AREAPROBE

February 7, 2020

1440 G Street, NW 8th FL
Washington, DC 20005

Mr. Edward Simms
Community Development Administration
Maryland DHCD
7800 Harkins Road
Lanham, Maryland 20706

Re: 8230 Schultz Road, Clinton Maryland

This letter was written to supplement the senior housing market study for 8230 Schultz Road produced in February of 2019. Since the initial study was conducted, demographic estimates and income restrictions have changed. The proposed 90-unit project for households 62+ earning between 30-80% AMI still remains a viable project based on our updated calculations. The total number of senior households continue to increase in the PMA, the overall project capture rate at max LIHTC rents is 3.7 percent and a penetration rate of 84 percent indicates potential in the marketplace for new supply.

Age-restricted LIHTC properties continue to perform well in the primary market area. From the 10 properties surveyed, there were only 12 vacant units available for rent. This represents an average vacancy rate of 0.8 percent.

Fort Washington Manor was the only age-restricted property offering concessions. Management is offering $400 off the first month's rent for new residents. The Average rent for a one-bedroom unit in the PMA is $1,180 and $1,372 for two-bedroom units. We believe 8230 Schultz Road will reach stabilization in less than 6 months upon completion.

Sincerely,

C.M.Leatham

Curvin Leatham
AreaProbe LLC

Demographic Statistics

Since the initial market study was completed in February of 2019, new demographic estimates were published. The tables below represent projections for the next five years according to ESRI. The population, and household estimates within the PMA for 2019 and 2024 are lower than the ESRI projections for 2018 in 2023. This trend was not observed when we compared figures in the MSA and across the nation.

General Population								
Year	PMA		SMA		MSA		USA	
	Number	% Change	Number	% Change	Number	% Change	Number	% Change
2010	361,184	-	441,998	-	5,636,232	-	308,745,538	-
2019	379,735	5.1%	470,889	6.5%	6,249,043	10.9%	332,417,793	7.7%
2024	392,949	3.5%	488,285	3.7%	6,597,430	5.6%	343,954,683	3.5%

Household Population								
Year	PMA		SMA		MSA		USA	
	Number	% Change	Number	% Change	Number	% Change	Number	% Change
2010	133,394	-	162,336	-	2,094,033	-	116,716,292	-
2019	138,929	4.1%	170,957	5.3%	2,307,945	10.2%	124,110,001	6.3%
2024	143,333	3.2%	176,660	3.3%	2,431,142	5.3%	129,076,036	4.0%

Median Age								
Year	PMA		SMA		MSA		USA	
	Number	% Change	Number	% Change	Number	% Change	Number	% Change
2010	37.6	-	37.6	-	36.1	-	37.1	-
2019	39.2	4.3%	39.1	4.0%	35.6	-1.4%	38.5	3.8%
2024	39.8	1.5%	39.7	1.5%	36.5	2.5%	39.2	1.8%

Household Size								
Year	PMA		SMA		MSA		USA	
	Number	% Change	Number	% Change	Number	% Change	Number	% Change
2010	2.68	-	2.70	-	2.64	-	2.58	-
2019	2.71	1.1%	2.73	1.1%	2.66	0.8%	2.59	0.4%
2024	2.72	0.4%	2.74	0.4%	2.67	0.4%	2.60	0.4%

Housing Unit Summary								
Year	PMA		SMA		MSA		USA	
	Number	% Change	Number	% Change	Number	% Change	Number	% Change
2010	144,642	-	175,324	-	2,235,248	-	131,704,730	-
2019	150,952	4.4%	184,607	5.3%	2,447,123	9.5%	140,954,564	7.0%
2024	155,821	3.2%	190,886	3.4%	2,574,750	5.2%	146,663,592	4.1%

Vacant Housing Units								
Year	PMA		SMA		MSA		USA	
	Number	% Change	Number	% Change	Number	% Change	Number	% Change
2010	11282	-	12,974	-	140,821	-	15,014,339	-
2019	11774	4.4%	13,661	5.3%	139,486	-0.9%	15,786,911	5.1%
2024	12466	5.9%	14,316	4.8%	144,186	3.4%	16,719,649	5.9%

Although the household and general population estimates for the PMA in 2019 and 2024 declined, the total number of households over the age of 55 increased which favors the proposed senior project.

Age Distribution | Households 55+					
	2019		2024		Difference
Age	Number	%	Number	%	
50-54	26,460	19.0%	25,402	17.2%	-1,058
55-59	27,603	19.8%	25,872	17.5%	-1,731
60-64	24,739	17.8%	26,246	17.8%	1,507
65-69	21,453	15.4%	22,611	15.3%	1,158
70-74	16,993	12.2%	18,886	12.8%	1,893
75-79	10,719	7.7%	14,272	9.7%	3,553
80-84	6,163	4.4%	8,211	5.6%	2,048
85+	5,003	3.6%	6,108	4.1%	1,105
Total	139,133	100%	147,608	100%	8,475

2018 Estimate	109,910	2023 Estimate	122,216	2018 v. 2023	12,306

Source: ESRI, February 2020

The rent limitations have changed since the initial market study. Household income for each AMI level has increased.

