

MARKET STUDY MANUAL

The Georgia Department of Community Affairs (DCA) is responsible for allocating resources toward the development of affordable rental housing in areas where there is sufficient market support for it. DCA's goals include supporting the best developments possible given the limited resources available. One of DCA's main criteria in regard to this goal is to select proposed developments that are in appropriate locations with strong market demand. Therefore, it is important to complete an in-depth market study that conforms to the DCA guidelines. A market study must be obtained for each application for affordable rental housing financing.

The market study must contain sufficient data and analysis to provide DCA with an understanding of the market data presented, the analysis of the data, and the conclusion(s) of such data and its relationship to the subject property. The market study should lead the reader to the same or similar conclusion(s) reached by the Market Analyst. The market study shall include at a minimum, but may not be limited to, the following guidelines:

1. An evaluation of the existing comparable multifamily properties in the same primary market area as the subject housing development.
2. An evaluation of the need for affordable housing within the subject development's primary and secondary market areas.
3. An evaluation of the subject property and target population in terms of market demands and demand trends, stabilization projections, etc.

Additionally, in compliance with the Fair Housing Act, The Equal Credit Opportunity Act and other related anti-discrimination laws and regulations, it is DCA's policy not to discriminate on any prohibited basis or to find a proposed project unacceptable solely on the basis of its location. DCA expects the Market Analysts to provide non-discriminatory assessments of market conditions and projections.

All market studies must be submitted in the prescribed order and format as outlined in this guide. Market Analysts are also encouraged to become familiar with policies, program guidelines and requirements in the DCA 2009 Qualified Allocation Plan and Application Manual. DCA reserves the right to require the Market Analyst to address such other issues as may be relevant to DCA's evaluation of the need for the subject project and the provision of the particular program guidelines. Failure to submit the market studies as specified may result in the rejection of the market study. If the market study is rejected, DCA may also require that a new market study be submitted by a different Market Analyst.

I. Market Study Requirements

A Market Study prepared for DCA must evaluate the need for decent, safe, and sanitary housing as proposed by the applicant (including, but not limited to and evaluation of the proposed rents, bedroom distribution and target population). The study must determine the feasibility of the subject property and state a conclusion as to the impact of the property with respect to the determined housing needs. The study should be self-contained, and must describe in sufficient detail and with adequate data to support the conclusions.

Market Analysts will be required to submit a complete and in-depth market study that conforms to the format outlined below. The study must contain a statement by the analyst that the report was written according to DCA's market study requirements, that the information included is accurate and that the report can be relied upon by DCA as a true assessment of the low-income housing rental market. Analysts are encouraged to provide supplemental data and analysis. All data must relate back to the proposed development. Any third party reports relied upon by the Market Analyst must be verified directly by the Market Analyst as to the validity of the data and the conclusions.

Analysts are also expected to compare and contrast the relative strengths and weaknesses of the projects proposed that are competing within the same market and make a final recommendation as to which project(s) would best serve the market.

Unless stated specifically in the guide, all process and practices used by the analyst should conform to NCAHMA's best practices and accepted research papers. The final market study must be submitted in the prescribed order and format and must provide the following information:

A. Executive Summary

The Executive Summary includes the summary and conclusions of the Market Analyst that were derived from the market analysis. Such explanations should lead the reader to the same or similar conclusions as to the feasibility of the project as well as the effect the project has on fulfilling the determined housing need. At a minimum, the executive summary requires that the Market Analyst provide their conclusions based on the evaluation of the proposed development in terms of:

1. Market demand and demand trends for the proposed, existing or rehabilitated units given the existing and projected economic conditions of the area (projected economic conditions should include a discussion of the major employer(s)/industry(ies) for the area, and any confirmed information regarding announced lay-offs, furloughs, or closings, and/or a general assessment of the vulnerability to such, given the current economic trends nationwide);
2. Impact of foreclosed, abandoned and vacant single family homes in the vicinity of the proposed project should be discussed. Data regarding foreclosures should be included.
3. Stabilization projections for the subject property until a sustaining occupancy level of 93% can be achieved for the project. If stabilization projections for the subject differ significantly from historic data, an explanation of such must be given;
4. Absorption projections for each bedroom type and for the subject property as a whole;
5. Comparable units in the proposed projects primary market area;
6. Appropriateness of unit rent, unit mix and unit sizes;
7. Appropriateness of interior and exterior amenities including appliance package;
8. Location and distance of subject property in relationship to local amenities;

9. Correlation of the subject property to the eligible tenant target population through an analysis of capture rates for each target tenant segment. Given the target population, existing market conditions, and required market capture rates as outlined in the demand section.
10. A candid, detailed conclusion about the strength of the market for the project as proposed; and,
11. Summaries of the most pertinent findings and conclusions for each section listed below.

