



GEORGIA DEPARTMENT
of **COMMUNITY AFFAIRS**

2025 DCA Market Study Manual

GEORGIA HOUSING CREDIT PROGRAM

The Georgia Department of Community Affairs (DCA) is responsible for allocating resources towards the development of affordable rental housing in areas where there is sufficient market demand.

Applicants must submit a market study completed no more than 6 months prior to the Application Submission date.

In compliance with the Fair Housing Act, The Equal Credit Opportunity Act and other related anti-discrimination laws and regulations, DCA will not discriminate on any prohibited basis or render a proposed project unacceptable solely on the basis of its location. Market Analysts must provide non-discriminatory assessments of market conditions and projections.

DCA may require the Market Analyst to address other issues relevant to DCA's evaluation of the project. Failure to submit a market study as specified may result in the project failing threshold feasibility. The applicant is responsible for ensuring that the Market Analyst completes the Market Study in accordance with the QAP and the Market Study Manual, and that it accurately reflects the project as it is being proposed.

Market Study Requirements

A Market Study prepared for DCA must be self-contained, provide detailed descriptions, and contain adequate data to support conclusions regarding the feasibility of the subject study. Unless stated specifically in the manual, all processes and practices used by the analyst must conform to the National Council of Affordable Housing Market Analysts' (NCAHMA) standards. The final market study must provide the following information as outlined in each subsequent section in an open PDF format. Any third-party reports must be verified directly by the Market Analyst. Market Analyst must be on DCA's approved list.

Table of Contents

The market study must have a table of contents that follows the section order and titles below. It also must include page numbers for all sections and appendices.

Executive Summary

Provide key conclusions for each of the report's sections and an opinion of whether the project will succeed as proposed or if any changes are needed. The Executive Summary must include the following sections, each presented in a summary format:

A. Project Description:

- Brief description of project location including address and/or position relative to the closest cross-street.
- Construction and occupancy type(s).
- Unit mix including bedrooms, bathrooms, square footage, income targeting, rents and utility allowance.
- Any rental or additional subsidies available, including project based rental assistance (PBRA).
- Brief description of proposed amenities and how they compare to existing properties.

B. Site Description/Evaluation:

- A brief description of physical features of the site and adjacent parcels.
- A brief overview of the neighborhood land composition (residential, commercial, industrial, agricultural).
- A discussion of site access and visibility.
- Any significant positive or negative aspects of the subject site.
- A brief summary of the site's proximity to neighborhood services including shopping, medical care, employment concentrations, public transportation, etc.

- A brief discussion of public safety, including comments on local perceptions, maps, or statistics of crime in the area.
- An overall conclusion of the site's appropriateness for the proposed development.
- C. Market Area Definition:
 - A brief definition of the Primary Market Area (PMA) including boundaries of the market area and their approximate distance from the subject property.
- D. Community Demographic Data:
 - Current and projected household and population counts for the PMA.
 - Household tenure including any trends in rental rates.
 - Household income level.
 - Impact of foreclosed, abandoned and vacant, homes and commercial properties in the PMA.
- E. Economic Data:
 - Trends in employment for the county and/or region based on the number of jobs in the county rather than the county's employed labor force.
 - Employment by sector for the market area.
 - Unemployment trends for the county and/or region for the past 5 years.
 - A brief discussion of any recent or planned major employment contractions or expansions.
 - An overall conclusion regarding the stability of the county's overall economic environment including an opinion if the current economic environment will negatively impact the demand for additional or renovated rental housing.
- F. Affordability and Demand Analysis:
 - Number of renter households who are income qualified for the proposed development given retention of current tenants (occupied only), the proposed unit mix, income targeting, and rents (age qualified renter households for senior projects).
 - Overall estimate of demand based on DCA's demand methodology.
 - Capture rates including:
 - Overall project.
 - All LIHTC units, including adjustments for PBRA units, and excluding market rate units.
 - All LIHTC units excluding any PBRA or market rate units.
 - By AMI targeting.
 - By bedroom type.
 - A conclusion regarding the achievability of these captures rates
- G. Competitive Rental Analysis
 - An analysis of the competitive properties in the PMA.
 - Number of properties.
 - Rent bands for each bedroom type proposed.
 - Average market rents.
- H. Absorption/Stabilization Estimate:
 - An estimate of the number of units expected to be leased at the subject property, on average, per month.
 - Number of months required for the project to stabilize at 93% occupancy.
 - Estimate of stabilization occupancy and number of months to achieve that occupancy rate
- I. Interviews
- J. Overall Conclusion: Potential for success of the proposed development.
- K. Summary Table: The following tables must be completed by the analyst and included in the executive summary