2019 LIHTC Monthly Rent Restrictions						
Bedrooms	30%	40%	50%	60%	80%	FMR
1 Bedroom	$ 682	$ 910	$ 1,138	$ 1,365	$ 1,821	$ 1,454
2 Bedrooms	$ 819	$ 1,092	$ 1,365	$ 1,638	$ 2,184	$ 1,665
2018 LIHTC Monthly Rent Restrictions						
Bedrooms	30%	40%	50%	60%	80%	FMR
1 Bedroom	$ 659	$ 879	$ 1,099	$ 1,319	$ 1,759	$ 1,561
2 Bedrooms	$ 791	$ 1,055	$ 1,318	$ 1,582	$ 2,110	$ 1,793
Difference						
1 Bedroom	$ 23	$ 31	$ 39	$ 46	$ 62	$ (107)
2 Bedrooms	$ 28	$ 37	$ 47	$ 56	$ 74	$ (128)

Source: HUD, based on gross rents

AMI Rent Limitations					
	30%	40%	50%	60%	80%	140%
1 Person	25,500	34,000	42,500	51,000	68,000	71,400
2 Person	29,130	38,840	48,550	58,260	77,680	81,564
3 Person	32,760	43,680	54,600	65,520	87,360	91,728
4 Person	36,390	48,520	60,650	72,780	97,040	101,892
5 Person	39,330	52,440	65,550	78,660	104,880	110,124
6 Person	42,240	56,320	70,400	84,480	112,640	118,272
7 Person	45,150	60,200	75,250	90,300	120,400	126,420
8 Person	48,060	64,080	80,100	96,120	128,160	134,568
9 Person	50,940	67,920	84,900	101,880	135,840	142,632
10 Person	53,850	71,800	89,750	107,700	143,600	150,780
11 Person	56,760	75,680	94,600	113,520	151,360	158,928
12 Person	59,670	79,560	99,450	119,340	159,120	167,076

Source: HUD 2019 Rent Limitations

LIHTC Age-Restricted Rent Comparables

The table shown below reflects rents for age restricted LIHTC properties in the PMA. There are only 12 units available in the marketplace. The occupancy rate has increased by 3 basis points since the last market survey (99.2% v. 96%), and there are 40 less available units (52 v. 12) on the market. These figures denote a healthier market.

Age-Restricted LIHTC Properties										
Property Name	1 Bedroom Rents	1 BD SF	1 BD PSF	2 Bedroom Rents	2 BD SF	2 BD PSF	Total Units	Vacant Units	Vacancy Rate	Occupancy
Clinton Manor Apartments	$ 1,080	605	$ 1.79	$ 1,200	880	$ 1.36	111	2	2%	98%
The Manor at Victoria Park	$ 1,045	620	$ 1.69	$ 1,143	884	$ 1.29	156	0	0%	100%
Woodside Village	$ 1,295	876	$ 1.48	$ 1,562	895	$ 1.75	200	7	3.5%	97%
Fort Washington Manor	$ 1,175	545	$ 2.16	$ 1,310	864	$ 1.52	150	1	1%	99%
Largo Landing Fellowship	Section 8	540	-	-	-	-	106	0	0%	100%
Vistas at Lake Largo	$ 1,283	634	$ 2.02	$ 1,530	895	$ 1.71	106	1	1%	99%
Marwood Senior Apartments	$ 1,213	780	$ 1.56	$ 1,423	940	$ 1.51	155	1	1%	99%
Conifer Village at Oakcrest	$ 1,055	850	$ 1.24	$ 1,358	1000	$ 1.36	120	0	0%	100%
Glenarden Hills	$ 1,327	-	-	$ 1,505	982	$ 1.53	46	0	0%	100%
The Belnor Senior Residences	$ 1,145	850	$ 1.35	$ 1,315	1000	$ 1.32	122	0	0%	100%
Total/Average	$ 1,180	700	$ 1.66	$ 1,372	927	$ 1.48	1272	12	0.8%	99.2%

Source: AreaProbe LLC, February 2020

2019 Income Distribution Households 55+						
Income	55-64	% of Total	65-74	% of Total	75+	% of Total
<$15,000	1,766	6%	1,507	7%	1,699	14%
$15,000 - $24,999	1,216	4%	1,323	6%	1,232	10%
$25,000 - $34,999	1,218	4%	1,523	7%	1,766	14%
$35,000 - $49,999	2,204	7%	2,225	10%	2,092	17%
$50,000 - $74,999	4,682	16%	4,701	21%	2,583	21%
$75,000 - $99,999	4,493	15%	3,895	17%	949	8%
$100,000 - $149,999	6,748	23%	3,940	17%	1,226	10%
$150,000 - $199,999	3,790	13%	1,777	8%	334	3%
$200,000	3,672	12%	2,001	9%	440	4%
Total	29789	100%	22892	100%	12321	100%

