

~~GEORGIA DEPARTMENT OF COMMUNITY AFFAIRS~~ DCA  
~~HOUSING FINANCE AND DEVELOPMENT DIVISION~~  
~~MARKET STUDY MANUAL~~

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 ~~for it~~. ~~DCA's primary goal when allocating resources is to support the best proposed developments possible given its limited availability of resources. One of DCA's main objectives in accomplishing this goal is to select proposed developments that are located in areas with strong market demand. Therefore, it is important to complete an in-depth market study that conforms to the DCA guidelines.~~ Applicants must submit A market study must be ~~obtained for each Application submitted for affordable rental housing financing. Additionally, the market study must be~~ completed no more than 6 months prior to the Application Submission date.

~~The market study must contain sufficient data and analysis to provide DCA with a clear understanding of the market data as presented, the analysis of that data and the conclusion(s) derived from 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, 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. This may include updated analysis of 9% applications and 4% deals pending review in the same market area, subject to DCA discretion.~~
- ~~2. An evaluation of the need for affordable housing within the subject development's primary market area.~~
- ~~3. An evaluation of the subject property and target population in terms of market demand, stabilization projections, appropriateness of proposed rents, etc.~~

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

~~Market Analysts must become familiar with policies, program guidelines and requirements in the DCA 2018 Qualified Allocation Plan.~~ DCA reserves the right to may 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~~ a market study ~~ies~~ as specified may result in ~~the rejection of the market study and the project would fail~~ ing threshold feasibility. ~~The evaluation of the market study is an integral part of DCA's selection process as outlined in the QAP. The Market Study is submitted by the applicant and it is the responsibility of~~ ~~t~~ The applicant is responsible for ~~to~~ 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.

## 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 an 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, provide detailed descriptions, and contain adequate data to support the conclusions [regarding the feasibility of the subject study.](#)

The study should be constructed by the analyst in a manner so as to provide for a concise evaluation of the subject property. DCA will evaluate the analyst's methodology in determining the market areas, rental comparables, appropriate target population and the other vital factors. The quality of the analyst's research methods, the extent that the information in the report is supported and explained by the demographic materials and the analyst's research in the field will be reviewed by DCA in determining the overall completeness of the Market Study. Unless stated specifically in the manual, all processes and practices used by the analyst should conform to the National Council of Affordable Housing Market Analysts' (NCAHMA) [standards](#) ~~best practices and accepted research papers.~~

The final market study must provide the following information as outlined in each subsequent section. ~~An electronic copy of the Market Study in an open PDF format is required to be included with all Market Studies submitted to DCA as part of any application. 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.~~ [Market Analyst must be on DCA's approved list.](#)

## A. Executive Summary

The Executive Summary ~~should include~~ [s](#) the key conclusions of the Market Analyst of each of the sections of the report ~~such as location, economic conditions, demographic, demand, and competitive environment. In addition, the Executive Summary should contain and an overall conclusion regarding the viability of the proposed project. This overall conclusion should also include a statement regarding~~ the Market Analyst's opinion whether the project will succeed as proposed or if any changes are needed. The Executive Summary should include the following sections, each presented in a summary format:

### 1. 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 additional subsidies available including project based rental assistance (PBRA).
- Brief description of proposed amenities and how they compare to existing properties.

### 2. 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.](#)

### 3. **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.

### 4. **Community Demographic Data:**

- Current and projected household and population counts for the [PMA primary market area](#).
- Household tenure including any trends in rental rates.
- Household income level.
- Impact of foreclosed, abandoned and vacant, ~~single and multifamily~~ homes, and commercial properties in the PMA ~~of the proposed development should be discussed~~.

### 5. **Economic Data:**

- Trends in employment for the county and/or region. ~~Employment should be~~ 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. ~~This conclusion should~~ include [an opinion](#) if the current economic environment will negatively impact the demand for additional or renovated rental housing.

### 6. **Project-Specific Affordability and Demand Analysis:**

- Number of renter households income qualified for the proposed development given retention of current tenants (rehab only), the proposed unit mix, income targeting, and rents. ~~For senior projects, this should be~~ (age ~~and income~~-qualified renter households [for senior projects](#)).
- Overall estimate of demand based on DCA's demand methodology.
- Capture rates including:
  - Overall project.
  - All LIHTC units excluding any PBRA or market rate units.
  - ~~Capture rates b~~By AMI targeting.
  - ~~Capture rates b~~By bedroom type.
- [A conclusion](#) regarding the achievability of these captures rates.

### 7. **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.

### 8. **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 ~~reach stabilization of~~ [stabilize at](#) 93% occupancy.

