as a Special Permit Use. The City is open to additional changes to their current dimensional requirements and parking standards, to conform to the

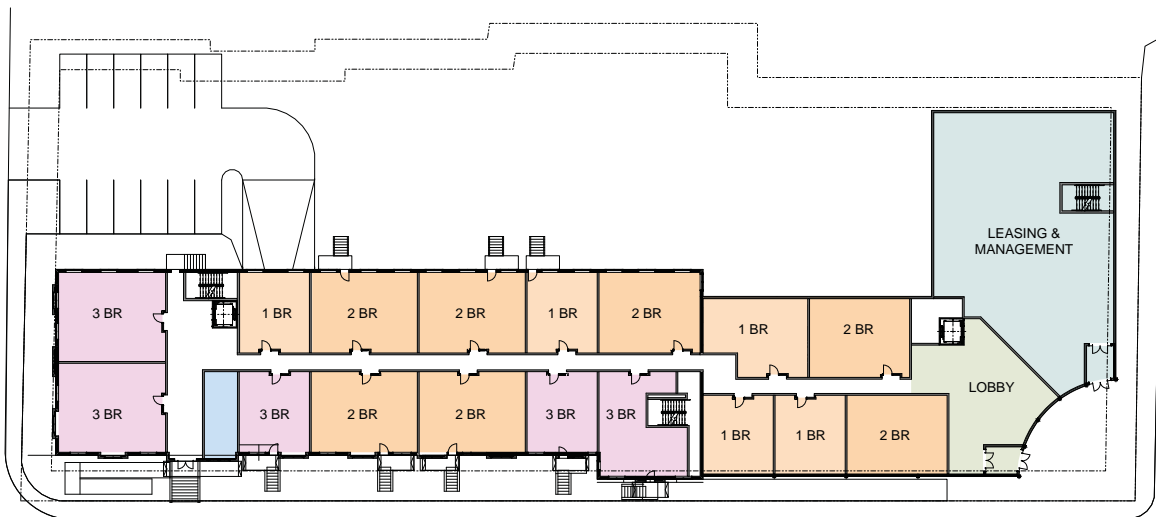


Exhibit IV-3. Development Plan

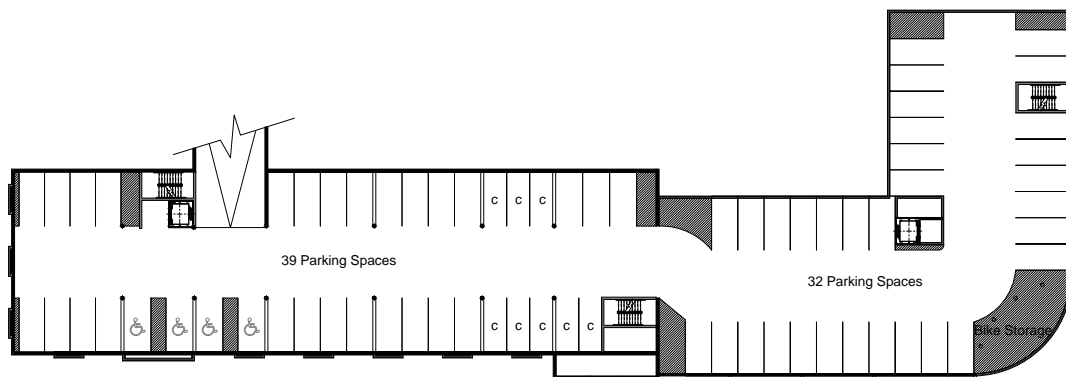
Prepared by ICON architecture



③ TYPICAL FLOOR



② FIRST FLOOR



① PARKING LEVEL

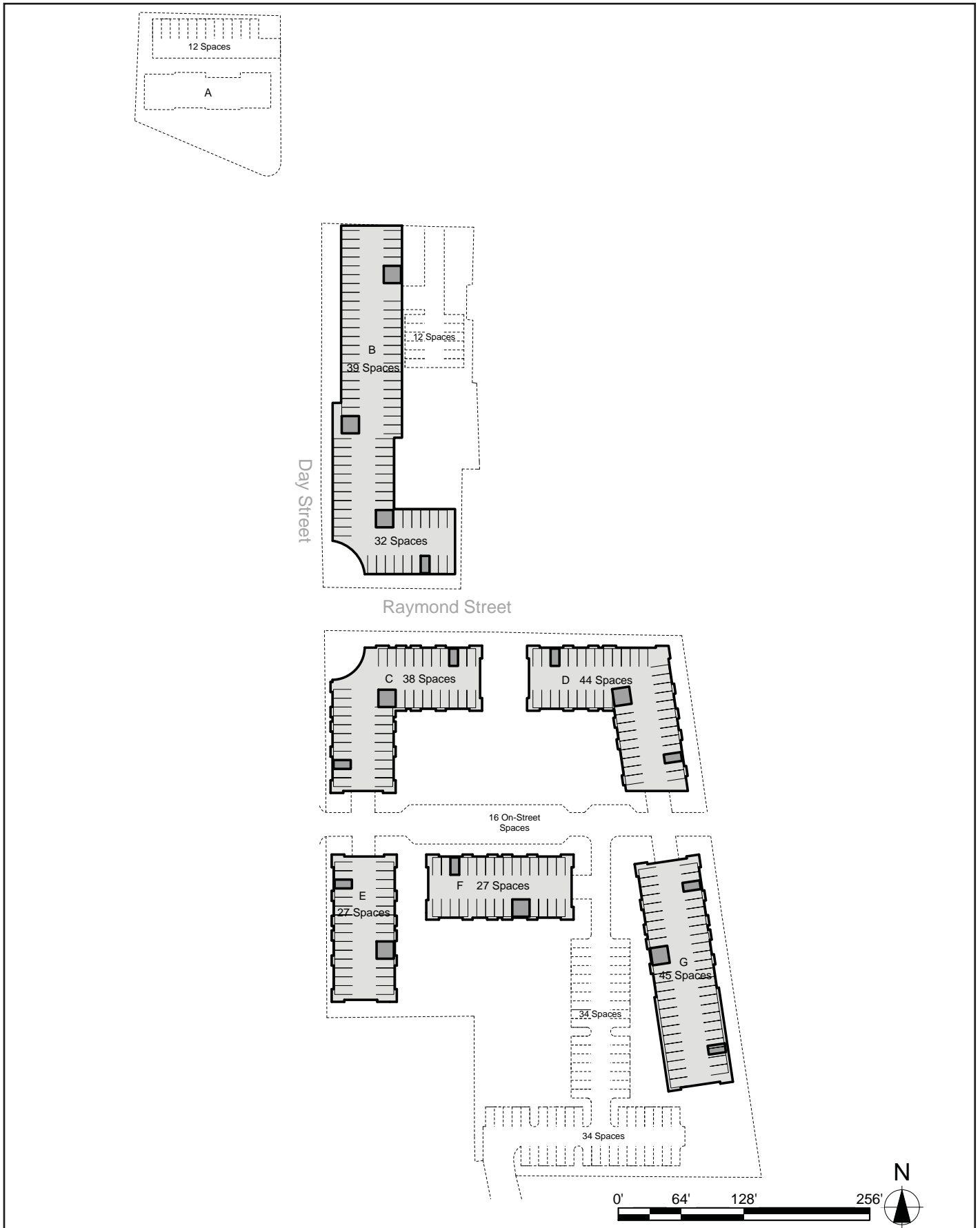


Exhibit IV-5. Residential Parking Locations
 Prepared by ICON architecture

principles established for the TOD area. The redevelopment is being planned to conform to these TOD principles as well and will be submitted for Site Plan Review and Special Permit in early 2013.

