

TO: Pat Wilcoxon, Coalition for Equitable Community Development (CECD)

FROM: Valerie S. Kretchmer, VSKA

DATE: October 30, 2015

SUBJECT: Hyde Park Independent Living Market Assessment

Valerie S. Kretchmer Associates, Inc. (VSKA) prepared this preliminary market assessment on the demand for a market rate building for independent seniors in Hyde Park. Specifically CECD is interested in working with the University of Chicago and the purchaser of its portfolio of apartment buildings to set one building aside for senior housing. While a specific building has not been determined, possible buildings are at 5220 S. Kenwood Avenue and 1215 East Hyde Park Boulevard. We drove by the two buildings and surrounding area but did not go inside the buildings.

We conducted the following for this assessment:

- Met with representatives of CECD to gain an understanding of the issues affecting seniors in Hyde Park.
- Reviewed the results of the survey of Hyde Park seniors conducted for Hyde Park Village.
- Delineated the market area from which a senior facility at this location would draw.
- Prepared a demographic profile of the area including population and household trends, and the number of potential residents based on age, income and net worth.
- Identified independent living facilities for seniors in the market area and nearby that are attracting residents from Hyde Park.
- Contacted the offices of the aldermen who cover the market area to find out about any planned senior projects.
- Obtained rental data on elevator and walk-up buildings in Hyde Park.
- Analyzed the demand for market rate independent living in Hyde Park.
- Made recommendations on the number of supportable units and rents that would be realistic, and the features that should be included in the building.



We conclude that there is a market for additional market rate independent living for moderate, middle and higher income seniors. The market can support 78-113 independent living units in 2015, increasing to 91-132 units by 2020. This is based on conservative capture rates of the senior population with the financial means to afford market rate housing. The two potential buildings currently owned by the University of Chicago would be suitable locations given their proximity to shopping, entertainment, medical care and public transportation.

Market Area Demographics

VSKA delineated the Primary Market Area (PMA) based on the location of competitive facilities, man-made and natural barriers, and the socio-economic characteristics of the area. The PMA includes the area generally referred to as Hyde Park and South Kenwood. It is bounded by 47th Street on the north, 60th Street on the south, Lake Michigan on the east and Cottage Grove Avenue on the west. A map of the Market Area follows.

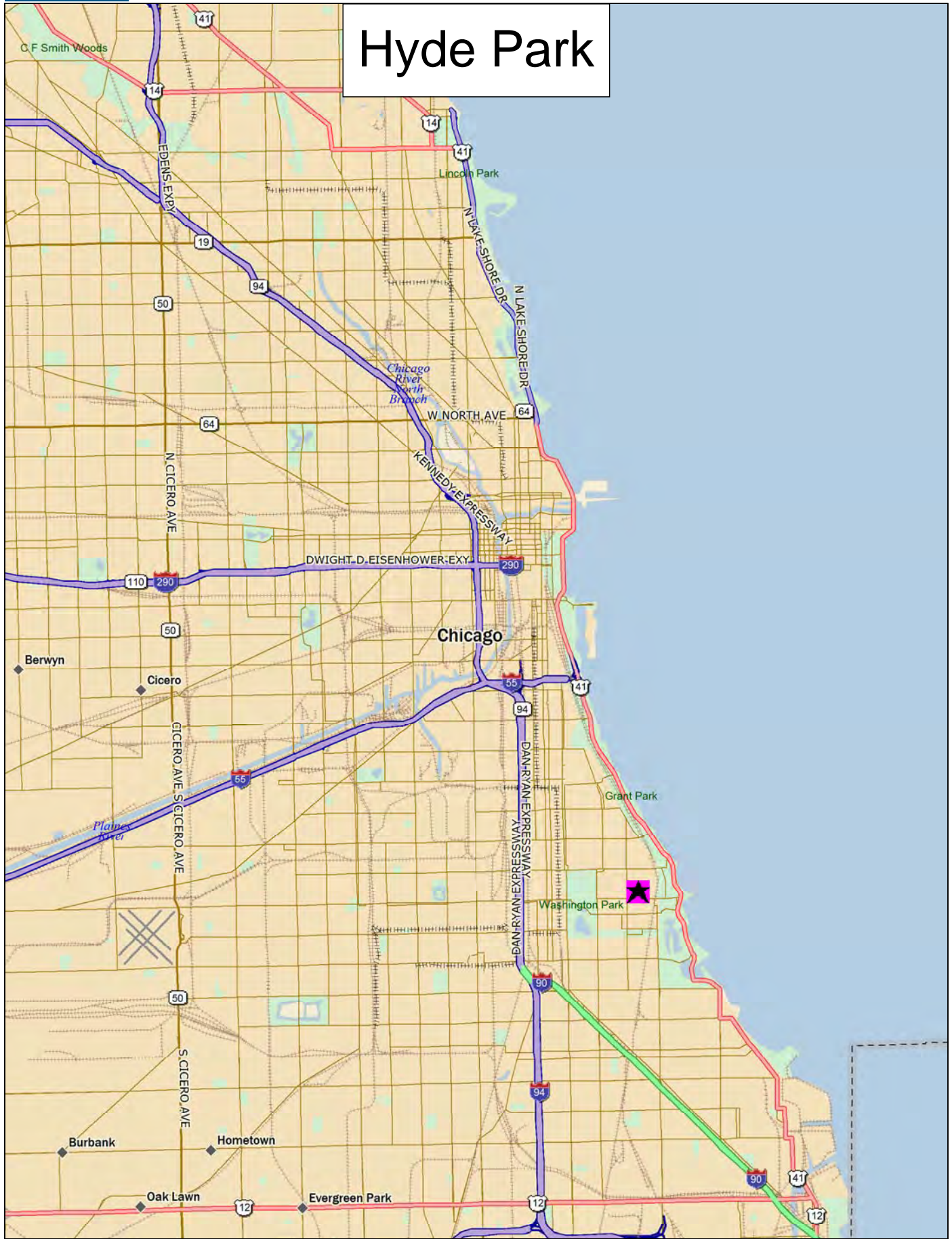
The pages that follow provide demographic data on the senior population in the Market Area in 2015 and projected to 2020. VSKA obtained estimates and projections from ESRI, a demographic data vendor.

