

THESE MINUTES ARE SUBJECT TO APPROVAL BY THE BOARD OF FINANCE

The Board of Finance held a regular on Thursday, July 27, 2017 in the Council Chambers at the Municipal Center, 3 Primrose Street, Newtown, CT. Chairman John Godin called the meeting to order at 7:30pm.

Present: James Gaston, John Godin, Kelley Johnson, Mark Boland, Aaron Carlson

Absent: Sandy Roussas

Also Present: Finance Director Robert Tait, First Selectman Pat Llodra, Bob Rau, Cramer Owen and Wes Thompson of the Economic Development Commission, Deputy Director of Economic and Community Development Christal Preszler, Spencer Dragone and 1 member of the press.

VOTER COMMENT – None

COMMUNICATIONS – Mr. Godin introduced Spencer Dragone, a boy scout, who is attending the meeting for a communication merit bag

MINUTES – Mr. Gaston moved to approve the minutes of the 7/10/17 meeting. Ms. Johnson seconded, motion unanimously approved.

FIRST SELECTMAN REPORT – First Selectman Llodra informed the board regarding the states non-budget. She has just received an alert to the members of COST and CCM saying we will not be receiving \$824,000 in revenue sharing and there will be adjustments to the ECS grants if they don't have a budget by the fall. It continues to be a very serious situation.

FINANCE DIRECTORS REPORT – Mr. Tait presented and explained a page from a moody's presentation from a meeting he attended (Attachment A).

UNFINISHED BUSINESS

Covered Bridge Tax Incentive – Bob Rau, Owen Cramer, Wes Thompson and Christal Preszler provided The Business Incentive Program, School Impact Assessment, Housing Market Study and Real Estate Analysis (Attachment B). The intent is to use a tax credit for IHOZ-10. The town can support 250-360 multi-family housing and that includes the 180 proposed in the Covered Bridge project. The developer does have the opportunity to build higher density but tax abatement motivates him for lower density.

Christal Preszler explained that we are competing with other towns. We do not have enough density to support the businesses here. The most significant out migration are empty nesters who want to down size, there are not a lot of opportunities in town. College students are also not returning because there are no options for them either.

Wes Thompson explained that the faster the build out the faster the property is assessed and the faster the town gets the money.

The planning study looks as though the project doesn't have a lot of competition in that the rent per square foot, is below the comparable.

First Selectman Llodra articulated that there is a market demand, what they are worried about is that there is a finite number of people that are going to come to the area. Not all of projects are going to be successful. Danbury is the economic center for the area. The towns around us are growing faster than we are.

Mr. Gaston moved to take the Covered Bridge Tax Incentive off the table. Ms. Johnson seconded, motion unanimously approved.

Mr. Gaston moved to approve the Covered Bridge Tax Incentive as presented, Ms. Johnson seconded. Mr. Gaston said that the market will drive this and it will be built quickly. If the builder decides to do 830G then they can always come back to the BOF.

Mr. Boland suggested that they explore another alternative such as delaying sewer payments.

Ms. Johnson is worried that there is a slippery slope by giving an incentive to a housing developer and is not in favor of it.

Mr. Carlson agreed that the project is going to be a huge win for Newtown and doesn't see this incentive being the driver.

Mr. Godin thinks the market will absorb the project but thinks we need to set a different tone in commercial development. He will support it but with reluctance because he is already clearing the land.

Motion fails 1 yes (Godin) to 4 No (Boland, Johnson, Gaston, Carlson).

CIP Policy – Mr. Godin went through the current changes (Attachment C). 310-4, First Selectman noted that capital projects cannot be brought to the BOF at any time and that language should be changes. She is also struggling with the language in 310-6H and provided suggested policy language (Attachment D).

310-6H the last sentence was put back in.

310-5A – The list encompasses everything. It was suggested to take out the list and “say some examples are”.

310-7 – The sentence should be ended at prioritization and the rest of the paragraph is deleted.

First Selectman Llodra suggested a 10 year CIP rather than a 5 year. She suggests stretching it over 10, it may not as aggressive but you still need good planning. Year one is a proposal, everything else is a plan.

Mr. Godin will make the changes discussed and have it circulated for the next meeting.

Debt Policy – It will be discussed at the next meeting.

NEW BUSINESS

Voter Comments – None

Announcements – Mr. Godin asked board members if they can not make the August 14th meeting to please let him know.

Having no further business, the meeting was adjourned at 9:39pm

Respectfully Submitted,
Arlene Miles, Clerk

Key Challenges in CT Local Government Sector

- » State budget uncertainty
- » Longer-term impact of state level pressures on cities/towns
- » Demographic trends
- » Corporate out-migration
- » Hartford distress
- » Education lawsuit

TOWN OF NEWTOWN BUSINESS INCENTIVE PROGRAM

PREAMBLE AND PURPOSE

The purposes of the Business Incentive Program are to encourage private investment, improve the physical appearance of our commercial and industrial properties, expand the local economic base, support strategic economic growth, encourage job creation and foster a healthy business climate within the Town of Newtown.

A focus on the improvement of properties within the business and industrial areas is found and declared to be in the best interest of the Town of Newtown. Therefore, the Town of Newtown hereby broadens a Business Incentive Program pursuant to CT General Statutes Sections 12-65b and 12-65h, meant to promote sustainable and strategic economic growth that will benefit and improve the overall quality of life in our community. This program is declared to be consistent with the Plan of Conservation and Development and the Strategic Plan for Economic Development of the Town of Newtown.

Economic development efforts will focus on new business development within the industry clusters of technology, communications and bioscience, the retention and expansion of existing businesses and the continued revitalization and enhancement of Newtown's business centers and corridor including, but are not limited to, the Borough of Newtown, Sandy Hook Center, Botsford, Dodgingtown, Hawleyville and the South Main Street Village District. Efforts will focus on job creation, promoting the redevelopment or reuse of abandoned or underutilized commercial and industrial properties and streetscape improvements within the commercial areas of Newtown.

APPLICATION AND ELIGIBILITY

Eligibility Requirements

1. The applicant may not be delinquent in taxes owed to the Town of Newtown.
2. Only those properties located within a village or design district, a commercial, mixed use or industrial zone are eligible for this program.
3. The provisions of this program shall apply only if the improvements expand production and / or the capacity of a business involved in at least one of the following uses:
 - a. Office
 - b. Retail
 - c. Manufacturing
 - d. Warehouse, storage or distribution
 - e. Information technology
 - f. Recreational facilities
 - g. Research and Development
 - h. Incentive Housing Zone Rental Apartments
4. Proposed improvements, enlargements, or construction shall comply with all applicable state and local codes.
5. The applicant must provide appropriate estimates of cost of improvements and/or construction and compliance with all requirements herein stated. The Town Building Inspector, or his designee, shall verify that construction costs are properly stated in the application for a building permit.

Application Procedure

Following initial discussions with the First Selectman and/or the Deputy Director for Economic and Community Development, the prospect will be invited to submit an application for participation in the Business Incentive Program. Application forms are available online and in the Economic and Community Development office. Completed forms should be returned to the Deputy Director for Economic and Community Development.

The Economic and Community Development Deputy Director will review the application and present it to the Economic Development Commission for comments and recommendations. Following these reviews, the Economic Development Commission will forward the application, comments and recommendations to the First Selectman for consideration.

The First Selectman's office will inform the applicant of the status of the application and the incentives being considered in this specific and individual case. Following discussion, possible negotiation, consultation with the Town Attorney and if anticipated tax abatement exceeds \$25,000 per annum, review by the Board of Finance, the First Selectman will make his/her recommendation to the Board of Selectmen for review and action.

On approval by the Board of Selectmen, the application will be submitted to the Legislative Council.

If approved by the Council, it shall adopt a resolution authorizing the First Selectman to enter into an agreement with the applicant.

General Conditions of Business Incentive Approvals

1. After final approval of any Business Incentive Agreement, including fixing the assessment of the real property, work on the approved project must begin within twelve (12) months and shall be completed within twenty-four (24) months. Any variation from this must be approved by the First Selectman upon approval by the Board of Selectmen.
2. In the event that any term of the Agreement is disregarded by the applicant, including construction schedules, the Business Incentive Agreement including the fixing of the assessment shall terminate and the full amount of the tax that would otherwise be due the Town of Newtown shall become due and payable.
3. Should payment for taxes to the Town of Newtown become delinquent at any time during the agreement period, the Business Incentive Agreement shall immediately terminate and the full amount of the tax that would otherwise be due shall become due and payable.

BUSINESS INCENTIVES

Consideration requested by the applicant may include physical improvements to the property and/or the fixing of assessment of real property pursuant to the schedule outlined below. The Town of Newtown may consider alternatives to the schedule as allowed by the CT General Statutes, Section 12-65b and may consider fixing the assessment of personal property in a manufacturing facility as allowed by CT General Statutes, Section 12-65h.

1. Physical improvement consideration may include the following; the one time Town subsidizing, whole or in part of:
 - a. The paving of driveways or parking areas;
 - b. Site preparation including tree/branch removal, grading, earth moving or removal;
 - c. Street or road improvement including drainage;

- d. Hook-ups to water, sewer, other utilities;
- e. Infrastructure engineering;
- f. Correction of other physical problems, i.e., brooks, rock ledge, etc.
- g. Streetscape specific areas where specs are in place

2. Agreements to fix the assessment of real property will be based on the estimated cost of improvements and the resulting increase in assessment of the property after improvements. In the event that completion of physical improvements and/or construction and costs thereof are less than those considered in negotiations, the Agreement will be appropriately adjusted.

- a. The Business Incentive Agreement shall be in effect as long as the property use remains as authorized in the agreement.
- b. The Agreement is no longer valid upon the sale or transfer of the property. An exception would be allowed in a condominium project where the first buyer of an individual condominium property shall be granted the tax abatement. The tax abatement would begin when the entire project receives the final C/O and terminate at the original abatement agreement end date. Also, a new agreement may be negotiated with a new applicant
- c. The Town Assessor shall have the sole responsibility of determining the value of the assessment which is the subject of the Agreement.
- d. The Agreement shall be filed in the land records and a copy filed in the office of the Assessor.

3. Business Incentive Schedule: The Agreement for fixing the assessment of the real property and all improvements thereon or therein and to be constructed thereon and therein, may utilize the following schedule for determining the maximum amount and maximum period of time for which such agreement may be given. However, the Town has the option to consider the alternatives allowed pursuant to CGS Section 12-65b.

Assessed Value of increase in Real Property	Maximum Percentage that may be Fixed for Three Years
\$0 to \$100k	0%
\$100k to \$250k	20%
\$250k to \$500k	25%
\$500k to \$1mil	30%
\$1mil to \$2mil	35%
\$2mil to \$3mil	40%
Over \$3mil	45%

If the project entails a large amount of personal property to be added, an additional incentive (multiplier to above figures) will be considered as follows:

Assessed Value of Personal Property	Multiplier for Three Years
\$0 to \$50k	0.00
\$50k to \$100k	1.10
\$100k to \$250k	1.15
\$250k to \$500k	1.20
Over \$500k	1.25

**Town of Newtown
Business Incentive Program Application**

Negotiations of Business Incentives will be conducted by the First Selectman. The findings and conclusions of the First Selectman will be submitted to the Board of Selectmen for acceptance or denial. Board approved applications will be forwarded to the Finance Board and Legislative Council for consideration and action.

Name of Company: COVERED BRIDGE NEWTOWN, LLC
Address: 2 Old New Milford Rd Blackfield CT 06804
Company Contact: ANTHONY O LUCERA
Phone Number: 203 470 6538
Types of Products Manufactured or Distributed: _____

Project Description: 180 RENTAL UNITS

Estimated Cost of Proposed Improvements: \$32,000,000.00
(Attach itemized list of these costs and improvements)

Number of Jobs to Be Retained in Newtown:

Number of Jobs to Be Created: 6 with payroll of 325,000.00

5/26/17 Anthony O Lucera
Date Signature of Company Representative

Completed applications should be returned to the First Selectman's Office or the office of the Director of Economic and Community Development.

APPROVED

Economic Development Commission

Date

APPROVED

First Selectman
Town of Newtown

Date

APPROVED

Chairman
Legislative Council

Date

EDC approved Feb 8 2017 lhzra



To: Anthony O. Lucera
Covered Bridge Newtown LLC

Date: May 30, 2017

Memorandum

Project #: 26019

From: Valerie Monastra, AICP
Steven Martini, AICP/PP

Re: Newtown School Impact Assessment

Background

VHB Engineering, Surveying, and Landscape Architecture, P.C. (VHB) has been retained by Covered Bridge Newtown LLC to conduct a school impact assessment documenting the potential impacts associated with the proposed residential development at 9 Covered Bridge Road (Map-Block-Lot 5-2-4) in the Newtown Public School District. The school impact assessment quantifies the increased population of public school-age children generated by the development. This document provides a detailed description of the study methodology, analysis, and findings. *Newtown Comprehensive School Enrollment Analysis and Projections*, a study conducted in November 2014 by Milone & MacBroom, served as additional support for this assessment.

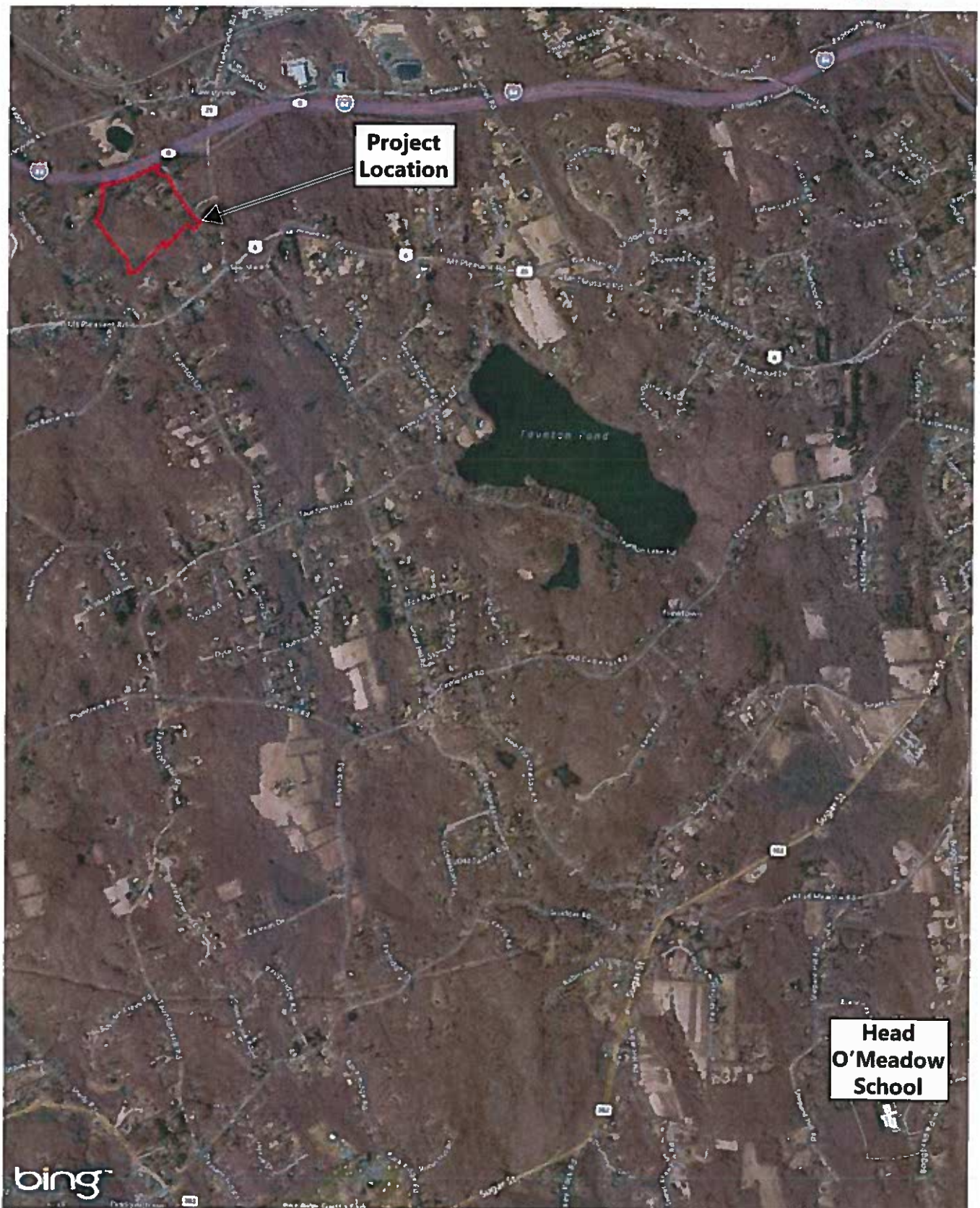
Proposed Development

The proposed development at 9 Covered Bridge Road ("Proposed Project") consists of 180 multi-family residential units (6 residential buildings each containing 30 units) in the Town of Newtown, Connecticut. The Project Site is directly south of Interstate 84, as noted in Exhibit 1, Project Location Map.

The Proposed Project will include 108 one-bedroom units, 54 two-bedroom units, and 18 three-bedroom units. Each of the 6 residential buildings will contain 18 one-bedroom units, 9 two-bedroom units and 3 three-bedroom units. All the buildings will be three stories in height with accessory parking spaces constructed below grade. There will be a total of 156 parking spaces and 12 handicapped spaces. See Appendix A for proposed site plan.

Existing School District

Located in western Connecticut and Fairfield County, The Newtown Public School District contains 7 public schools, including 4 elementary schools, 1 intermediate school, 1 middle school, and 1 high school. Table 1, Newtown Public Schools Enrollment, displays the current enrollment at the schools.



Newtown School Impact Assessment | Town of Newtown, Connecticut

Project Location

Source: Connecticut Department of Energy & Environmental Projection

Table 1: Newtown Public Schools Enrollment

School	Grade Levels	Current Enrollment*
Hawley Elementary School	K-4	297
Head O'Meadow Elementary School	K-4	281
Middle Gate Elementary School	K-4	375
Sandy Hook Elementary School	K-4	366
Reed Intermediate Elementary School	5-6	661
Newtown Middle School	7-8	752
Newtown High School	9-12	1,667
Total		4,399

Source: Newtown Public School District. *Enrollment Totals are as of April 28, 2017.

The Proposed Project is located within the boundaries of the Head O'Meadow Elementary School District¹. Thus, the public school-age children residing in the Proposed Project will attend Head O'Meadow Elementary School, Reed Intermediate School, Newtown Middle School, and Newtown High School.

Projection of School-Age Children

The number of public school-age children from a residential development is dependent on several variables including housing type, number of bedrooms, and rent or sales prices. The following is an estimate of the total number of public

¹ Town of Newtown, Connecticut, Geographic & Property Information Application. Accessed May 25, 2017.

school children anticipated from the Proposed Project based on regional demographic multipliers and student generation factors developed by Rutgers University, Center for Urban Policy Research (CURP) in June 2006. The school children projections tend to be on the conservative side. Applying the CURP multipliers, the number of projected public school children to be generated by the Proposed Project is approximately 26 public school students, as noted in Table 2, Total Public School Children Generated by Proposed Project.

Table 2: Total Public School Children Generated by Proposed Project

Unit Type	Number of Units	Student Multiplier	Public School Children
1-Bedroom	108	0.01	1
2-Bedrooms	54	0.11	6
3-Bedrooms	18	1.07	19
Total	180		26

Source: Rutgers University, Center for Urban Policy Research: Residential Demographic Multipliers
- Estimates of the Occupants of New Housing, June 2006 (Connecticut, All Public School Children,
5+ Units-Rent, 1-BR, More than \$1,450; 2-BR, More than \$1,800; 3-BR, All Values)

Conclusion

When distributing the total number of public school children generated by the Proposed Project, it is anticipated that each grade level will increase by approximately 2 students. Approximately 10 new public school children would be added to the Head O'Meadow Elementary School. Four public school children would be added to the enrollment at Reed Intermediate School as well as 4 public school children at Newtown Middle School. Approximately 8 public school students would be added to the enrollment at Newtown High School.