### [9. Overall Conclusion regarding potential for success of the proposed development.](#)

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				%					
Assisted/Subsidized Housing not to include LIHTC				%					
<b>LIHTC</b>				%					
Stabilized Comps				%					
Properties in Construction & Lease Up				%					
Subject Development				Average Market Rent			Highest Unadjusted Comp Rent		
# Units	# Beds	# Baths	Size (SF)	Proposed Rent	Per Unit	Per SF	Advance	Per Unit	Per SF
				\$	\$	\$	%	\$	\$
				\$	\$	\$	%	\$	\$
				\$	\$	\$	%	\$	\$
				\$	\$	\$	%	\$	\$
				\$	\$	\$	%	\$	\$

**CAPTURE RATES (found on page \_\_\_\_)**

Targeted Population	30%	50%	60%	Market-rate	Other:	Overall
Capture Rate						

- ~~• The absorption rate should coincide with other key conclusions. For example, insufficient demand or unachievable rents should be reflected in the absorption rate.~~

## B. Project Description

1. Project address and location.
2. Construction type: New Construction, 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, ~~etc~~)
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, ~~etc.~~).
10. 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. Scopes of work should include an estimate of the total and per unit construction cost.
11. Projected placed in service date.

Information provided in this section must ~~directly correlate~~ not conflict 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 p~~Physical features of the site and adjacent parcels, including Ppositive and negative attributes ~~of the site should be identified. The Market Analyst must include a detailed description of the surrounding land uses including their condition.~~
3. ~~Describe t~~The site's physical proximity to surrounding roads, transportation (including ~~proximity to~~ bus stops), amenities, employment, and community services.
4. ~~Good quality, color~~ Labeled photographs of the subject property (front, rear and side elevations, on-site amenities, interior of typical units, if available). ~~Photographs~~ of the neighborhood, and street scenes with a description of each vantage point ~~must also be included. All photographs should be properly labeled.~~
5. ~~Include a~~ map clearly identifying ~~the location of~~ the project and proximity to neighborhood amenities. ~~The Market Analyst must provide a~~ listing of the closest shopping areas, schools, employment centers, medical facilities and other amenities that would be important to the target population; ~~indicate and the~~ proximity in miles to each ~~the proposed site. A map of the subject site in proximity to neighborhood amenities should be included.~~
6. ~~Describe t~~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.
7. ~~Discuss a~~Any public safety issues in the area. ~~This can~~ include local perceptions of

crime, crime statistics, or other relevant information.

8. ~~Include a~~ map identifying existing low-income housing: ~~(4% & 9% tax credit properties, tax exempt bond projects, Rural Development properties, Public Housing, etc.), assisted rental housing projects also include~~ DCA HOME funded ~~properties~~, Sec. 1602 Tax Credit Exchange program, USDA financed ~~properties~~, Georgia Housing Trust Fund of the Homeless financed properties, and HUD 202 or 811 ~~(as appropriate)~~ and ~~properties with~~ Project Based Rental Assistance (PBRA). ~~Projects should be specifically identified 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>
  9. ~~Indicate if there are a~~ Any road or infrastructure improvements planned or under construction in the ~~PMA~~ primary market area.
  10. ~~Comment on v~~ehicular and pedestrian access, ingress/egress, and visibility of site.
  11. Overall conclusions about the ~~subject site~~, as it would relate to marketability of the planned development.
- 11.

#### D. Market Area

~~The Primary Market Area (PMA) is defined as that the geographical area from which comparable properties and potential renters are expected to be drawn from with sufficient incomes and or applicable household size that would be expected to demand such housing during the forecast period, including the income levels and rent- to-income ratio(s) assumed in the study. The PMA primary market area should be clearly outlined and the subject property identified on a map. The use of a radius in establishing market areas is strongly discouraged. In addition to a map, t~~ The narrative ~~should provide~~ must describe the approximate market area boundaries ~~and their distance from relative to~~ the subject site. ~~The market area must be~~ specifically justified ~~and 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 developments ~~s) and the overall perception of the desirability of renting in the proposed development (based on interviews and research) at each geographic level. Analysts may not simply use a radius. In rural areas, DCA advocates the u~~ Use of the gravity model ~~is appropriate in rural areas~~ in establishing market areas ~~as presented in the NCAHMA best practice paper on rural market studies. Also utilize~~ ~~t~~ The NCAHMA best practice paper on establishing market areas ~~a~~ is an additional reference. The ~~analyst needs to make the primary market area~~ PMA should be as homogeneous and proportioned as possible. ~~A well delineated market area will be viewed as having greater relevance than market areas that encompass large areas or rely on tenants driving substantial distances to meet demand capture rates.~~

~~The analyst will provide a detailed description of the primary market area of the proposed development. The Primary Market Area is defined as that geographical area from which comparable properties and potential renters are expected to be drawn from with sufficient incomes and or applicable household size that would be expected to demand such housing during the forecast period, including the income levels and rent- to-income ratio(s) assumed in the study.~~

Projects that have larger PMA's or unusual boundary shapes must have a detailed explanation ~~for the size or shape of the PMA. A statement from the analyst must be included outlining the overall perception of the market regarding the desirability of renting in the proposed development based on their interviews and research. In an effort to ensure effective primary markets, g~~ Gross demand from

the primary market should be carefully defined to limit the effect of the overlapping population concentrations.