Housing Strategy #4: Provide unit and site amenities that will attract households with a broad range of incomes to the new development and will help ensure that public housing families thrive in the new community.

All residential units will be designed with the same layout, finish and appliance standards. The new units will be significantly larger than the existing Washington Village apartments: a new one-bedroom apartment will be approximately 650 SF, a two-bedroom will be approximately 950 SF, a three-bedroom unit will range from 1,050 to 1,250 SF, and the four-bedroom will be approximately 1,350 SF. (*See Exhibits IV-6 through IV-10 for comparison of existing to proposed unit sizes and layouts.*) The one- and two-bedroom units will be flats and the larger units, with three and four bedrooms, will be a combination of flats and townhouses. These larger units will have washer and dryer hookups in closets within the unit. To serve the one- and two-bedroom apartments, a gracious laundry room with a folding table, seating, and visibility will be situated on each floor of the new multi-story buildings.

The kitchen designs will be clean and elegant. An open peninsula with seating will allow views from the kitchen into the dining/living space, encouraging gatherings under the pendant light fixtures. The refrigerator and pantry will be located adjacent to the peninsula, for efficient access, while the dishwasher, sink with disposal, oven, and microwave venting range hood will be located along the back wall. Most units will have a walk-in closet for the master bedroom, and a linen closet in the bathroom. Finishes will be attractive and durable. Every apartment will have wood-look flooring and plastic laminate countertops.

Community and support facilities will be located at ground level in the buildings at the central “Village Square” activity node – the intersection of Day and Raymond Streets – as described below. (*See Exhibit IV-11. Program & Outdoor Space.*)

Community Center

A new 4,000 SF Community Center is proposed to front onto Raymond Street, providing a neighborhood gathering place and center for resident programs that complement the outdoor facilities at Ryan Park. The Community Center will include a large, divisible community room with adjacent kitchenette (to support healthy food demonstrations tied to the community garden across the street, as well as social gatherings), and an office for the Resident Council. A small 1,500 SF fitness room will also be provided for residents’ use – a standard amenity in many mixed-income developments today.