Capture Rate Analysis Chart (must be completed by the analyst and included in the executive summary)

Unit Size	Income limits	Units Proposed	Total Demand	Supply	Net Demand	Capture Rate	Absorption	Median Market Rent	Market Rent Concessions	Effective Market Rents	Proposed Rents
1 Bdrm	30% AMI										
	50% AMI										
	60% AMI										
	Market Rate										
1 Bdrm	TOTAL										
2 Bdrm	30% AMI										
	50% AMI										
	60% AMI										
	Market Rate										
2 Bdrm	TOTAL										
3 Bdrm	30% AMI										
	50% AMI										
	60% AMI										
	Market Rate										
3 Bdrm	TOTAL										
4Bdrm	30% AMI										
	50% AMI										
	60% AMI										
	Market										
4 Bdrm	TOTAL										

Proposed Project Capture Rate LIHTC Units	
Proposed Project Capture Rate Market Rate Units	
Proposed Project Capture Rate ALL Units	
Proposed Project Stabilization Period	

B. Project Description

1. Project description including:

- Project address and location
- Construction type: New Construction, Rehab, Adaptive Reuse.
- Occupancy Type: Family, Elderly, Housing for Older Persons, Special Needs.
- Special Population Target (if applicable)
- Number of units by bedroom type and income targeting (AMI).
- Unit size, # of bedrooms and structure type (i.e. townhouse, garden apartment, etc)
- Rents and Utility Allowance
- Existing or proposed project based rental assistance
- Proposed development amenities (i.e. washer/dryer hookups, dishwasher etc.)
- For rehab proposals, current occupancy levels, rents being charged, and tenant incomes, if available, as well as detailed information with regard to the scope of work planned.
- Projected placed in service date

Information provided in this section must directly correlate with the application submitted to DCA

C. Site Evaluation

1. The Market Analyst who is preparing the report must physically visit the site, all of the comparable properties used in their analysis and the market area in general. The date of the site visit and site inspector should be noted in the study.
2. Describe physical features of the site and adjacent parcels. Positive and negative attributes of the site should be described in relation to their impact on overall market demand. The Market Analyst must include a detailed description of the surrounding land uses, the site's physical relation to surrounding roads, transportation, amenities, employment, services, and the condition of the physical structures/neighborhoods surrounding the project site.
3. Photographs: Good quality color photographs of the subject property (front, rear and side elevations, on-site amenities, interior of typical units, if available) Photographs should be properly labeled. Photographs must be included of the neighborhoods and street scenes with a description of each vantage point.
4. Include a map clearly identifying the location of the project. The Market Analyst must provide a listing of the closest shopping areas, schools, and employment centers, medical facilities and other amenities that would be important to the target population. Indicate proximity in miles to the proposed site. All maps must show the location of the subject property.

5. Indicate what type of development(s), if any, is/are located in the vicinity of the proposed site (i.e. vacant land, commercial/business, industrial, public housing). Indicate proximity in miles to the proposed site. Describe all developments on either side of the property as well as in front and in back of site. Indicate present condition of neighboring properties. Discuss neighborhood land use and housing characteristics and compatibility with the project. What is the zoning of surrounding area? Is it likely to change?
6. Include a map identifying existing low-income housing (4% & 9% Tax Credit Properties, Tax Exempt Bond Projects, Rural Development Properties, Public Housing, etc.) within the market area. Indicate proximity in miles of these properties to the proposed site. Previously funded Tax Credit Properties are located on DCA's website at: <http://www.dca.ga.gov/pad/padsearch.aspx>
7. Indicate if there is any road or infrastructure improvements planned or under construction in the proposed market area.
8. Comment on access, ingress/egress, and visibility of site.
9. Note any visible environmental or other concerns.
10. Overall conclusions about the proposed development, as it would relate to the current rental market and projected marketability of the planned development.