## E. Community Demographic Data

The Market Study should provide the following demographic information for the PMA, ~~giving~~ (historical ~~data as well as and~~ current data ~~and~~ estimates). Include data on population and households at the proposed time of market entry (i.e. 2021). Projections ~~must~~**MUST** be based on current data; ~~2010~~ Census data and latest updates from the American Community Survey (ACS) (~~i.e. 2016~~) and ~~be~~ 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 ~~must be included~~ in a table format and ~~identify~~ the source ~~clearly identified~~). If ~~applicable, the Market Analyst does not agree with these projections, s/he must~~ provide the reasoning ~~for not agreeing with the projections~~, along with substitute projections and methodology. Both numbers and percentages should be shown for the data below. ~~Include~~ **A** annualized growth figures ~~should be included. Please include and~~ a narrative description of the data presented, including overall conclusions.

### 1. Population Trends

- a. Total Population.
- b. Population by age group.
- c. Number of Senior (HFOP & Elderly) and non-elderly (for elderly projects).
- d. If a special needs population is proposed ~~for the development~~, provide additional information on population growth patterns specifically related to ~~the~~ **is** 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 ~~e~~**C**ensus.
- f. Housing for Older Persons Households populations will be based on households who are 55 years or older according to the ~~e~~**C**ensus.

## F. Employment Trend

1. Total jobs (also known as “covered employment”) in the county or region; ~~“Total jobs” refers to the number of jobs physically located in the county and is different from the Civilian Labor Force. Data is available from the U.S. Department of Labor’s website (<http://www.bls.gov/bls/employment.htm>).~~
2. Total jobs by industry—numbers and percentages (i.e. manufacturing: 150,000 (20%)).
3. 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.~~
4. 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.
5. A map of the site and location of major employment concentrations.
6. A narrative analysis of data provided, including overall conclusions, is required. Relate data to impact on housing demand.

## G. Project-specific Affordability & Demand Analysis

1. **Income Restrictions:** 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 AMI ~~Area Median Income,~~ demand projections using the above methodology should be provided for both each ~~income groups and bedroom size.~~ The maximum allowable ~~Area Median Income~~ 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 ~~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 a~~ Assume family households are able to pay no more than 35% of gross income towards total housing expenses and that ~~s~~ 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 and~~ clearly state the assumption used ~~in making the aforementioned determination.~~
3. **Demand:** Analyze demand from: a) new households in the market area, forecasted with an established growth rate; b) existing households, rent-burdened or in substandard housing, and c) elderly homeowners likely to convert to renters (if relevant). Limit demand based on target population (age, income group, household size).

From total demand, less the supply of competitive vacant or pipeline units to calculate net demand. Competitive units include those of a similar size and configuration that provide alternative housing to a similar tenant population at rent levels comparable to those proposed. This supply needs to 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.

Calculate capture rates by dividing number of units by the net demand. For occupied rehabs, deduct current tenants who are expected to return from property unit count prior to determining capture rates.



#### 4. Capture Rate Analysis Chart:

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

2.

#### H. Competitive Rental Analysis (Existing Competitive Rental Environment)

~~The competitive rental analysis will be of significant weight in DCA's review of the market study. The analyst must visit all competitive 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 include all existing multifamily projects built, currently under development, and multifamily projects slated to begin construction prior to the market entry of the proposed project. ~~Efforts must be made to ensure the person with whom t~~ The Market Analyst discusses each project is knowledgeable regarding occupancies, rental rates, demand drivers etc. In many cases this means either the Property Manager or the Assistant Manager.

The analysis must include Aall competitive rental properties that can be considered "true alternatives" and all subsidized low-income developments in the primary market area, and all properties within two (2) miles of the subject property or 10 miles for Rural properties ~~must be included in the market analysis. The analysis should include information on all rental developments that can be considered "true alternatives" available to serve the target market.~~ In addition, the analyst must also indicate-determine which developments in the market area ~~s/he determines to beare the~~ 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 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.