Table 1 below provides the basic demographics of the Market Area. There are an estimated 38,800 people as of 2015 and the number is projected to increase by 2.5% (970) over the next five years. This is a higher rate of projected growth than the city of Chicago overall. Seniors aged 65+ account for 16.0% of the PMA's population, a higher share than in the City of Chicago (11.4%), despite the high share of residents in the 15-24 year old age group because of the University of Chicago.

The PMA has almost 20,000 households as of 2015 and is projected to increase by 3.1% or over 600 over the next five years. This rate of growth is also higher than that projected for the city overall (2.1%). The average household size in the PMA is significantly lower than the city at 1.80 persons compared to 2.50 citywide. This is also consistent with a higher senior and 20-30 year old population.

Table 2 below shows the senior population in 2010, 2015 and projected to 2020. Between 2010 and 2015, the population aged 65+ in the PMA grew by 825 or 15.3%. Between 2015 and 2020, the number is projected to increase by 767 or 12.4%. The largest increase will be among those 65-74 years of age. By 2020, the PMA is projected to have almost 7,000 residents aged 65+, with 3,000 aged 75+. The population aged 55-64 numbers 4,500 in 2015 and is projected to increase by only 2.1% over the next five years. Nationally, those ages 75 and over are a smaller generation, since the birth rate was much lower during the Depression and World War II. The aging of the Baby Boom generation accounts for the large increase projected in the 65-74 year old group by 2020.

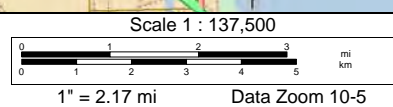
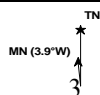
Hyde Park



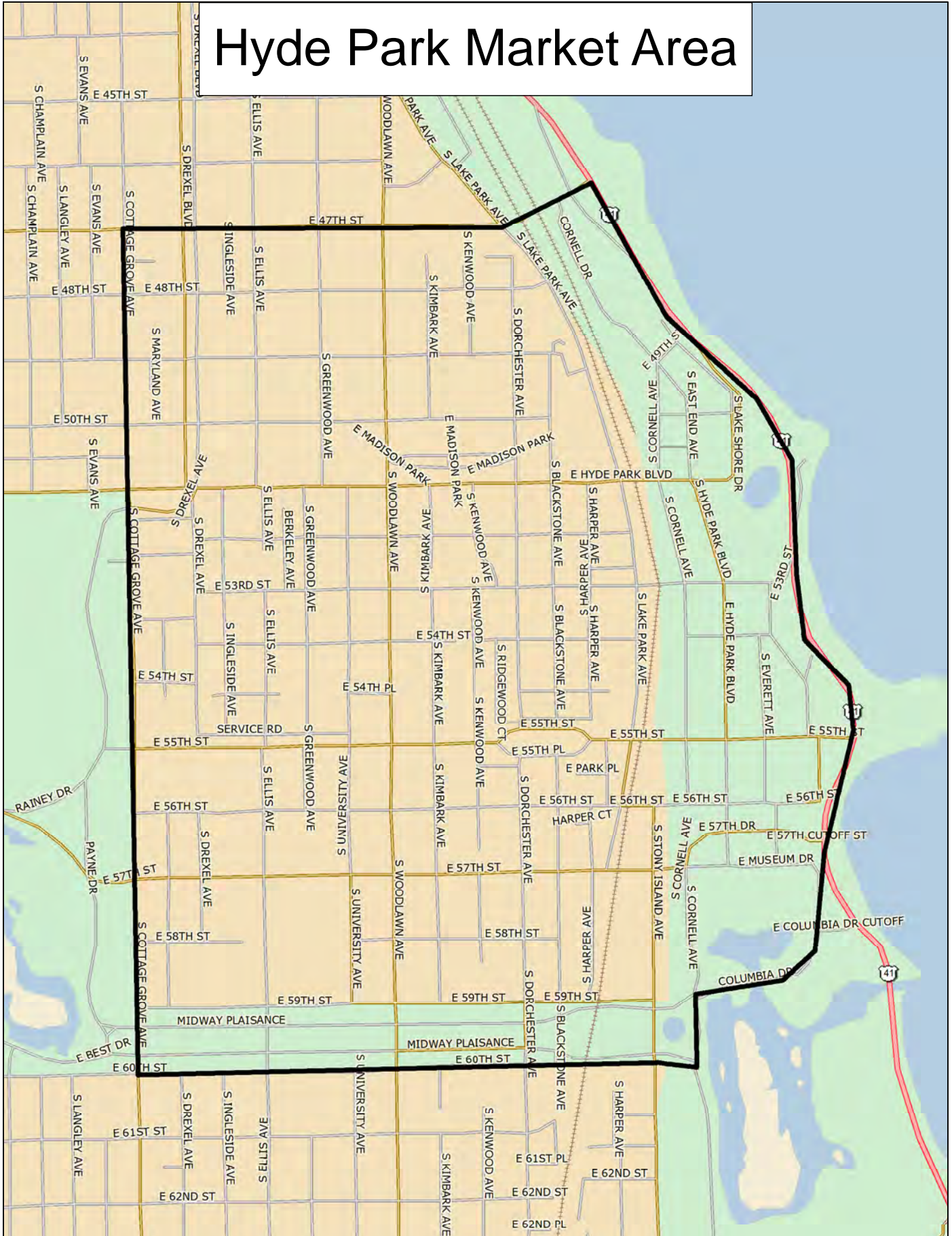
Data use subject to license.