Summary Table:									
Development Name: _____					Total # Units: _____				
Location: _____					# LIHTC Units: _____				
PMA Boundary: _____					_____				
					Farthest Boundary Distance to Subject: _____				
					miles				
RENTAL HOUSING STOCK (found on page __)									
Type				# Properties	Total Units	Vacant Units		Average Occupancy	
All Rental Housing									%
Market-Rate Housing									%
<i>Assisted/Subsidized Housing not to include LIHTC</i>									%
LIHTC									%
Stabilized Comps									%
Properties in Construction & Lease Up									%
Subject Development					Achievable Market Rent			Highest Unadjusted Comp Rent	
# Units	# Beds	# Baths	Size (SF)	Proposed Rent	Per Unit	Per SF	Advantage	Per Unit	Per SF
				\$	\$	\$	%	\$	\$
				\$	\$	\$	%	\$	\$
				\$	\$	\$	%	\$	\$
				\$	\$	\$	%	\$	\$
				\$	\$	\$	%	\$	\$

CAPTURE RATES (found on page __)						
Targeted Population	30%	50%	60%	Market-rate	Other:	Overall
Capture Rate						

Project Description

1. Project address and location.
2. Construction type: New Construction, Demolition- Reconstruction, Rehab, Adaptive Reuse, Historic Rehab
3. Occupancy Type: Family, Elderly, Housing for Older Persons, Special Needs.
4. Special Population Target (if applicable).
5. Number of units by bedroom type and income targeting (AMI).
6. Unit size, number of bedrooms and structure type (i.e. townhouse, garden apartment)
7. Rents and Utility Allowances.
8. Existing or proposed project based rental assistance.
9. Proposed development amenities (i.e. washer/dryer hookups, dishwasher, computer center).
10. For rehab and demolition-reconstruction 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. Scopes of work must include an estimate of the total and per unit construction cost.
11. Projected placed in service date.

Information provided in this section must not conflict with the Application submitted to DCA.

Site Evaluation

12. The Market Analyst preparing the report must physically visit the site, all of the comparable properties, and the market area in general. The date of the site visit and site inspector must be noted.
13. Physical features of the site and adjacent parcels, including positive and negative attributes.
14. The site's physical proximity to surrounding roads, transportation (including bus stops), amenities, employment, and community services.
15. Labeled photographs of the subject property (front, rear and side elevations, on- site amenities, interior of typical units, if available), of the neighborhood, and street scenes with a description of each vantage point.
16. A map clearly identifying the project and proximity to neighborhood amenities. A listing of the closest shopping areas, schools, employment centers, medical facilities and other amenities that would be important to the target population and the proximity in miles to each.
17. The land use and structures of the area immediately surrounding the site including significant concentrations of residential, commercial, industrial, vacant, or agricultural uses; comment on the condition of these existing land uses.
18. Any public safety issues in the area, including local perceptions of crime, crime statistics, or other relevant information.
19. A map identifying (1) proposed, (2) in construction, and (3) placed-in-service low-income housing including, but not limited to the following:

- a. 4%/bond & 9% tax credit
- b. Rural Development
- c. Public Housing
- d. DCA HOME funded
- e. Sec. 1602 Tax Credit Exchange program
- f. USDA financed
- g. Georgia Housing Trust Fund of the Homeless financed properties
- h. HUD 202 or 811
- i. Project Based Rental Assistance (PBRA).

Indicate proximity in miles of these properties to the proposed site.

- 20.** Any road or infrastructure improvements planned or under construction in the PMA.
- 21.** Vehicular and pedestrian access, ingress/egress, and visibility of site.
- 22.** Overall conclusions about the site as it would relate to marketability of the planned development.

Market Area

Primary Market Area (PMA): the geographical area from which comparable properties and potential renters are expected to be drawn during the forecast period, including the income levels and rent- to- income ratio(s) assumed in the study.

- 23.** The PMA must be clearly outlined, and the subject property identified on a map.
- 24.** The narrative must describe the approximate market area boundaries relative to the subject site and provide their rationale, taking into account the following:
 - a. political and natural boundaries;
 - b. socioeconomic characteristics;
 - c. the experience of the comparable multifamily developments; and
 - d. the overall perception of the desirability of renting in the proposed development (based on interviews and research).

Projects that have larger PMAs or unusual boundary shapes must have a detailed explanation. The PMA must be as homogeneous and proportioned as possible.

- 25.** Gross demand from the primary market must be carefully defined to limit the effect of the overlapping population concentrations.
- 26.** Analysts may not simply use a radius. Use of the gravity model is appropriate in rural areas.