The *Enrollment Analysis and Projections Study* anticipates that a medium-growth rate is the best approach in planning and forecasting future student enrollments in the Newtown Public School District². The Applicant of the Proposed Project anticipates full buildout and occupancy in 2019. Based on the medium-growth rate, the total enrollment projection at the Head O' Meadow School for the 2019-2020 School Year is expected to be 259 students³. If the 10 new public school children are added to this expected enrollment total, the new enrollment total would be 269 students, which 12 students less than the current enrollment at Head O'Meadow Elementary School (281).

² Newtown Comprehensive School Enrollment Analysis and Projections, Milone & MacBroom, November 2014. Pg. 32.

³ Newtown Comprehensive School Enrollment Analysis and Projections, Milone & MacBroom, November 2014. Pg. 30.

The District-wide enrollment projection for the 2019-2020 School Year is expected to be 3,756 students, according to medium-growth enrollment projections⁴. If the 26 new public school children are added to this expected enrollment total, the new enrollment total for the School District would be 3,782. This is 617 students less than the current enrollment of the School District (4,399). Thus, the Head O'Meadow Elementary School and the Newtown Public School District overall would be able to absorb the new students generated by the Proposed Project at the time it is completed and fully occupied.

⁴ Newtown Comprehensive School Enrollment Analysis and Projections, Milone & MacBroom, November 2014. Pg. 26.

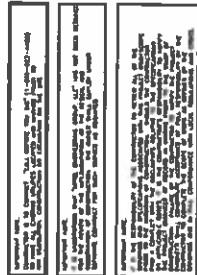
Appendix

Proposed Project Site Plan

1. CONDUCTED BY Mr. [redacted] of the [redacted] Division, [redacted] Department of Justice, [redacted] Washington, D.C. [redacted]
2. DATE [redacted]
3. REASON FOR REQUEST [redacted]
4. APPROVED BY [redacted]

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LEGEND

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	STREET LANE
	CULTIVATED PLANT BEDS
	PAVED DRIVE LANE
	WATER WETLAND LANE
	CRIPPLED WETLAND LANE
	SHAD BATHING

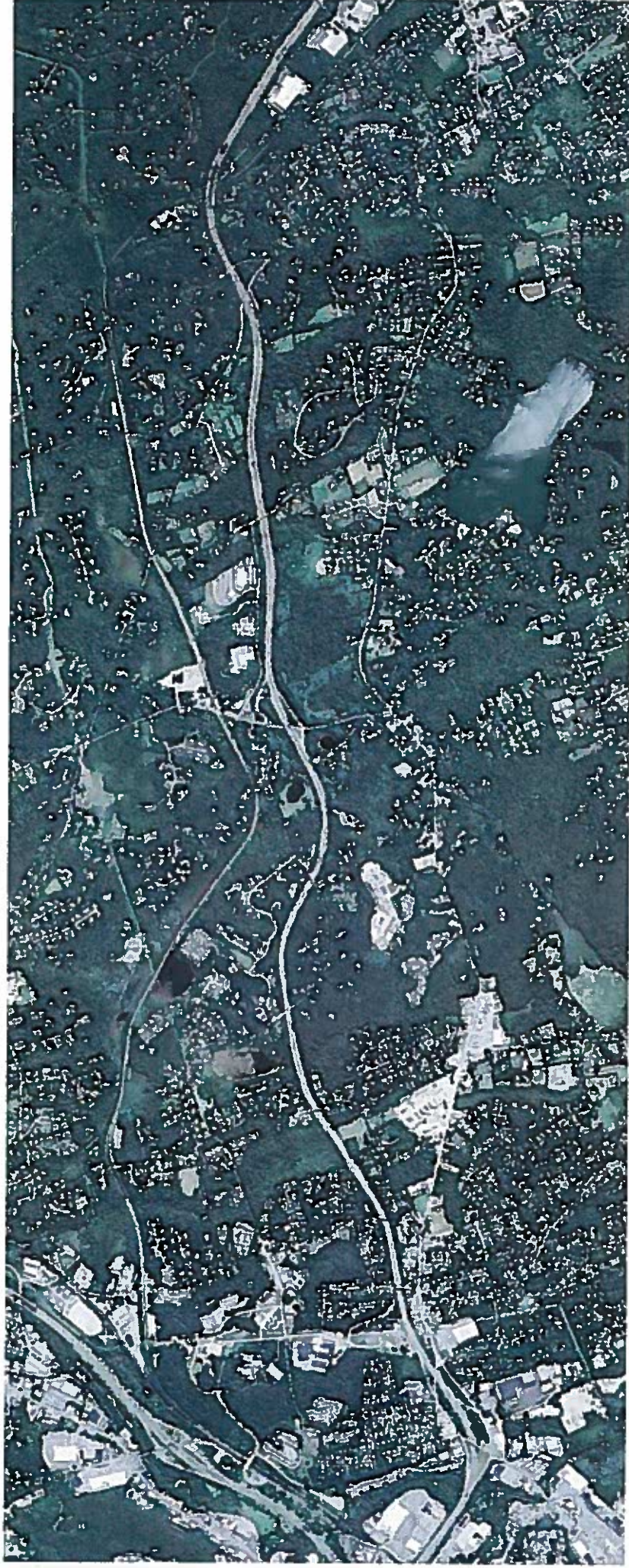
	Antel Enterprises Group, LLC 500 PINE BLVD., SUITE 300 FARMINGTON, CT 06030 PHONE: 860 774-0000 FAX: 860 774-0001 PROJECT MANAGER PROJECT SUPERVISOR PROJECT ENGINEER		FORM NO. 70 1/14/13 (R)
	DATE: 6/29/13 SCALE: 1" = 400' DRAWN BY: KJ-1007 PROJECT NO: 10110402	SHEET NO: 10110402	SHEET: 4



Covered Bridge Housing Market Study

Newtown, Connecticut

March 1, 2017



ECONOMIC AND REAL ESTATE ANALYSIS FOR SUSTAINABLE LAND USE OUTCOMES™

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Executive Summary

ECONOMIC AND REAL ESTATE ANALYSIS FOR SUSTAINABLE LAND USE OUTCOMES™



Background: Project Scope

4ward Planning was retained by Covered Bridge LLC to conduct a housing market study in support of the proposed *Covered Bridge* 180 multi-family rental units in Newtown, Connecticut. 4ward Planning's approach, tested and proven over many projects, is built upon a series of steps including data and information gathering, collaborative input, and communication with key stakeholders. We have structured the analysis such that each successive task builds upon the findings in prior tasks, permitting a strong foundation upon which to make recommendations. Our two-phase, two- to-three-week effort, culminating with an informative residential market and real estate analysis is outlined below.

PHASE I - Housing Inventory and Trends

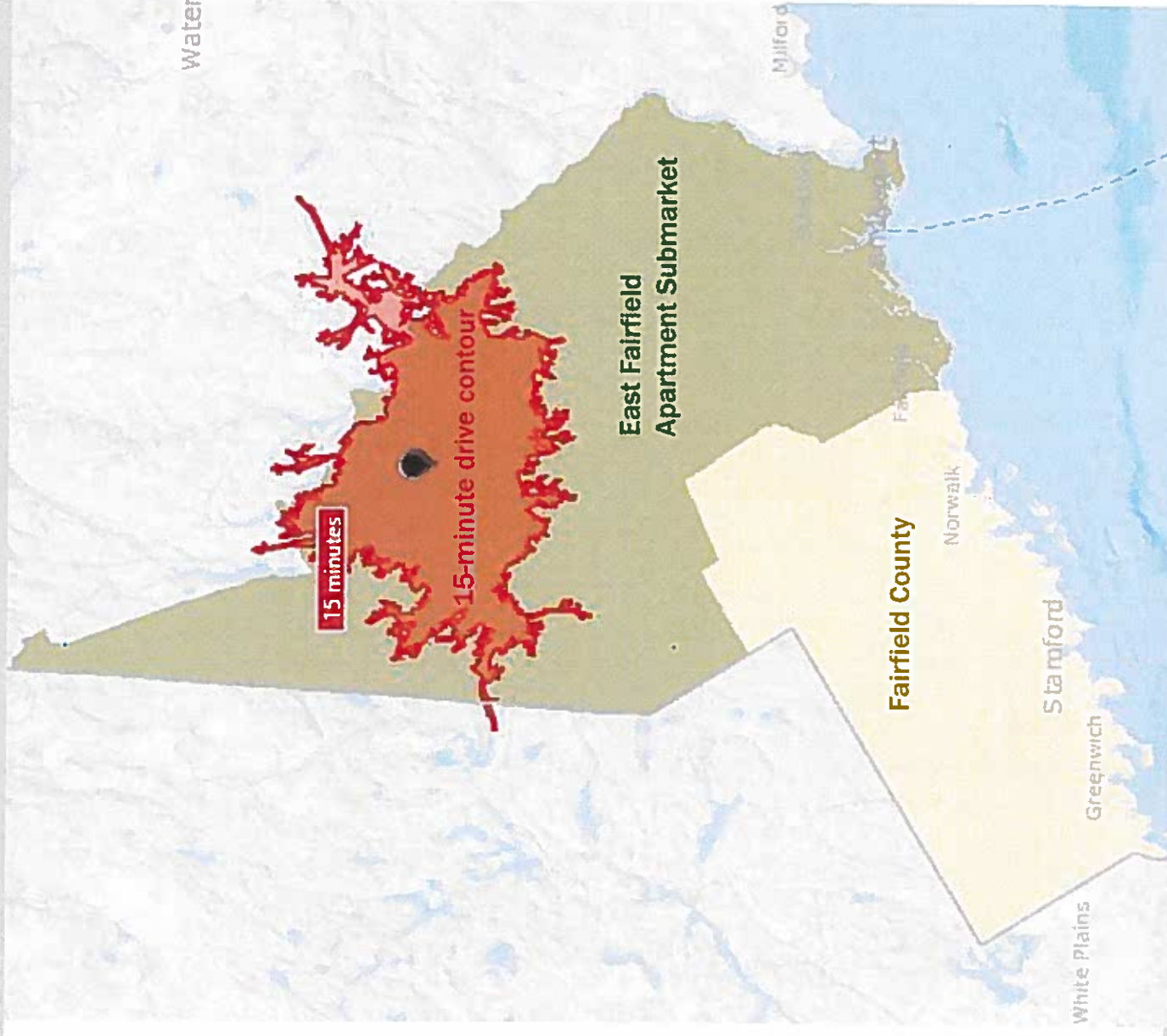
- Socio-Economic Trends Analysis
- Labor and Industry Trends Analysis
- Residential Inventory and Market Trends Analysis

PHASE II - Housing Demand and Feasibility Analysis

- Interviews with Real Estate Brokers and Developers
- Residential Supply/Demand Analysis

Background: Project Study Areas

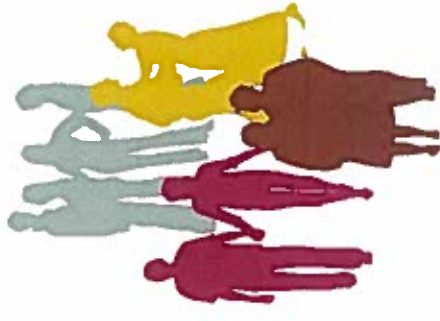
This report provides an overview of socio-economic, labor and industry, and real estate trends data for the Covered Bridge Housing project's 15-minute drive-time contour (the Primary Market Area or PMA), the East Fairfield Apartment Submarket (as defined by Reis, a leading provider of real estate data), and Fairfield County (synonymous with the Bridgeport-Stamford-Norwalk, CT Metropolitan Statistical Area).



Key Findings: Socio-Economic Trends Analysis

Growth in non-family households and an aging adult population

In all geographies, the projected growth in non-family households will outpace family households, reflecting the trend among young adults to delay marriage and family rearing, and an aging adult population: particularly Empty Nesters (aged 55 to 74) and mostly retired residents (aged 74 and over). These trends - a prevalence of young workforce and an aging Baby Boomer population - are among demographic shifts that will impact housing demand in the coming years (meaning smaller housing units and more rental units).



Relatively high educational levels and incomes

In 2016, within the 15-minute drive-time contour, approximately 38 percent of residents 25 years of age and older have a bachelor's degree or higher, and the estimated median household income is \$77,441. Currently, approximately 52 percent of households in the 15-minute drive-time contour earn more than \$75,000 annually. This income cohort is estimated to increase the fastest across all geographies over the next five years.



Demand for multi-family rental housing

According to the top five Tapestry Segments (a proxy term for distinct socio-economic consumer groups), approximately 50 percent of households within the 15-minute drive-time contour have some preference for living in multi-family housing, particularly rental housing. Successful multi-family housing development in the study area should consider the needs and preferences of these prevalent, top socio-economic groups.



Key Findings: Labor & Industry Analysis

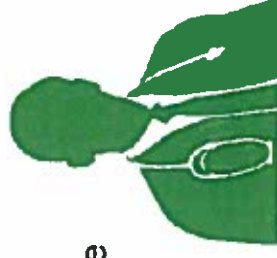
Dominated by Health Care and Social Assistance

As throughout Connecticut and New York, Health Care and Social Assistance is the largest industry employer in the Bridgeport-Stamford-Norwalk MSA, comprising 14 percent of total area employment. Retail Trade, the second largest industry in the MSA, and Educational Services, the fourth largest, are top industry employers in all three study areas. Manufacturing is more prominent in the MSA than in the State of Connecticut as a whole, and, accordingly, the recent decline in this industry was more prominent at the metro level (a loss of six percent in recent years) than statewide (a drop of one percent).



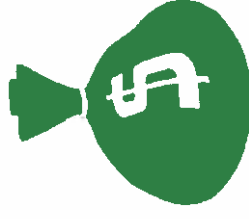
Growth in Health Care and Social Assistance

According to State of Connecticut Department of Labor projections, Health Care and Social Assistance is projected to be the fastest growing industry over the next decade, with an expected increase of approximately 24 percent (bringing about 13,530 new jobs to the metro area) by the year 2025. The Education Service sector is also expected to increase by about 34 percent (12,240 new jobs in the metro) during this period.



An influx of mid-to-high wage range jobs

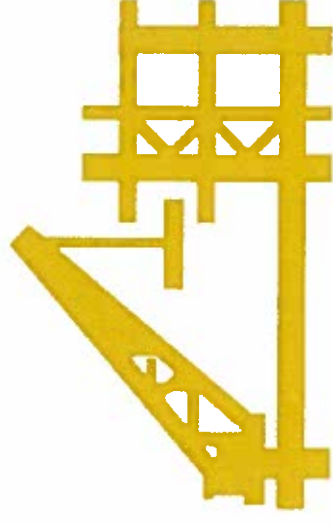
Health Care and Social Assistance and Educational Services will continue to provide a substantial number of mid-wage jobs across a diversity of occupations (i.e., entry-level home care positions; highly-skilled roles for doctors and specialists, teachers, professors, and instructors). Substantial projected growth in mid-to-high wage paying industries (e.g., Professional, Scientific, and Technical; and Finance and Insurance) yields a good outlook for increased demand for rental housing options that appeal to a range of income levels. Higher-end rental units with ample on-site amenities or in proximity may appeal to the smaller, but notable, influx of professionals fulfilling high-paying occupations in the region.



Key Findings: Real Estate Analysis

20 apartment units under construction

According to data provided by Reis, within the 15-minute drive-time of the Covered Bridge project, 704 apartment units have been recently completed and 20 apartment units are currently under construction.



\$1,573 per month

According to Reis, as of second-quarter 2016, average asking rents within the East Fairfield Submarket is approximately \$1,573 per month, with the average effective rent (after rent concessions and waived fees) at \$1,522 per month (it should be noted that average rents take into consideration older apartment stock, as well as newer apartment units). The Covered Bridge apartment project has an average projected rent of \$1,700 per unit.



Demand for 250 to 360 multi-family units

Assuming between seven and 10 percent of net housing demand within the 15-minute drive-time contour could be captured, and no new units were added, the Primary Market Area could adequately support the 180 unit Covered Bridge project over the next two years.



Takeaways: Housing Market Study

In all geographies, the projected growth in non-family households, prevalence of a young workforce, and an aging Baby Boomer population - locally and nationally - are demographic shifts that support the development of new multi-family housing units. Both the Health Care and Social Assistance and Educational Services industries will continue to provide a substantial number of mid-wage jobs across a diversity of occupations (i.e., entry-level home care positions to highly-skilled roles for doctors and specialists, teachers, professors, and instructors). With approximately 52 percent of households in the 15-minute drive-time contour (Primary Market Area, or PMA) currently earning more than \$75,000 annually, higher-end multi-family units with ample on-site amenities or in close proximity should appeal to the influx of professionals fulfilling high-paying occupations in the region. Furthermore, the substantial projected growth in mid-to-high-wage industries yields a good outlook for increased demand for multi-family housing options appealing to a range of income levels.

Despite relative flat household growth (0.6 percent) in the PMA, and 704 apartment units recently constructed (187 of which are already occupied) and 20 apartment units currently under construction, there will be an estimated net housing demand for approximately 3,560 single- and/or multi-family dwelling units within the 15-minute drive-time contour by 2025. This net demand is projected to come from a combination of new household formation, pent-up demand from local area workers who have not found suitable housing close to their places of employment, as well as new housing necessary for replacing physically obsolescent dwelling units in the local area. Assuming between seven and 10 percent of the identified net housing demand within the 15-minute drive-time contour could be captured locally, the project has the opportunity to support the development of between 250 and 360 single- and/or multi-family units by 2025. Therefore, we deem the proposed Covered Bridge 180-multi-family rental unit project in Newtown, market-supportable in the near term.

Socio-Economic Trends Analysis

ECONOMIC AND REAL ESTATE ANALYSIS FOR SUSTAINABLE LAND USE OUTCOMES™



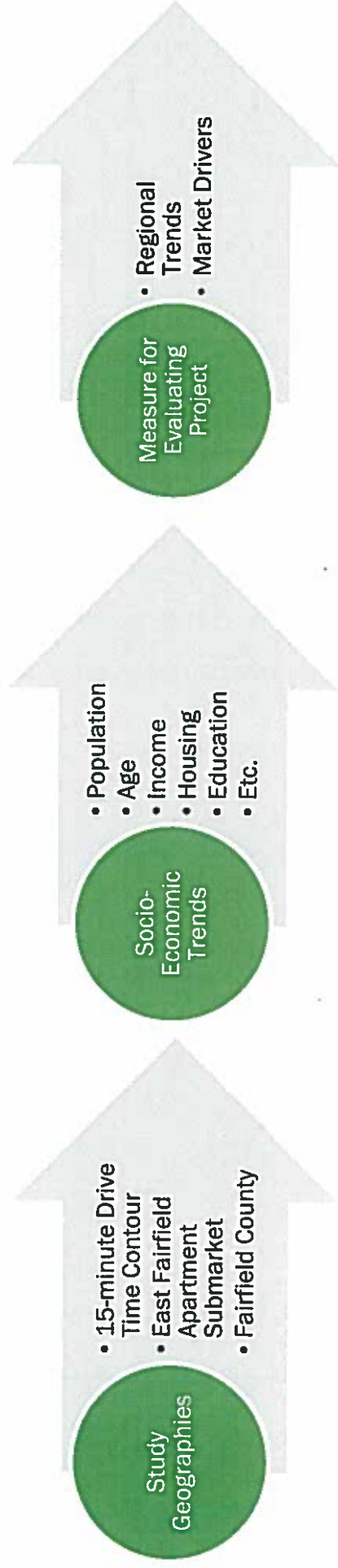
Methodology: Socio-Economic Trends Analysis

4ward Planning examined socio-economic trends to comparatively analyze the Covered Bridge Housing project's market area and surrounding region. The geographic areas studied include:

- **Covered Bridge Housing project's 15-minute drive-time contour** (the Primary Market Area or PMA);
- **East Fairfield Apartment Submarket** (as defined by Reis, a leading provider of real estate data); and
- **Fairfield County** (synonymous with the Bridgeport-Stamford-Norwalk, CT Metropolitan Statistical Area).

The analysis and recommendations that follow are based on a combination of quantitative and qualitative techniques. Quantitative analysis is underpinned by both public and proprietary data sources, including U.S. Census-based data and Esri's Community Analyst, a socio-economic data analysis tool. Estimated and projected socio-economic trends examined include population, households, educational attainment, age cohort characteristics, household income, residential tenure (own vs. rent), and household consumer expenditures.