Exhibit IV-6. Unit Plans - One Bedroom

Prepared by ICON architecture



Exhibit IV-7. Unit Plans - Two Bedroom

Prepared by ICON architecture





Exhibit IV-8. Unit Plans - Three Bedroom

Prepared by ICON architecture

Unit Plans Three Bedroom Townhouse

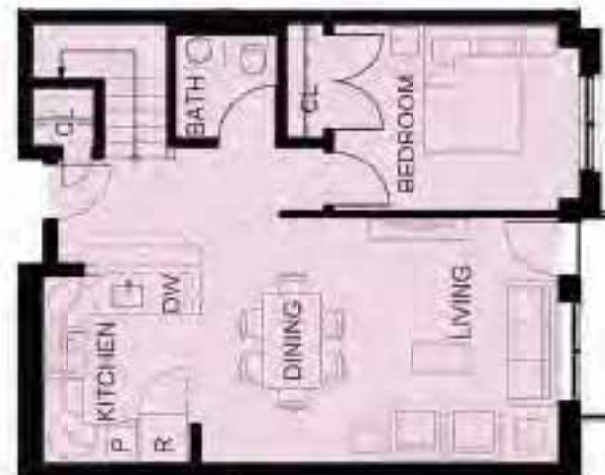
THREE BEDROOM
EXISTING
724 SQ FT



THREE BEDROOM
TOWNHOUSE
NEW - 1258 SQ FT



EXISTING THREE
BEDROOM FLAT
OVERLAD ON NEW
THREE BEDROOM
TOWNHOUSE



New Unit - Ground Floor



New Unit - Second Floor

Unit Plans Four Bedroom Townhouse



Exhibit IV-10. Unit Plans - Four Bedroom Townhouse

Prepared by ICON architecture

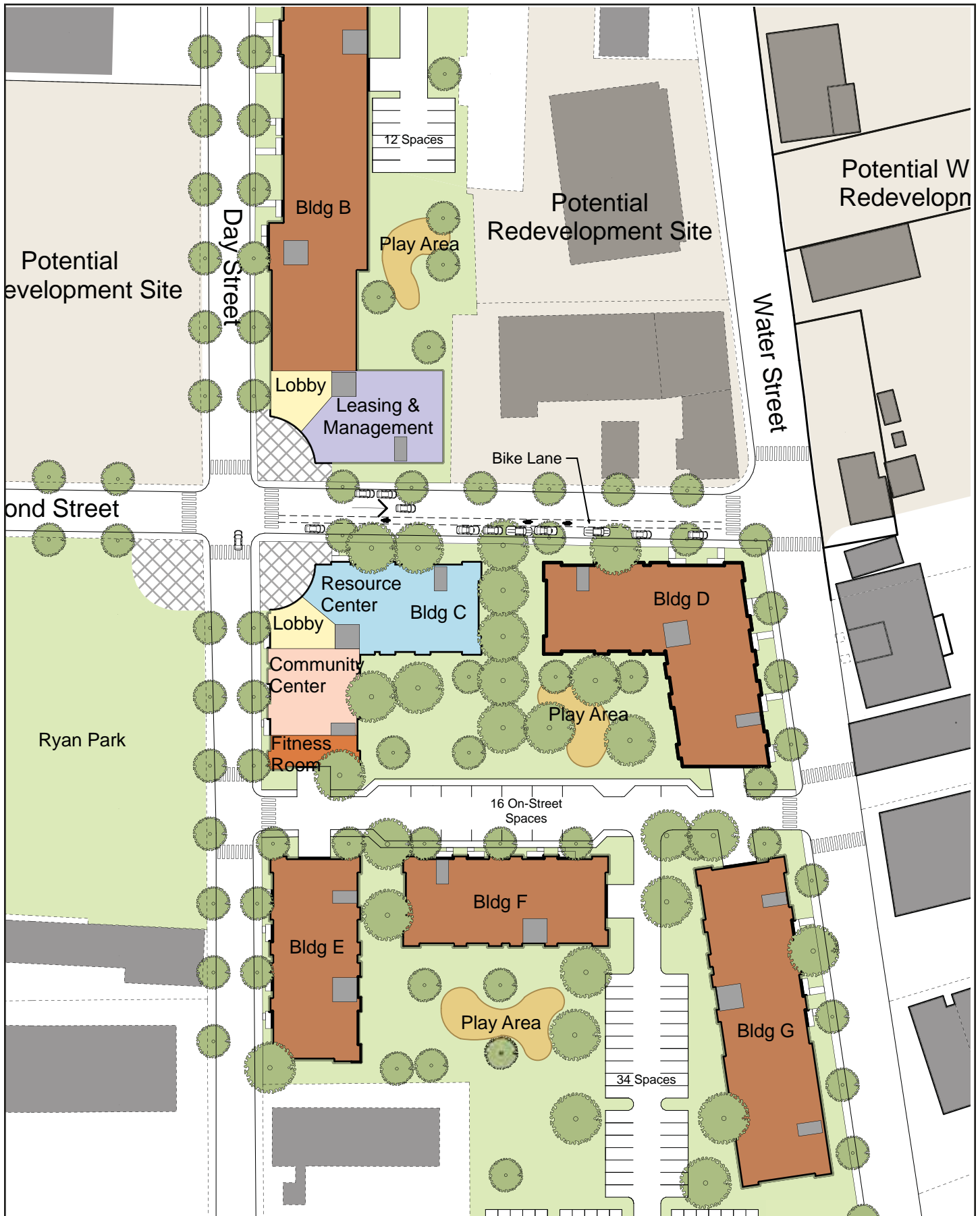


Exhibit IV-11. Program & Outdoor Space

Prepared by ICON architecture

Resource Center

A 6,000 SF Resource Center is planned near the Community Center which will include satellite offices for key service providers, an office suite for case management staff, and a computer lab with 10-12 stations and office space, accessible to all residents near the “Village Square.” Norwalk Community College will have a classroom and office for on-site programs and the Workforce Investment Board (WIB) will also have a satellite office to support on-site workforce development activities. Space for the Clothes Closet – a Dress for Success program – will also be provided. The offices and classrooms will be designed to be flexible, to accommodate changes in on-site service delivery needs over time.

The computer lab will be an important resource for all residents. The existing computers in the current Community Building are oversubscribed. The new computer lab will feature free, unlimited Internet access for residents. Computer training will be offered to maximize the full capability of the Internet as a tool to access services and information such as online job searches, health information, information on public benefits, connecting with teachers of school-aged children to encourage parental involvement in the educational performance of their children, etc. Nearly all service providers maintain a website with information on eligibility requirements, program descriptions, and location. Residents will learn how to use the Internet to more effectively meet their needs and become better informed consumers so they can advocate for themselves and their children.

Broadband Internet Access

In addition to the new computer lab, unit-based access to broadband Internet connectivity will be provided in all units. The wiring infrastructure will be installed in all units and residents will be able to select a service provider and pay for their own service if they so choose.

Outdoor Areas

Outdoor areas will be provided for each building on site, including age-appropriate playgrounds as well as quiet sitting areas, per comments from the resident survey. Courtyards will be well-landscaped and well-maintained. Tot lots for young children will be located on site, with the expectation that the newly revitalized Ryan Park will provide outdoor play areas for older children. Efforts will be made to preserve existing healthy, mature trees on the current Washington Village site.

Ground level residential units will have front stoops to allow ready access to the outdoors. Private fenced-in gardens will be provided where possible between the public sidewalk and the building.

Proposed upgrades to Ryan Park itself include community gardens, a basketball court, sitting areas, a picnic and grill area, and age-appropriate play facilities for children. (See Chapter V, *Neighborhood Strategy #4*) These upgrades as well as

an increase in the number of residents living near the park should make this a much more popular and heavily used amenity that will feel safer with its use.

Housing Strategy #5: Create a new and inviting residential community that is an asset to the South Norwalk neighborhood and provides a safe environment for all families.

The vision for the new housing development is one of a bold transformation that acknowledges and builds on the success of the City’s vision of the future for South Norwalk. The broader South Norwalk community has undergone much change and development in the last several decades and the proposed redevelopment plan will complement what is already underway.

The focus of the proposed plan is a major new public space, a “Village Square” – at the intersection of Raymond and Day Streets. With an upgraded and enhanced Ryan Park providing a more inviting and thoughtfully programmed set of recreational activities at the southwest corner of the “Village Square,” the other three corners will provide intimate, comfortable but active urban plazas that engage one another across the lightly travelled neighborhood streets.

The plan lays the groundwork for the creation of a walkable district, with easy access to the train and buses, retail activity along South Main and Washington Streets, educational opportunities at the Maritime Museum, and future access to development along the waterfront to the east of Water Street.

Defensible Space

The design of the new residential development will help in important ways to decrease the threats to public safety that currently plague Washington Village and its immediate surroundings. The existing superblock configuration and densely packed buildings create dangerous areas on the interior of the site – out of view of passing cars and police vehicles. In response, the proposed plan adds a new through street between Raymond and Water that allows all new buildings to front on an active, public street. This will provide “eyes on the street” for all pedestrian and vehicular traffic, discouraging non-residents from inappropriate activity on site. Building and unit entries will be well-lit and security cameras will be strategically placed around the site to discourage illegal activities. New sidewalks and street lighting will encourage pedestrian activity and safe passage during the day as well as at night. In addition, the new community center has been strategically located to overlook Ryan Park, which will be redesigned to support healthy activities for residents of all ages, with a water feature, age-appropriate playgrounds, and adult sitting and gathering areas.

Environmental Studies

No environmental assessments have been undertaken to date on the Washington Village site (with the exception of asbestos and lead-based paint studies within the units and buildings). The City-owned parcels have been cleaned to commercial standards but more due diligence is required prior to NHA securing site control.

Housing Strategy #6: Employ ‘green’ design standards to ensure the new development is energy-efficient and promotes the health and wellness of its residents.

The new development will comply with or exceed a variety of green sustainable design standards and will include design features that promote the personal health and wellness of all households. These green standards are now viewed as fundamental to good design practice, from an environmental, sustainability, and healthy homes perspective. *See Appendix IV-3. Green and Energy-efficient Design Standards for detailed descriptions of the ‘green’ improvements and checklists of proposed criteria.*

Enterprise Green Communities Criteria (EGCC)

The new development will comply with all mandatory elements of the Enterprise Green Communities Criteria (EGCC) Standards 2011 and will be certifiable at a minimum “Silver” level and Energy Star II level. EGCC 2011 increases the efficiency of the building envelopes and systems, includes Energy Star for Homes certification, reduces greenhouse gas emissions through decreased need for fossil fuels, and promotes healthy living environments through the use of healthy interior materials (e.g., low- and no-VOC paints and adhesives, green label carpeting, formaldehyde-free products, etc.), integrated pest control, and adequate ventilation planning. The redevelopment team has extensive experience working together to build high quality, energy efficient housing in the New England region. ICON and Trinity have received numerous awards for their mixed-income LEED certified housing developments.

See Appendix IV-3 for a completed 2011 Green Communities Criteria Checklist and a discussion of how the new development will meet the mandatory and optional criteria.

