

MARKET STUDY REQUIREMENTS CHECKLIST

Low Income Housing Tax Credit Program Market Study Requirements Checklist

A market study of the population to be served by a Tax Credit assisted complex must include recent data about employment, demographic and housing trends for the defined market area.

While the below checklist outlines the study's requirements, a market study is not complete unless it also includes an analysis of the data. The data and analysis must clearly document sufficient demand in the market to support the proposed property without negatively impacting the concentration of existing tax credit developments and other affordable housing developments within the same market area. The study must identify any data sources, assumptions, estimates, projections, and models used in the analysis. ***The study must contain a signed statement by the preparer that they have read DSHA's market study requirements, agreed to perform the market study in accordance with DSHA market study requirements, and attests to the ability of the market to support the proposed housing units based upon market conditions. DSHA must pre-approve the preparer of every market study.***

_____ *Description of Proposed Property*

Describe the proposed property and the expected target population, which should be defined by presenting a demographic profile in terms of age, income, household composition, and current living situation. This description should also identify all proposed rent and amenities to be offered within the proposed property. Describe how the characteristics of the proposed property including unit mix, rent levels, proximity to services, and amenities will meet the needs of the target market.

_____ *Site Assessment*

Evaluate the proposed site with regard to: physical features of the site and adjacent parcels; accessibility to markets, services, employment, and educational institutions; and compatibility of surrounding neighborhoods and land uses.

The market study shall provide under a separate exhibit, a map indicating the name(s) and distances of the features listed below:

Features

Daycare facilities and schools (for family developments).

Medical centers

Bus Line(s).

Town Centers.

Entertainment venues, i.e. movie theaters, restaurants, etc.

Market rate rental housing.

Other low-income housing.

The exhibit shall also include detail describing the proposed site and its proximity to major roads, the economic mix of the area, as defined by census data, and employment opportunities.

_____ *Define Market Area*

Using geographic, demographic, and mobility factors, define the geographic area from which the majority (typically 60% to 90%) of potential residents of the proposed property are likely to move.

_____ *Market Area Characteristics*

_____ *Demographic Trends* - Information to include: population by age cohorts, household formation rates by age of head of household; household income distributions by age of household; owner/renter ratios by age of head of household, and the likelihood of presence of children by age of household. This information is to determine household composition (age, income, and presence of children) and housing demand for ownership and rental units.

_____ *Economic Trends* - Information to include: number of jobs by various occupational categories; major employers, number of jobs, salary ranges and location, median household incomes; and economic development activities.

_____ *Housing Supply* - Information to include: number of owner and rental units by cost (value or rent) and quality; for sale housing and rental vacancy rates; estimate of owner and rental unit needs for current year and next three (3) years.

_____ *Market Area's Competitive/Comparable Housing Analysis:*

The market study should identify and consider existing, as well as planned competition, that is within or proximate to the defined market area. Analysis should be based upon the specifics of the proposed property, such as target population, rent levels, bedroom mix, with any other type of housing the analyst deems competitive within the defined market area. This analysis should compare how existing sites meet the market demand and how these sites will be impacted by the proposed property. The analysis should include:

- Property name, address and age;
- Number of units by unit types (efficiency, one, two bedroom etc.);
- Monthly gross rent by unit type;
- Units size;
- Monthly rent per square foot;
- Vacancy rates;
- Five-year rent increase history;
- Services and amenities included in rent;
- Subsidized units or income-restricted units (federally or state-assisted).
- Occupancy levels, turnover and extent of waiting list;
- Development and unit amenities – in chart format.

_____ *Market Demand / Needs Analysis:*

Evaluate the need for the proposed property within the defined market area by determining the eligible population that would potentially be willing to move into the proposed site. Existing and proposed competition identified in the competitive analysis must also be deducted from the available net demand, to arrive at an unaccommodated demand pool, which the proposed site must penetrate.

The study should clearly describe the methodology and assumptions utilized to demonstrate that the market is deep enough to support the proposed property. It is important that the assumptions, particularly those regarding target population, income levels, be consistent with the proposed property and the specific market being targeted.

—— *Absorption Analysis:*

The market study must provide a time schedule for absorption for the proposed property by analyzing and discussing the characteristics and depth of the target market which justify the estimated rate of absorption. Turnover potential of competitive existing sites must be included in this analysis.

NOTE: ANY RELATIONSHIP BETWEEN THE PREPARER AND THE PROPERTY SPONSOR MUST BE DISCLOSED.