Findings generated from these analyses are critical to understanding regional trends that will influence prospective private sector investment opportunities throughout 15-minute drive-time contour.



Glossary of Terms: Socio-Economic Trends Analysis

Baby Boomer: A person born between 1946 and 1964 (ages 51 to 70 years old in 2016), after the end of World War II, when birth rates spiked.

Empty Nester Household: A household in which one or more parents live after the children have left home.

Family Household: A family is a group of two or more people (one of whom is the householder) related by birth, marriage, or adoption and residing together; all such people are considered members of one family.

Flat and Moderate Growth: 4ward Planning defines flat growth as an annualized rate of change between $(-)0.75$ and 0.75 percent, and moderate growth as an annualized rate of change less or greater than $(-)0.75$ and $(-)1.5$ percent.

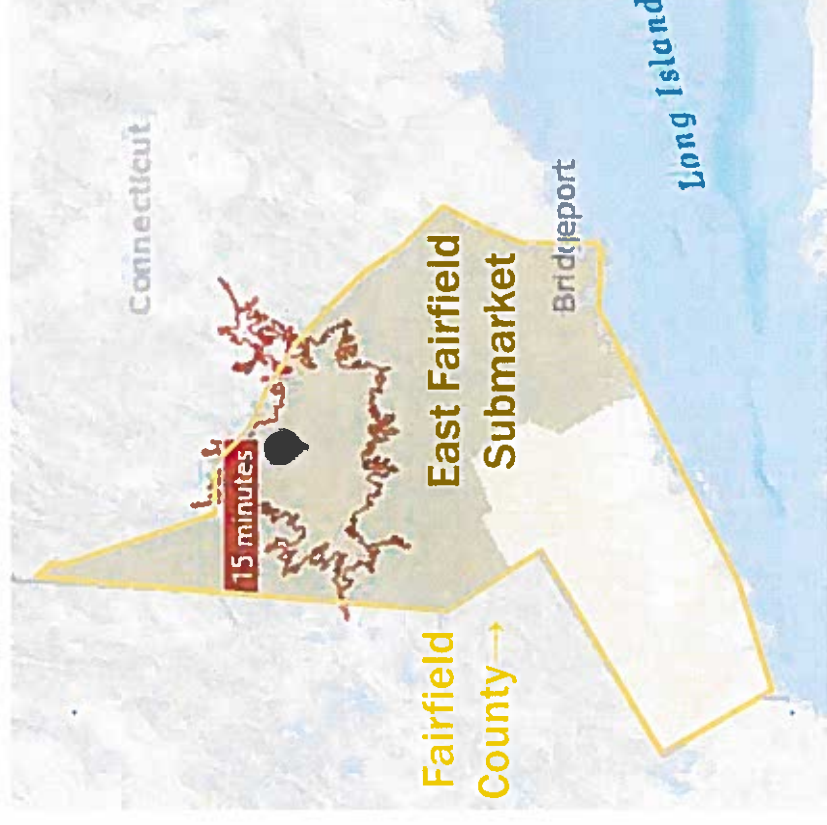
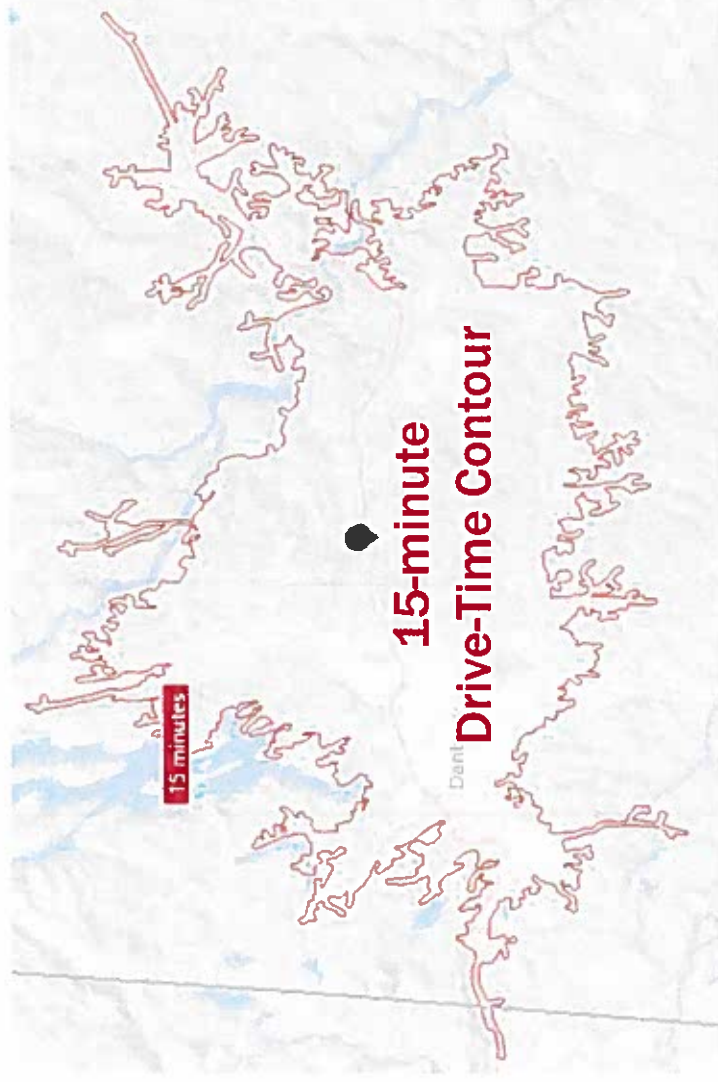
Household: A household consists of all the people who occupy a housing unit. A house, apartment, or other group of rooms or a single room, is regarded as a housing unit when occupied or intended for occupancy as a separate living quarter. The count of households excludes group quarters and institutions.

Non-Family Household: A non-family household consists of a householder living alone (a one-person household) or a householder sharing the home exclusively with people to whom he/she is not related.

Primary Market Area (PMA): A Primary Market Area is the immediate area surrounding the study area for goods, services, and other factors.

Source: US Census Bureau

Key Findings by Study Area, 2016



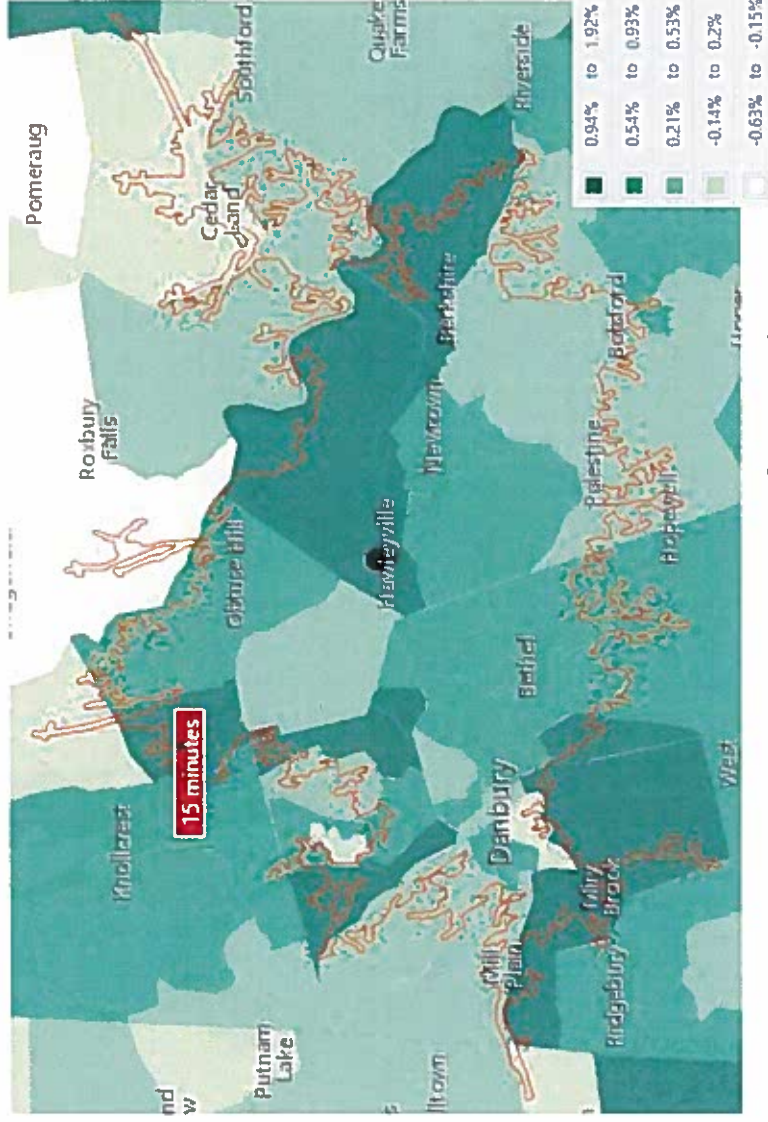
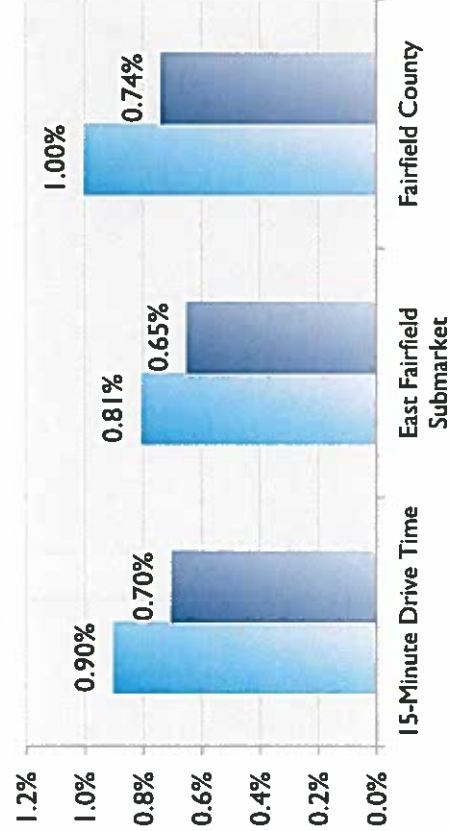
	15-minute Drive Time	East Fairfield Submarket	Fairfield County
Population:	117,543	570,157	953,619
Total Households:	42,445	203,176	345,105
Median Age:	39.6	40.1	40.3
Median Household Income:	\$77,441	\$76,983	\$86,233
Percent of Household Incomes >\$75,000:	52%	51%	56%
Percent Owner-Occupied Housing:	61%	63%	61%

Near-Term Population Growth

As shown in the chart and table below, compared to previous years, population growth within the 15-minute drive-time contour is expected to slow to 0.7 percent per year over the next five years (at a rate slightly higher than the Submarket but lower than the County, overall). By 2021, the 15-minute drive-time contour is expected to increase by approximately 4,140 persons.

Annualized Population Change

2010-2015 2015-2020



Population by Geography

	2000	2010	2016	2021	Net Change (2016 - 2021)
15-Minute Drive Time	106,415	113,438	117,543	121,685	4,142
East Fairfield Submarket	529,041	552,310	570,157	588,740	18,583
Fairfield County	882,567	916,829	953,619	988,892	35,273

Source: Esri

Household Formation

As shown in the table below, the growth in non-family households is outpacing that of family households in all geographies examined. Non-family households, generally, will create greater demand for smaller dwelling units (one- and two-bedroom units).

Household Formation Trends

15-Minute Drive Time						Annualized % Change	
	2010		2016		2021	2010-2016	2016-2021
Total Households	41,498	100.0%	42,445	100.0%	43,684	0.38%	0.58%
Family Households	28,652	69.0%	29,269	69.0%	30,108	0.36%	0.57%
Non-Family Households	12,846	31.0%	13,176	31.0%	13,576	0.43%	0.61%
Average Household Size	2.67		2.70		2.72	0.19%	0.15%

East Fairfield Submarket						Annualized % Change	
	2010		2016		2021	2010-2016	2016-2021
Total Households	199,063	100.0%	203,176	100.0%	208,665	0.34%	0.54%
Family Households	139,719	70.2%	142,178	70.0%	145,779	0.29%	0.51%
Non-Family Households	59,344	29.8%	60,998	30.0%	62,886	0.46%	0.62%
Average Household Size	2.69		2.73		2.75	0.25%	0.15%

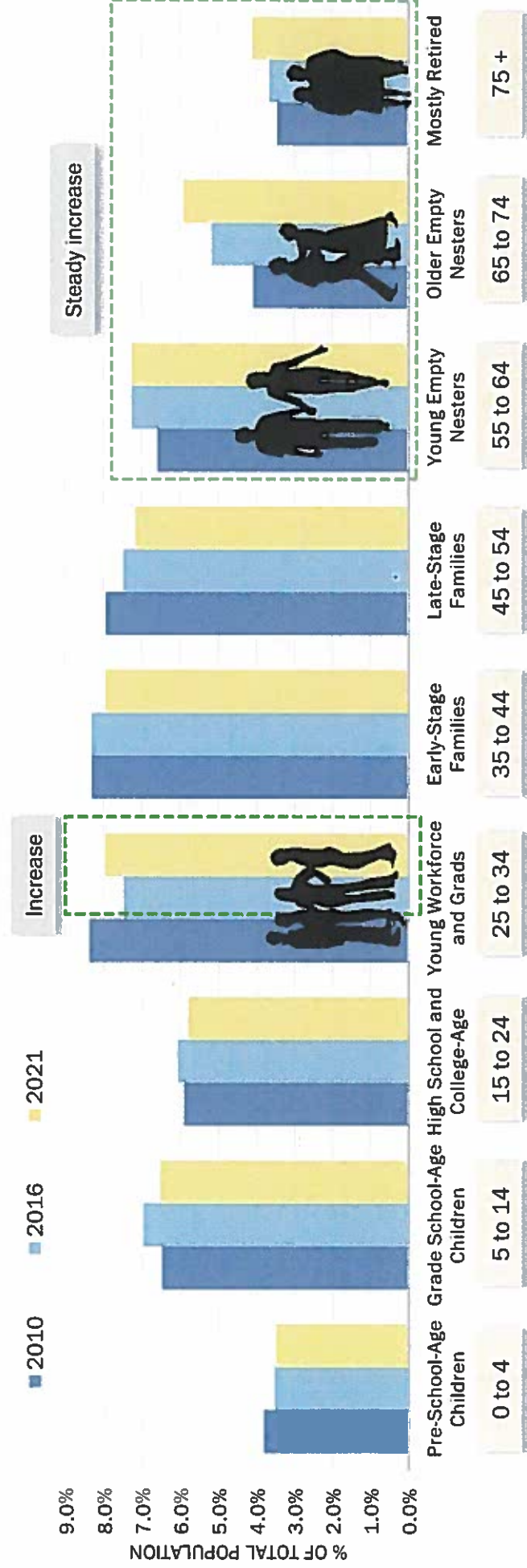
Fairfield County						Annualized % Change	
	2010		2016		2021	2010-2016	2016-2021
Total Households	335,545	100.0%	345,105	100.0%	355,943	0.47%	0.63%
Family Households	232,896	69.4%	238,470	69.1%	245,370	0.40%	0.58%
Non-Family Households	102,649	30.6%	106,635	30.9%	110,573	0.65%	0.74%
Average Household Size	2.68		2.71		2.72	0.19%	0.07%

Source: Esri

Age Distribution: 15-Minute Drive-Time Contour

The chart below illustrates the population fluctuation, by age group, that has occurred in the 15-minute drive-time contour since 2010, and is projected to continue through 2021. For example, between 2010 and 2021, population growth is projected to occur among the young workforce and grads cohort (ages 25 to 34), despite an earlier decline between 2010 and 2016. Meanwhile, late-stage family households (ages 45 to 54) in 15-minute drive-time contour have been consistently declining since 2010. Older empty-nester households (ages 65 to 74) have been steadily increasing in this same time period, as have households of persons who are mostly retired (aged 75 and over). These trends - a prevalence of young workforce and an aging Baby Boomer population - are among demographic shifts that will impact housing demand in the coming years (think smaller, more rental, housing units).

Age Distribution (% of total population) 2010 - 2021

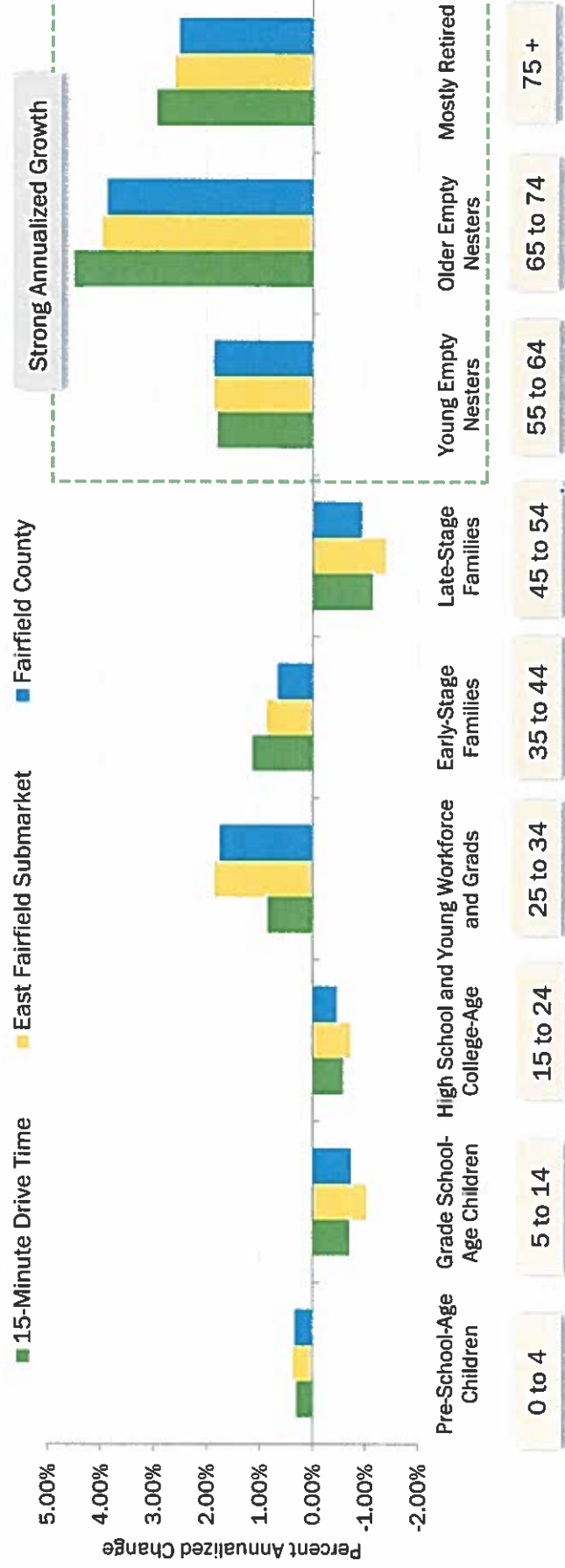


Source: Esri

Age Distribution Change

The chart below illustrates annualized 2016 to 2021 population change by age group across all geographies. The strongest annualized rate of growth within all geographies is observed among the older adult population, particularly the older empty nesters cohort within the 15-minute drive-time contour. Given the relatively flat to weak population growth in all study areas (for example, 0.7 to 1.5 percent per annum growth would be considered weak growth), this shift is likely representative of changes in household composition, as older adult residents experience life-stage transitions (e.g., children leaving the home, divorce, or death of a spouse).