© DeLorme. DeLorme Street Atlas USA® 2013.

www.delorme.com



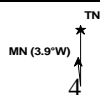
Hyde Park Market Area



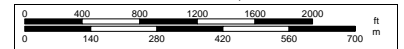
Data use subject to license.

© DeLorme. DeLorme Street Atlas USA® 2013.

www.delorme.com



Scale 1 : 16,000



1" = 1,333.3 ft

Data Zoom 13-6

Table 1

**HYDE PARK MARKET AREA AND
CITY OF CHICAGO POPULATION CHARACTERISTICS**

	Market Area		City of Chicago	
	Number	Percent	Number	Percent
<u>Population</u>				
2000 Census	42,723		2,890,892	
2010 Census	37,671		2,695,598	
Change, 2000-2010	-5,052	-11.8%	-195,294	-6.8%
2015 Estimated	38,828		2,737,877	
Change, 2010-2015	1,157	3.1%	42,279	1.6%
2020 Projected	39,798		2,780,942	
Change, 2015-2020	970	2.5%	43,065	1.6%
<u>Households</u>				
2000 Census	21,136		1,059,177	
2010 Census	19,171		1,045,560	
Change, 2000-2010	-1,965	-9.3%	-13,617	-1.3%
2015 Estimated	19,956		1,071,503	
Change, 2010-2015	785	4.1%	25,943	2.5%
2020 Projected	20,567		1,094,114	
Change, 2015-2020	611	3.1%	22,611	2.1%
Average Household Size, 2015	1.80		2.50	
<u>Population by Age, 2015</u>				
Under 5	1,546	4.0%	181,533	6.6%
5-14	2,682	6.9%	333,959	12.2%
15-24	6,908	17.8%	392,279	14.3%
25-44	12,933	33.3%	899,416	32.9%
45-54	4,017	10.3%	327,405	12.0%
55-64	4,536	11.7%	290,745	10.6%
65-74	3,524	9.1%	181,736	6.6%
75+	2,682	6.9%	130,802	4.8%
Median Age, 2015	34.5		34.0	

Source: ESRI

Table 2

**HYDE PARK MARKET AREA AND CITY OF CHICAGO
SENIOR POPULATION BY AGE GROUP - 2015-2020**

Age Group	Population			Change 2010-2015		Change 2015-2020	
	2010	2015	2020	Number	Percent	Number	Percent
<u>Market Area</u>							
55-64	4,261	4,536	4,630	275	6.5%	94	2.1%
65-74	2,862	3,524	3,967	662	23.1%	443	12.6%
75+	2,519	2,682	3,006	163	6.5%	324	12.1%
Total 55+	9,642	10,742	11,603	1,100	11.4%	861	8.0%
Total 65+	5,381	6,206	6,973	825	15.3%	767	12.4%
<u>City of Chicago</u>							
55-64	262,849	290,745	299,184	27,896	10.6%	8,439	2.9%
65-74	151,095	181,736	212,193	30,641	20.3%	30,457	16.8%
75+	126,837	130,802	143,077	3,965	3.1%	12,275	9.4%
Total 55+	540,781	603,283	654,454	62,502	11.6%	51,171	8.5%
Total 65+	277,932	312,538	355,270	34,606	12.5%	42,732	13.7%

Source: ESRI

Table 3 below shows the number of senior households in the PMA by age and income. The PMA has an estimated 4,600 households with a householder aged 65+ in 2015. This number is projected to grow by 11.3%, or 517 households, over the next five years, similar to the rate in the city.

Forty-two percent of the senior households in the PMA have incomes under \$25,000 and 11% have incomes of \$25,000-\$34,999. These seniors' incomes are generally too low to be able to afford market rate senior housing. For those with very low-incomes under \$25,000, Section 8, Section 202 and Chicago Housing Authority buildings are options where the resident pays 30% of their income in rent. Some seniors with incomes between \$25,000 and \$35,000 are candidates for buildings funded under the Low-Income Housing Tax Credit (LIHTC) program which has set rents, but they are capped to be affordable to low-income residents.

