

Part 5A: The Home Market Study

2013 HOME NOFA

Market Indicators / Community Need for Project

Summary of Demand for Group Home

1. Describe the data that documents the community's need for housing for the target population and that there will be sufficient demand to keep all of the home's bedrooms consistently rented to the targeted population throughout the period of affordability. (Read Instructions Section carefully before answering. Limit response to two pages maximum.)

2. Describe how this project is consistent with the priorities and objectives of the state or local jurisdiction's consolidated plan and other community planning processes. (i.e. urban renewal district plan, community development plans, public housing agency plans, etc.)

Summary Special Needs Market Assessment

1. Describe the Primary Market Area (PMA), which is the geographic boundary encompassing the prospective tenants. Support the reasoning for selecting this area

2. Specifically identify the target population. What are the household sizes? What are the income ranges (\$ and % MFI) of the population served at the subject project?

3. Describe how this project is consistent with the priorities and objectives of the state or local jurisdiction's consolidated plan and other community planning processes. (i.e. urban renewal district plan, community development plans, public housing agency plans, etc.)

4. Quantify the target population and the specific housing needs. Precisely identify the number of special needs persons in the PMA. Identify how many households are in this population and are income qualified for the project. What unit types (group home, studios, 1, 2 bedrooms) are needed for these household sizes?

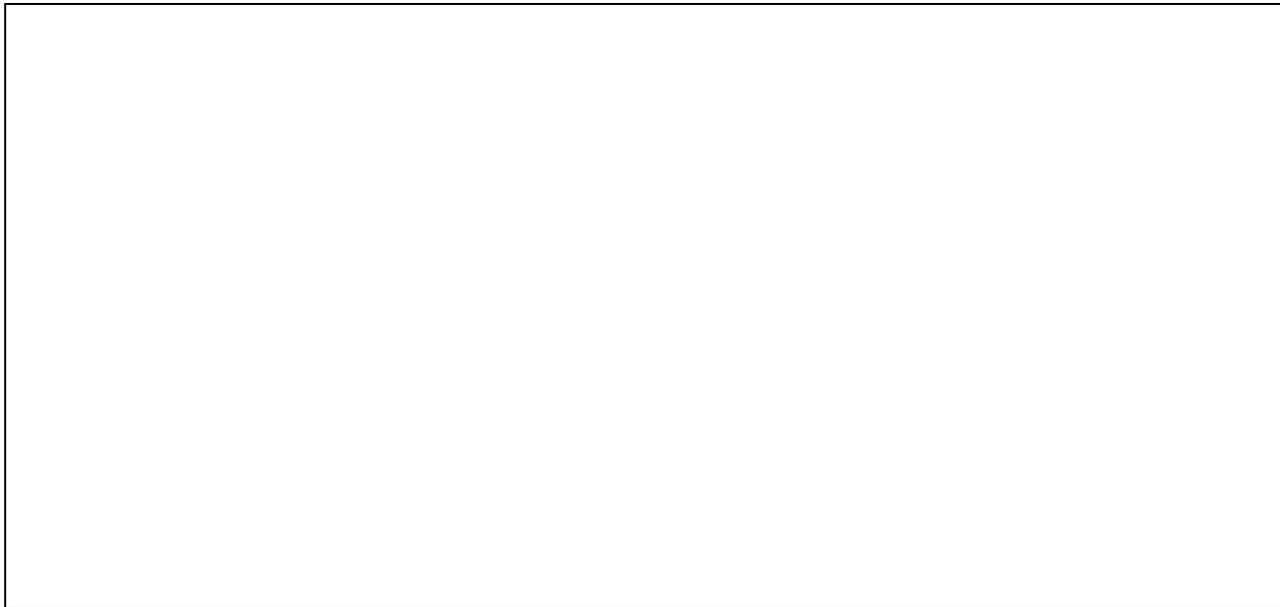
5. Describe the competition for this project in the market area. How many existing Special Needs units (include all ages) are currently present in the PMA that would compete with the project? Where is the population currently residing? How many units are proposed or in the pipeline that could compete with the proposed project?

6. Review the estimated marginal (unmet) demand and capture rate for the project as calculated on the excel table to confirm it represents the data discussed above. Estimate the number of qualified households that would actually move into the project and provide reasonable support for the figures. Narratively state the conclusions from the table. Keep

any additional discussion brief.