LEED ND Certification

ICON architecture has registered for the LEED Neighborhood Development program and the current design reflects the criteria outlined in this standard. *See Appendix IV-3 for a description and checklist of LEED-ND criteria.*

Housing Strategy #7: Maximize the number of units and public areas that are visitable by and accessible to persons with physical disabilities and other challenges.

Meeting the needs of persons with disabilities, whether existing Washington Village residents or others in the Norwalk community, is an important priority. There are currently seven accessible units at the development, of which three are occupied by residents in wheelchairs. Per Connecticut State law (Conn. Gen. Stat. Sec. 29-271), a total of 10% of the new units must be fully accessible, which exceeds the federal 5% requirement. These units will be provided in each bedroom size and in all buildings.

All accessible units will be designed to have adequate space for a wheelchair to turn around (an unobstructed radius of 60 inches); light switches and other controls at accessible heights; adequate hallway widths for wheelchair accessibility to all rooms; bathrooms with appropriately located grab bars and room for wheelchair maneuverability; lowered cabinetry; no-step entrances; and a reserved handicapped parking space close to the entry. In addition to the 28 fully-accessible units, at least 2% of the total units will be accessible for persons with vision and hearing impairments. Finally, all public and common areas in the new development, such as the management office, computer center, community room, and social services offices will also be fully accessible. Universal design principles will be followed to ensure the greatest degree of mobility and community participation by everyone, including persons with varying degrees of disability as well as those carrying groceries, pushing strollers, and riding bikes. All new dwelling units that are not fully accessible will be both adaptable and visitable to the fullest degree possible.

Adaptable Units

All 265 units in the elevator buildings (all buildings with the exception of Building A) will be adaptable. Adaptability features include blocking in walls for future grab bar installation, door widths and passages at least 32 inches wide, adjustable kitchen counters and cabinets, and low-voltage wiring to allow for the installation of doorbells and smoke alarms for persons with vision or hearing impairments. These adaptability features will accommodate persons with varying degrees of disability.

Visitability.

The goal is to maximize the number of units that are visitable while also addressing the need to raise the first floor of all buildings 2-3 feet to be above the flood plain level. It is anticipated that 100% of the rental units will be visitable. All units in the elevator buildings will be visitable, and all of the townhouses will have one accessible entrance at grade with an accessible route leading to it. Visitability features will include at least one no-step entrance; doorways with at least 32 inches of clear passage space; and lever hardware on ground floor doors. Visitable units, like the adaptable units, will be available across all bedroom sizes.

Accessible Playgrounds and Pathways

The residential redevelopment plan will incorporate universal design specifications so that children as well as adults with physical, sensory, or developmental disabilities can effectively use the outdoor areas at each building. These include accessible open spaces, tot lots, and pathways/bike paths that connect the buildings to the surrounding community. Age-appropriate equipment will be provided and designed unobtrusively so that children of all ages and abilities can explore and challenge their capabilities without the appearance that the equipment was designed to cater to any specific group. Design considerations will include surface materials, type of equipment, clearances, circulation around and egress from equipment (including gates and fencing enclosures), slope gradients, type of landscaping,

and accessible parking. Playgrounds, tot lots and open spaces will provide accessible seating adjacent to play areas for family members and caregivers.

E. Appropriateness of Preferred Plan

The preferred plan for the redevelopment of Washington Village has evolved during the planning process in response to program goals, the availability of land, and density studies. NHA made an early decision to replace all 136 public housing units in the South Norwalk neighborhood because of its prime location in a Transit-oriented Development (TOD) district and easy access to amenities, as well as the difficulty and expense of acquiring developable parcels of land in other parts of Norwalk.

The availability of City-owned land adjacent to the Washington Village site furthered interest in focusing redevelopment in the targeted South Norwalk neighborhood. Potential development parcels included the 4.78 acres at Washington Village, 1.32 acres at 20 Day Street, and 0.45 acres at 13 Day Street (the latter two sites owned by the City). The focus of the public planning process on the redevelopment of Washington Village piqued the interest of local private developers who have long been eyeing residential opportunities in South Norwalk where land values are estimated at over \$1.5 million per acre. As a result, a well known local developer (Spinnaker) has option agreements on parcels at 17 and 19 Day Street and intends to build new housing directly across the street from the proposed Building B at 20 Day Street. Spinnaker is also developing 20 North Water Street along the riverfront. In addition, knowing there is strong developer interest for property in the area, the owners of the vacant health center and surrounding land between Water Street and the back of 20 Day Street (121-123 Water Street) have put this property on the market with an understanding that the highest and best use is for multi-family residential. Clearly, the proposed redevelopment of Washington Village has already increased private developer interest in the area and is driving up the value of the surrounding real estate.

Prior to procuring a developer to work with the community on the housing component, NHA procured DHK Architects to explore zoning issues and prepare density studies. The rezoning of the TOD area was ongoing during 2012 after the City approved the South Norwalk TOD Strategy Final Report dated October 2011. The density studies were useful in testing the impact of different densities on building massing and parking needs. The current Washington Village has a density of 29 units per acre, and DHK prepared preliminary concept drawings for three density levels – 30, 45 and 60 units per acre. These studies resulted in multiple apartment buildings with five stories, the maximum height permitted under zoning. At the same time, developers responding to NHA’s Master Developer RFQ proposed their ‘vision’ for the new mixed-income development, which included up to five-story apartment buildings. The NHA Board felt strongly that the new development, since it serves public housing families with children, should not include five-story buildings and, to the greatest extent possible, wanted families with children to have direct entries to their unit

without having to use elevators. As a result, the program, originally targeted at 340 units, was scaled back to 273 units that results in a density of 42 units per acre, more in keeping with the scale of new multi-family in the area.

Another key program goal was to provide much-needed workforce housing in a market that is unaffordable to most Norwalk households and to include market rate units to ensure that at least 50% of the units in the new development served working households with incomes over 50% of Area Median Income. This mixing of incomes, along with the City's requirement that any new private development in South Norwalk must include at least 10% affordable units, further ensures that the neighborhood will remain affordable over the long-term.

The resulting preferred plan addresses the key goals identified by the community: one-for-one replacement of deeply subsidized public housing units, in a mixed-income community that includes as many non-public housing units for working families, on publicly controlled land, in buildings ranging no more than four stories in height, with larger families (those in three- and four-bedroom units) having direct unit entries with street addresses and front stoops.

Technical studies on parking needs and infrastructure improvements are underway to confirm that the preferred plan meets the new zoning requirements and addresses the flood plain issues and severe flooding along Water Street. Superstorm Sandy in early November 2012 resulted in 5-15" of water in the first floor units at Washington Village, reinforcing the urgency of replacing these critical units above the flood plain and minimizing disruption and damage from future storm events.