Age Distribution - Annualized Percent Change, 2016-2021

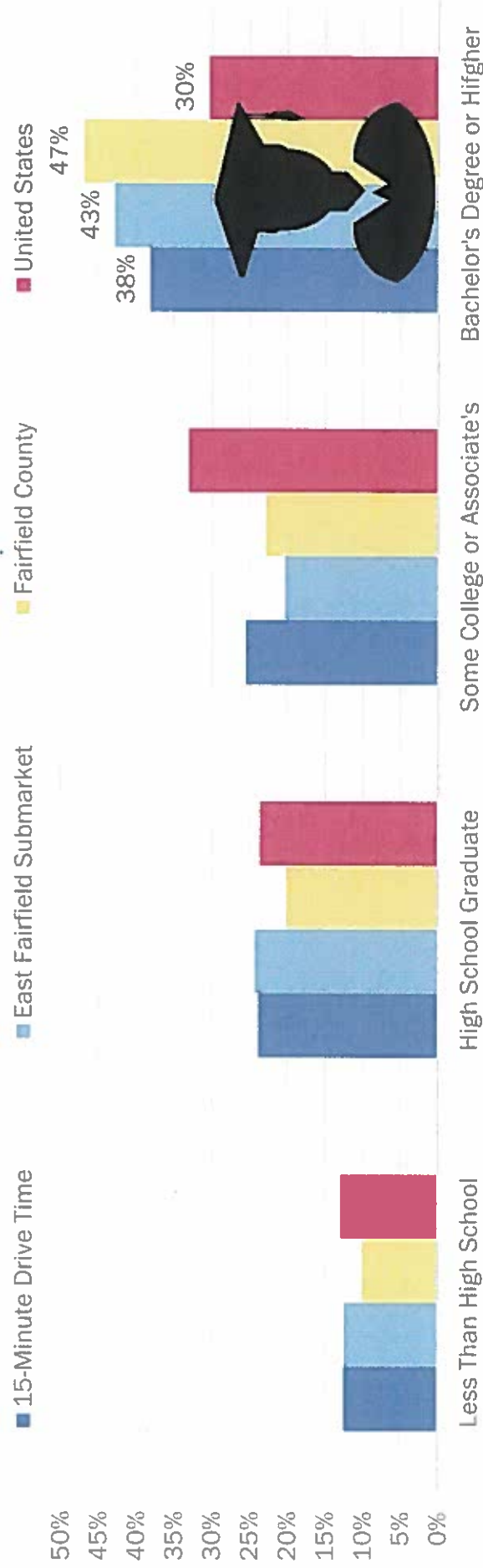


Source: Esri

Educational Attainment: 15-Minute Drive-Time Contour

Educational attainment is a powerful predictor of economic well-being, as higher levels of educational attainment often lead to higher wages and income. Educational attainment in all geographies is relatively high, especially compared to the national average. As exhibited below, in 2016, approximately 38 percent of 15-minute drive-time contour residents 25 years of age and older had a bachelor's degree or higher level of education, compared to 43 percent within East Fairfield Submarket and 47 percent within Fairfield County.

Educational Attainment (% of Total Population) 2016

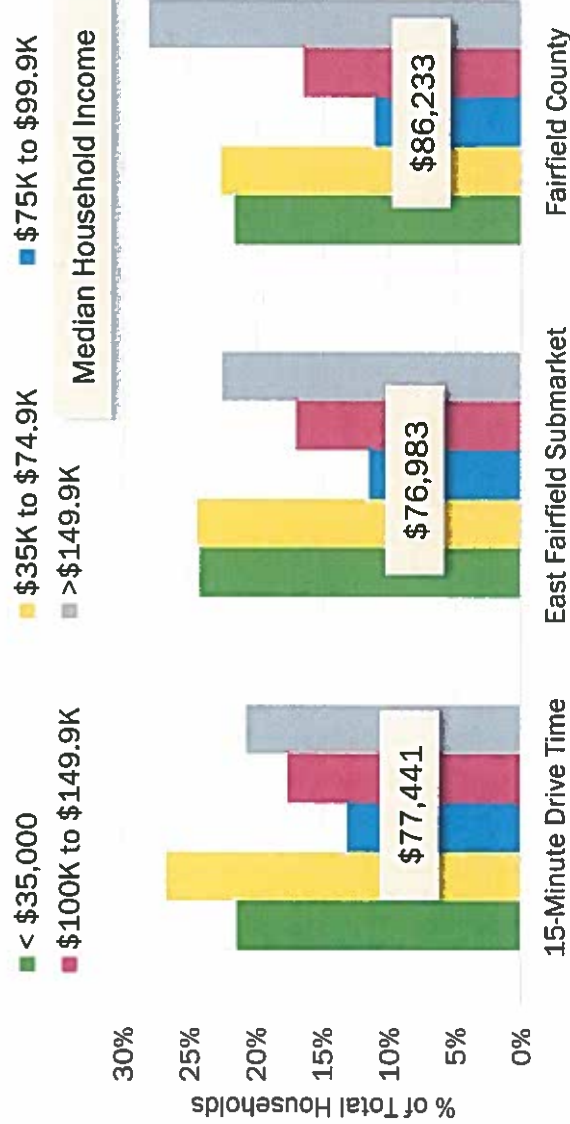


Source: Esri

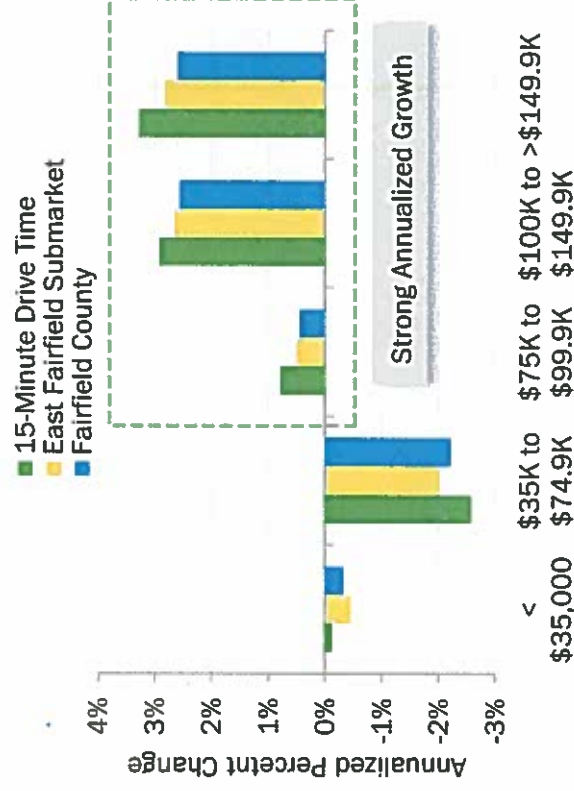
Income Distribution

As shown in the graphic on the left, estimated 2016 median household income in the 15-minute drive-time contour (\$77,441) is higher than that in the East Fairfield Submarket (\$76,983), but lower than that within Fairfield County (\$86,233), overall. Approximately 52 percent of households in 15-minute drive-time contour earn more than \$75,000 annually, compared to about 51 percent of households in the East Fairfield Submarket and 56 percent of households in Fairfield County, overall. As shown in the graphic on the right, households earning more than \$75,000 per year are estimated to increase the fastest across all geographies over the next five years.

Estimated 2016 Income Distribution by Geography



Annualized Income Change, 2016-2021

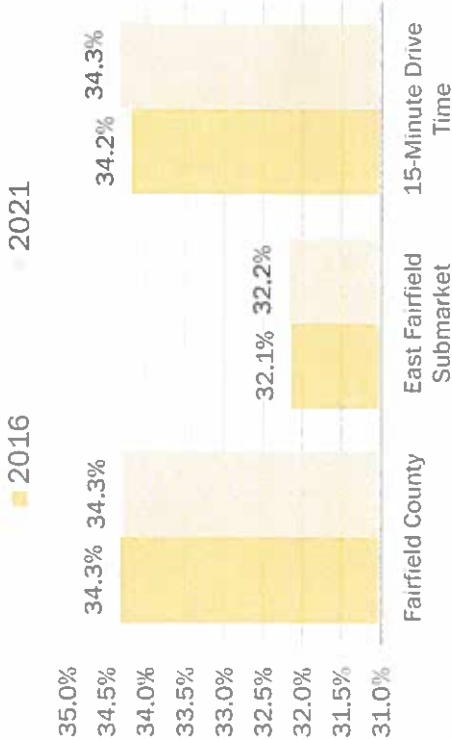


Source: Esri

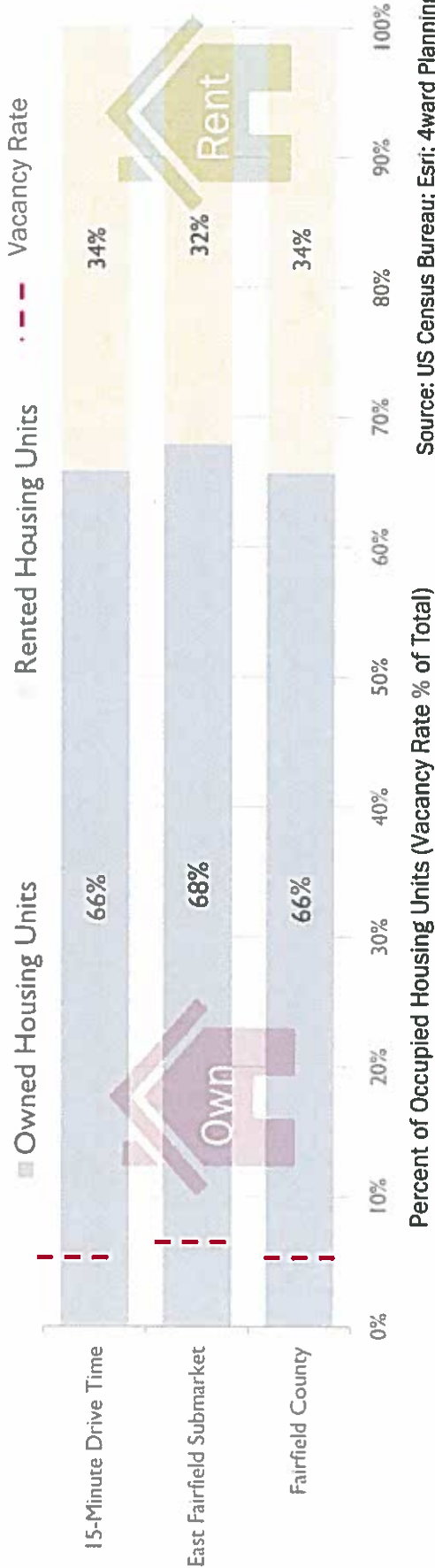
Housing Tenure Trends

The figure below comparatively illustrates trends in housing tenure (owner-occupied versus renter-occupied) for the three study geographies, indicating that homeownership, as a percentage of all housing units, is relatively similar across all geographies (ranging from 66 to 68 percent). Although homeownership is currently the dominant form of housing tenure, as illustrated in the chart to the right, the share of renter-occupied households is estimated to remain relatively steady across all geographies through 2021.

Renter-Occupied Household Trends
(% of Total Housing Units) by Geography



2016 Housing Tenure (% of Total Housing Units) by Geography



Percent of Occupied Housing Units (Vacancy Rate % of Total)

Source: US Census Bureau; Esri; 4ward Planning Inc., 2016

Tapestry Segments: An Overview

Esri's Tapestry Segmentation process classifies U.S. residential neighborhoods into 65 unique segments based on demographic variables such as age, income, home value, occupation, household type, education, and other consumer behavior characteristics demographic and socio-economic characteristics.

According to Esri, companies, agencies, and organizations have used segmentation to divide and group their consumer markets to more precisely target their best customers and prospects. This targeting method is, purportedly, superior to using "scattershot" methods that might attract preferred groups. Segmentation explains customer diversity, simplifies marketing campaigns, describes lifestyle and life-stage, and incorporates a wide range of data.

Segmentation systems operate on the theory that people with similar tastes, lifestyles, and behaviors seek others with the same tastes - "like seeks like." These behaviors can be measured, predicted, and targeted. Esri's Tapestry Segmentation system combines the "who" of lifestyle demography with the "where" of local neighborhood geography to create a model of various lifestyle classifications or segments of actual neighborhoods with addresses - distinct behavioral market segments.

4ward Planning employed the use of Esri's Tapestry Segments to identify the top socio-economic groups exhibiting a strong propensity to live in multi-family housing. A more detailed description of the Tapestry Segments 4ward Planning identified as exhibiting this housing preference can be found in the Appendix.

Source: Esri; 4ward Planning Inc., 2016

Top Tapestries: 15-Minute Drive-Time Contour

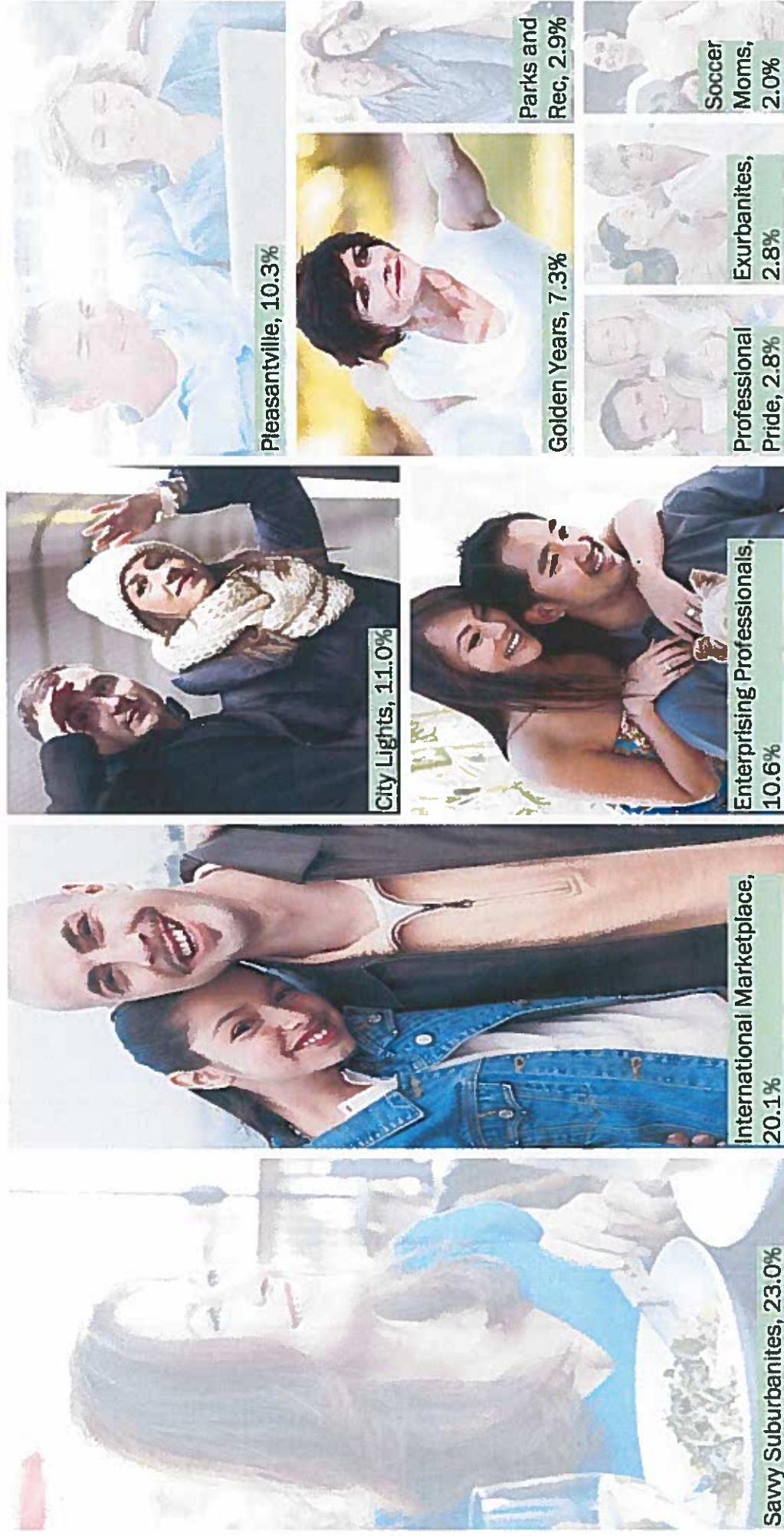
The chart below compares the top five Tapestry Segments by share of total households located within the 15-minute drive-time contour, along with key socio-economic metrics and spending potential index (comparing local average expenditures to the national average). According to the top five Tapestry Segments, approximately 50 percent of households within the 15-minute drive-time contour have some preference for living in multi-family housing, particularly rental. Successful multi-family housing development in the study area should consider the needs and preferences of these prevalent, top socio-economic groups, highlighted below and on the following page by share of total households.

Tapestry Segment	Typical Housing	Share of Households	Median Age	Average HH Size	Median HH Income	Housing Spending Index*	Percent Renters
Savvy Suburbanites	Single Family	23.0%	44.1	2.83	\$104,000	178	9%
International Marketplace	High-Density Apts.; SF	20.1%	32.3	3.04	\$41,000	85	72%
City Lights	Multitunits; SF	11.0%	38.8	2.56	\$60,000	117	48%
Enterprising Professionals	Multitunits; SF	10.6%	34.8	2.46	\$77,000	139	48%
Pleasantville	Single Family	10.3%	41.9	2.86	\$85,000	148	16%
Golden Years	SF; Multitunits	7.3%	51.0	2.05	\$61,000	129	36%
Parks and Rec	Single Family	2.9%	40.3	2.49	\$55,000	97	29%
Professional Pride	Single Family	2.8%	40.5	3.11	\$127,000	220	8%
Exurbanites	Single Family	2.8%	49.6	2.48	\$98,000	176	15%
Soccer Moms	Single Family	2.0%	36.6	2.96	\$84,000	139	15%

Source: Esri; 4ward Planning Inc., 2016

Top Tapestries: 15-Minute Drive-Time

The graphic below presents the top 10 Tapestry Segments by share of total households, highlighting those Tapestries with some propensity to live in multi-family housing (e.g., International Marketplace, City Lights, etc.).



Source: Esri; 4ward Planning Inc., 2016

Labor & Industry Trends Analysis

ECONOMIC AND REAL ESTATE ANALYSIS FOR SUSTAINABLE LAND USE OUTCOMES™



Methodology: Project Study Areas

This section provides an overview of labor and industry trend data for the following study areas: the Bridgeport-Stamford-Norwalk, CT Metropolitan Statistical Area (MSA); the State of Connecticut; and the State of New York.

Bridgeport-Stamford-Norwalk, CT MSA

Total Employment: 393,177



State of Connecticut

Total Employment: 1,518,966



State of New York

Total Employment: 8,148,592

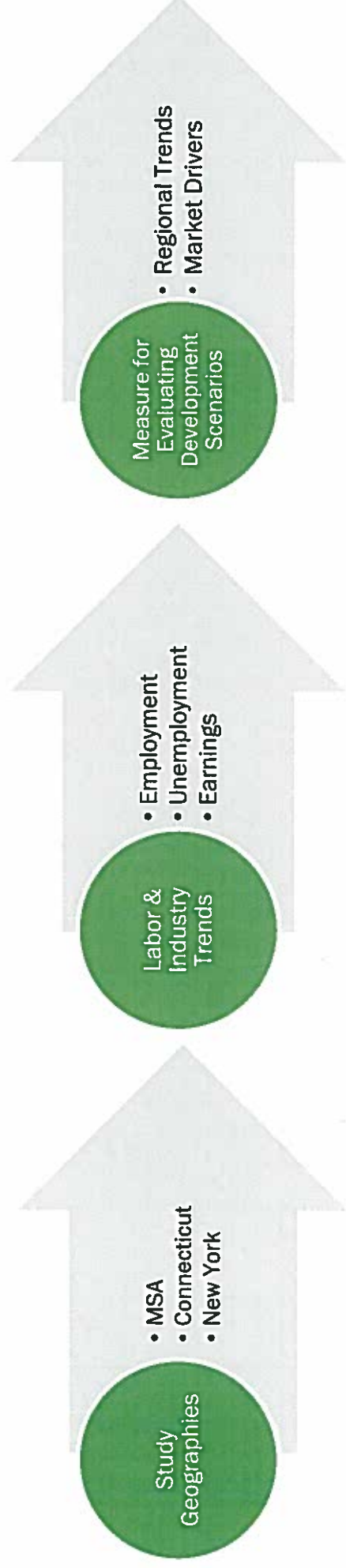


Methodology: Labor & Industry Trends Analysis

4ward Planning Inc. conducted an examination of labor and industry trends in the Bridgeport-Stamford-Norwalk metro area and surrounding region. Based on the appropriate scale of geographic analysis, as well as data availability, the following study areas were analyzed:

- Bridgeport-Stamford-Norwalk, CT MSA;
- State of Connecticut; and
- State of New York

Industry and labor data were gathered from the U.S. Census Bureau's *OnTheMap* data server, as well as from Quarterly Workforce Indicators (QWI) reports. Work area analysis was performed for the most recent available years. Employment growth rate projections from both the State of Connecticut's and New York's Departments of Labor, were also utilized. Labor characteristics analyzed include primary job employment, average monthly earnings, and job creation, among others.