D. Market Area

The market areas should be clearly outlined and the subject property identified on a map along with other details regarding the area (site location, neighborhood/surrounding amenities, and comparable rental properties). The use of a radius in establishing market areas is discouraged. The market area must be specifically justified (i.e. the analyst must describe the methodology and reasoning used to determine the market area in the form of a narrative.) Provide a reasonable rationale for the suggested market areas, taking into account such things as political and natural boundaries, socioeconomic characteristics, and the experience of the comparable multifamily development at each geographic level.

Provide a detailed description of both the primary and secondary market areas of the proposed development. The primary market area is defined as that geographical area from which 85% of potential renters are expected to be drawn; the remainder of the potential renters will come from the secondary market area. In an effort to ensure effective primary markets and to eliminate having large secondary markets, gross demand from the primary market will be adjusted to compensate for the secondary market during the demand calculation.

E. Community Demographic Data

Provide the following demographic information for the market area, giving historical data as well as current data and estimates. Include data on population and households at the proposed time of market entry (i.e. 2011). Projections must be prepared by a reputable source such as Claritas, the State Data Center or the U.S. Census (**a copy of the source data must be included in a table format and the source clearly identified**). If the Market Analyst does not agree with these projections, s/he must provide the reasoning, along with substitute projections. Both numbers and percentages should be shown for the data below. Annualized growth figures should be included. Please include a narrative description of the data presented including overall conclusions.

1. Population Trends

- a. Total Population.
- b. Population by age group.
- c. Number of elderly and non-elderly (for elderly projects).
- d. If a special needs population is proposed for the development (i.e. migrant workers, homeless), provide additional information on population growth patterns specifically related to this population.

2. Household Trends

- a. Total number of households and the average household size.
- b. Household by tenure; that is, the number of owner and renter households. (If appropriate, breakout by elderly and non-elderly).
- c. Households by income. (Elderly proposals should reflect the income distribution of elderly households only).
- d. Renter households by number of persons in the household.
- e. Elderly Households populations will be based on households who are 62 years or older according to the census.
- f. Housing for Older Persons Households populations will be based on households who are 55 years or older according to the census.

3. Employment Trend

- a. Employment by industry—numbers and percentages (i.e. manufacturing: 150,000 (20%))
- b. The major current employers, product or service, total employees, anticipated expansions, contractions in their workforces, as well as newly planned employers and their impact on employment in the market area. Due to the volatility of the current economic market, it is important that this information is as current as can be confirmed.
- c. Unemployment trends for the market area and, where possible, the county total workforce figures and number and percentage unemployed. Provide annualized figures for unemployment trends for the last two to four years (i.e. average annual increase of unemployment of 1.2%).
- d. A map of the site and location of major employment concentrations.
- e. A narrative analysis of data provided, including overall conclusions, is required. Relate data to impact on housing demand.

F. Project-specific Demand Analysis

1. **Income Restrictions:** Use the applicable incomes and gross rents in the application submitted to DCA. Be aware of the specific income restrictions that apply to DCA's multi-family rental housing programs as outlined in the 2009 Qualified Allocation Plan and Application Manual. For example, in the Low Income Housing Tax Credit (LIHTC) and multifamily Bond programs, developers must elect to set-aside either at least 20% of the units for households earning no more than 50% of area median income or at least 40% of the units for households earning no more than 60% of area median income. For projects with HOME loans, 20% of the units must be restricted to households earning 50% or less of area median income. For projects utilizing Neighborhood Stabilization Program funds, 40% of the units must be restricted to households earning 50% or less of the area median income, and no tenant's income can exceed 120% of area median income. Analyst must take the income restrictions designated in the application into account when estimating demand.

The study should include data for each income group targeted by the project as described in the application. For example, if the project targets families at 50% of the Area Median Income, and families at 60% of the Area Median Income, demand projections using the above methodology should be provided for each income group and bedroom size. The maximum allowable Area Median Income level per household for all bedroom types will be based on a standard of 1.5 persons per bedroom for family developments rounded up to the next whole number. The maximum allowable Area Median Income level per household for all bedroom types for elderly or housing for older person developments will be based on a maximum of 2 persons per household.