F. Phasing and Relocation

The redevelopment plan currently calls for three phases of development, starting with the City-owned vacant land at 13 and 20 Day Street. This currently vacant land allows for a phasing strategy that minimizes the off-site relocation of current Washington Village residents. Enough new public housing (40 units) can be created in Phase 1 to accommodate a portion of the Washington Village residents, allowing them to move to new housing before any demolition on the existing site is required. The specific phasing plan follows:

Phase 1 – Construct Buildings A and B, for a total unit count of 81 units, of which 40 will be public housing replacement units.

Phase 2 – Construct Buildings C and D, for a total of 83 units, of which 41 will be public housing replacement units. This phase also includes the construction of the new street between Day and Water Street.

Phase 3 – Construct Buildings E, F and G, for a total of 109 units, of which 55 will be public housing replacement units.

Table IV-8. Income Mixing by Phase

Phase	# Public Housing Units	% Public Housing Units	# LIHTC Only Units	% LIHTC Only Units	# Market-Rate Units	% Market-Rate Units	Total
1	40	49%	18	23%	23	28%	81
2	41	50%	21	25%	21	25%	83
3	55	50%	28	26%	26	24%	109
Total	136	50%	67	25%	70	25%	273

Phasing is a function of both physical constraints and financing issues. Phases 1 and 2 will each be funded with 9% LIHTC allocations and the final phase will include one 9% allocation and a 4%/bond transaction. Based on previous experience with the CT Housing Finance Authority (CHFA), Trinity has sized each phase to reflect the typical allocation awarded per project on an annual basis. See Table IV-9 for a preliminary development schedule.

G. Financing Plan

The preliminary Total Development Cost for the residential component is approximately \$85 million. This does not include the reconstruction of infrastructure including public streets, sidewalks, lighting and utilities. The construction estimates and projected sources of funds are based on Trinity's current development experience in nearby Stamford and New Haven on similar projects. The preliminary development costs are summarized below. See *Appendix IV-3 for detailed development and operating proformas.*

Table IV-10. Preliminary Development Costs

Demolition (WV site and buildings)	\$1,600,000
Parking	\$4,236,000
Construction	\$53,126,625
Construction Inflation and Contingency	\$8,991,800
Soft Costs (A&E, market study, surveys, etc.)	\$8,360,960
Reserves (Lease-up/Operating/Affordability)	\$2,129,400
Developer Fee, etc.	\$6,868,385
Total Development Cost	\$85,313,170

Preliminary financing assumptions include conventional first mortgage (\$16 million), DECD CHAMP (State) funds of \$5 million, private equity of approximately \$45 million (assuming approximately \$4.4 million of 9% LIHTCs), and City funds (including public infrastructure and Ryan Park improvements). Other potential sources include State Urban Development Action Grant funds, Choice Neighborhoods grant funding, Federal Home Loan Bank AHP funds, project-basing deeply subsidized units, etc. All sources are currently being explored at the local and state level.

Table IV-9. Preliminary Development Schedule

<i>Preliminary Development Schedule</i>	
Revitalization Activity	Estimated Date
Developer Procured	June 12, 2012
Submit Draft Transformation Plan to HUD	December 28, 2012
Begin Approval Process with Planning & Zoning Commission	January 2013
Begin City-Owned Land Disposition Process with Common Council (Public Hearing before the Planning Committee)	February 2013
Common Council Vote on Transformation Plan & Land Disposition	March 2013
Planning & Zoning Commission Vote	March 2013
Submit Final Transformation Plan to HUD	March 28, 2013
Continue with Predevelopment Activities (including funding applications)	March-Oct 2013
<i>Phase 1 - City Owned Parcels (81 Units)</i>	
Submit Application to CHFA/DECD for LIHTC & other financing	October 1, 2013
Receive Committed CHFA/DECD awards	January 1, 2014
Submit MF Dev Proposal/Term Sheet to HUD	January 15, 2014
Submit Evidentiaries to HUD	February 1, 2014
MF Closing	May 15, 2014
Construction Start	May 15, 2014
Construction Completion	July 15, 2015
Lease-Up Complete	December 1, 2015
<i>Phase 2 - First half of WV Site (83 Units)</i>	
Submit Application to CHFA/DECD for LIHTC & other financing	October 1, 2014
Receive Committed CHFA/DECD awards	January 1, 2015
Submit MF Dev Proposal/Term Sheet to HUD	January 15, 2015
Submit Evidentiaries to HUD	February 1, 2015
MF Closing	May 15, 2015
Begin Demolition	June 1, 2015
Demolition Completion	December 1, 2015
Construction Start	October 1, 2015
Construction Completion	December 1, 2016
Lease-Up Complete	May 1, 2017
<i>Phase 3 - Second half of WV Site (109 Units)</i>	
Submit Application to CHFA/DECD for LIHTC & other financing	October 1, 2015
Receive Committed CHFA/DECD awards	January 1, 2016
Submit MF Dev Proposal/Term Sheet to HUD	January 15, 2016
Submit Evidentiaries to HUD	February 1, 2016
MF Closing	May 15, 2016
Begin Demolition	December 15, 2016
Demolition Completion	June 15, 2017
Construction Start	February 15, 2017
Construction Completion	May 15, 2018
Lease-Up Complete	October 15, 2018

H. Housing Implementation

The development of the housing program requires an experienced mixed-finance developer and manager of mixed-income urban properties. The developer will partner with NHA and the City throughout the entire development process, from financing to zoning and permitting to coordination of other public and private improvements abutting the new development. The relevant experience and proposed roles and responsibilities of Trinity Financial, the developer, are highlighted below.

Housing Implementation Lead

NHA procured Trinity Financial in accordance with 24 CFR 85.36, 24 CFR 941.602(d), and all relevant state procurement regulations, through a competitive process which attracted six regional and national developers. NHA and Trinity have executed a Memorandum of Agreement that outlines expectations, roles and responsibilities for the redevelopment of Washington Village.

Trinity Financial, Inc. (“Trinity”) is a Boston-based full-service real estate development firm dedicated to the acquisition, development, construction and management of multi-family and mixed-use properties in urban locations throughout the Northeast. Founded in 1987 by James Keefe and Patrick Lee, Trinity has established itself as preeminent in the development of complicated mixed-finance transactions utilizing private and public sources of capital. The company has organized more than 50 limited partnerships, through which it has completed or is currently developing over \$1.95 billion in a wide range of real estate projects, including over 6,800 units of housing and 439,000 square feet of commercial and retail space.

Trinity specializes in developing real estate that helps create thriving urban neighborhoods by improving commercial districts and mixed-use residential communities. The company has established a reputation for delivering complex projects with multiple funding sources within budget and on schedule. In each of its projects, Trinity has established productive relationships with the residents and their leadership, community stakeholders, the local housing authority and the city, and, equally important, with HUD.