Top Six Industries by Total Employment: MSA

The chart below depicts the top six industries, by employment, in the Bridgeport-Stamford-Norwalk MSA. Healthcare and Social Assistance is the largest industry, comprising 14 percent (55,754 jobs) of total MSA employment, followed by the Retail Trade (11 percent) and Manufacturing (nine percent) industries. Between 2010 and 2014, The Health Care and Social Assistance and Retail Trade sectors grew by four and five percent, respectively, each adding nearly 2,000 jobs. Meanwhile, Manufacturing saw a six percent decline (a loss of roughly 2,300 jobs) and the Finance and Insurance industry, the fifth largest in the MSA, saw even greater losses (an eight percent drop, or about 3,100 jobs), during this same time period.

Bridgeport-Stamford-Norwalk, CT MSA - Top Six Industries by Employment



Source: OnTheMap

Employment by Industry: MSA

The table below presents employment projections for the top 10 industries based on 2014 employment data provided by OnTheMap and 2014 to 2024 industry growth projections provided by State of Connecticut Department of Labor for the Northwest Workforce Development Area (containing Newton). Health Care and Social Assistance, the largest sector by current employment, is projected to increase by roughly 24 percent (adding 13,532 jobs). Educational Services, the fourth largest industry, is expected to grow by nearly 34 percent (12,240 new jobs, the next highest contribution of new jobs after Health Care and Social Assistance), while Retail Trade, the second largest industry, will increase by about nine percent (4,177 jobs). Administration & Support, Waste Management and Remediation, the eighth largest industry in the MSA, is the only one among the 10 largest industries expected to see a decline (a loss of 4,121 jobs, or 18 percent) by 2025.

Employment by Industry, Top 10 Industry Projections

Industry	2014 Estimated Employment	2025 Projected Employment	Numeric Change	Percent Change
Health Care and Social Assistance	55,754	69,286	13,532	24.3%
Retail Trade	44,667	48,844	4,177	9.4%
Manufacturing	37,228	39,686	2,458	6.6%
Educational Services	36,452	48,692	12,240	33.6%
Finance and Insurance	35,607	39,209	3,602	10.1%
Professional, Scientific, and Technical Services	32,089	34,189	2,100	6.5%
Accommodation and Food Services	25,297	26,584	1,287	5.1%
Administration & Support, Waste Management and Remediation	22,730	18,609	-4,121	-18.1%
Wholesale Trade	16,250	21,116	4,866	29.9%
Other Services (excluding Public Administration)	15,766	17,422	1,656	10.5%

Source: OnTheMap; Connecticut Department of Labor

Top Six Industries by Total Employment: Connecticut

The chart below depicts the top six industries, by employment, in the State of Connecticut. As in the Bridgeport-Stamford-Norwalk MSA, Health Care and Social Assistance is the largest industry employer, comprising 16 percent of total state employment (1,361,417 jobs); growth in this industry has remained relatively flat in recent years, increasing two percent (about 5,600 jobs) between 2010 and 2014. Among the six largest industries, notable growth is observed in the Retail Trade and Accommodation and Food Services industries, which increased by seven and 14 percent, respectively, during this same time period. Similar to MSA industry trends, the Manufacturing and Finance and Insurance industries have both experienced some decline in recent years.

Connecticut - Top Six Industries by Employment



Source: OnTheMap

Employment by Industry: Connecticut

The table below presents employment projections for the top 10 industries based on 2014 employment data provided by OnTheMap and 2014 to 2024 statewide industry growth projections provided by the State of Connecticut's Department of Labor. Health Care and Social Assistance, the largest industry employer in the State, is projected to bring approximately 30,731 new jobs over the next decade. The Professional, Scientific, and Technical Services industry will make the next largest contribution to new jobs in the State, introducing over 13,634 new jobs within the next decade. The Public Administration sector, the tenth largest industry in the State, is the only one of the top industries expected to see a decline (a loss of 2,262 jobs, or four percent) by 2025.

Employment by Industry, Top 10 Industry Projections

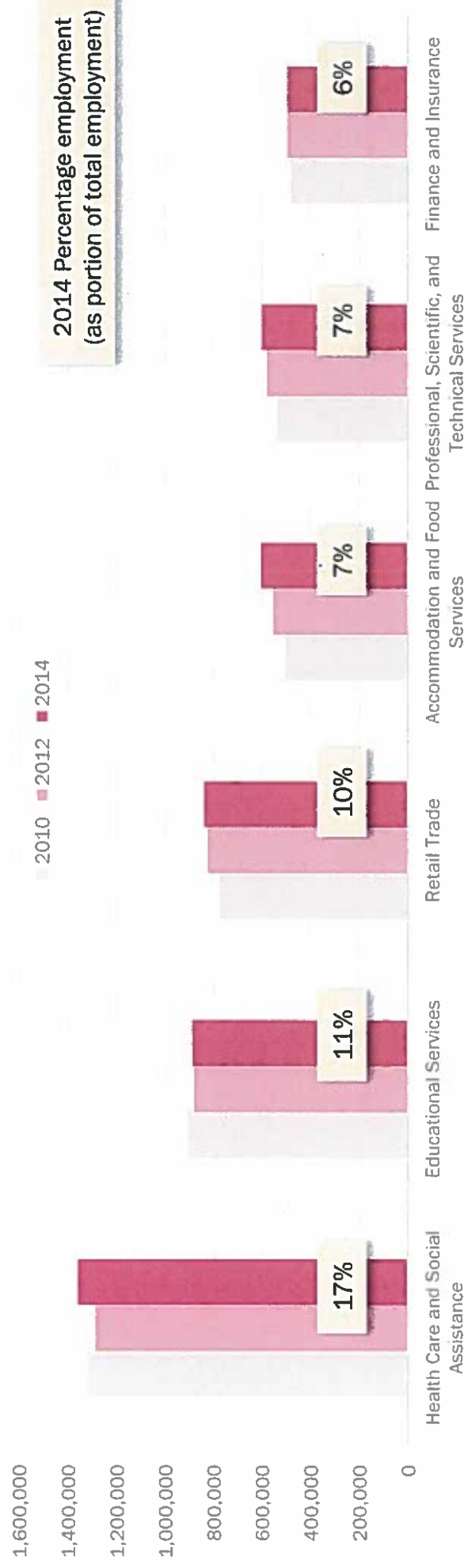
Industry	2014 Estimated Employment	2025 Projected Employment	Numeric Change	Percent Change
Health Care and Social Assistance	237,126	267,857	30,731	13.0%
Educational Services	168,606	175,943	7,337	4.4%
Retail Trade	168,060	173,347	5,287	3.1%
Manufacturing	164,352	169,393	5,041	3.1%
Finance and Insurance	109,926	115,555	5,629	5.1%
Accommodation and Food Services	101,959	109,156	7,197	7.1%
Professional, Scientific, and Technical Services	93,273	106,907	13,634	14.6%
Administration & Support, Waste Management and Remediation	75,610	84,696	9,086	12.0%
Wholesale Trade	63,220	66,508	3,288	5.2%
Public Administration	56,768	54,506	-2,262	-4.0%

Source: OnTheMap; Connecticut Department of Labor

Top Six Industries by Total Employment: New York

The chart below depicts the top six industries, by employment, in the State of New York. Similar to the Bridgeport-Stamford-Norwalk MSA and State of Connecticut, Health Care and Social Assistance is the largest industry employer in the State, comprising 17 percent of total employment in 2014, despite experiencing some decline in earlier years (a two percent loss, or 32,486 jobs) between 2010 and 2012. The second largest industry, Educational Services, saw similar losses (a three percent drop, a loss of 27,292 jobs) between 2010 and 2012. Meanwhile, the Retail Trade; Accommodation and Food Services; and Professional, Scientific and Technical Services industries all saw strong growth in recent years, increasing by eight, 20, and 12 percent, respectively, between 2010 and 2014.

New York - Top Six Industries by Employment



Source: OnTheMap

Employment by Industry: New York

The table below presents employment projections for the top 10 industries based on 2014 employment data provided by OnTheMap and 2014-2024 statewide industry growth projections provided by the State of New York’s Department of Labor. The Health Care and Social Assistance sector is projected to bring approximately 364,787 new jobs over the next decade. The Accommodation and Food Services and the Professional, Scientific, and Technical Services sectors will make the next two largest contributions to new jobs in the State, contributing approximately 168,334 and 164,761 new jobs, respectively. The Educational Services sector will bring approximately 101,671 new jobs by 2025. All top 10 industries in New York are expected to see some growth during this time period.

Employment by Industry, Top 10 Industry Projections

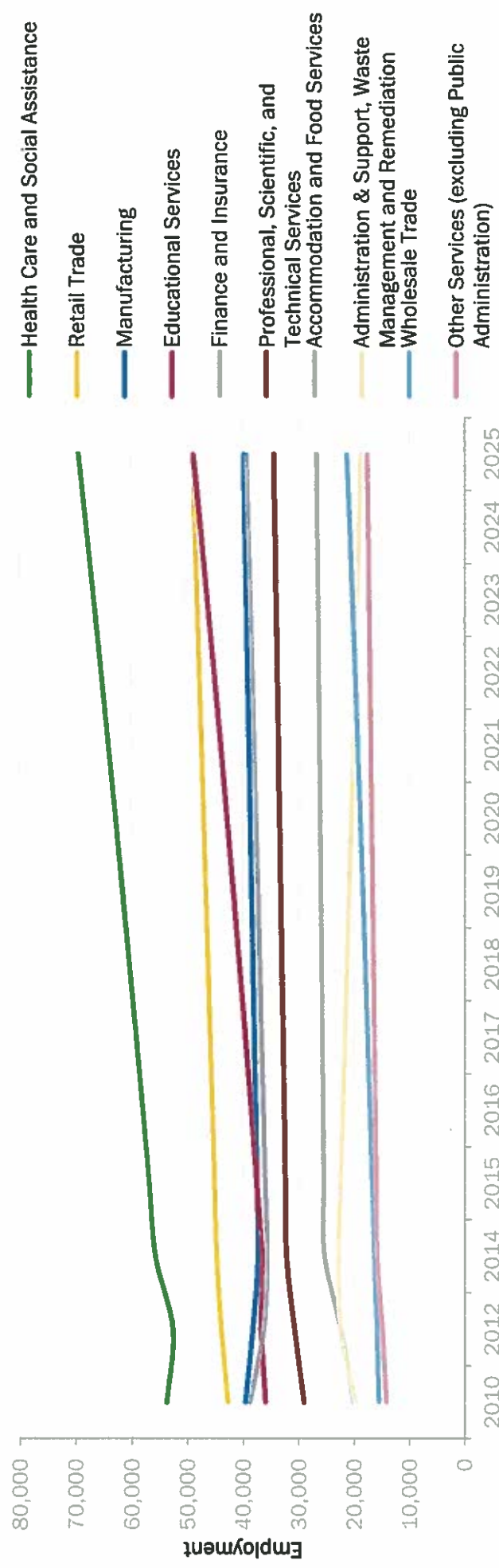
Industry	2014 Estimated Employment	2025 Projected Employment	Numeric Change	Percent Change
Health Care and Social Assistance	1,361,417	1,726,204	364,787	26.8%
Educational Services	888,811	990,482	101,671	11.4%
Retail Trade	838,948	920,479	81,531	9.7%
Accommodation and Food Services	605,740	774,074	168,334	27.8%
Professional, Scientific, and Technical Services	602,504	767,265	164,761	27.3%
Finance and Insurance	496,098	518,563	22,465	4.5%
Public Administration	455,424	468,571	13,147	2.9%
Manufacturing	447,917	452,216	4,299	1.0%
Administration & Support, Waste Management and Remediation	407,719	499,090	91,371	22.4%
Wholesale Trade	329,295	338,034	8,739	2.7%

Source: OnTheMap; New York Department of Labor

Long-Term Employment Growth: MSA

Health Care and Social Assistance, the largest and fastest growing industry in the Bridgeport-Stamford-Norwalk MSA, will maintain its dominance, with projections for substantial growth (24 percent, roughly 13,530 new jobs) in the coming decade. With a notable increase projected to occur in Educational Services during this same time period (nearly 37 percent or roughly 12,240 jobs), this sector will gain its place as the second largest industry in the MSA, surpassing growth in Retail Trade (currently the second largest employer).

Bridgeport-Stamford-Norwalk, CT MSA - Top 10 Industries, Projected Growth in Employment

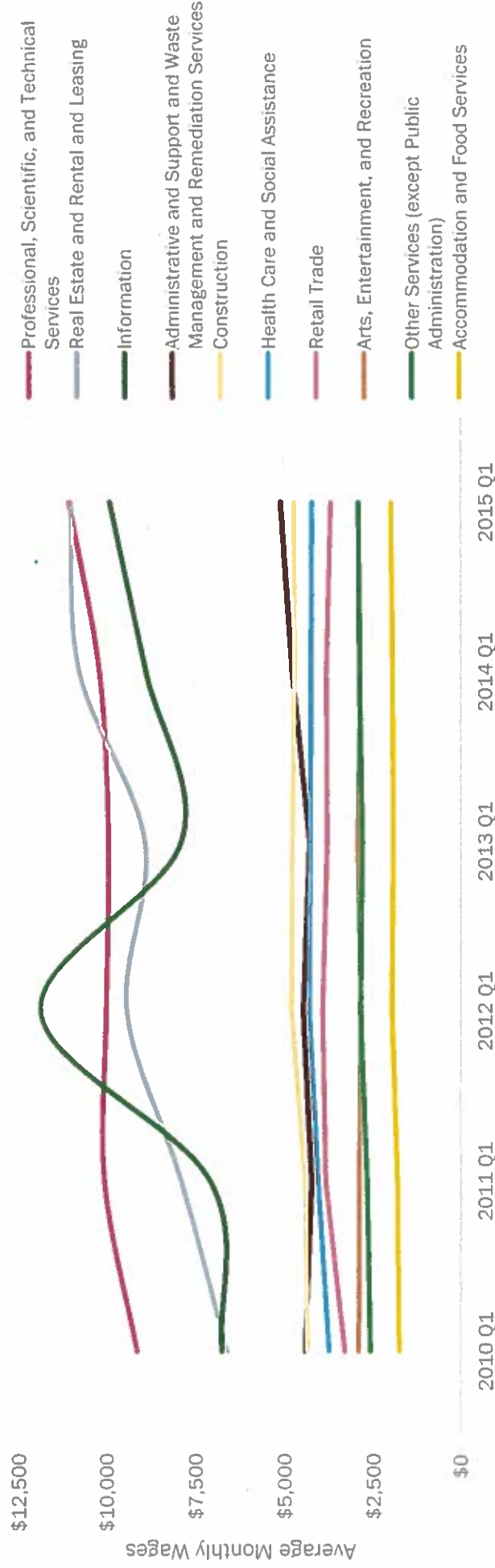


Source: OnTheMap

Average Monthly Earnings: MSA

The table below depicts annual average monthly earnings in the Bridgeport-Stamford-Norwalk MSA for the first quarters of 2010 through 2015. Industry earnings have fluctuated most among high-wage industries: most notably in the Information sector, which saw a substantial spike and peak levels in 2012, followed by a significant drop the following year. A similar pattern, to a lesser extent, is observed in the Real Estate and Rental and Leasing sector. Wage earnings in these industries, as well as in Professional, Scientific, and Technical Services, rose between 2013 and 2015. All other industries saw some fluctuation during the five-year period - notably Administrative and Support and Waste Management and Remediation Services, where wages increased in recent years.

Bridgeport-Stamford-Norwalk, CT MSA - Top 10 Industries, Average Monthly Wages 2010 - 2015



Source: QWI

Industry Growth/Loss Projections: MSA



Source: QWI

Real Estate Analysis

ECONOMIC AND REAL ESTATE ANALYSIS FOR SUSTAINABLE LAND USE OUTCOMES™



Methodology: Real Estate Trends & Supply/Demand Analysis

Real Estate Trends Analysis

In order to gain an understanding of local supply, demand, occupancy, and pricing factors for a broad range of land uses surrounding the Project (15-minute drive-time contour), real estate trends were identified for a variety of residential land uses (town houses, condos, and multi-family rental).

Interviews with Real Estate Professionals

4ward Planning sought the perspective of real estate professionals experienced with the local multi-family real estate market to better understand current market opportunities and challenges. Calls were also made to area apartment complexes recently constructed, in order to ascertain information on absorption pace.

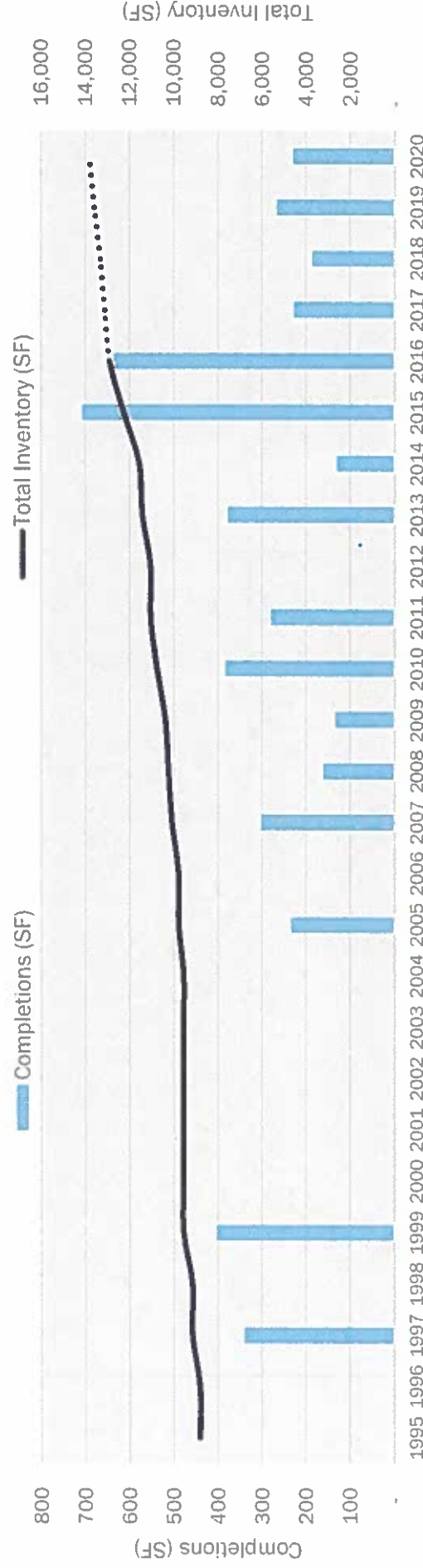
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Based on the quantitative and qualitative analyses and findings identified in the preceding tasks, 4ward Planning conducted a supply/demand analysis, identifying prospective areas of unmet demand for multi-family residential product surrounding the Project, a portion of which could be captured by the project.

Multi-Family Inventory: East Fairfield Submarket

According to second-quarter 2016 data provided by Reis, there are 12,870 apartment units within the East Fairfield Submarket (encompassing the Covered Bridge project site). Apartment inventory in this Submarket slowly but steadily increased from 2007 through 2014 (with 2,280 units delivered (a 23.3 percent increase over 2007 inventory). A total of 2,214 units have been delivered from 2015 through second-quarter 2016, a 19.2 percent increase over 2014 total inventory).

Apartment Submarket Inventory Trends



Source: Reis; 4ward Planning 2016

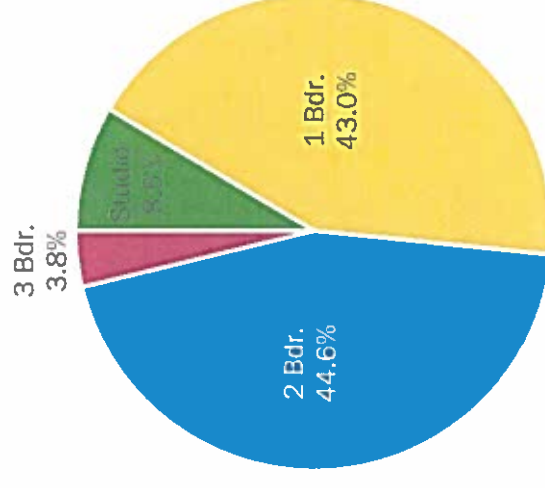
Multi-Family Inventory: East Fairfield Submarket

Nearly 87 percent of the total apartment inventory within the East Fairfield Apartment Submarket is composed of either one- or two-bedroom units (44.6 and 43.0 percent, respectively). A relatively small 3.8 percent and 8.5 percent of inventory is comprised of three-bedroom units and studios, respectively. More than a quarter of the apartment inventory within the East Fairfield Submarket was built prior to 1990 – suggesting this housing stock would, likely, not be market-competitive with the proposed Covered Bridge project. Forty-two percent of the Submarket's multi-family apartment stock was constructed after 2009 and serves, generally, as competitive supply to the Covered Bridge project.