2. **Affordability:** Analysts should assume family households are able to pay no more than 35% of gross income towards total housing expenses and that Senior households are able to pay no more than 40% of gross income towards total housing expenses. The demand analysis should clearly indicate the minimum income and maximum income range for each targeted group. For market rate units, the analyst must make some reasonable determination of maximum income level beyond which a household would not likely be a participant in the rental market. The analyst should clearly state the assumption used in making the aforementioned determination. DCA considers Housing For Older Persons and Elderly to be Senior properties for determining affordability. The maximum income limit for Senior Developments will be limited to 2 person households regardless of the bedroom type proposed.
3. **Demand:** The demand should be derived from the following sources:
 - a. **Demand from New Household:** New units required in the market area due to projected household growth from migration into the market and growth from existing households in the market should be determined. This should be forecasted using 2000 renter household census data and projecting forward to the anticipated placed in service date of the project using a growth rate established from a reputable source such as

Claritas or the State Data Center. This household projection must be limited to the target population, age and income group and the demand for each income group targeted (i.e. 50% of median income) must be shown separately.

In instances where a significant number (more than 20%) of proposed units are comprised of three and four bedroom units, please refine the analysis by factoring in the number of large households (generally 5+ persons). A demand analysis, which does not take this into account, may overestimate demand.

b. **Demand from Existing Households:** The second source of demand should be projected from:

- Rent over-burdened households, if any, within the age group, income groups and tenure (renters) targeted for the proposed development. In order to achieve consistency in methodology, all analysts should assume that the rent-overburdened analysis includes households paying greater than 35% (Family), or greater than 40% (Senior) of their income toward gross rent; and,
- Households living in substandard housing (i.e. units that lack complete plumbing or that are overcrowded (1.5+ persons per room)) Households in substandard housing should be determined based on age, income bands and tenure that apply. The analyst should use their own knowledge of the market area and project to determine if households from substandard housing would be a realistic source of demand. The analyst is encouraged to be conservative in his/her estimate of demand from both households that are rent-overburdened or living in substandard housing; and,
- Elderly Homeowners likely to convert to rentership: DCA recognizes that this type of turnover is increasingly becoming a factor in the demand for elderly tax credit housing. This segment should not account for more than 20% of total demand. Due to the difficulty of extrapolating elderly (62 and over) owner households from elderly renter households, analyst may use the total figure for elderly households in the appropriate income band in order to derive this demand figure. Data from interviews with property managers of active projects regarding renters who have come from homeownership should be used to refine the analysis. **A narrative of the steps taken to arrive at this demand figure must be included;**
- Housing For Older Persons rental demand will be calculated at 110% of the Elderly Qualified Rental Households demand for the primary market area.
- Demand for HFOP will be based on the Gross demand for Elderly Households plus the rental demand for HFOP.
- The maximum income limit for Senior developments will be limited to 2 person households regardless of the bedroom type proposed.

C. To accommodate for the secondary market area, the Demand from Existing Qualified Households within the primary market area will be multiplied by 115% to account for demand from the secondary market area. DCA recommends that the analyst be conservative when developing the primary market area so as to not overstate market demand due to this multiplier effect.

D. Other: DCA does not consider household turnover to be a source of market demand. However, if an analyst firmly believes that demand exists which if not being captured by the above methods, he/she may use other indicators to estimate demand if they can be fully justified (e.g. an analysis of an under built or over built market in the base year). Any such additional indicators should be calculated separately and be easily added or subtracted for the demand analysis described above. Such additions should be well documented by the analyst and included in the Market Study

4. Net Demand, Capture Rate and Stabilization Calculations

- **Net Demand:** The overall demand components added together (3(a), 3(b) and 3(c) above) less the supply of comparable developments awarded and/or constructed from 2002 to the **present**. DCA requires the analyst to include all projects that have been funded, are proposed for funding and/or a bond allocation by DCA, in the demand analysis. Comparable units are defined as those units that are of similar size and configuration and provide housing to a similar tenant population. Comparable subsidized low-income developments and all comparable rental properties in the primary market must be considered.
- The following Comparability Analysis chart will be used to determine the Net Supply number for each Bedroom and Income category when considering the deduction of **rehab** properties in the net supply. All **rehab** properties determined to be comparable with the proposed development will be included in the Comparability Analysis and assigned a Comparability Factor to be used in determining Net Supply in the Market Area.