Table 3

**HYDE PARK MARKET AREA AND CITY OF CHICAGO
HOUSEHOLDS 65+ BY INCOME**

Age/Income	2015		2020		Change 2015-2020	
	Number	Percent	Number	Percent	Number	Percent
Market Area						
Total Households 65+	4,566		5,083		517	11.3%
Under \$15,000	1,289	28.2%	1,337	26.3%	48	3.7%
\$15,000-\$24,999	637	14.0%	549	10.8%	-88	-13.8%
\$25,000-\$34,999	513	11.2%	534	10.5%	21	4.1%
\$35,000-\$49,999	569	12.5%	623	12.3%	54	9.5%
\$50,000-\$74,999	632	13.8%	728	14.3%	96	15.2%
\$75,000+	926	20.3%	1,312	25.8%	386	41.7%
City of Chicago						
Total Households 65+	209,662		232,853		23,191	11.1%
Under \$15,000	56,721	27.1%	60,518	26.0%	3,797	6.7%
\$15,000-\$24,999	34,517	16.5%	30,423	13.1%	-4,094	-11.9%
\$25,000-\$34,999	28,892	13.8%	29,861	12.8%	969	3.4%
\$35,000-\$49,999	29,950	14.3%	33,638	14.4%	3,688	12.3%
\$50,000-\$74,999	25,380	12.1%	29,811	12.8%	4,431	17.5%
\$75,000+	34,202	16.3%	48,602	20.9%	14,400	42.1%

Source: ESRI

The target market for the type of moderate and middle income senior housing envisioned by CECD is households with incomes of \$35,000-74,999. Twenty-six percent of PMA seniors fall into this income category. Another 20% earn more than \$75,000 and can usually afford luxury senior housing such as Montgomery Place, though they may be candidates for the proposed building.

Table 5 below shows the breakdown by age and income in the PMA and city of Chicago. There are an estimated 2,500 households in the PMA with a person aged 65-74 and another 2,000 with a person aged 75+ in 2015 and the number is projected to grow by 11.5% and 11.2% respectively by 2020. The largest increases will be in those with incomes over \$75,000, with modest increases among those with incomes of \$35,000-74,999.

Table 5

**HYDE PARK MARKET AREA AND CITY OF CHICAGO
SENIOR HOUSEHOLDS BY AGE AND INCOME**

Age/Income	2015		2020		Change 2015-2020	
	Number	Percent	Number	Percent	Number	Percent
Market Area						
Households 55-64	3,164		3,191		27	0.9%
Under \$15,000	722	22.8%	660	20.7%	-62	-8.6%
\$15,000-\$24,999	360	11.4%	250	7.8%	-110	-30.6%
\$25,000-\$34,999	283	8.9%	254	8.0%	-29	-10.2%
\$35,000-\$49,999	325	10.3%	317	9.9%	-8	-2.5%
\$50,000-\$74,999	493	15.6%	490	15.4%	-3	-0.6%
\$75,000+	981	31.0%	1,220	38.2%	239	24.4%
Households 65-74	2,531		2,821		290	11.5%
Under \$15,000	656	25.9%	653	23.1%	-3	-0.5%
\$15,000-\$24,999	310	12.2%	264	9.4%	-46	-14.8%
\$25,000-\$34,999	301	11.9%	314	11.1%	13	4.3%
\$35,000-\$49,999	313	12.4%	345	12.2%	32	10.2%
\$50,000-\$74,999	373	14.7%	431	15.3%	58	15.5%
\$75,000+	578	22.8%	814	28.9%	236	40.8%
Households 75+	2,035		2,262		227	11.2%
Under \$15,000	633	31.1%	684	30.2%	51	8.1%
\$15,000-\$24,999	327	16.1%	285	12.6%	-42	-12.8%
\$25,000-\$34,999	212	10.4%	220	9.7%	8	3.8%
\$35,000-\$49,999	256	12.6%	278	12.3%	22	8.6%
\$50,000-\$74,999	259	12.7%	297	13.1%	38	14.7%
\$75,000+	348	17.1%	498	22.0%	150	43.1%