Apartment Submarket Building Age Characteristics

Year Built	Inventory By Building Age	Vacancy Rate By Age	Asking Rent by Age
Before 1970	12%	4.4%	\$888
1970-1979	10%	3.5%	\$1,274
1980-1989	4%	5.4%	\$1,374
1990-1999	16%	4.1%	\$1,682
2000-2009	16%	5.5%	\$1,729
After 2009	42%	12.7%	\$1,860
All	100%	7.9%	\$1,512

Apartment Submarket Bedroom Unit Mix



Source: Reis; 4ward Planning 2016

Multi-Family Pipeline:

Submarket & 15-Minute Drive-Time

According to 2015 New Housing Authorizations data provided by the Connecticut Department of Economic and Community Development (DECD), there are 833 apartment units (five or more units) in the development pipeline within East Fairfield County (which includes Newtown and the proposed Covered Bridge project). As presented in the table to the left, the majority of these apartment units (479 units or 58 percent) are located within Danbury.

Multifamily Housing Authorizations:
East Fairfield Submarket, 2015

	Units	Percent
Danbury	479	58%
Shelton	152	18%
Bridgeport	102	12%
Brookfield	41	5%
Bethel	26	3%
Fairfield	13	2%
Stratford	10	1%
Ridgefield	10	1%
Total	833	100%

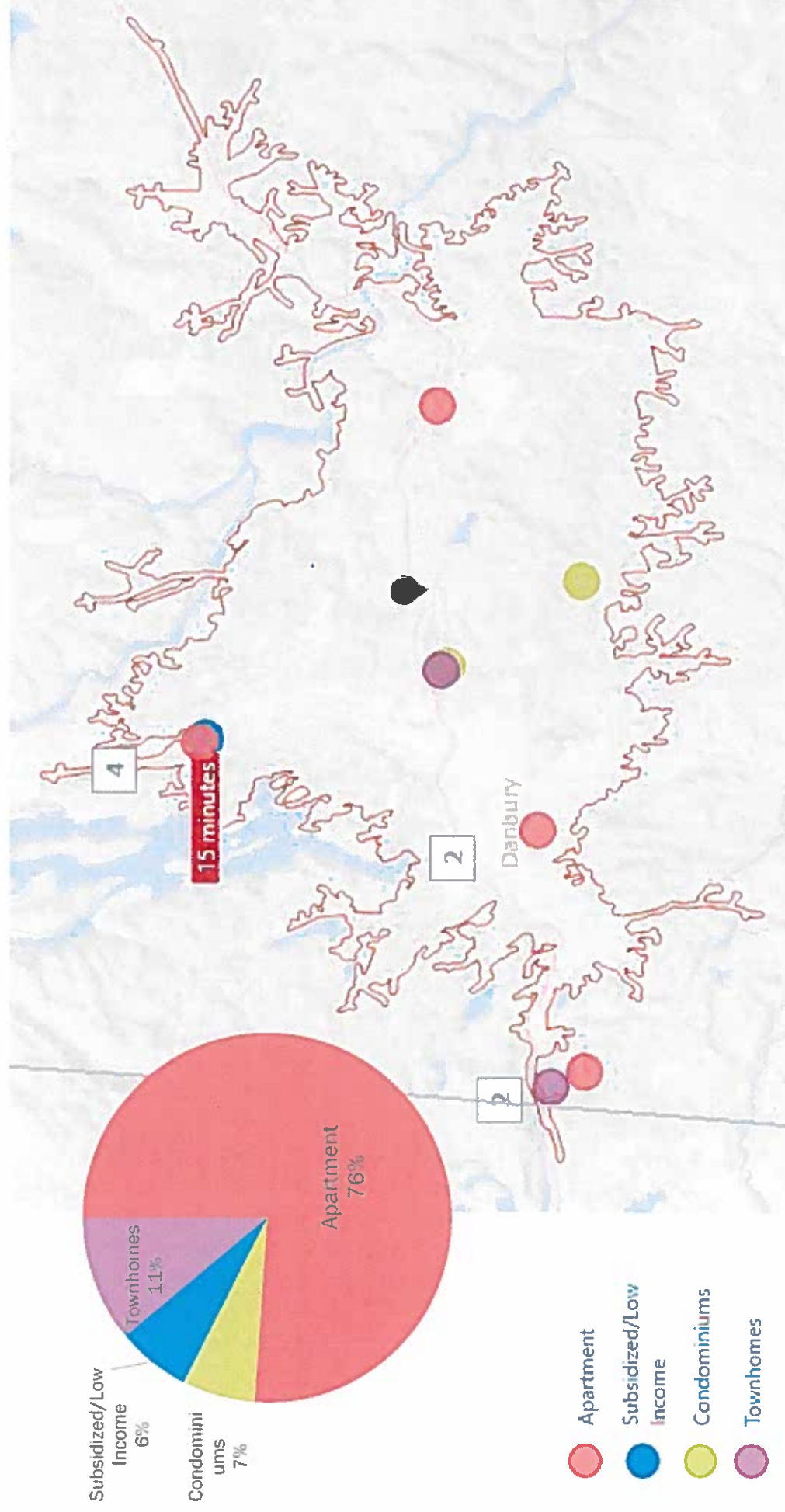
According to data provided by Reis (presented in the table to the right and mapped on the following page), within the 15-minute drive-time of the Covered Bridge project, 704 apartment units have been recently completed and 20 apartment units are currently under construction. Based on discussion with the leasing agent at Kennedy Flats, half of the project's new apartment units are currently occupied.

Apartment Pipeline: 15-minute Drive, 2016

Status/Project	Complete	Under Construction	Total
Brookfield	285		285
Barnbeck Place	165		165
Brookfield Village Project Ph II	48		48
Residences at Laurel Hill	72		72
Danbury	419	20	439
1 Kennedy Flats	374		374
Toll Brothers		20	20
Town Line Commons	45		45
Total	704	20	724

Source: DECD, 2015; Reis, as of 9/12/2016; 4ward Planning Inc., 2016

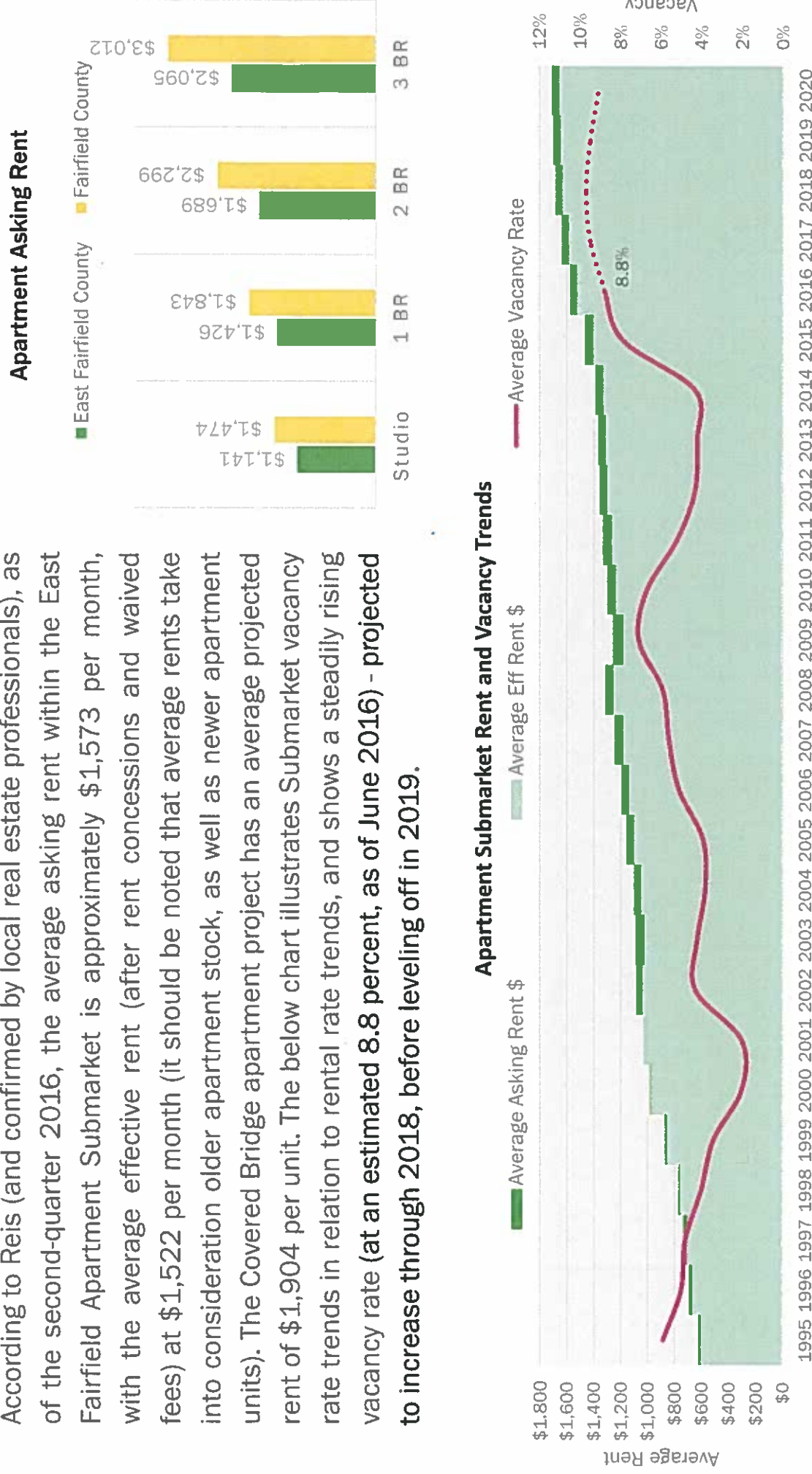
Multi-Family Pipeline: 15-Minute Drive-Time Contour



Source: Reis; 4ward Planning Inc., as of 9/12/2016

Multi-Family Asking Rents & Vacancy

According to Reis (and confirmed by local real estate professionals), as of the second-quarter 2016, the average asking rent within the East Fairfield Apartment Submarket is approximately \$1,573 per month, with the average effective rent (after rent concessions and waived fees) at \$1,522 per month (it should be noted that average rents take into consideration older apartment stock, as well as newer apartment units). The Covered Bridge apartment project has an average projected rent of \$1,904 per unit. The below chart illustrates Submarket vacancy rate trends in relation to rental rate trends, and shows a steadily rising vacancy rate (at an estimated 8.8 percent, as of June 2016) - projected to increase through 2018, before leveling off in 2019.



Source: Reis; 4ward Planning 2016

Multi-Family Asking Rents & Vacancy

The table at right identifies apartment rent metrics for three Submarket area multi-family rental projects: Abbey Woods (Danbury), Kennedy Flats (Danbury), and Barnbeck Place (Brookfield); the East Fairfield Apartment Submarket (Q2 2016 averages); and, for comparison, the proposed Covered Bridge project.

It should be noted that the average rent metrics for the East Fairfield Apartment Submarket are based multi-family rental buildings which range greatly in age - from the early 1960s to those recently built. Consequently, the monthly per-square-foot rents are, generally, substantially lower than those of the other rental projects exhibited. Nonetheless, on a square-foot basis, the proposed Covered Bridge projected rents compare quite favorably against other newer market-area rental projects, *with the exception of its three-bedroom-unit offering* - where the projected monthly square foot rate is substantially above the three-bedroom rates for Abbey Woods, Kennedy Flats, and the average Submarket apartment rent.

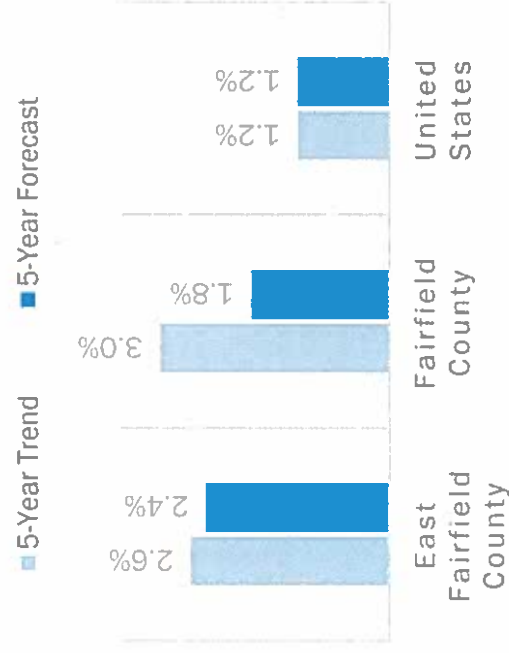
	Project Area Rents		
	<u>1BR</u>	<u>2BR</u>	<u>3BR</u>
Abbey Woods			
Square Feet	865	1,160	1,906
Monthly Rent	\$1,657	\$1,858	\$2,528
Rent/S.F./Mnth	\$1.92	\$1.60	\$1.33
Kennedy Flats			
Square Feet	841	1,101	1,906
Monthly Rent	\$1,587	\$1,961	\$2,528
Rent/S.F./Mnth	\$1.89	\$1.78	\$1.33
Barnbeck Place			
Square Feet	714	1,210	NA
Monthly Rent	\$1,465	\$2,175	NA
Rent/S.F./Mnth	\$2.05	\$1.80	NA
East Fairfield Submarket			
Q2-2016			
Square Feet	885	1,208	1,387
Monthly Rent	\$1,426	\$1,689	\$2,095
Rent/S.F./Mnth	\$1.61	\$1.40	\$1.51
Covered Bridge			
Square Feet	730	1,210	1,515
Monthly Rent	\$1,410	\$2,010	\$2,151
Rent/S.F./Mnth	\$1.93	\$1.66	\$1.42

Source: Reis; 4ward Planning 2016

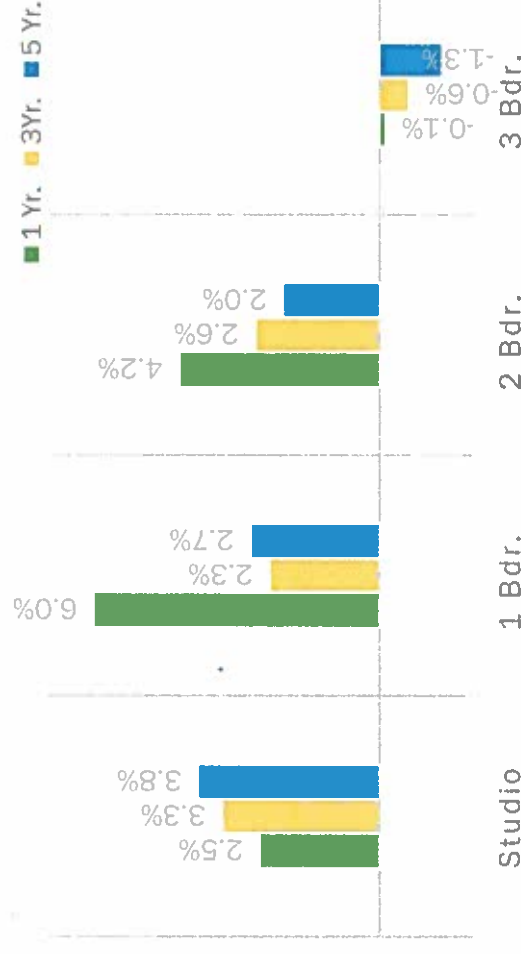
Multi-Family Growth Trends & Forecasts

According to Reis, over the past five years, the apartment inventory growth in both Fairfield County and the East Fairfield Submarket has been extremely strong, with annualized growth of 3.0 and 2.6 percent, respectively, as compared to 1.2 percent for the entire U.S. apartment market over the same five-year period. Reis forecasts that annualized inventory growth will slow considerably for Fairfield County (1.8 percent) but remain relatively strong for the Submarket (2.4 percent) over the next five years. Annualized asking-rent growth within the East Fairfield Apartment Submarket, over the next five-years, is projected to remain well above inflation for all categories of bedroom counts, save for three-bedroom units, according to Reis. Studio units, in particular, are expected to experience rising annualized rent growth, as increased demand for such units outstrips existing supply, over the next five years.

Apartment Inventory Growth Trends and Forecasts (Annualized)



Apartment Submarket Asking Rent Growth



Source: Reis; 4ward Planning 2016

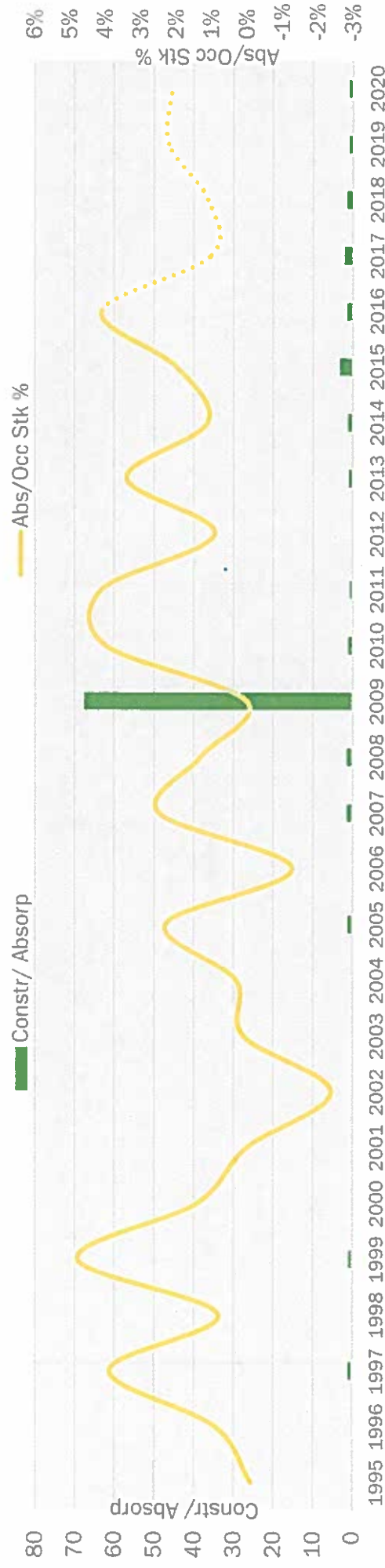
Multi-Family Construction & Absorption

The construction/absorption ratio measures, in a given period, the degree to which completed residential units are occupied (rented). The lower the ratio, the healthier the indicator for demand. As the ratio rises, it is an indicator of supply increasingly outpacing demand. On an annualized basis, over the past five years, the average apartment construction/absorption ratio within the East Fairfield Apartment Submarket has been 1.2 (similar to the County, overall). According to Reis, this ratio is projected to remain constant over the next five-year period, slightly better than ratio for all of Fairfield County over the same forecast period.