Rehab-Comparability Analysis			
Property Name	Comparable 1	Percent	Comments
1	Location		
2	Affordability		
3	Property Type		
4	Quality		
	Comparability Factor		1*2*3*4
Rehab-Comparability Analysis			
Property Name	Comparable 2	Percent	Comments
1	Location		
2	Affordability		
3	Property Type		
4	Quality		
	Comparability Factor		1*2*3*4

A weighting factor of between 0 – 1 will be assigned to each of the four factors. The total Comparability Factor will then be applied to each bedroom type for all income segments to determine the number of units to be allocated to the existing property. Total market supply will be comprised of the weighted units supply from the comparable existing properties and all units new to the market area since 2002.

- Demand calculations for proposed rehab developments will be based on those units that are vacant, or whose tenants will be rent burdened or over income as listed on the Tenant Relocation Spreadsheet. Tenants who are income qualified to remain in the property at the proposed stabilized renovated rents will be deducted from the property unit count prior to determining the applicable capture rates. The analyst will initially assume all units are to be Vacant and adjustment will be made based on the Tenant Relocation Spreadsheet.
- Units that are subsidized with PBRA or whose rents are more than 20% lower than the rent for other unit of the same bedroom size in the same AMI band and comprise less than 10% of the total units, will not be used in determining project demand. These units, if priced 30% lower than the average market rent for the bedroom type in any income segment, will be assumed to be leasable in the market and deducted from the total number of units in the project for determining capture rates.
- **Capture Rates:** Capture rates should be calculated by dividing **the number of units in the project by the net demand**. Demand and capture rate analysis must be completed for each targeted income group and each bedroom size proposed. Please include a narrative on what exactly this capture rate means for the project proposed (i.e. given the market area are these average capture rates or do they cause concern?) Project feasibility will be based on market capture rates less than 30% for all efficiency, one (1) and two (2) bedroom units, less than 40% for all three (3) bedroom units, less than 50% for all four (4) bedroom units in the project.

In rural counties, (as defined) Project feasibility will be based on market capture rates of 35 percent or less for all efficiency, one (1) bedroom units, 35 percent or less for all two (2) bedroom units, 40 percent or less for all three (3) bedroom units and 50 percent or less for all four (4) or more bedroom units in the project.

The overall capture rate for all Tax Credit Units shall not exceed 30 percent for Urban Counties and 35 percent for Rural areas and the overall capture rate for all Market Rate units shall not exceed 30% for Urban Counties and 35% for Rural areas.

Market capture rates for each AMI market segment type (i.e. 30%, 50%, 60% & market) shall not exceed 70% for all proposed bedroom types, (for example, the capture rate for all efficiency, 1, 2, 3 & 4 BDR units at 50% AMI proposed for the property shall be less than 70% .)

- **Stabilization Rates:** Stabilization rates should be provided in the market study, which give an estimation of the time it is expected the project will take to reach 93% occupancy. The stabilization rate determination should consider such factors as the overall estimate of new household growth, the availability of subsidies, household turnover and rent specials. The stabilization period is considered to begin on the placed in service date provided in the application.

A written statement is required if the vacancy and stabilization rates for the applicable primary and secondary market areas are or are not reasonable and whether or not high vacancy rates will occur. Sufficient documentation to support this conclusion with regard to the effects on the project should be included.

The following tables must be completed and included in the market study:

1. Demand and Net Demand

Note: Household income bands should be expanded to include all income bands for the proposed project.