2024 Income Distribution Households 55+						
Income	55-64	% of Total	65-74	% of Total	75+	% of Total
<$15,000	1,349	5%	1,330	5%	1,892	12%
$15,000 - $24,999	945	3%	1,167	5%	1,347	9%
$25,000 - $34,999	1,041	4%	1,475	6%	2,177	14%
$35,000 - $49,999	1,829	6%	2,065	9%	2,523	16%
$50,000 - $74,999	4,151	14%	4,687	19%	3,232	21%
$75,000 - $99,999	4,303	15%	4,093	17%	1,323	8%
$100,000 - $149,999	6,909	24%	4,554	19%	1,864	12%
$150,000 - $199,999	4,349	15%	2,252	9%	578	4%
$200,000	4,184	14%	2,577	11%	726	5%
Total	29060	100%	24200	100%	15662	100%

Demand Analysis – Primary Market Area

The tables below characterize the capture rate results at each AMI level based on the updated demographic projections. A capture rate below 10 percent generally presents a motive to proceed. To arrive at these results, we utilized the proposed unit mix at max rents. The overall capture rate for the project is 3.7 percent.

Estimated Eligible Households @ 30% AMI		
Household Size	Number Households	%
1-Person	151	45%
2-Person	184	55%
3-Person	-	
4-Person	-	
5-Person	-	
Total	335	100%

Capture Rate	1.2%

Estimated Eligible Households @ 40% AMI		
Household Size	Number Households	%
1-Person	236	54%
2-Person	197	46%
3-Person	-	
4-Person	-	
5-Person	-	
Total	433	100%

Capture Rate	2.3%

Estimated Eligible Households @ 50% AMI		
Household Size	Number Households	%
1-Person	275	49%
2-Person	284	51%
3-Person	-	
4-Person	-	
5-Person	-	
Total	558	100%

Capture Rate	4.5%

Estimated Eligible Households @ 60% AMI		
Household Size	Number Households	%
1-Person	180	47%
2-Person	205	53%
3-Person	-	
4-Person	-	
5-Person	-	
Total	385	100%

Capture Rate	9.4%

Estimated Eligible Households @ 80% AMI		
Household Size	Number Households	%
1-Person	599	52%
2-Person	560	48%
3-Person	-	
4-Person	-	
5-Person	-	
Total	1158	100%

Capture Rate	1.3%

Demand Analysis – Secondary Market Area

The secondary market area analysis mirrors the same approach as the PMA analysis above. The overall SMA capture rate is 2.5 percent.

Estimated Eligible Households @ 30% AMI		
Household Size	Number Households	%
1-Person	459	61%
2-Person	290	39%
3-Person	-	
4-Person	-	
5-Person	-	
Total	749	100%

Capture Rate	0.5%

Estimated Eligible Households @ 40% AMI		
Household Size	Number Households	%
1-Person	385	55%
2-Person	312	45%
3-Person	-	
4-Person	-	
5-Person	-	
Total	697	100%

Capture Rate	1.4%

Estimated Eligible Households @ 50% AMI		
Household Size	Number Households	%
1-Person	404	58%
2-Person	295	42%
3-Person	-	
4-Person	-	
5-Person	-	
Total	699	100%

Capture Rate	3.6%

Estimated Eligible Households @ 60% AMI		
Household Size	Number Households	%
1-Person	381	60%
2-Person	259	40%
3-Person	-	
4-Person	-	
5-Person	-	
Total	640	100%

Capture Rate	5.6%

Estimated Eligible Households @ 80% AMI		
Household Size	Number Households	%
1-Person	677	52%
2-Person	617	48%
3-Person	-	
4-Person	-	
5-Person	-	
Total	1294	100%

Capture Rate	1.2%

PMA	
Capture Rate by Bedroom	
One Bedroom at 30%	0.7%
One Bedroom at 40%	1.5%
One Bedroom at 50%	6.7%
One Bedroom at 60%	15.0%
One Bedroom at 80%	1.4%
Two Bedroom at 50%	3.3%
Two Bedroom at 60%	2.8%
Two Bedroom at 80%	1.2%

SMA	
Capture Rate by Bedroom	
One Bedroom at 30%	0.3%
One Bedroom at 40%	1.0%
One Bedroom at 50%	5.7%
One Bedroom at 60%	13.6%
One Bedroom at 80%	0.6%
Two Bedroom at 50%	2.7%
Two Bedroom at 60%	2.4%
Two Bedroom at 80%	0.5%

Penetration Rate

Penetration rate is defined as the percentage of age and income qualified renter households in the primary market area that all existing and proposed properties, to be completed within six months of the subject, and which are competitively priced to the subject that must be captured to achieve the stabilized level of occupancy.

We believe there is unmet housing demand in the marketplace based on the results of the penetration rate analysis shown below. The overall penetration rate in the PMA is 84 percent based on the latest estimates.

PMA	
Penetration Rate by AMI	
AMI	**Rate**
30%	55%
40%	14%
50%	88%
60%	91%
80%	22%

SMA	
Penetration Rate by AMI	
AMI	**Rate**
30%	28%
40%	11%
50%	64%
60%	75%
80%	18%

Penetration Rate Analysis	
Existing LIHTC + Proposed Properties	2180
Eligible Households	2582
Penetration Rate	**84%**