Apartment Construction/Absorption Ratio (Annualized)



Apartment Submarket Completions and Absorption Rates by Year



Source: Reis; 4ward Planning 2016

Multi-Family Absorption Analysis:

The multi-family construction/absorption ratio measures the degree to which completed residential units are occupied, within a given time period. So, for example, if 100 apartment units were completed and 20 of these units were occupied (rented) within three months after completion, the annualized construction/absorption ratio would be 1.2 or an average of 6.7 units per month (a 6.7 percent monthly absorption pace). If, instead, 10 units were occupied within three months following completion, the annualized construction/absorption ratio would be 2.5 or an average of 3.3 units per month (a 3.3 percent monthly absorption pace). Consequently, market-area apartment absorption ratios approaching 1.0 are indicators of a relatively strong demand for units, versus metrics further from 1.0

In order to identify current absorption pace having relevance to the proposed Covered Bridge project, 4ward Planning examined Reis second-quarter and year-to-date 2016 construction/absorption ratios for the East Fairfield Apartment Submarket, and for comparison purposes, Fairfield County, exhibited below:

Submarkets	Construction/Absorption Ratios					
	Second Quarter 2016			Year-to-Date Average		
	Units Built	Units Absorbed	Cons/Abs Ratio	Units Built	Units Absorbed	Cons/Abs Ratio
East Fairfield						
Submarket	165	103	1.6	80	80	1.0
Fairfield County	297	140	2.1	149	263	0.6

Note: Second Quarter 2016 and YTD average metrics are for the period ending June 30, 2016

Source: Reis; 4ward Planning 2016

Multi-Family Absorption Analysis:

The second-quarter and year-to-date construction/absorption ratios for the East Fairfield Apartment Submarket (1.6 and 1.0, respectively) are indicative of relatively strong market demand for multi-family rental units. The second-quarter construction/absorption ratio for Fairfield County is not as strong as that for the East Fairfield Apartment Submarket (2.1 versus 1.6), but its year-to-date construction/absorption ratio of 0.6 is a stronger metric than that for the East Fairfield Submarket.

The below table presents Reis' five-year forecast for annualized construction/absorption within the East Fairfield Apartment Submarket and Fairfield County:

Construction/Absorption Ratios				
Annualized Five-Year Forecast				
<u>Submarkets</u>	<u>Units</u>		<u>Cons/Abs</u>	
	<u>Built</u>	<u>Absorbed</u>	<u>Ratio</u>	
East Fairfield				
Submarket	309	251	1.2	
Fairfield County	682	534	1.3	

Note: Average is over the period ending December 31, 2016

As exhibited in the above table, Reis projects relatively strong absorption over the next five years for both the East Fairfield Apartment Submarket and the Fairfield County apartment market – both suggesting a favorable environment for the proposed 180-unit Covered Bridge development. These findings align with the strong demand observed by local real estate professionals.

Source: Reis; 4ward Planning 2016

Multi-Family Absorption Analysis:

Below are specific absorption metrics (validated and estimated) for market-area rental projects, as well as the Covered Bridge residential project. Direct contact was made with the Kennedy Flats rental agent. Data on the Enclave and Laurel Hill was furnished via a third party:

<u>Project</u>	<u>Town</u>	<u>Units</u>	<u>Lease Start Date</u>	<u>Monthly Absorption</u>		<u>Units Absorbed</u>	<u>Months to Lease-Up</u>		<u>Annualized Cons/Abs Ratio</u>	
				<u>Pace</u>	<u>Rate</u>		<u>Monthly</u>	<u>Rate</u>	<u>Ratio</u>	<u>Ratio</u>
The Enclave ¹	Brookfield	187	NA	5.7%		10.6	17.7	17.7	1.5	1.5
Covered Bridge ¹	Newtown	180	NA	5.7%		10.2	17.7	17.7	1.5	1.5
Kennedy Flats - Building 2	Danbury	158	May-16	9.0%		14.2	11.1	11.1	0.9	0.9
Kennedy Flats - Building 5	Danbury	44	Dec-15	10.7%		4.7	9.4	9.4	0.8	0.8
Laurel Hill	Brookfield	72	Apr-15	8.3%		6.0	12.0	12.0	1.0	1.0

¹ Not built

This table indicates the estimated absorption pace for the proposed Covered Bridge project is relatively conservative, as compared to actively leasing (Kennedy Flats) or recently completed (Laurel Hill) market-area projects.

Source: Reis; 4ward Planning 2016

Supply/Demand Analysis: Key Demand Scenario Assumptions

Net Household Formation from 2016 to 2026 Based on Esri's Household Growth Forecasts

Households within the 15-minute drive-time contour are projected to increase by 2,530 from 2016 to 2025, at 0.6 percent per year.

Employment Growth Based on a Modest Average Annual Growth Rate of 0.9 Percent over 2014 Base Employment

Based on 2014 employment data provided by OnTheMap and 2014-2024 employment by industry projections provided by State of Connecticut Department of Labor for the Northwest Workforce Development Area (WDA), those employed within the 15-minute drive-time contour are projected to increase by 10,780, from 2016 to 2025.

3% of Those Working in the 15-Minute Drive-Time Contour but Living Elsewhere Represent Pent-Up Demand

Approximately 57 out of every 100 workers commute from outside the 15-minute drive-time contour. It is assumed three out of every 100 of these workers would trade their commutes if adequate housing choice was available.

2% of Current Housing Stock in the 15-Minute Drive-Time Contour is Physically Obsolescent and Unmarketable

Approximately 20 out of every 100 housing units in the 15-minute drive-time contour were built before 1940, increasing the incidence of obsolescence.

1.0% of Remaining Housing Stock Becomes Obsolescent Annually

All housing stock gradually wears out over time and, on average, one out of every 100 units becomes obsolescent, annually.

Demand by Tenure will Reflect Top Tapestry Segments with Preferences for multi-family Housing

Fifty percent of new-unit demand within the 15-minute drive-time contour will be for rental housing.

Housing Vacancy Projections Based on Esri's Vacancy Projections

Housing vacancy is based on Esri's projections for the 15-minute drive-time contour.

Supply/Demand Analysis: 15-Minute Drive-Time Contour

	2016	2020	2025
Housing Demand Metrics			
Population	117,540	120,870	125,160
Households (each household in radius represents demand for one housing unit)	42,450	43,700	44,980
Estimated Workers within 15-Minute Drive	73,476	78,317	85,092
Estimated Workers Residing Outside 15-Minute Drive (59%)	42,360	44,640	48,500
Estimated Pent-Up Housing Unit Demand from Commuting Area Workers (1%)	1,271	1,339	1,455
Estimated Number of Vacant Housing Units (5% is a natural/average vacancy rate factor)	3,097	2,257	2,255
Estimated Aggregate Housing Unit Demand in 15-Minute Drive	46,818	47,296	48,690
Housing Supply Metrics			
Estimated Housing Units in 15-Minute Drive	45,550	46,067	46,087
Subtract Physically Obsolescent Units (2% of total units, 1% annual obsolescence rate)	911	948	996
New Units to Add (based on apartment pipeline estimates)*	517	20	-
Estimated Net Marketable Housing Units in 15-Minute Drive	45,156	45,139	45,091
Net Housing Demand/Supply Calculation			
Estimated Aggregate Housing Unit Demand in 15-Minute Drive	46,818	47,296	48,690
Subtract Estimated Net Marketable Housing Units in 15-Minute Drive	45,156	45,139	45,091
Net Housing Unit Demand/(Excess Units) (Assumes no new housing beyond 2016)	1,662	2,157	3,599

* Omits half of the new apartment units at Kennedy Flat that are already occupied.

Source: 4ward Planning Inc. 2015

Multi-Family Housing Demand/Capture: By 2025

Assuming between just seven and 10 percent of net housing demand within the 15-minute drive-time contours could be captured, as well as no additional housing units added, the 15-minute drive-time area should adequately support between an additional 250 and 360 residential units by 2025.



Share of Housing by Various Demographic Categories			
	2016	2020	2025
Replacement	911	948	996
Household Growth and Pent-up Worker Demand	751	1,209	2,603
Owner-Occupied (40%)	665	863	1,440
Renter-Occupied (60%)	997	1,294	2,159
1-Bdr (25%)	416	539	900
2-Bdr (55%)	914	1,186	1,979
3+ Bdr (20%)	332	431	720
HH Income \$75k or Greater (35%)	582	755	1,260
HH Income \$40k to \$74.9K (35%)	582	755	1,260
HH Income \$39.9k and Less (30%)	499	647	1,080
Age 29 or Younger (20%)	332	431	720
Age 30 to 54 (65%)	1,080	1,402	2,339
Age 55 or Older (15%)	249	324	540

Source: 4ward Planning Inc. 20156

Takeaway: Real Estate Analysis

The foregoing real estate analysis indicates there is sufficient unmet demand for new multi-family rental housing within the Primary Market Area of the proposed Covered Bridge project site (the 15-minute drive-time contour from the site). The analysis demonstrates this demand is generated by a combination of projected household formation, pent-up need from area workers who currently commute into the Primary Market Area, and needed replacement of physically obsolescent housing.

Further, the Covered Bridge proposed leasing rates, as well as the projected absorption pace are within reasonable market area parameters – that is, they are neither unrealistically low or high.

Finally, it should be understood that this real estate analysis is based on currently observed market conditions and economic factors and, as such, the conclusions reached are subject to change with future changes to market-area conditions (e.g., significant new supply delivered within the next three years) and economic factors (e.g., a significant downturn in the regional economy/substantial rise in the unemployment rate).

Interview Contacts: Real Estate Professionals

The following local real estate professionals, all working in and familiar with the East Fairfield Submarket housing market, were interviewed for their perspectives on the study area's multi-family rental trends. Their input was used to support and enhance the findings in this analysis.

- Julie Thompson of Berkshire Hathaway HomeServices: (203) 947-9055
- Todd Seargent of Coldwell Banker: (203) 948-1729
- Zaza Chilvers of Neumann Real Estate: (203) 561-2962
- Dave Scolpino of Nationwide Homes: (203) 948-3683
- Bob Ward of Coldwell Banker/Newtown: (203) 654-3720

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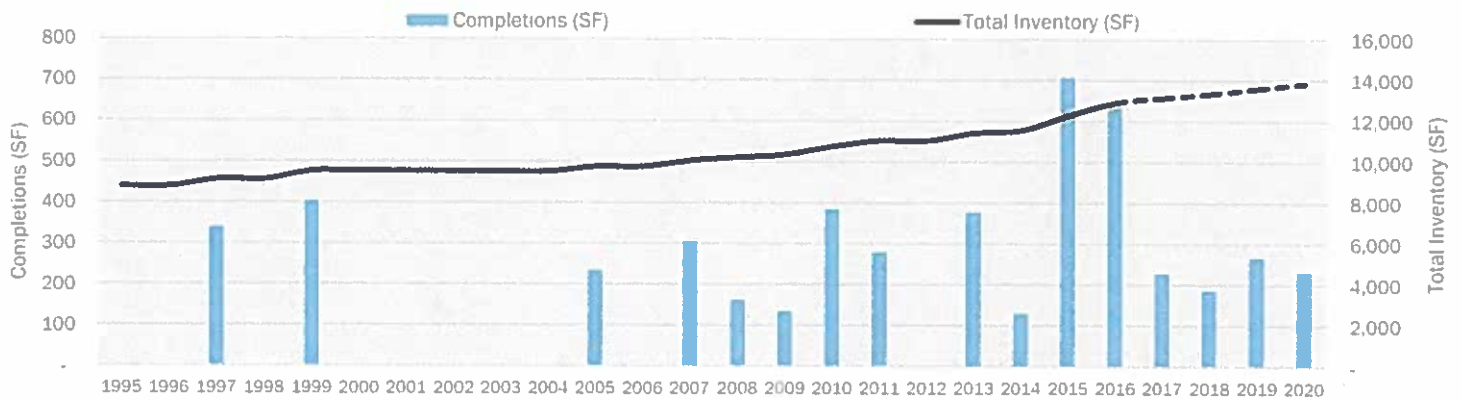
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Source: Reis; 4ward Planning 2016

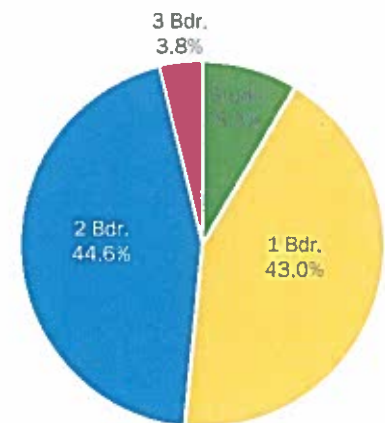
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Year Built	Inventory By Building Age	Vacancy Rate By Age	Asking Rent by Age
Before 1970	12%	4.4%	\$888
1970-1979	10%	3.5%	\$1,274
1980-1989	4%	5.4%	\$1,374
1990-1999	16%	4.1%	\$1,682
2000-2009	16%	5.5%	\$1,729
After 2009	42%	12.7%	\$1,860
All	100%	7.9%	\$1,512

Apartment Submarket Bedroom Unit Mix



Source: Reis; 4ward Planning 2016

Multi-Family Pipeline: Submarket & 15-Minute Drive-Time

According to 2015 New Housing Authorizations data provided by the Connecticut Department of Economic and Community Development (DECD), there are 833 apartment units (five or more units) in the development pipeline within East Fairfield County (which includes Newtown and the proposed Covered Bridge project). As presented in the table to the left, the majority of these apartment units (479 units or 58 percent) are located within Danbury.

According to data provided by Reis (presented in the table to the right and mapped on the following page), within the 15-minute drive-time of the Covered Bridge project, 704 apartment units have been recently completed and 20 apartment units are currently under construction. Based on discussion with the leasing agent at Kennedy Flats, half of the project's new apartment units are currently occupied.

Multifamily Housing Authorizations: East Fairfield Submarket, 2015

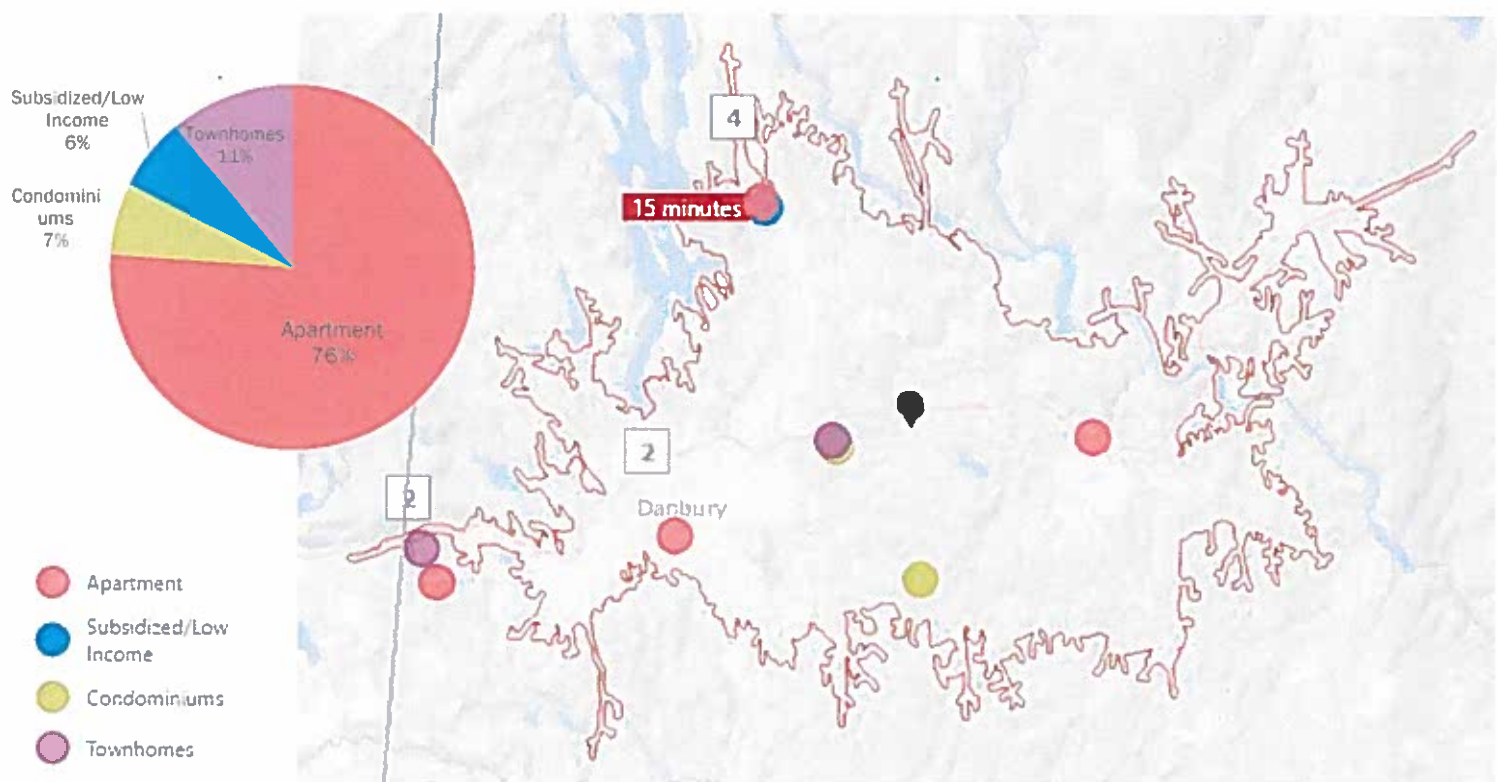
	Units	Percent
Danbury	479	58%
Shelton	152	18%
Bridgeport	102	12%
Brookfield	41	5%
Bethel	26	3%
Fairfield	13	2%
Stratford	10	1%
Ridgefield	10	1%
Total	833	100%

Apartment Pipeline: 15-minute Drive, 2016

Status/Project	Complete	Under Construction	Total
- Brookfield	285		285
Barnbeck Place	165		165
Brookfield Village Project Ph II	48		48
Residences at Laurel Hill	72		72
- Danbury	419	20	439
1 Kennedy Flats	374		374
Toll Brothers		20	20
Town Line Commons	45		45
Total	704	20	724

Source: DECD, 2015; Reis, as of 9/12/2016; 4ward Planning Inc., 2016

Multi-Family Pipeline: 15-Minute Drive-Time Contour

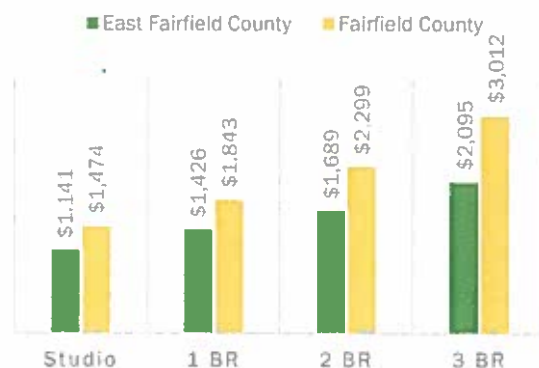


Source: Reis; 4ward Planning Inc., as of 9/12/2016

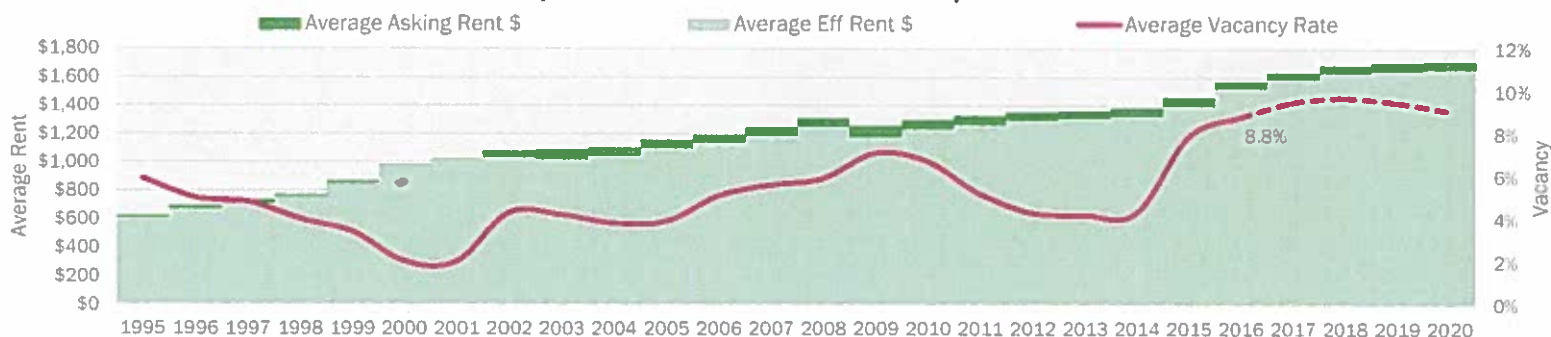
Multi-Family Asking Rents & Vacancy

According to Reis (and confirmed by local real estate professionals), as of the second-quarter 2016, the average asking rent within the East Fairfield Apartment Submarket is approximately \$1,573 per month, with the average effective rent (after rent concessions and waived fees) at \$1,522 per month (it should be noted that average rents take into consideration older apartment stock, as well as newer apartment units). The Covered Bridge apartment project has an average projected rent of \$1,904 per unit. The below chart illustrates Submarket vacancy rate trends in relation to rental rate trends, and shows a steadily rising vacancy rate (at an estimated 8.8 percent, as of June 2016) - projected to increase through 2018, before leveling off in 2019.