Age/Income	2015		2020		Change 2015-2020	
	Number	Percent	Number	Percent	Number	Percent
City of Chicago						
Households 55-64	174,061		175,278		1,217	0.7%
Under \$15,000	37,869	21.8%	34,630	19.8%	-3,239	-8.6%
\$15,000-\$24,999	18,450	10.6%	12,638	7.2%	-5,812	-31.5%
\$25,000-\$34,999	16,690	9.6%	14,717	8.4%	-1,973	-11.8%
\$35,000-\$49,999	21,525	12.4%	21,286	12.1%	-239	-1.1%
\$50,000-\$74,999	27,444	15.8%	27,848	15.9%	404	1.5%
\$75,000+	52,083	29.9%	64,159	36.6%	12,076	23.2%
Households 65-74	118,769		135,377		16,608	14.0%
Under \$15,000	28,564	24.1%	30,488	22.5%	1,924	6.7%
\$15,000-\$24,999	15,966	13.4%	14,237	10.5%	-1,729	-10.8%
\$25,000-\$34,999	15,483	13.0%	16,391	12.1%	908	5.9%
\$35,000-\$49,999	18,599	15.7%	21,185	15.6%	2,586	13.9%
\$50,000-\$74,999	17,031	14.3%	20,289	15.0%	3,258	19.1%
\$75,000+	23,126	19.5%	32,787	24.2%	9,661	41.8%
Households 75+	90,893		97,476		6,583	7.2%
Under \$15,000	28,157	31.0%	30,030	30.8%	1,873	6.7%
\$15,000-\$24,999	18,551	20.4%	16,186	16.6%	-2,365	-12.7%
\$25,000-\$34,999	13,409	14.8%	13,470	13.8%	61	0.5%
\$35,000-\$49,999	11,351	12.5%	12,453	12.8%	1,102	9.7%
\$50,000-\$74,999	8,349	9.2%	9,522	9.8%	1,173	14.0%
\$75,000+	11,076	12.2%	15,815	16.2%	4,739	42.8%

Source: ESRI

Some seniors may be able to afford market rate housing if they have a net worth of \$100,000 or more. Seniors may sell a condominium, townhouse or single-family house and spend down their assets to be able to afford market rate housing, even if the annual cost is close to their actual income from Social Security, pensions and investments.

Table 6 on the following page shows the net worth for seniors in the market area. In 2015, ESRI estimates that 47% of the households ages 65-74 and 49% of those ages 75+ have a net worth exceeding \$100,000. Another 11% have net worth between \$50,000 and \$99,999. The median net worth is \$83,404 for those aged 65-74 and \$92,790 for those aged 75+.

Table 6

**HYDE PARK MARKET AREA
2015 NET WORTH FOR HOUSEHOLDS AGE 65+**

Age/Income	Number	Percent
<u>Age 65-74</u>	2,531	
Under \$15,000	805	31.8%
\$15,000-34,999	124	4.9%
\$35,000-49,999	125	4.9%
\$50,000-99,999	279	11.0%
\$100,000-149,999	208	8.2%
\$150,000-249,999	224	8.9%
\$250,000+	766	30.3%
Median Net Worth	\$83,404	
<u>Age 75+</u>	2,035	
Under \$15,000	639	31.4%
\$15,000-34,999	131	6.4%
\$35,000-49,999	41	2.0%
\$50,000-99,999	229	11.3%
\$100,000-149,999	146	7.2%
\$150,000-249,999	188	9.2%
\$250,000+	661	32.5%
Median Net Worth	\$92,790	
<u>Age 65+</u>	4,566	
Under \$15,000	1,444	31.6%
\$15,000-34,999	255	5.6%
\$35,000-49,999	166	3.6%
\$50,000-99,999	508	11.1%
\$100,000-149,999	354	7.8%
\$150,000-249,999	412	9.0%
\$250,000+	1,427	31.3%

Source: ESRI

Senior Facilities

There is only one market rate senior building in the PMA. Montgomery Place is a luxury building with 157 independent living units in addition to assisted living and skilled nursing. It is affiliated with the Episcopal Church and is a full service building with extensive amenities and services. Rent includes one meal per day and ranges from \$3,000-3,500 for one bedroom and \$3,400-4,400 for two bedrooms. An optional entry fee lowers the monthly fee. A home health agency is on-site and provides services to residents as well as those living in the community at large.

According to a retirement counselor at Montgomery Place, they often get calls from seniors looking for independent living who can't afford the rent. One place she refers people to is Autumn Green at Midway Village, located south of Midway Airport off of 67th Street and Cicero Avenue. Though not in Hyde Park, some seniors will find this a reasonable option. The building has 123 units, 100 market rate and 23 affordable. Market rent starts at \$2,795 for one bedroom and \$3,095 for two bedrooms and includes dinner Monday through Friday, Saturday brunch and continental breakfast. The building has a high level of amenities and activities. An affordable senior building and market rate senior condominiums are adjacent to it.

Several buildings on the Near South Side were funded using Low-Income Housing Tax Credits and built in the mid-1990s and mid- to late-2000s and are potentially competitive given the nearby neighborhood amenities. These include Senior Suites of Central Station, The Park at Central Station and Senior Residences at Eastgate Village. Most of the apartments are restricted to seniors earning less than \$31,000 for one person and \$36,000 for two people (60% of the Area Median Income or AMI). Studios range from \$665-812 and one bedroom rents range from \$712-\$900. Senior Residences at Eastgate Village has 12 one bedroom market rate units that rent for \$880. Meals are not available.

Table 7 below provides details on these properties. A map showing the location of these buildings follows.

