

National Council of Affordable Housing Market Analysts

Model Standards for Market Studies For Rental Housing



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Purpose

- Provide standardized terminology and context
- Resource for state finance agencies and other market study users
- Improve quality and content



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Market Study Components

- Executive summary
- Project description
- Location and market definition
- Population and households
- Employment and economy
- Existing rental housing stock
- Local perspective
- Analysis
- Other requirements



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Project Description

- Proposed number of units by:
 - Bedrooms and baths
 - Income limits
 - Square feet
 - Proposed rents
 - Utility allowances
- Utilities paid by tenant
- Unit, common, site amenities, and parking



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Project Description (Cont.)

- Identify existing programs
- Projected construction start and completion dates
- Projected start of pre-leasing
- Status or architectural plans
- Methodology for rehabilitation and scope of work for rehabs
- Description of target population



Location and Market Area Definition

- Define Primary Market Area (PMA)
 - Map clearly delineating areas
 - Explanation of basis for boundaries
- Description of site characteristics
- Photographs of site and neighborhood



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Location and Market Area Definition(cont.)

- Map clearly identifying location of project and:
 - Transportation
 - Shopping
 - Schools
 - Medical services
 - Places of worship
 - Libraries
 - Community centers
 - Banks, etc.
- Evaluate visibility and accessibility of site
- Statistics on crime



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Population and Households

- Population and age
- Income target data
- Detail on household size, households by tenure, and age of householders
- Analysis of trends for data
- Breakdown of household size and by tenure for income levels in \$5,000 to \$10,000 increments



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Employment and Economy

- Compare PMA data to larger geographic area (city, county, labor market area, or MSA) for:
 - Description of employment by industry for PMA
 - Description of major employers in the PMA
 - Historical unemployment
 - Employment growth
- PMA employment trends analysis
- Breakdown of typical wages by occupation
- Commuting patterns



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Existing Rental Housing Stock

- Ten year history of building permits by housing type
- List of existing comparable properties
- Compare subject rents to comparable properties
- Estimate market vacancy rate for PMA rental housing
- Photos of comparable properties



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Existing Rental Housing Stock (Cont.)

- Availability of affordable housing options
- Impact of subject development on existing housing stock
- Map identifying subject site and comparable properties
- Describe the size of overall rental market
- List of LIHTC projects with allocations not placed in service



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Local Perspective of Rental Housing

- Commentary on the need for housing by:
 - Local planners
 - Housing and community development officials
 - Local public housing authority
- The cost and availability of home ownership and mobile home living



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Analysis

- Detailed analysis of income levels for potential tenants
- Derivation a market rent and programmatic rent
- Capture rate calculation
- Penetration rate calculation



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Analysis

- Definition and justification of absorption period and absorption rate
- Identification of risks, unusual conditions, and mitigating circumstances
- Documentation and descriptions showing methodology for calculations
- Relate conclusions to the data



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Executive Summary

- Description of site and adjacent parcels
- Number of buildings, proposed rents, and population surveyed
- Key conclusions
- Analyst's opinion of market feasibility
- Outlook for long-term performance



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Executive Summary

- Recommendations and/or suggest modifications
- Market related strengths and weaknesses
- Summary of positive and negative attributes
- Absorption to stabilized Occupancy



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Other Requirements

- Date report was prepared and date of inspection
- Name and telephone number of analyst preparing study
- Certification of no identify of interest
- Certification that recommendations and conclusions are based solely on professional opinion and best efforts
- List of sources for data



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