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

- Name and address ~~of the competitive property development.~~
- 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 ~~of each competitive development.~~
- 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 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.
- Number of units receiving rental assistance, description of assistance as project or tenant based.
- Lease-up history.

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

~~2.~~ The information provided in this section should also include the following:

- ~~• An analysis of the voucher and certificates available in the Market Area, including if voucher and certificates go unused this should be explained. If there is a waiting list, this should also be documented, including and whether waitlisted households are income-qualified and when the list was last updated.~~
- ~~• In addition, indicate the lease up history of competitive developments in the proposed market area.~~
- ~~• If the proposed development represents an additional phase of an existing housing development, include a tenant profile as well as additional and 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.~~

1. 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.

2. 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.

3. A map showing the competitive 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.

4. ~~The analyst will provide a description of the proposed amenities for the project and offer a~~ An assessment as to the quality and compatibility of the proposed amenities to what is currently available in the market.

~~5. Consider tenancy type. If the proposed project is a family project, market area Senior projects are not comparable, 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 sSenior units do not exist in the PMA, provide an overview of family-oriented properties, or vice versa, should be provided. Market analyst should aAccount for the differences between Senior and family properties when evaluating in amenities, unit sizes, and rental levels.~~

~~6.5. 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 competitive units within the market area, especially those well-maintained units within the market area which are~~

~~reserved for occupancy by low income tenants.~~

~~7.6. For developments in the planning, rehabilitation, or construction stages, p~~ 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 of developments in the planning, rehabilitation, or construction stages. If there are ~~no developments in the planning stages or under construction~~, provide a statement to that effect ~~must be provided~~.

~~8.7. The analyst shall provide a narrative or chart 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 analyst will also state~~ 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 average market rent for each of the proposed unit types. ~~Sufficient documentation and diagrams to support this conclusion with regards to the position of the projects rental rates in the Primary Market should be included.~~

Average market rent is ~~to be a reflection of rents that are achieved in the market. In other words, the rents the competitive properties, regardless of the funding type, are currently receiving for comparable bedroom types and sizes. Average market rent is~~ not “Achievable unrestricted market rent.” Rent advantage is ~~calculated as follows:~~ (average market rent – proposed rent) / proposed rent.

~~9.8. Information on other DCA funded projects located in the proposed project’s PMA must be included, particularly those within 2 miles of the subject for Urban projects and the greater of the local government jurisdiction (city or town, not county) or 10 miles for Rural properties. The analyst should discuss the adequacy of demand for those other DCA funded projects. Also~~ e Comment on any other DCA funded projects located outside of the primary area, but located within a reasonable distance from the proposed project.

~~10.9.~~ Rental Trends in the Primary Market Area ~~for the last 5 years~~, including average occupancy (tenure) trends for the last 5 years and projection for next 2 years.

~~11.~~ Impact of foreclosed, abandoned and vacant, single and multifamily homes, and commercial properties in the PMA ~~of the proposed development should be discussed~~.

~~12.10.~~ 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.

~~13. The analyst should n~~ Note whether ~~or not~~ the proposed project would 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, Sec. 1602 Tax Credit Exchange program, HTF, and HUD 221(d)(3) and HUD 221 (d) (4) and other market rate FHA insured properties. ~~DCA does (not consider including public housing properties) in the adverse impact determination.~~

## 11.

### I. Absorption & Stabilization Rates

The study should provide ~~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~~ considering ing such factors as ~~the overall estimate of~~ new household growth,

current market vacancy rates, the availability of subsidies, household turnover, the effect of other development in the area, and rent specials. ~~The stabilization period is considered to begin on the placed in service date provided in the application (when the subject receives its first Certificates of Occupancy (C.O.)).~~

A written statement is required if the vacancy and stabilization rates for the applicable Primary Market Areas are not within DCA's maximum (7% and 24 months, respectively) and whether ~~or not~~ high vacancy rates will occur. The analyst should consider ~~the effect of other development in the area on the absorption rate and~~ what historical absorption rates for comparable properties have been. ~~Sufficient documentation to support the analysts' conclusion with regard to the anticipated time frame to reach the projected stabilization rate for the project should be included.~~

## **J. Interviews**

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

## **K. 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, any obstacles to ~~consistent and healthy~~ lease up and whether the project will likely experience ~~chronic~~ inability to consistently maintain at least a 93% occupancy rate. ~~Finally, the analyst must provide a summary of all the major factors that have led to their conclusion.~~

## **L. 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**

## **~~M. Market Study Representation~~**

~~Market Study consultants must state that DCA may rely on the representation made in the market study, provided, and indicate that t~~**he document is assignable to other lenders that are parties to the DCA loan transaction.**