Table 7

HYDE PARK-SOUTH KENWOOD MARKET AREA AND NEAR SOUTH SIDE SENIOR PROPERTIES

Oct-15

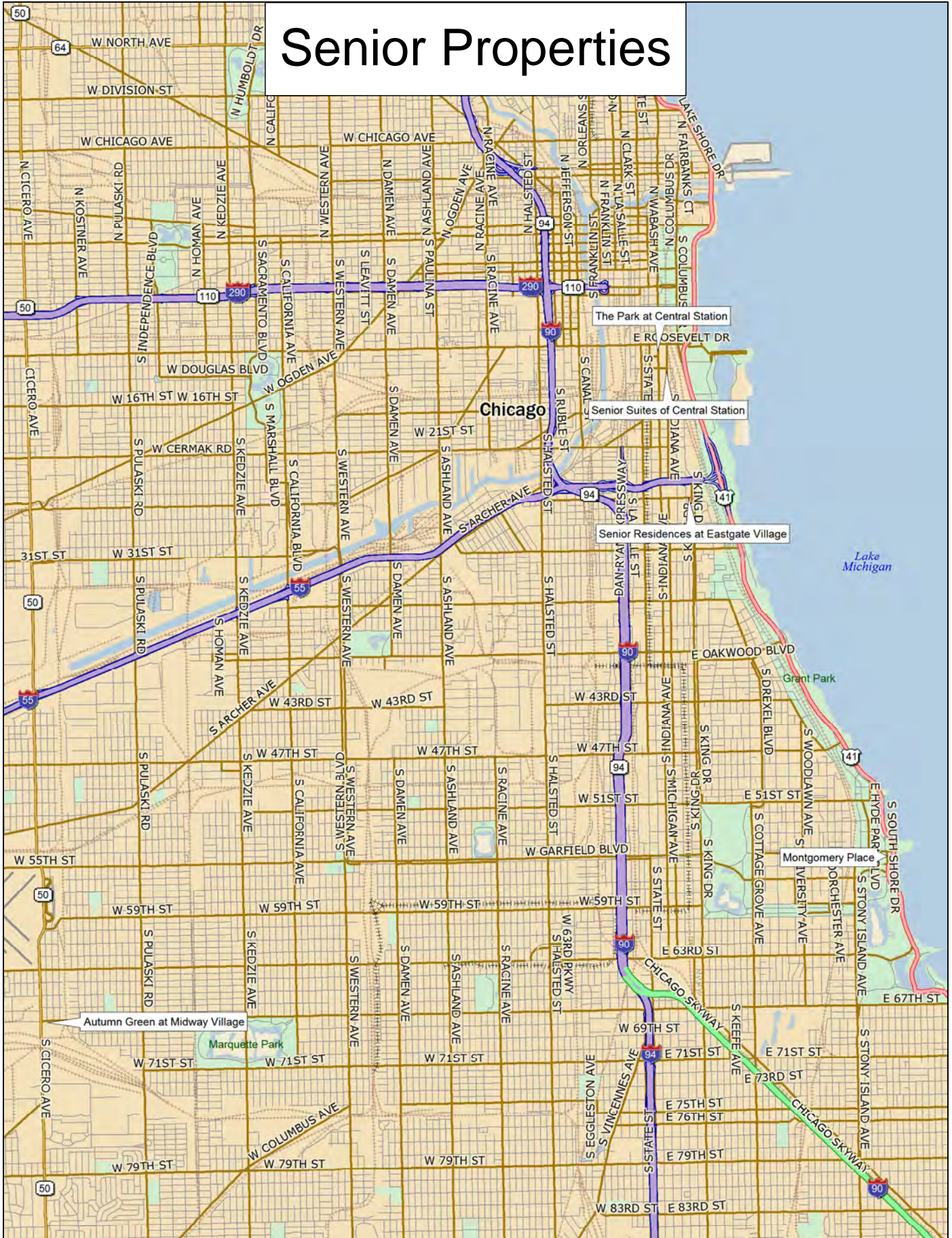
Name and Location (All Chicago)	Year Opened	# of Units	Rental Range Unit Type (Bed/Bath)	\$	Square Footage	Average Rent/S.F.	Occupancy (%)	Amenities and Comments
Market Rate Building in the Market Area								
Montgomery Place 5550 South Shore Drive 773-753-4102	1991	157	<u>Independent Living</u> 1/1 2/1 3/2 (not rental)	\$3,000-3,500 3,400-4,400 (approx. ranges)	624-695 923-983 1,148	\$4.81-5.04 3.68-4.48 NA	85-87%	CCRC affiliated with Episcopal Church. Also offers catered (assisted) living and skilled nursing. Facilities include chapel, library, indoor pool, wellness center, beauty/barber shop, game room, woodworking shop, crafts room, exercise room, indoor parking. Full activities program, scheduled transportation & 24-hour security, emergency call system. Rent includes all utilities except phone, one meal/day and housekeeping. Rent varies by floor and view. Optional entry fees with different refundable options reduce monthly costs. Home health agency provides service to residents and to those
Market Rate Building Outside of the Market Area								
Autumn Green at Midway Village 6700 South Keating Avenue 773-582-2888	2005	123	1/1 Low-income 1/1 Market 2/1 Market 2/2 Market	\$1,473 2,795 3,095 3,595	620 620-640 825 865	\$2.38 4.37-4.51 3.75 3.81	90%	Rent includes dinner Monday-Friday, Saturday brunch & continental breakfast Sunday-Friday, free laundry rooms, bi-weekly housekeeping, all utilities except electric, phone & cable. Units have stove, refrigerator, carpet, blinds, emergency pull cord, & Up & About system. Extensive activities, game room, multi-purpose room, fitness center, health screenings, doctor visits, computers, patio, garden, walking path, craft room, media room, library, trips, transportation to stores & appts. within 10 miles. One-time non-refundable community fee of \$3,500. 23 units of assisted living on 2nd floor. \$500 second occupant fee. 26 units are for
Tax Credit Buildings on the Near South Side								
Senior Suites of Central Station 1400-12 S. Indiana Avenue 312-913-9333	1996	96	Studio 1/1	\$665-812 712-900	405 508	\$1.64-2.00 1.40-1.77	96%	Age 62+. Units have stove, refrigerator & carpet. Rent includes all utilities except phone & cable. Amenities include parking on first come/first served basis, monthly housekeeping, social activities, library, free laundry machines, living room on each floor. Active wait list. Maximum income