Within the last few years Trinity has completed the 396 unit Maverick Gardens HOPE VI in 2006 (Boston), the 299 unit Newport Heights HOPE VI in 2007 (Newport, RI), the 266 unit Franklin Hill Mixed Finance Transaction in 2009 (Boston), and the 206 unit Washington Beech HOPE VI in 2011 (Boston). All of these projects came in on or ahead of schedule and under budget. Trinity is currently getting ready to close on two rental phases for the 2010 Taunton (MA) HOPE VI project which includes 160 units on two sites. These projects have robust resident service programs which include job training assistance and community building components. All of Trinity’s projects are built to be environmentally friendly, and Maverick Gardens HOPE VI and Washington Beech HOPE VI have been LEED certified.

Trinity also has a wide range of experience developing large-scale projects that provide a mix of housing options as well as a mix of uses. In 2001 Trinity completed a project near Northeastern University in Boston that contained a mix of student housing, homeownership housing, and retail space. In 2009, Trinity worked with the community of Lowell, Massachusetts to develop a master plan for 15 acres of vacant and underutilized land known as the Hamilton Canal District. This plan has received all major approvals necessary for development, and the first phase completed construction in 2011.

Section 3 Experience

Trinity has an excellent track record of providing Section 3 employment and contracting opportunities at each of its seven HOPE VI/Mixed Finance redevelopments. Trinity has worked hard with its general contractors and its property management staff to put strong Section 3 hiring provisions in place and to hold them accountable for meeting or exceeding those goals. The Section 3 effort is focused on the recruitment, contracting, and hiring of workers and businesses for construction and property management because these areas offer the best opportunity for significant and effective results even on projects where union labor is required. Some highlights of Trinity's accomplishments include:

- At the Washington Beech (Boston) HOPE VI, Section 3 employees worked 40% of the total hours.
- At the Quinnipiac Terrace (New Haven) HOPE VI, Trinity and Dimeo Construction achieved 34.4% Section 3 hiring, significantly exceeding the Phase 1 Section 3 goal of 10%. Subsequent phases also exceeded 30% Section 3 hiring.
- At Franklin Hill (Boston) Phase One, Section 3 employees worked 36% of the total hours and earned a total \$1.05 million in wages. On Phase Two, Section 3 employees worked 41% of the total hours.
- At the Maverick Landing (Boston) HOPE VI, Section 3 employees worked 25% of the total hours.

On each of these projects, lasting results were achieved with a number of public housing residents who took advantage of the Section 3 opportunity and now are members of various building trade unions, continuing to work with their sub-contractors at other construction projects throughout the region.

For a more detailed description of Trinity's relevant development and Section 3 experience, see *Appendix IV-5. Trinity Financial Experience.*

Role of the Housing Developer

Throughout the redevelopment of Washington Village, Trinity Financial will work closely with NHA staff, the residents, NHA's consultants, and the City of Norwalk and its consultants, and will be responsible for ensuring that the final Transformation Plan is financed and implemented. It is Trinity's responsibility to ensure that the new public housing units are indistinguishable from those

targeted to other income groups, and that the new buildings are integrated into the fabric of the existing neighborhood. The developer's general scope of work during the development process includes the following tasks:

- Oversee and implement the housing components of the plan.
- Hire and manage consultants and contractors necessary to implement the project.
- Maintain communication regarding project progress with NHA, the City, and HUD.
- Develop and maintain quality control measures to ensure the redevelopment components are constructed and managed with the highest quality materials and workmanship.
- Develop and maintain a detailed development schedule and critical path schedule to ensure timely completion.
- Foster resident involvement including providing job opportunities for residents during and after implementation.
- Be responsive to local community, neighborhood, and City interests.
- Comply with all applicable federal, state and local laws, rules and regulations applying to the activities, as required by the Development Agreement.
- Develop a strategy for fostering Section 3 employment, training and contracting opportunities throughout the redevelopment process.

For a more detailed description of the developer's scope of services, see *Appendix IV-6. Role of Master Developer*.

Measuring Progress of the Housing Strategy

The housing redevelopment will be phased over a multi-year period. A detailed development schedule will be prepared in the pre-development stage that will be closely monitored to ensure timely completion. In addition to meeting the schedule, NHA will also track critical program outcomes for housing, as outlined below.

Table IV-11. HOUSING Outcomes		
<i>Proposed Outcomes and Metrics</i>	<i>Baseline Condition</i>	<i>Completion Goal</i>
Outcome 1: Housing is high quality, energy efficient, and financially sustainable		
Associated Strategies: Housing #6		
% units that meet satisfactory REAC score	NHA	100%
# energy-efficient units that use less energy per unit or per square foot than some comparable group of properties	0	100%
Housing development vacancy rate	NHA	0%
Housing development turnover rate by unit type	NHA	TBD
Outcome 2: Units are accessible and visitable		
Associated Strategies: Housing #7		
# of ADA accessible units in development	0	10%
# of visitable units in the development	0	100%
# of adaptable units in the development	0	100%
Outcome 3: Housing supports income diversity		
Associated Strategies: Housing #2		
# units by rent range (VLI, workforce, market rate)	NHA	TBD
% of households at VLI, low income, moderate income, high-moderate income, high income, and very high income	NHA	TBD

ADDENDUM B
ENGAGEMENT LETTER

CB Richard Ellis – N.E. Partners, LP
185 Asylum Street, 31st Floor
Hartford, CT 06103

December 6, 2012

Diane F. Mazzatto
Commercial Real Estate Appraiser

Ms. Gayle Epp
Partner
EJP Consulting Group, LLC
7 Greenough Avenue
Jamaica Plain, Massachusetts 02130
Phone: 617.477.9319
Fax: 866.584.1256
Email: epp@ejpconsultinggroup.com

RE: Assignment Agreement
Market Study Report
Washington Village/South Norwalk
Norwalk, Connecticut

Dear Lewis:

We are pleased to submit this proposal and our Terms and Conditions for the market study involving the referenced real estate.

PROPOSAL SPECIFICATIONS

Purpose:	To provide a Market Study Report*
Premise:	Upon completion of the proposed development
Intended Use:	For submission to the State of Connecticut Department of Economic and Community Development to assist with securing development grant(s) and related financing options.
Scope of Work:	See description of scope below.
Report Type:	Summary
Appraisal/Market Study Standards:	USPAP/DECD
Assignment Fee:	\$8,000
Report Copies (Fees):	CBRE is committed to becoming carbon neutral by 2010. You may join us in achieving this goal by accepting an electronic copy of the report in Adobe PDF format. Three (3) bound final copy will be provided upon request. Current charges apply for additional copies (see Terms and Conditions.)
Expenses:	Fee includes associated expenses
Retainer:	A 50% retainer (\$4,000) is required for this assignment.
Payment Terms:	Final payment is due and payable upon delivery of the electronic copy of the final report or within thirty (30) days of your receipt of our draft report, whichever is sooner. If a draft report is requested, the fee is considered earned upon delivery of our draft report.
Delivery Date:	Delivery of the market study report(s) will be completed according to the following Delivery Schedule.

Delivery Schedule:	
Draft Report:	On or prior to January 28, 2013.
Final Report:	Upon request
Start Date:	The market study process will start upon receipt of your signed agreement and the property specific data.
Acceptance Date:	These specifications are subject to modification if this proposal is not accepted by December 11, 2012.