	HH at 50% AMI (min. income to max. income)	HH at 60% AMI (min. income of max. income)	HH at > 60% AMI (min. income of max. income)
a) Demand from New Household migration into the market and growth from existing households in the market: age and income appropriate			
Plus			
Demand from Existing Renter Households - Substandard Housing			
Plus			
Demand from Existing Renter Households- Rent Over burdened households			
Plus			
Secondary Market Demand adjustment @ 15%			
Sub Total			
Demand from Existing Households - Elderly Homeowner Turnover (Limited to 20% where applicable)			
Plus			
Demand from Existing Households - Elderly Homeowner Relocation (Limited to 20% where applicable)			
Plus			
Demand for Existing HFOP Rental Households (Limited to 10% where applicable)			
Equals Total Demand			
Less			
Supply of directly comparable affordable housing units built and/or awarded in the project market between 2002 and the present			
Equals Net Demand			

G. Comparable Rental Analysis

The comparable rental analysis will be of significant weight in DCA's review of the market study. The analyst must visit all comparable properties and perform on-site interviews where possible. Existing multifamily units with rents similar to the proposed development should be analyzed. Subsidized low-income developments must be considered, and specifically analyzed. The analyst must supply a description and occupancy levels of all existing multifamily projects currently under development, and multifamily projects slated to begin construction prior to the market entry of the proposed project.

All comparable rental properties in the primary market area and all properties within Two (2) miles of the subject property must be included in the market analysis. The analysis should include information on all rental developments that can be considered "true comparables" available to serve the target market. The analyst must indicate which developments in the market area s/he determines to be the most directly comparable. If there are no low-income developments, state this. The analyst must provide a separate list for the properties included in the supply calculation and provide adequate information for the reader to evaluate these units to the proposed development. All properties included in the supply calculation must be clearly shown on the rent comparable map and notated as such.

1. The following information must be included for each comparable property:

- Name and address of the comparable property development.
- Name and phone number of contact person and date contact was made.
- Description of property (e.g., unit type, unit size, unit mix, interior amenities, exterior amenities, structure type, etc.).
- Photographs of each comparable development.
- Square footage for each comparable unit type.
- Monthly rents and the utilities included in the rents for each unit type.
- Project age and current physical condition based upon a cursory exterior inspection.
- Concessions given, if any. Concessions should be explained and their impact given.
- Current vacancy rates, historic vacancy factors, waiting lists and turnover rates, broken down by bedroom size and structure type. In addition, indicate the lease up history of comparable developments in the proposed market area.
- Number of units receiving rental assistance, description of assistance as project or tenant based. An analysis of the voucher and certificates available in the Market Area should be included. If voucher and certificates go unused this should be explained. If there is a waiting list, this should also be documented.
- If the proposed development represents an additional phase of an existing housing development, include a tenant profile as well as additional information related to households on a waiting list of the existing phase.
- In rural areas lacking sufficient multifamily rental comparables, provide data on single-family rentals, rental trailer homes, duplexes, triplexes and single family homes in an attempt to identify where potential tenants are currently living.

The above information should be provided in a comparative framework with the proposed project. For example, in addition to providing a page of information along with pictures of each comparable, the analyst should also provide comparative charts that show such details as the proposed project's rents, square footage, amenities, etc. as compared to the other projects.

Additionally, the analyst should provide a narrative that discusses issues such as how each complex compares with the subject property in terms of such things as total units, mix rents, occupancy, location, etc. The narrative should also state if the projected initial rents for the project are at or below the rental range for comparable projects within the primary and secondary market areas. Sufficient documentation to support this conclusion with regards to the effect of the projects rental rates should be included.

2. A map showing the comparable projects in relation to the subject must be included. The map should have an identifiable usable scale. The Map must show all existing LIHTC and Bond properties and all LIHTC and Bond proposed projects which have received tax credit allocations within the market area.
3. Assisted projects should be specifically identified. Assisted rental housing projects include DCA funded properties, USDA financed properties, Georgia Housing Trust Fund of the Homeless financed properties, HUD 202 or 811 (as appropriate) and HUD 221(d)(3) and 221 (d) (4) properties and other market rate FHA insured programs.
4. If the proposed project is a family project, market area Senior projects are not competitive with Family units, and therefore should not be included in the comparable analysis. Conversely, if the proposed project is Senior, the market analysts should provide an evaluation of available Senior oriented rental housing. If comparable senior units do not exist in the primary market area, an overview of family oriented properties should be provided. Market analyst should account for the differences between senior and family properties when evaluating amenities, unit sizes, and rental levels.
5. Address whether the proposed project, in light of vacancy and stabilization rates of the local market area, is likely to result in a higher long-term vacancy rate than comparable units within the market area, especially those well-maintained units within the market area which are reserved for occupancy by low income tenants.
6. For developments in the planning rehabilitation, or construction stages, provide the name, address/location, name of owner, number of units, unit configuration, rent structure, estimated date of market entry, and any other relevant market analysis information. If there are no developments in the planning stages or under construction, a statement to that effect must be provided.
7. The market study should include information on the availability and proximity of land in the proposed market area that is zoned or could be zoned for multifamily use.
8. Information on other DCA funded projects located in the proposed project's primary market area must be included, particularly those within 2 miles of the subject for Urban projects and the greater of the local government jurisdiction or 10 miles for Rural properties. The analyst should