Name and Location (All Chicago)	Year Opened	# of Units	Rental Range		Square Footage	Average Rent/S.F.	Occupancy (%)	Amenities and Comments
			Unit Type (Bed/Bath)	\$				
The Park at Central Station 1251 S. Michigan Avenue 312-662-1255	2006	91					98%	10-story senior building adj. to 1255 S. Michigan Avenue building (40-story tower with 411 units, of which 87 are non-age restricted affordable units). Units have refrigerator, stove, dishwasher, disposal, and central air conditioning. Multi-purpose room with kitchen, library, card room, social activities, and 7th floor landscaped terrace with access to pool and deck. Heat and air conditioning included in rent. Wait list 6 months. Maximum income is \$32,000 for 2 people.
		6	Studio	790	471	\$1.68		
		85	1/1 55% of Area Median Income	804	544	\$1.48		
Senior Residence at Eastgate Village 300 E. 26th Street 773-506-1200	2009	117					100%	Part of Eastgate Village development with market rate & affordable units adjacent to Mercy Hospital. Units have refrigerator, stove, air conditioning & emergency pull cords. Building amenities include TV room, community room with kitchen, rooftop deck, sun room, lounges, laundry & passenger van. Services include movies, art & music therapy, regular medical checkups, companionship programs, & prescription consulting, among others. Heat, water and sewer are included in the rent. Short wait list.
		105	1/1 Affordable	\$635-880	625	\$1.01-1.41		
		12	1/1 Market	880	625	1.41		

NA Not Available

Source: Valerie S. Kretchmer Associates, Inc.

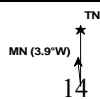
Senior Properties



Data use subject to license.

© DeLorme. DeLorme Street Atlas USA® 2013.

www.delorme.com



Scale 1 : 81,250



1" = 1.28 mi

Data Zoom 11-3

Non-Age Restricted Apartments in the Market Area

VSKA obtained data on apartment rents in Hyde Park from on-line listings and from Reis, a real estate data service. We looked at rents in Class A elevator buildings, Class B elevator buildings and walk-up buildings. Hyde Park-South Kenwood has a large number of apartment buildings. Some are oriented more to University of Chicago students, though most cater to a wide age range.

Table 8 below summarizes the rent and unit size ranges for elevator and walk-up buildings. Table 9 shows the average rent for Class A and Class B elevator buildings.

Table 8

SUMMARY OF RENTS AND UNIT SIZES IN HYDE PARK

Unit Type	Rent Range	Size Range (SF)
<u>Elevator Buildings</u>		
Studio	\$800-1,537	450-650
1 Bedroom/1 Bath	922-1,835	575-628
1 Bedroom/2 Bath	1,569-1,880	844-1,085
2 Bedroom/1 Bath	1,285-1,801	625-910
2 Bedroom/2 Bath	1,519-2,244	844-1,100
<u>Walk-Up Buildings</u>		
Studio	\$725-1,129	275-420
1 Bedroom/1 Bath	880-1,225	460-643
2 Bedroom/1 Bath	1,025-1,329	643-961
2 Bedroom/2 Bath	1,239-1,606	920-960

Source: Valerie S. Kretchmer Associates, Inc. based on listings from Mac Properties and Reis, Inc.

Table 9
AVERAGE RENTS IN HYDE PARK
ELEVATOR BUILDINGS

Unit Size	Class A	Class B
Studio	\$1,155	\$882
1 Bedroom	1,672	1,104
2 Bedroom	1,820	1,301

Source: Reis, Inc.

Demand for Senior Apartments

VSKA analyzed the demand for medium-priced independent living apartments in the Hyde Park-South Kenwood area. Table 10 below shows the potential demand in 2015 and 2020. VSKA analyzed demand based on the households 65+ years of age with incomes of at least \$35,000. Higher income seniors are less likely to move into any type of senior housing because they can afford to bring in care from the outside if they need it. As such, VSKA applied the following capture rates to the different income groups:

- Senior households with incomes of \$35,000-49,999 -- 5-6%
- Senior households with incomes of \$50,000-74,999 -- 4-5%
- Senior households with incomes of \$75,000+ -- 0.5-1%

VSKA also assumes that 20-25% of the residents could come from outside of the PMA since many elderly people move to be close to adult children, move back to their home towns after retiring to Sunbelt locations, or will be attracted by the attributes of the neighborhood, especially health care and cultural amenities. This results in demand for 78-113 units in 2015, increasing to 91-132 units in 2020. Table 10 shows this demand.