***SCOPE OF WORK**

The scope of work identified for this assignment includes the following steps:

Extent to Which the Property is Identified

CBRE will collect the relevant physical characteristics about each subject property via a review of site plans and building plans provided by the client, as well as through additional information provided by the client. The physical property will be legally identified through its postal address, assessor's records, and the provided legal description. Economic characteristics of the each subject will be identified via an analysis of information provided by the client and market derived information.

Extent to Which the Property is Inspected

CBRE will conduct a physical inspection of the exterior of the subject property, as well as its surrounding environs on the effective date of the market study.

Type and Extent of the Data Researched

CBRE will review rent comparable properties via the market study process. Interviews with regional and/or local market participants will be conducted. Available published data and other various resources will be referenced.

Type and Extent of Analysis Applied

CBRE will analyze the data gathered through the use of appropriate and accepted methodology to provide a market rent appraisal of the subject units in upon completion. Absorption rates will also be discussed and reported. A summary report will be provided based on the scope of this assignment.

TERMS AND CONDITIONS

The attached Terms and Conditions and Specific Property Data Request are deemed a part of this agreement as though set forth in full herein.

We appreciate this opportunity to be of service to you on this assignment. If you have additional questions, please contact us.

Sincerely,

**CB RICHARD ELLIS – N.E. PARTNERS,
LP**
Valuation & Advisory Services

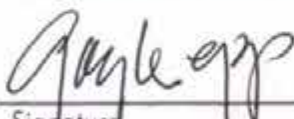


Diane F. Mazzatto
Commercial Real Estate Appraiser
CT Certified General Real Estate Appraiser #995
(expires April 30, 2013)

Phone: (860) 987-4767
Fax: (860) 987-4770

AGREED AND ACCEPTED

FOR EJP CONSULTING GROUP, LLC:



Signature

Gayle Epp

Name

617.477.9319

Phone Number

epp@ejpconsultinggroup.com

E-Mail Address

December 10, 2012

Date

Partner

Title

866.584.1256

Fax Number

TERMS AND CONDITIONS

1. These Terms and Conditions, between CB Richard Ellis – N.E. Partners, LP- Market Study Services (Market Analyst) and the Client for whom the referenced market study service will be performed, shall be deemed a part of such Agreement as though set forth in full therein. The Agreement shall be governed by the laws of the state of the CB Richard Ellis – N.E. Partners, LP office shown on the Agreement.
2. Client is defined as the party signing the Agreement and shall be responsible for payment of the fees stipulated in the Agreement. Payment of the assignment fee is not contingent upon any predetermined conclusion or on an action or event resulting from the analyses, opinions, conclusions, or use of the market study report.
3. Final payment is due and payable upon delivery of the final report or within thirty (30) days of your receipt of our draft report, whichever is sooner. If a draft report is requested, the fee is considered earned upon delivery of our draft report.
4. If we are requested to give court testimony, an additional fee will be charged on an hourly basis at our then-prevailing hourly rate. The hourly billings pertain to court preparation, waiting and travel time, document review and preparation (excludes market study report) and all meetings related to court testimony.
5. In the event Client requests additional services beyond the purpose stated in the Agreement, Client agrees to pay an additional charge for such services, plus reimbursement of expenses, whether or not the completed report has been delivered to Client at the time of the request.
6. It is understood that the Client has the right to cancel this assignment at any time prior to delivery of the completed report. In such event, the Client is obligated only for the pro rated share of the fee based upon the work completed and expenses incurred, with a minimum charge of \$500.
7. Additional copies of the market study reports are available at a cost of \$250 per original color copy and \$100 per photocopy (black and white), plus shipping cost of \$30 per report.
8. In the event Client fails to make payments when due and payable, then from the date due and payable until paid the amount due and payable, shall bear interest at the maximum rate permitted in the state in which the office of Market Analyst executing the Agreement is located. If Market Analyst is required to institute legal action against Client relating to the Agreement, Market Analyst shall be entitled to recover reasonable attorney's fees and costs from Client.
9. Market Analyst assumes that there are no major or significant items that would require the expertise of a professional building contractor or engineer. If such items need to be considered in Market Analyst's studies, such services are to be provided by others at a cost which is not a part of the fee proposal.
10. In the event of any dispute between Client and Market Analyst relating to this Agreement, or Market Analyst's or Client's performance hereunder, Market Analyst and Client agree that such dispute shall be resolved by means of binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrator(s) may be entered in any court of competent jurisdiction. Depositions may be taken and other discovery obtained during such arbitration proceedings to the same extent as authorized in civil judicial proceedings in the state where the office of Market Analyst executing this Agreement is located. The arbitrator(s) shall be limited to awarding compensatory damages and shall have no authority to award punitive, exemplary or similar type damages. The prevailing party in the arbitration proceeding shall be entitled to recover from the losing party its expenses, including the costs of arbitration proceeding, and reasonable attorney's fees.
11. Client acknowledges that Market Analyst is being retained hereunder as an independent contractor to perform the services described herein and nothing in this Agreement shall be deemed to create any other relationship between Client and Market Analyst. This assignment shall be deemed concluded and the services hereunder completed upon delivery to Client of the market study report discussed herein.
12. All statements of fact in the report which are used as the basis of the Market Analyst's analyses, opinions, and conclusions will be true and correct to the best of the Market Analyst's knowledge and belief. The Market Analyst may rely upon the accuracy of information and material furnished to Market Analyst by Client.
13. Market Analyst shall have no responsibility for legal matters, questions of survey or title, soil or subsoil conditions, engineering, or other similar technical matters. The report will not constitute a survey of the property analyzed.
14. Client shall provide Market Analyst with such materials with respect to the Assignment as are requested by Market Analyst and in the possession or under the control of Client. Client shall provide Market Analyst with sufficient access to the real property to be analyzed and hereby grants permission for entry, unless discussed in advance to the contrary.
15. The data gathered in the course of the Assignment (except data furnished by Client) and the report prepared pursuant to the Agreement are, and will remain, the property of Market Analyst. With respect to data provided by Client, Market

Analyst shall not violate the confidential nature of the appraiser-client relationship by improperly disclosing any confidential information furnished to Market Analyst. Notwithstanding the foregoing, Market Analyst is authorized by Client to disclose all or any portion of the report and the related data to appropriate representatives of the Appraisal Institute if such disclosure is required to enable Market Analyst to comply with the Bylaws and Regulations of such Institute as now or hereafter in effect.