discuss the adequacy of demand for those other DCA funded projects. Also comment on any other DCA funded projects located outside of the primary area, but located within a reasonable distance from the proposed project.

9. The analyst should note the primary housing voids in the market and comment on whether the proposed project will fill such a void or not.
10. The analyst should note whether or not the proposed project adversely impacts the long term (more than 12 months or the reasonable rent up period for the proposed property) occupancy and health of existing assisted rental housing properties in the market area. Assisted rental housing properties include those financed by Credits, USDA, HUD 202, or 811 (as appropriate), DCA or locally financed HOME properties, HTF, and HUD 2219d)(3) and HUD 221 (d) (4) and other market rate FHA insured properties. DCA does not consider public housing properties in the adverse impact determination.

H. Interviews

The results of formal and informal interviews with property managers, town planning officers or anyone with relevant information relating to the overall demand of the proposed development must be summarized in this section.

I. Conclusions and Recommendations

Market Analyst must provide a conclusion and professional opinion regarding the factors analyzed in the market study stating whether there is a market for the project as proposed and whether the project will or will not experience chronic inability to consistently maintain at least a 93% occupancy rate. The analyst must also evaluate any market data provided by DCA, provide a detailed analysis that states whether or not the information provided is an accurate portrayal of the market, and give the reasoning for this determination. Finally, the analyst must provide a summary of all the major factors that have led to their conclusion.

J. Signed Statement Requirements

A signed statement must include the following language:

I affirm that I have made a physical inspection of the market area and the subject property and that information has been used in the full study of the need and demand for the proposed units. To the best of my knowledge, the market can (cannot) support the project as shown in the study. I understand that any misrepresentation of this statement may result in the denial of further participation in DCA's rental housing programs. I also affirm that I have no interest in the project or relationship with the ownership entity and my compensation is not contingent on this project being funded.

II. Comparison of Competing Projects

In a separate letter, the Market Analyst must state which of the assigned projects should be considered to be competing within the same market area. The analyst must also address whether the market area can sustain more than one tax credit proposed project or not (and if so, how many?) Additionally, the analyst should provide a brief comparison of these developments, noting whether or not one project can be said to be a more competitive proposal for the market than the other. If an assigned project is not competing with any other proposals, the analyst should make a statement to this effect.

Market Analyst Certification and Checklist

I understand that by initializing (or checking) the following items, I am stating those items are included and/or addressed in the report. If an item is not checked, a full explanation is included in the report.

The report was written according to DCA's market study requirements, that the information included is accurate and that the report can be relied upon by DCA as a true assessment of the low-income housing rental market.

I also certify that I have inspected the subject property as well as all rent comparables.

Signed: _____ Date: _____

A. Executive Summary

Market demand for subject property given the economic conditions of the area	Page	_____
Projected Stabilized Occupancy Level and Timeframe	Page	_____
Appropriateness of unit mix, rent and unit sizes	Page	_____
Appropriateness of interior and exterior amenities including appliances	Page	_____
Location and distance of subject property in relationship to local amenities	Page	_____
Discussion of capture rates in relationship to subject	Page	_____
Conclusion regarding the strength of the market for subject	Page	_____

B. Project Description

Project address, legal description and location	Page	_____
Number of units by unit type	Page	_____
Unit size, # of bedrooms and structure type (i.e. townhouse, garden apartment, etc)	Page	_____
Rents and Utility Allowance	Page	_____
Existing or proposed project based rental assistance	Page	_____
Proposed development amenities (i.e. washer/dryer hookups, dishwasher etc.)	Page	_____