7. Briefly discuss three additional demand indicators for the project and conclude this section. These other indicators include vacancy, wait lists (current and updated), and anecdotal data from market participants such as other service providers and managers. Discuss these variables as indicators of demand for the subject. Include all of the competitive complexes. What is the current vacancy rate of similar units in the PMA?

8. Precisely describe how individual unit rent is established for the project and how it compares with similar projects housing the same population. This analysis assumes tenants do not have incomes applicable to a typical rental analysis. Therefore, how project rental income will be derived is critical. Describe the source and amount of the typical tenant. If tenants receive SSI, have limited income with a voucher, or if the rent is supplied by another funding source, describe how the unit rents are derived from these sources. How do funding trends affect these rents? If tenants were not living in the subject project, where would they go? Compare other similar projects' rents to the proposed affordable project rents. Justify how and why the project rents are applicable to the subject project.



9. Attach Excel Special Needs Market Assessment Workbook – Page 1.

General Market Assessment

Answer all of the following:

1. Specifically identify the target population.

What specific population(s) is the project targeting (i.e. general family, seniors, farm workers)?

What are the usual household sizes (number of persons per household) of this target population?

What are the median family income levels in both percent (i.e. 40-50-60%) and income (i.e. \$19,655 to \$24,307) of the target population households?

2. Briefly discuss the following regional or local (city or county) economic variables and trends, and their impacts on demand for the project.

Population: What are the most recent population and growth trends (positive, negative, stable) and do these recent trends indicate increased demand? What is the trend for the next 3 to 5 years?

Income: What are the personal income trends for the area?

Employment: Are employment trends indicating increased demand for this project?

Other: Are there any additional regional economic variables affecting the success of this project?

3. Define and describe the Primary Market Area (PMA), which is the geographic boundary encompassing the prospective tenants.

Primary Market Area: Describe the geographic boundaries of the primary market area and the reasoning for selecting these boundaries.

Secondary Market Area: Include a secondary market area only if there is a compelling and defensible argument for additional project capture from this area.

4. Qualify the specific housing needs of the target population.

Based on the above household sizes, what unit types (i.e. 1, 2, 3-bedroom units) are required for the household sizes targeted? (Use 1.5 persons per bedroom for analysis)

5. Describe how the project is consistent with the priorities and objectives of the state or local jurisdiction’s consolidated plan and other community planning processes. (e.g. urban renewal district plan, community development plans, public housing agency plans, etc.)

6. Describe the competition for this project in the market area.

Identify the existing market and affordable projects (and the number of units) in the PMA that would compete directly with this project.

Identify the number of planned, proposed, or under construction projects (both market and affordable) and number of units in the development pipeline that will compete directly with the proposed project in the foreseeable future?

Analyze and describe the impact of the proposed project on existing older projects and units in the PMA, which have similar or lower, rent levels as those proposed for the project.