The NCHMA best practice paper on establishing market areas is an additional reference.

Community Demographic Data

The Market Study must provide the following demographic information for the PMA (historical and current data/estimates). Include data on population and households at the proposed time of market entry. Projections must be based on current data; Census data and latest updates from the American Community Survey (ACS) and prepared by a reputable source such as Claritas, the State Data Center, or the U.S. Census/American FactFinder (include a copy of the source data in a table format and identify the source).

If applicable, provide the reasoning for not agreeing with the projections, along with substitute projections and methodology. Both numbers and percentages must be shown for the data below. Include annualized growth figures and a narrative description of the data presented, including overall conclusions.

27. Population Trends

- Total Population.
- Population by age group.
- Number of Senior (HFOP & Elderly) and non-elderly (for elderly projects).
- If a special needs population is proposed, provide additional information on population growth patterns specifically related to the population.

28. Household Trends

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

Employment Trend

- 29.** Total jobs (also known as “covered employment”) in the county or region; the number of jobs physically located in the county and is different from the Civilian Labor Force.
- 30.** Total jobs by industry—numbers and percentages (i.e. manufacturing: 150,000 (20%)).
- 31.** 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.
- 32.** Unemployment trends, total workforce figures, and number and percentage unemployed for the county (also known as “civilian labor force” statistics) for the past ten years.
- 33.** A map of the site and location of major employment concentrations.
- 34.** A narrative analysis of data provided, including overall conclusions, is required. Relate data to impact on housing demand.

Affordability & Demand Analysis

35. Income Restrictions:

- a. Include data for each income group targeted. For example, if the project targets families at 50% and 60% of the AMI, demand projections using the above methodology must be provided for both income groups.
- b. The maximum allowable AMI 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) and a *maximum* of 2 persons per household for Elderly or Housing for Older Person developments.

36. Affordability:

- a. 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%.

- b. The demand analysis must clearly indicate the minimum and maximum income range for each targeted group. For market rate units, the analyst must make reasonable determination of maximum income level beyond which a household would not likely be a participant in the rental market and clearly state the assumption used.

37. Demand: Analyze demand from:

- a. new households in the market area, forecasted with an established growth rate;
- b. occupied households (deduct current tenants who are expected, as per Relocation Plan, to return from property unit count prior to determining capture rates);
- c. rent-burdened households;
- d. households in substandard housing;
- e. elderly homeowners likely to convert to renters (if applicable);
- f. target population (age, income group, household size); and
- g. proposed unit mix.

38. Calculate net demand from total demand, less the supply of competitive vacant or pipeline units.

- a. Competitive units: those of a similar size and configuration that provide alternative housing to a similar tenant population at rent levels comparable to those proposed.
- b. Supply must include all competitive units in properties not yet reached stabilized occupancy, including those recently funded by DCA, proposed for funding for a bond allocation from DCA, and existing or planned in conventional rental properties.

39. Calculate capture rates by dividing number of units by the net demand for each unit and bathroom size and AMI percent.

Capture Rate Analysis Chart:

		Income Units	#Units Proposed	Total Demand	Supply	Net Demand	Capture Rate	Avg. Market Rent	Market Rents Band	Proposed Rent
(Include section for each % AMI group for totals by Bedroom)	(Breakdown by # of Bedrooms)									
Bedroom Overall	(Breakdown by # of Bedrooms)									
TOTAL for Project	(list out totals by % AMI income group)									

Competitive Rental Analysis

The analyst must visit all competitive properties to discuss occupancies, rental rates, demand drivers, etcetera with either the Property Manager, the Assistant Manager, and/or other knowledgeable persons. The analyst must analyze all multifamily projects - proposed, under construction, and placed-in-service.

Information on DCA funded, awarded/allocated, and under review properties are available here:

- <https://www.arcgis.com/home/webmap/viewer.html?webmap=2d085574c504413d977b9dbf9b144d91&extent=-84.8682,33.5332,-83.8541,34.0053>
- <https://www.dca.ga.gov/safe-affordable-housing/rental-housing-development/housing-tax-credit-program-lihtc/qualified-0>

The analysis must include the following:

40. all competitive rental properties that can be considered true alternatives;
41. all subsidized low-income developments in the PMA; and
42. all properties within two (2) miles of the subject property or ten (10) miles for Rural properties. The

analyst must also determine which developments in the market area are most directly comparable. 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 competitive map and notated as such.

In rural areas lacking sufficient multifamily rental comparable properties, provide data on single-family rentals, rental trailer homes, duplexes, and single-family homes where potential tenants currently live.

