

**Project Summary**  
**Maryland Department of Housing and Community Development**  
**Business Lending Programs**

Overview:

Choice Companies, Inc. consists of two separate entities: Choice Stairways, Inc. and Choice Flooring, Inc. They operate independently in two different locations in Prince Frederick, Calvert County. Both companies are owned and operated by Kenneth Cleaver. Mr. Cleaver through his company, Choice Companies, LLC., has executed a lease with the owner of 8800 Lottsford Rd. in Largo, Maryland. He has also applied for a loan from the Neighborhood Business Works Loan Program (NBW) through the State of Maryland. The purpose of the loan is to: 1) fund renovations and construction costs; 2) purchase furniture, fixtures and equipment to support the businesses growth; and 3) provide startup costs, working capital and fund the move to the new Prince George's County location.

**A local government resolution supporting financing by the NBW is required prior to loan closing, hence my submission to the Office of the Deputy Clerk of the Council.**

Borrower Name: Choice Companies, Inc.

Project Name: Choice Companies, Inc.

Website: [www.choicestairways.com](http://www.choicestairways.com)

Principal(s) Name: Kenneth T. Cleaver

Borrower Email: [kcleaver@choicestairways.com](mailto:kcleaver@choicestairways.com)

Project Address: 8800 Lottsford Rd., Largo, MD 20774

County: Prince George's

Sustainable Community: Yes No

Priority Funding Area: Yes No

Opportunity Zone: Yes No

NBW Customer Since: New

Demographics & Mission:

Neighborhood Revitalization: Yes No

Other Ethnic Minority: Yes No

Projected Jobs Created: Yes No - 35 jobs projected

Projected Jobs Sustained: Yes No

Projected Construction Jobs Created: Yes No

Entity Type: Corporation

Type of Business: Manufacturing/Showroom

In business since: 1976

Product/Service: Stairways/Flooring

Total Loan Request: \$2,720,000

Leasehold: Yes No

NBW Classic: \$2,720,000

**Project Summary:**

Choice Companies, Inc. (“Choice Companies”) consists of two separate entities; Choice Stairways Inc., and Choice Flooring Inc., operating independently in two different locations in Prince Frederick, Calvert County. Both businesses will relocate into one large facility located at 8800 Lottsford Ave., Largo, MD 20774, increasing operating efficiencies, utilizing common resources such as Human Resources, Accounting, Customer Service, Shipping, and Warehousing. The Choice Companies’ new location will also be closer to the company’s customer base, as well as Interstate 495.

The loan request of \$2,720,000 will be used to fund renovations, construction, startup costs, working capital, and purchase furniture, fixtures and equipment to support the business growth. The funds will also be used to fund the move from their current facilities to the new location. The companies were established in 1976 and 2005 and have grown significantly during the last decade. As a result of the growth, revenues have increased by over 10% yearly in the last 3 years. The borrower has entered into a lease with 8800 Lottsford, LLC and will occupy the entire building with approximately 102,000 square feet of leasable space.

The Borrower expects to commence operations in the new facility by December 1, 2019. Upon approval of the NBW loan, buildout of the project is expected to begin by October 2019 with buildout and the installation of FF&E completed by November 30, 2019.

**Neighborhood/Economic Revitalization Impact:**

The project’s location is in a Priority Funding Area and in an Opportunity Zone. An article in the City of Largo’s website discussed the establishment of Community Redevelopment Districts (CRDs) to target revitalization in areas of the City that had been vibrant in the past but now lack the necessary tools to redevelop and improve their economic conditions. Some of the development projects discussed in the article include the Amore Apollo apartments complex and the new University of Maryland Regional Medical Center, both located near the subject’s new location. The subject property has been vacant for the past 2-3 years, and with the NBW loan, a vacant property would be converted into a vibrant place of business, adding new jobs and stimulating economic activity in the area.

Choice Companies, Inc. (“Choice Companies”) consists of Choice Stairways Inc., and Choice Floors Inc. These are mature companies with Choice Flooring, Inc. established in 1976 and Choice Stairways, Inc. established in 2005. These separate entities are owned solely by Kenneth T. Cleaver.