Apartment Asking Rent



Apartment Submarket Rent and Vacancy Trends



Source: Reis; 4ward Planning 2016

Multi-Family Asking Rents & Vacancy

The table at right identifies apartment rent metrics for three Submarket area multi-family rental projects: Abbey Woods (Danbury), Kennedy Flats (Danbury), and Barnbeck Place (Brookfield); the East Fairfield Apartment Submarket (Q2 2016 averages); and, for comparison, the proposed Covered Bridge project.

It should be noted that the average rent metrics for the East Fairfield Apartment Submarket are based multi-family rental buildings which range greatly in age – from the early 1960s to those recently built. Consequently, the monthly per-square-foot rents are, generally, substantially lower than those of the other rental projects exhibited. Nonetheless, on a square-foot basis, the proposed Covered Bridge projected rents compare quite favorably against other newer market-area rental projects, with the exception of its three-bedroom-unit offering – where the projected monthly square foot rate is substantially above the three-bedroom rates for Abbey Woods, Kennedy Flats, and the average Submarket apartment rent.

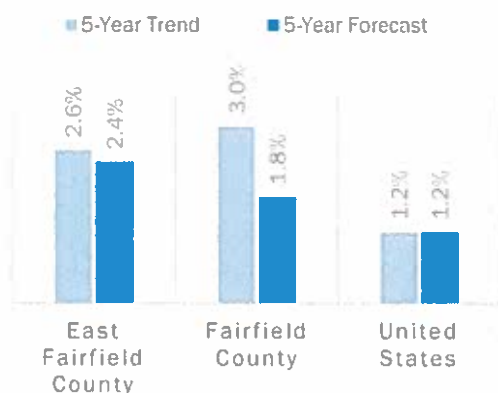
	Project Area Rents		
	1BR	2BR	3BR
Abbey Woods			
<i>Square Feet</i>	865	1,160	1,906
<i>Monthly Rent</i>	\$1,657	\$1,858	\$2,528
<i>Rent/S.F./Mnth</i>	\$1.92	\$1.60	\$1.33
Kennedy Flats			
<i>Square Feet</i>	841	1,101	1,906
<i>Monthly Rent</i>	\$1,587	\$1,961	\$2,528
<i>Rent/S.F./Mnth</i>	\$1.89	\$1.78	\$1.33
Barnbeck Place			
<i>Square Feet</i>	714	1,210	NA
<i>Monthly Rent</i>	\$1,465	\$2,175	NA
<i>Rent/S.F./Mnth</i>	\$2.05	\$1.80	NA
East Fairfield Submarket Q2-2016			
<i>Square Feet</i>	885	1,208	1,387
<i>Monthly Rent</i>	\$1,426	\$1,689	\$2,095
<i>Rent/S.F./Mnth</i>	\$1.61	\$1.40	\$1.51
Covered Bridge			
<i>Square Feet</i>	730	1,210	1,515
<i>Monthly Rent</i>	\$1,410	\$2,010	\$2,151
<i>Rent/S.F./Mnth</i>	\$1.93	\$1.66	\$1.42

Source: Reis; 4ward Planning 2016

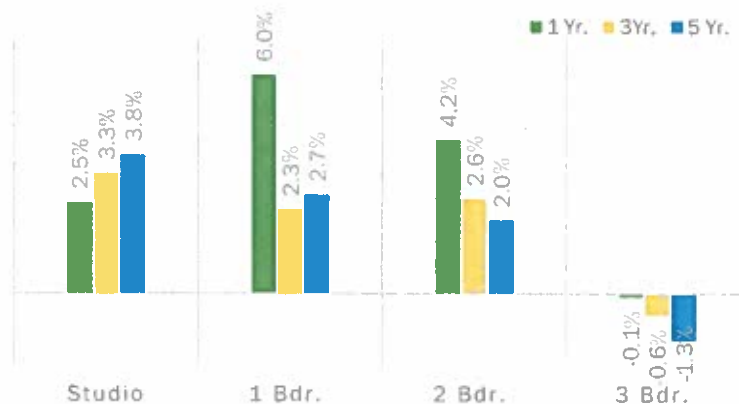
Multi-Family Growth Trends & Forecasts

According to Reis, over the past five years, the apartment inventory growth in both Fairfield County and the East Fairfield Submarket has been extremely strong, with annualized growth of 3.0 and 2.6 percent, respectively, as compared to 1.2 percent for the entire U.S. apartment market over the same five-year period. Reis forecasts that annualized inventory growth will slow considerably for Fairfield County (1.8 percent) but remain relatively strong for the Submarket (2.4 percent) over the next five years. Annualized asking-rent growth within the East Fairfield Apartment Submarket, over the next five-years, is projected to remain well above inflation for all categories of bedroom counts, save for three-bedroom units, according to Reis. Studio units, in particular, are expected to experience rising annualized rent growth, as increased demand for such units outstrips existing supply, over the next five years.

Apartment Inventory Growth Trends and Forecasts (Annualized)



Apartment Submarket Asking Rent Growth

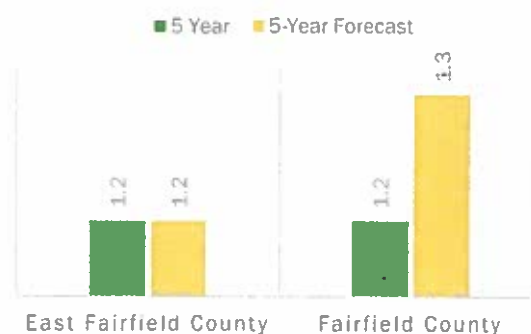


Source: Reis; 4ward Planning 2016

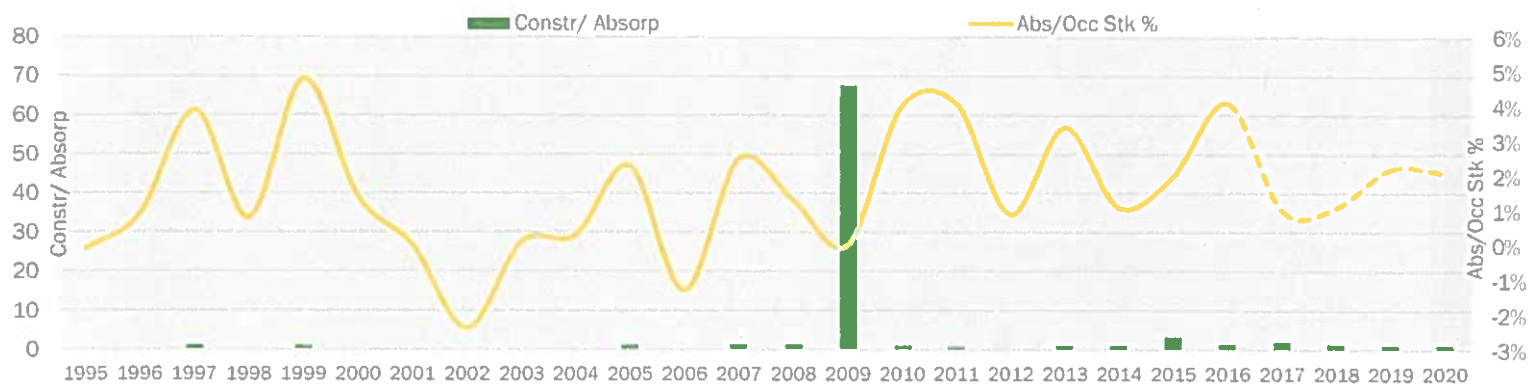
Multi-Family Construction & Absorption

The construction/absorption ratio measures, in a given period, the degree to which completed residential units are occupied (rented). The lower the ratio, the healthier the indicator for demand. As the ratio rises, it is an indicator of supply increasingly outpacing demand. On an annualized basis, over the past five years, the average apartment construction/absorption ratio within the East Fairfield Apartment Submarket has been 1.2 (similar to the County, overall). According to Reis, this ratio is projected to remain constant over the next five-year period, slightly better than ratio for all of Fairfield County over the same forecast period.

Apartment Construction/Absorption Ratio (Annualized)



Apartment Submarket Completions and Absorption Rates by Year



Source: Reis; 4ward Planning 2016

Multi-Family Absorption Analysis:

The multi-family construction/absorption ratio measures the degree to which completed residential units are occupied, within a given time period. So, for example, if 100 apartment units were completed and 20 of these units were occupied (rented) within three months after completion, the annualized construction/absorption ratio would be 1.2 or an average of 6.7 units per month (a 6.7 percent monthly absorption pace). If, instead, 10 units were occupied within three months following completion, the annualized construction/absorption ratio would be 2.5 or an average of 3.3 units per month (a 3.3 percent monthly absorption pace). Consequently, market-area apartment absorption ratios approaching 1.0 are indicators of a relatively strong demand for units, versus metrics further from 1.0

In order to identify current absorption pace having relevance to the proposed Covered Bridge project, 4ward Planning examined Reis second-quarter and year-to-date 2016 construction/absorption ratios for the East Fairfield Apartment Submarket, and for comparison purposes, Fairfield County, exhibited below:

	Construction/Absorption Ratios					
	Second Quarter 2016			Year-to-Date Average		
	Units Built	Units Absorbed	Cons/Abs Ratio	Units Built	Units Absorbed	Cons/Abs Ratio
Submarkets						
East Fairfield						
Submarket	165	103	1.6	80	80	1.0
Fairfield County	297	140	2.1	149	263	0.6

Note: Second Quarter 2016 and YTD average metrics are for the period ending June 30, 2016

Source: Reis; 4ward Planning 2016

Multi-Family Absorption Analysis:

The second-quarter and year-to-date construction/absorption ratios for the East Fairfield Apartment Submarket (1.6 and 1.0, respectively) are indicative of relatively strong market demand for multi-family rental units. The second-quarter construction/absorption ratio for Fairfield County is not as strong as that for the East Fairfield Apartment Submarket (2.1 versus 1.6), but its year-to-date construction/absorption ratio of 0.6 is a stronger metric than that for the East Fairfield Submarket.

The below table presents Reis' five-year forecast for annualized construction/absorption within the East Fairfield Apartment Submarket and Fairfield County:

Construction/Absorption Ratios			
Annualized Five-Year Forecast			
<u>Submarkets</u>	<u>Units Built</u>	<u>Units Absorbed</u>	<u>Cons/Abs Ratio</u>
East Fairfield			
Submarket	309	251	1.2
Fairfield County	682	534	1.3

Note: Average is over the period ending December 31, 2016

As exhibited in the above table, Reis projects relatively strong absorption over the next five years for both the East Fairfield Apartment Submarket and the Fairfield County apartment market – both suggesting a favorable environment for the proposed 180-unit Covered Bridge development. These findings align with the strong demand observed by local real estate professionals.

Source: Reis; 4ward Planning 2016

Chapter 310 Capital Improvement Plan

Section 310-1 Goal:

A.

The goal of the Board of Finance in adopting this regulation is to:

(1)

Prioritize on a Town-wide basis, proposed major capital projects. The term 'Town-wide' shall include both the Municipal and Education side needs;

(2)

Establish a financially prudent level of ~~debt service~~ spending for such capital projects;

(3)

Integrate financial planning, budgeting and debt issuance for Town-wide capital projections.

(4)

Encourage thoughtful, economical and prudent project design.

B.

This Capital Improvement Plan (CIP) regulation hereby:

(1)

Creates a process by which the Board of Finance adopts a proactive position regarding the Town-wide capital expenditures;

(2)

Creates a process by which the Board of Finance identifies, categorize, prioritizes, evaluates, justifies, monitors, postpones or eliminates proposed capital expenditures;

(3)

Creates a process by which the Board of Finance and Legislative Council work compatibly in enacting **Subsections 310-1A and B.**

Section 310-2 Annual Review

The Capital Improvement Plan is Newtown's **Town-wide** five-year **strategy regarding** major capital **expenditures** of a non-recurring nature. The CIP is based on assigned priorities which consider Town-wide need, desires and mandates for various improvements and coincides with Newtown's current and anticipated financial capabilities to finance such improvements. The CIP shall be reviewed at least annually by the Board of Finance. The Board of Finance shall amend the CIP as required to address changing priorities and maintain the CIP at a five-year projection time frame.

Section 310-3 Implementation and Amendment

The Board of Finance **and Legislative Council, in accordance to the methods and procedures contained herein,** are hereby charged with the responsibility of implementing the goals expressed above in Section 310-1 and all changes, additions and deletions to the CIP. In addition, the Town Financial Director, First Selectman, Chairperson of the Board of Education, Superintendent of Schools, ~~Board of Selectmen, Board of Education, Building and Site Committee, Parks and Recreation Commission, Land Use representatives, Department of Public Works representatives, Fire Commission and/or Company representatives, among others upon request,~~ may advise the Board of Finance and Legislative Council, but do not have voting privileges.

Section 310-4 Presentation of Proposed **Capital Projects** to the Board of Finance

Proposed **capital projects** may be brought to the Board of Finance at any time; however, except for exigent circumstances, proposed **capital projects which were not be included** presented in that year's annual capital improvement plan unless submitted by the Board of Selectmen or Board of Education in its Capital Improvement shall not be considered Plan proposal to the Board of Finance by its first regularly scheduled meeting in September until the next year's CIP review. The ~~Unless agreed otherwise by the Board of Finance, the~~ Board of Selectmen and Board of Education shall submit its five-year projected CIP proposal no later than the first regularly scheduled Board of Finance meeting in **September. The Board of Finance shall hold its review period from September through November.**

Section 310-5 Eligible Capital Projects

To be eligible for inclusion in the CIP, a proposed **capital project** shall have an estimated cost that is at least 0.25% of the **Town-wide** budget for the year in which the request is made. (**LoCip language redacted.**) Listed below are some of the guidelines which would make a request eligible for inclusion in the CIP, assuming the proposed capital project meets the 0.25% requirement set forth above:

A.

Capital projects requiring debt obligations;

B.

Acquisition or lease of real property;

C.

Purchase of major equipment and vehicles with life expectancy of five years or more;

D.

Construction of new building facilities, including engineering, design and other preconstruction costs;

E.

Major building improvements that are not routine expenses, including those that substantially enhance the safety of the occupants of the building and/or the longevity of the building itself;

F.

Major equipment or furnishing required for new building or other project;

G.

Major studies requiring the employment of outside professional consultants;

H.

~~Conformity with the Town of Newtown Debt Management Policy parameter~~Former comment in H. should be outlined in Debt Policies.

Section 310-6 Process Overview

All requests for inclusion in the CIP **shall** adhere to the following process and shall be submitted on a form as prescribed by the Town Financial Director:

A.

Each Town department shall submit to the Board of Selectmen a prioritized list of proposed capital **projects**;

B.

The Board of Selectmen **shall** identify, **categorize**, prioritize and approve **Municipal** capital projects to include in the CIP **proposal**. Likewise, the Board of Education shall identify, **categorize**, prioritize and approve capital projects it proposes to be considered for placement on the final approved CIP.

C.

The Board of Selectmen and the Board of Education shall also include in the **CIP** request(s):

(1)

The identification of any revenues, **grants** or reimbursements anticipated each year;

(2)

A financial impact statement provided by the Town Financial Director **inclusive of potential cost avoidance annually, where appropriate**;

(3)

(LoCIP language removed)

D.

The Town Financial Director will review and compile two lists (**Municipal and Board of Education**) to be presented to the Board of Finance. **The comprehensive Town-wide CIP should reflect complete financial impacts by project including, but not limited to: total project cost net of applicable grants, estimated bond interest, potential revenue, and potential cost-avoidance;_ For Bob, how practical is this level of detail?**

E.

The Board of Selectmen and the Board of Education shall then present their prioritized capital project requests to the Board of Finance.

F.

The Board of Finance shall consider all capital project requests made through this process and determine those that shall be recommended for inclusion in the CIP and those that are to be rejected or postponed. If rejected, the proposed project may be resubmitted by the appropriate Board at the next annual CIP process initiation. If a proposed capital project is approved but postponed to a later date within the CIP five-year plan the request shall be reviewed by the Board of Finance with respect to its new priority level.

G.

The Board of Finance shall prioritize, on a Town-wide basis all requests it approves for inclusion in the CIP, and establish a time frame for proceeding with each capital project. (Surplus language eliminated.)

H.

The Board of Finance shall forward its recommendation to the Legislative Council by the first regular meeting of the Legislative Council in December. The Legislative Council may accept the plan in its entirety, reject any item, postpone any item, or reduce any item in capital costs, or change any priority. Any increase in proposed capital expenditures for a capital project that would increase debt service costs shall be referred back to the Board of Finance for further review and recommendation and include written comment from the Legislative Council as to its reasoning and rationale. Within thirty days of receipt by the Board of Finance of said written comment, the Board of Finance shall resubmit its recommended five-year CIP plan, noting any changes it has made. Except for referendum and outright approval of the capital projects within the first year of the five-year plan, the Board of Finance shall have no further involvement in that annual proposed CIP process until passed by the Legislative Council.

I.

Within the recommended CIP from the Board of Finance to the Legislative Council, the proposal will include which of the capital projects in the first year of the five year plan will go to referendum and which projects will be approved by the Legislative Council outright. Board of Finance and Legislative Council considerations relative to referendum and approval outright shall include those issues identified in Section 310-7. Should the Legislative Council not approve the referendum and outright approval of the first of the five-year plan recommended by the Board of Finance it shall return its recommendation to the Board of Finance with explanatory

analysis. Upon said receipt by the Board of Finance it shall have thirty-days to make further reconsideration or recommendation to the Legislative Council. Thereafter, the Board of Finance shall have no further recommendations on the issue.

Section 310-7 Prioritization

The Board of Finance and Legislative Council shall consider the following criteria during its prioritization, and rate each category -5 to 0 to 5, (-5 being most negative reason to support the project/referendum, 0 being of no significant issue or influence to oppose or support the project/referendum, and 5 being of most significant influence or reason for supporting the project/referendum.)

A.

The cost of the capital project;

B.

~~Safety and security issues;~~

C.

The start and completion timing of the capital project in terms of efficiencies, practicalities and/or coordination with other capital projects;

D.

The source of financing relative to our ~~and/or~~ Debt Service Policy guidelines ~~parameters~~;

E.

The impact on future operating budgets

F.

The need of the capital project;

G.

~~Risks should the capital project not be made;~~

H.

~~The financial coordination and timing with all other Town-wide capital projects;~~

Section 310-8 Legislative Council's Return of the Five-year CIP to the Board of Finance

The CIP approved by the Legislative Council shall be the single and final adopted CIP for the Newtown Town-wide body; except should the Legislative Council not return a proposed plan by the Board of Finance for further review within sixty days of its submission, and not pass the final CIP, including referendum recommendations passed by the Board of Finance, then the CIP recommendations shall be the single and final adopted CIP Plan for Newtown Town-wide. Should the Board of Finance fail to act on the CIP within the time frame expressed in Section 310. The Legislative Council shall act without input from the Board of Finance. Which Section 3.10 is being referred to here?

Section 310-9

All capital projects which are proposed for the ensuing fiscal year and included in the final CIP by the Legislative Council shall be included as proposed expenditures in the budget presented to the Board of Finance for the upcoming fiscal year. Except for exigent circumstances, any capital improvement expenditure that falls within Section 310-5 of this plan regulation and is not contained in the CIP shall not be considered for implementation

Bonding for Capital Items and the Referendum Process

Charter Requirements

- Any one Item at or larger than \$1.5 million must go to referendum
- The Legislative Council can approve for bonding capital items that, in total, are equal to or less than the value of 1 mil (approx. \$3 million)

Determining which of the remaining items (less than \$1.5 million per) should go to referendum and which should be acted upon by the LC, within their total \$3 million authority:

- *Items that are one phase of a multi-phase project should go to referendum;
- *The most costly of the remaining items in that capital plan should go to referendum in consideration of the intent of the Charter to give voice to the voters as much as possible and prudent;
- *Items that are time sensitive, needing near-term action, should go to referendum;
- *Items that are of public-safety concern should be acted on by the LC.