Comparable property: representative of the rental housing choices in the subject property's PMA and is similar in construction, size, amenities or age to the subject. These may be either market-rate or rent-restricted properties.

Competitive property: comparable to the subject property and competes at similar rent levels, and tenant profile, such as age, family or income.

1. The following information must be included for each competitive property. This information must be provided in a comparable framework with the proposed project in addition to providing a page of information for each competitive property (e.g., charts that show the proposed project's rents, square footage, amenities, etc. as compared to the other projects).
 - Name and address.
 - Name, title, 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.
 - Square footage for each competitive 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 must be explained and their impact.
 - Current vacancy rates, historic vacancy factors, waiting lists and turnover rates, broken down by bedroom size and structure type.
 - Number of units receiving rental assistance, description of assistance as project or tenant based.
 - Lease-up history.

2. An analysis of the vouchers available in the Market Area, including if vouchers go unused and whether waitlisted households are income-qualified and when the list was last updated.
3. If the proposed development represents an additional phase of an existing housing development, include a tenant profile and information on a waiting list of the existing phase.
4. A map showing the competitive projects – including all awarded/allocated and in development LIHTC and Bond projects —within the market area.
5. An assessment as to the quality and compatibility of the proposed amenities to what is currently available in the market.
6. Consider tenancy type. If comparable senior units do not exist in the PMA, provide an overview of family-oriented properties, or vice versa. Account for differences in amenities, unit sizes, and rental levels.
7. Provide the name, address/location, name of owner, number of units, unit configuration, rent structure, estimated date of market entry, which unit size and AMIs are comparable, and any other relevant market analysis information of developments in the planning, rehabilitation, or construction stages. If there are none, provide a statement to that effect.
8. Provide documentation and diagrams on how the projected initial rents for the project compare to the rental range for competitive projects within the PMA and provide an achievable market rent and rent advantage for each of the proposed unit types.

Rent advantage must be at least 10% for 60% AMI or lower AMI designations.

70% or 80% AMI rents must be below achievable market rent. If rents on the 70% and 80% units deviate from the rent advantage requirement, Analyst must thoroughly describe why the rent advantage is sufficient, including whether:

- a. the market area is one in which demand exceeds supply (as evidenced by the performance of the existing properties).
- b. the capture rate for those specific Average Income units is low (see the following discussion).
- c. household growth is positive; or
- d. the subject property's quality and features exceed the market-rate standard for the PMA.

Market rent: the rent an apartment, without rent or income restrictions or rent subsidies, would command in the open market considering location, features, and amenities. Market rent must be adjusted for concessions and owner paid utilities included in the rent.

Achievable Market Rent: the market rent of comparable properties adjusted to make them comparable to the subject's features, determined by unit sizes and bath configuration.

Rent advantage: comparison of the proposed rents to the achievable market rate rent (achievable market rent – proposed rent) / proposed rent.

9. Rental trends in the PMA, including average occupancy (tenure) trends for the last 5 years and projection for next 2 years.
10. Impact of foreclosed, abandoned and vacant, single and multifamily homes, and commercial properties in the PMA.
11. Comment on any other DCA funded, proposed, and under construction projects located outside of the primary area but located within a reasonable distance from the proposed project.

12. Note whether the proposed project would adversely impact the occupancy and health of proposed and existing properties financed by tax credits, USDA, HUD 202, or 811 (as appropriate), DCA or locally financed HOME properties, Sec. 1602 Tax Credit Exchange program, HTF, and HUD 221(d)(3) and HUD 221 (d) (4) and other market rate FHA insured properties (not including public housing properties).

Absorption & Stabilization Rates

The study must provide an estimation of the time the project will take to reach 93% occupancy considering such factors as new household growth, current market vacancy rates, the availability of subsidies, household turnover, the effect of other development in the area, and rent specials. Provide summary calculations. Analyst must also specify what the projected stabilized occupancy rate will be and how many months it would take to achieve it.

A written statement is required if the vacancy and stabilization rates for the applicable PMAs are not within DCA's maximum (7% and 24 months, respectively) and whether high vacancy rates will occur. The analyst must consider what historical absorption rates for comparable properties have been.

Interviews

The results of interviews with property managers, town planning officers or others with information relating to the overall demand of the proposed development.

Conclusions and Recommendations

Market Analyst must provide a conclusion and professional opinion regarding the following:

43. the factors analyzed in the market study stating whether there is a market for the project as proposed,
44. any obstacles to lease up and
45. whether the project will likely experience inability to consistently maintain at least a 93% occupancy rate.

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

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

DCA may rely on the representation made in the market study. The document is assignable to other lenders.