In general, Choice Companies, Inc. purchases dimensional lumber, cuts them to size, bore and shape into parts that are eventually used to assemble many types of stairway systems that are used in residential new construction and renovations. The products are also used in commercial applications such as common area stairs or main lobby stairs. The balustrades are also cut to assemble and sometimes pre - finished (i.e., painted or stained) in the factory and used in the same markets. There is also a retail component to their product mix that they call “Smart Stair”. Here, they remove carpeting from basic wood stair substrates and apply appliques to the substrate that becomes a hardwood stair when finished. They apply similar techniques for their flooring as well.

**The Entrepreneur's Story:**

Kenneth Cleaver is a manufacturing professional with 47.5 years of experience in the industry. He began the flooring business from his home with his partner (now deceased) where they learned the installation components of floor covering by installing the products themselves at individuals' homes and small offices, and then started to build a client base. They then established a name for the company "Choice Floors" and bought a storefront showroom warehouse in Clinton, MD.

The company continued to grow and doing the installation themselves was no longer practicable. They contracted the floor installation services to subcontractors while they took on managerial roles in the company. In the late 80's and 90's, they identified a business opportunity in Southern Maryland due to their accelerated growth, so they sold the facility in Clinton and moved to Calvert County.

Around 1995, they built the Chaneyville Road facility where Choice Flooring currently operates. Their client base at the time consisted of mostly local builders that were doing well because of the availability of land and the in-vogue "suburb lifestyle" in that era. The big box companies (such as the Home Depots) had not taken off yet and lumber yards were scarce in the southern region so their clients began to ask if Choice Flooring could supply them with products other than flooring products. Subsequently, they started selling windows, doors moldings and occasionally pre-made railings. Over time the railings became more and more popular and they began to manufacture them in their product line. In no time, builders from all over were requesting their products, including the stairs. At the time, they were not equipped to make the stairs, so they teamed up with "Century Stairs" (a competitor), to help them meet customers' demands by supplying both stairs and railings[HM2]. With passage of time, they were able to equip themselves with the equipment necessary to manufacture stairs as well. The company was still named Choice Floors, Inc. even though they had a stair and railings product line. Their market area was still local southern Maryland but soon expanded north and south. They hired a seasoned stair and railings sales representative that helped to connect them to the larger metro markets.

By 2005 they out grew their space and relocated their stairs and railings business to a 20,000 square foot facility in Prince Frederick and subsequently created "Choice Stairways Inc." It will be recalled that 2005 to 2006 was the height of the real estate boom and their company flourished. When the great recession occurred between 2007 and 2009, builders pulled back and their business declined between 2007 and 2011. As a result, the company made adjustments to their workforce to maintain profitability. The economy eventually started to recover and so did Choice Companies. They added 15,000 square feet on the buildings they currently occupy. The stairs company has had steady growth for many years and is continuing that pattern.

Choice Companies' developed a large customer base. Their customers are mainly builders and construction companies. Some of their top customers include Brookbuilt Homes in Dunkirk, MD; Corey Alan Homes in Farmingdale, NY; Curtis Investments in Camp Springs, MD; Generation Properties in Dunkirk, MD; Newton Development Company in Alexandria, VA; Quality Built Homes, Inc. in Prince Frederick, MD; St. Maries' Builders, LLC. in Great Mills, MD; Hamel Builders in Elkridge, MD; Juniper Construction in Manassas, VA; KBW Construction in Columbia, MD; Marrick Properties, Inc. in Prince Frederick, MD; WM Davis, Inc In Leonardtown, MD; and WSC Construction in Washington, DC. Others include Lennar Builders, Toll Brothers, Inc., Beazer Homes, K Hovnanian Homes, Pulte Group, Gemcraft Homes, and Clark Building Company.

Continuing to operate in their current spaces is no longer practicable due to the company growth and the development of the company's management team. It is in the process of combining resources such as human resources, accounting, sales, customer service, and shipping.

**Management Evaluation:**

Kenneth Cleaver has owned and operated the 2 companies since 1976, spearheaded its success and growth through the great recession, and has significant management, customer service, and sales experience.

Thomas Jones has been with Choice companies since 1985. He has been involved with the management of the company through its fledgling years to become an industry leader. He managed product development, streamlined manufacturing, and oversaw salesforce enterprise implementation resulting in significant business process efficiencies.

Hailey Geans is a dedicated Human Resources Manager with 4 years of experience in Choice Companies. She has implemented policies and procedures that positively impacted employee satisfaction and overall productivity. Ms. Geans has experience improving internal communications and executing corrective actions to ensure the organizations workforce contributes effectively and stays content.