For rehab proposals, current occupancy levels, rents, and tenant incomes (if available), as well as detailed information as to renovation of property	Page	_____
Projected placed in service date	Page	_____
Construction type: New Construction/Rehab/Adaptive Reuse, etc.	Page	_____
Occupancy Type: Family, Elderly, Housing for Older Persons, Special Needs.	Page	_____
Special Population Target (if applicable)	Page	_____

C. Site Evaluation

Date of Inspection of Subject Property by Market Analyst	Page	_____
Physical features of Subject Property and Adjacent Uses	Page	_____
Subject Photographs (front, rear, and side elevations as well as street scenes)	Page	_____
Map identifying location of subject as well as closest shopping centers, schools, medical facilities and other amenities relative to subject	Page	_____
Developments in vicinity to subject and proximity in miles (Identify developments surrounding the subject on all sides)	Page	_____
Map identifying existing low-income housing within the Primary Market Area and proximity in miles to subject	Page	_____
Road or infrastructure improvements planned or under construction in the PMA	Page	_____
Comment on access, ingress/egress and visibility of subject	Page	_____
Any visible environmental or other concerns	Page	_____
Overall conclusions of site and their marketability	Page	_____

D. Market Area

Map identifying Subject's Location within PMA	Page	_____
Map identifying Subject's Location within SMA, if applicable	Page	_____

E. Community Demographic Data

Data on Population and Households Five Years Prior to Market Entry, and Projected Five Years Post-Market Entry.	Page	_____
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**** If using sources other than U.S. Census (I.e., Claritas or other reputable source of data), please include in Addenda – The source of all tables in the market study must be clearly identified.***

1. Population Trends

a. Total Population	Page	_____
b. Population by Age Group	Page	_____
c. Number of elderly and non-elderly (for elderly projects)	Page	_____

d. If a special needs is proposed, additional information for this segment Page _____

2. Household Trends

Elderly by tenure, if applicable

a. Total number of households and average household size Page _____
b. Households by tenure (# of owner and renter households) Page _____
c. Households by Income (Elderly, if applicable, should be allocated separately) Page _____
d. Renter households by # of persons in the household Page _____

3. Employment Trend

a. Employment by industry— (i.e. manufacturing: 150,000 (20%)) Page _____
c. Major employers, product or service, total employees, anticipated expansions, Page _____
d. contractions in work forces, as well as newly planned employers and impact on employment in the PMA
c. Unemployment trends for the PMA and, where possible, the county total workforce for unemployment trends for the last two to four years. Page _____
d. Map of the site and location of major employment concentrations. Page _____
e. Overall conclusions Page _____

F. Project Specific Demand Analysis

Income Restrictions - uses applicable incomes and rents in the development's tax application. Page _____

Affordability - Delineation of Income Bands * Page _____

Comparison of market rates of competing properties with proposed subject market rent Page _____

Comparison of market rates of competing properties with proposed LIHTC rents Page _____

Demand Analysis Using Projected Service Date (within 2 years) Page _____

a. New Households Using Growth Rates from Reputable Source Page _____

b. Demand from Existing Households

c. Elderly Households Converting to Rentership (applicable only to elderly)) Page _____

d. Elderly Households Relocating to the Market (applicable only to elderly) Page _____

e. Deduction of Supply of "Comparable Units" Page _____

f. Capture Rates for Each Bedroom Type Page _____

g. Anticipated Absorption period for the property Page _____

G. Supply Analysis

Comparative chart of subject amenities and competing properties Page _____

Supply & analysis of competing developments under construction & pending Page _____

Comparison of competing developments (occupancy, unit mix and rents) Page _____

Rent Comparable Map (showing subject and comparables) Page _____

Rental Assisted Projects in PMA * Page _____

Multi-Family Building Permits issued in PMA in last two years Page _____

* PHA properties are not considered comparable with LIHTC units

H. Interviews

Names, Title, and Telephone # of Individuals Interviewed Page _____

I. Conclusions and Recommendations

Conclusion as to Impact of Subject on PMA Page _____

Recommendation as to Subject's Viability in PMA Page _____

J. Signed Statement

Signed Statement from Analyst Page _____

K. Comparison of Competing Properties

Separate Letter addressing addition of more than one competing property