16. Unless specifically noted in the market study, we will not be taking into consideration the possibility of the existence of asbestos, PCB transformers, or other toxic, hazardous, or contaminated substances and/or underground storage tanks (hazardous material), or the cost of encapsulation or removal thereof. Further, Market Analyst understands that there is no major or significant deferred maintenance in the property which would require the expertise of a professional cost estimator or contractor. If such repairs are needed, the estimates are to be prepared by others, and are not a part of this fee proposal.
17. Client shall not indemnify Market Analyst or hold Market Analyst harmless unless and only to the extent that the Client misrepresents, distorts, or provides incomplete or inaccurate market study results to others, which acts of the Client approximately result in damage to Market Analyst. Notwithstanding the foregoing, Market Analyst shall have no obligation under this Section with respect to any loss that is caused solely by the active negligence or willful misconduct of a Client and is not contributed to by any act or omission (including any failure to perform any duty imposed by law) by Market Analyst. Client shall indemnify and hold Market Analyst harmless from any claims, expenses, judgments or other items or costs arising as a result of the Client's failure or the failure of any of the Client's agents to provide a complete copy of the market study report to any third party. In the event of any litigation between the parties, the prevailing party to such litigation shall be entitled to recover, from the other, reasonable attorney fees and costs.
18. Please note that Market Analyst's consent to allow the market study report or portions of the report, to become part of or be referenced in, any offering or other material intended for the review of others, or to be submitted to others, will be at Market Analyst's reasonable discretion and, if given, will be on condition that Market Analyst will be provided with an Indemnification Agreement and/or Non-Reliance letter, in a form and content satisfactory to Market Analyst, by a party satisfactory to Market Analyst. Market Analyst does consent to Client submission of the complete final report to rating agencies, loan participants or your auditors without the need to provide us with an Indemnification Agreement and/or Non-Reliance letter.

SPECIFIC PROPERTY DATA REQUEST

In order to complete this assignment in the timely manner requested, CB Richard Ellis – N.E. Partners, LP, Valuation & Advisory Services, will require the following specific information for each property:

1. Survey/Site Plans
2. Building plans and elevation plans
3. Proposed unit mix (including number of bedrooms, bathrooms, and SF of each unit)
4. Proposed rental rates (market and restricted)
5. Income/age restriction details
6. Unit and complex amenities
7. Unit finishes and appliances
8. Legal Description (including restrictions and easements)
9. Any other information that might be helpful in the completion of the market study.

If any of the requested data and information is not available, CB Richard Ellis – N.E. Partners, LP, reserves the right to extend the delivery date by the amount of time it takes to receive the requested information or make other arrangements. Please have the requested information delivered to the following:

Diane F. Mozzatto
Commercial Real Estate Appraiser
CB Richard Ellis – N.E. Partners, LP
Valuation & Advisory Services
CityPlace I, 185 Asylum Street, 31st Floor
Hartford, CT 06103
Phone: 860.987.4767
Fax 860.987.4770
Email: dmazzatto@cbre-ne.com

ADDENDUM C
QUALIFICATIONS
QUALIFICATIONS

DEBORAH PRESTON LIPMAN

Senior Real Estate Analyst

CBRE, Inc.
One Penn Plaza, Suite 1835
New York, New York 10119
(212) 715-5725
(212) 207-6169
Deborah.prestonlipman@cbre.com

EDUCATION

Master of Business Administration, Marketing, American University, Washington, DC
Bachelor of Arts, English Literature, George Washington University, Washington, DC

LICENSING/CERTIFICATION

Certified General Real Estate Appraiser: State of Connecticut License #0001275
Certified General Real Estate Appraiser: State of New York #46000049791
Certified Real Estate General Appraiser: State of New Jersey #RG 02317

PROFESSIONAL

Associate Member – Appraisal Institute

APPRAISAL EXPERIENCE

Ten years of Real Estate Appraisal Consulting experience specializing in the New York metropolitan area, including New York, New Jersey, Connecticut, Delaware, Massachusetts and Pennsylvania. Properties include retail, office, residential, hotels.

2003 - Present
1997-1999

CB Richard Ellis, Inc.
CB Richard Ellis, Inc.

New York, New York
New York, New York

STATE OF CONNECTICUT
DEPARTMENT OF CONSUMER PROTECTION
 165 Capitol Avenue ♦ Hartford Connecticut 06106

Attached is your license. Such license shall be shown to any properly interested person on request. Questions regarding this license can be emailed to the Real Estate Unit at dcp.realestate@ct.gov.

Visit our website to verify licensure and download applications at www.ct.gov/dcp.

DEBORAH P LIPMAN
 11 ADMIRAL LN
 NORWALK, CT 06851-1425

STATE OF CONNECTICUT
 DEPARTMENT OF CONSUMER PROTECTION

CERTIFIED GENERAL REAL ESTATE APPRAISER
 DEBORAH P LIPMAN
 11 ADMIRAL LN
 NORWALK, CT 06851-1425

LIC. / REG NO.	EFFECTIVE	EXPIRES
RCG.0001275	05/01/2012	04/30/2013

SIGNED

STATE OF CONNECTICUT ♦ DEPARTMENT OF CONSUMER PROTECTION

Be it known that

DEBORAH P LIPMAN
 11 ADMIRAL LN
 NORWALK, CT 06851-1425

has been certified by the Department of Consumer Protection as a licensed

CERTIFIED GENERAL REAL ESTATE APPRAISER

License # RCG.0001275

Effective: 05/01/2012

Expiration: 04/30/2013


 William M. Rubenstein, Commissioner

QUALIFICATIONS OF

HELENE JACOBSON, MAI
Managing Director

CBRE, Inc.
One Penn Plaza, Suite 1835
New York, New York 10119
(212) 207-6106

EDUCATION

Master of Science in Real Estate: Valuation and Analysis, New York University New York, NY
Bachelor of Business Administration - Finance, George Washington University Washington, D.C.

Appraisal Institute Course work at NYU Masters Program fulfills all requirements for Appraisal Institute courses.

Standards of Professional Practice A & B.

LICENSES/CERTIFICATIONS

Certified Real Estate General Appraiser: State of New York State (#46000026005)
Certified Real Estate General Appraiser: State of New Jersey (RG 01924)
General Appraiser: Pennsylvania (GA-001790-R)
Certified General Real Estate Appraiser: Connecticut (RCG.0001334)

PROFESSIONAL

Appraisal Institute

Designated Member (MAI), Certificate No. 11050

EMPLOYMENT EXPERIENCE

20 years of Real Estate appraisal and Consulting experience throughout the Northeast region.

1992 - Present	CBRE, Inc.	New York, New York
1989-1991	Office of Thrift Supervision	Bowie, Maryland

Assignments include full and partial interest appraisals of office buildings, commercial lofts, malls, shopping centers, apartments, cooperatives, condominiums, townhouses, industrial facilities, residential and office market studies, portfolio valuations and multi-property assignments.

STATE OF CONNECTICUT ♦ DEPARTMENT OF CONSUMER PROTECTION

Be it known that

HELENE B JACOBSON
82 BRIARWOOD DR E
WARREN, NJ 07059-2727

has been certified by the Department of Consumer Protection as a licensed

CERTIFIED GENERAL REAL ESTATE APPRAISER

License # RCG.0001334

Effective: 05/01/2012

Expiration: 04/30/2013



William M. Rubenstein, Commissioner