The existing 157 market rate units at Montgomery Place currently represent or penetrate 7.4% of the 2,127 senior households with incomes over \$35,000. With 100 additional market rate units, the overall penetration rate of market rate independent living units will increase to 12.1% as of 2015. However, by 2020, the rate will only be 9.7% due to the projected increase in the number of income-eligible seniors. These rates are very reasonable for a market area and show that the market can support additional units, particularly ones targeted to moderate and middle income seniors.

Table 10

MARKET RATE SENIOR HOUSING DEMAND IN THE HYDE PARK MARKET AREA

	2015		2020	
	<i>Capture Rates</i>		<i>Capture Rates</i>	
<u>Income Level \$35,000-49,999</u>	5.0%	6.0%	5.0%	6.0%
Number of Households Age 65+	<u>569</u>	<u>569</u>	<u>623</u>	<u>623</u>
Demand at 5-6%	28	34	31	37
<u>Income Level \$50,000-\$74,999</u>	4.0%	5.0%	4.0%	5.0%
Number of Households Age 65+	<u>632</u>	<u>632</u>	<u>728</u>	<u>728</u>
Demand at 4-5%	25	32	29	36
Demand from PMA Households Age 65+ with Incomes \$35,000-74,999	53	66	60	73
Additional Demand Assuming that 20-25% of Residents come from Outside of Market Area	<u>13</u>	<u>22</u>	<u>15</u>	<u>24</u>
Total Demand from Households 65+ with Incomes \$35,000-74,999	66	88	75	97
<u>Income Level \$75,000</u>	1.0%	2.0%	1.0%	2.0%
Number of Households Age 65+	<u>926</u>	<u>926</u>	<u>1,312</u>	<u>1,312</u>
Demand at 1-2%	9	19	13	26
Additional Demand Assuming that 20-25% of Residents come from Outside of Market Area	<u>2</u>	<u>6</u>	<u>3</u>	<u>9</u>
Total Demand from Households 65+ with Incomes \$75,000+	<u>12</u>	<u>25</u>	<u>16</u>	<u>35</u>
TOTAL DEMAND	78	113	91	132

Note: Numbers may not total due to rounding.

Source: Valerie S. Kretchmer Associates, Inc. based on estimates and projections from ESRI

Recommendations

Based on this preliminary assessment, we conclude that there is ample demand for a market rate independent living facility in Hyde Park to serve moderate and middle income seniors who earn too much to qualify for affordable housing, but not enough to afford Montgomery Place. There are a very large number of income-eligible seniors who have both the income and net worth to afford such a building. The potential University of Chicago buildings are well located for independent seniors.

Market rate non-age restricted apartments are expensive in Hyde Park and South Kenwood compared to many other neighborhoods on the south side of Chicago. Representative elevator buildings have rents ranging from \$922-1,880 for one bedroom and \$1,285-2,244 for two bedroom apartments. Under standard affordability guidelines, a household should spend no more than 30-35% of his or her income on rent, equal to \$875-1,021 for a household with an income of \$35,000. However, the Illinois Housing Development Authority uses 45% of income as the maximum amount a senior is able to spend for housing (including tenant-paid utilities). This equates to \$1,313 for a household with a \$35,000 income. Many seniors will also be spending down their assets so that they often spend more than 30-35% of their income for housing.

Rent will depend on the size and condition of the apartments, as well as the in-unit and common area amenities to be included in the building. Since we were not able to go inside the buildings and don't know how extensive a renovation will be required, it is difficult to give a definite rent that will be reasonable to a developer, as well to the target population. Marketable rents for the target population range from \$1,250-1,600 for one and two bedrooms. This assumes that the landlord pays for sewer, water and trash and the resident pays for heat and electricity. Studio apartments are less desirable but a small number could be included at rents ranging from \$1,000-\$1,100 depending on their size and configuration.

Typical unit sizes should be in the following range:

Studio	450-500 square feet
One bedroom	600-650 square feet
Two bedroom/1 bath	700-800 square feet
Two bedroom/2 baths	800-900 square feet

Typical in-unit amenities should include a stove, refrigerator, dishwasher, microwave oven, carpet, and window treatments. All apartments should be handicapped adaptable with some handicapped accessible. Zero-entry showers with grab bars are safer for seniors than bathtubs.

Building amenities do not need to be extensive. They should include laundry facilities, ideally on each floor, a community room, outdoor patio and garden, and if possible, some off-street parking. Not all residents will have cars, but off-street parking is a safety feature for seniors.

CECD has discussed the possibility of an official city senior center as part of the building since Hyde Park doesn't have one. Some affordable senior buildings do have satellite senior centers and this could be investigated further with the local aldermen. However, any city senior center would need a separate entrance from the building for security purposes. Depending on the layout of the building, there may not be adequate space for this.

Since this will be a building for independent seniors, social services are not necessary. However, a building of 100 +/- units is large enough for a full-time manager who can refer residents to service providers. As an example, Montgomery Place has a home health agency (LifeCare @ Home) that will provide caregivers, meal delivery, and transportation as needed.

Office space could be designated for the director of Hyde Park Village. Some of its activities could be held in the building's community room, so that the building is a gathering place for seniors, though not a city-funded center.