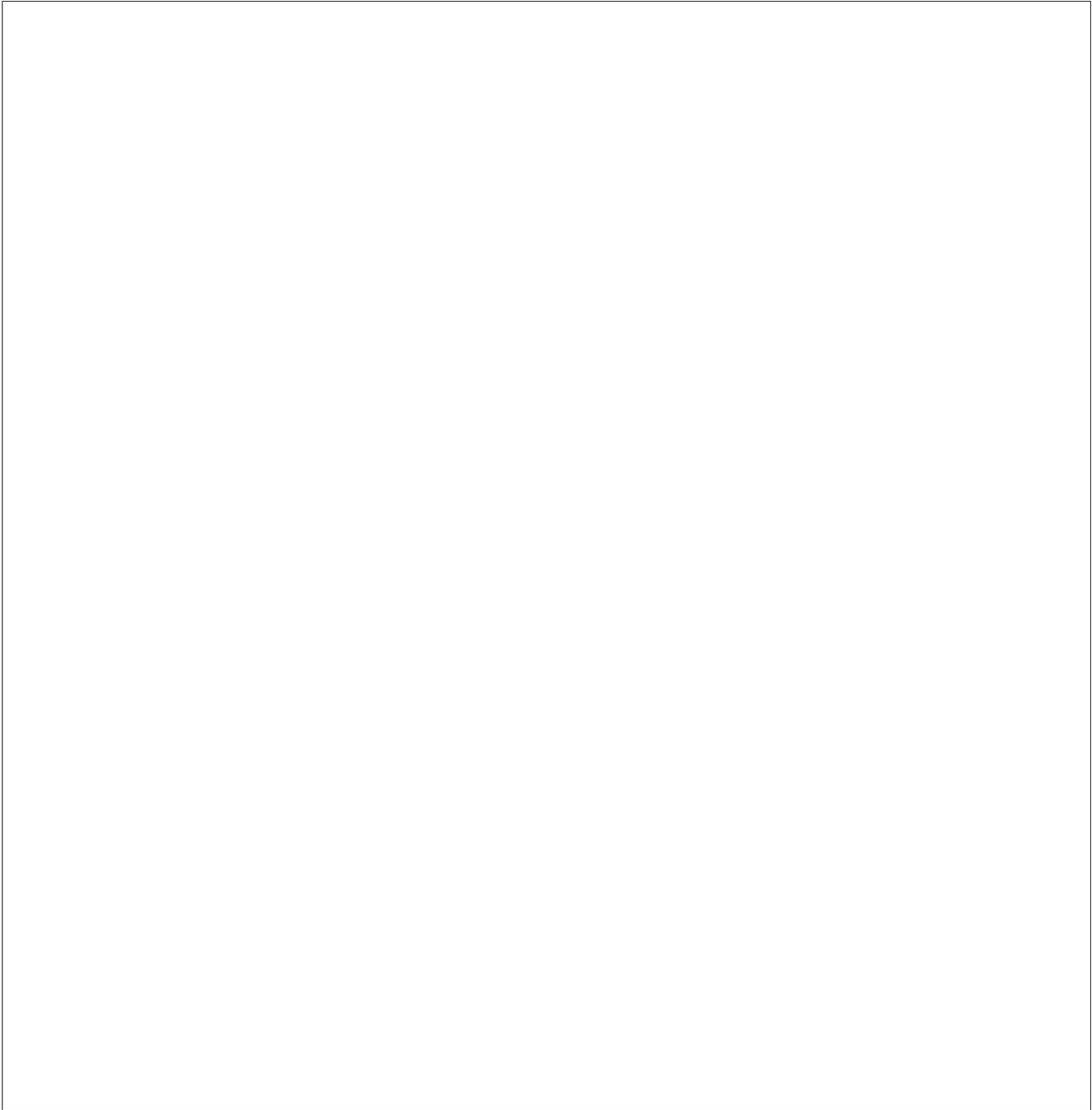
7. Discuss the following five demand indicators from the market and conclude what these are indicating for the project's demand.

- **Vacancy:** What are current affordable and market-rate project physical vacancies and recent vacancy trends indicating about the demand for this project, both project and unit type? Insert vacancy data into the following table "Average Vacancy Rates".
- **Rental Concessions:** Are rent concessions present or absent in the PMA and what does this indicate about current demand?
- **Absorption Data:** If any projects in the area are undergoing absorption (lease-up), what do the rates of absorption indicate about demand, as well as demand by unit type?
- **Wait Lists:** How many households with the same income bands as the proposed project are on existing project wait lists, as well as the housing authority's wait lists. What does this indicate for demand by unit type? Segregate these household figures by both income bands and unit types.
- **Anecdotal Data:** During interviews with market participants, such as onsite managers, what is the anecdotal data indicating about demand for this project and its unit types?



8. Conclude the estimated demand for the project.

Conclude with a reasonable and compelling argument the project's demand in the marketplace. Use the above regional and PMA data, existing and proposed (pipeline) supply data, combined with data analyzed from the five demand indicators in the marketplace. This demand should consider current needs as well as those forecast into the near future. If the proposed rents will not be below the market rents, explain the rent and occupancy projections.



9. Average Vacancy Rates

Specified Unit Type	Market Rate Complexes			Affordable Complexes		
	Total Units	No. Units Vacant	Vacancy Rate	Total Units	No. Units Vacant	Vacancy Rate
SRO						
Studio						
1 Bedroom						
2 Bedroom						
3 Bedroom						
4 Bedroom						
Group						
Total						

Insert data only for the units targeted for the proposed project; place a NA in those not applicable.

10. Rent Comparison Chart

Project Units		Market Rate Projects		Comparable Affordable Projects ¹			
		Similar Age Projects		Rents @ 50% MFI		Rents @ 60% MFI	
Apartment Type	Project Rents	No. of Units	Market ² Rents	No. of Units	Rents	No. of Units	Rents
SRO							
Studio							
1 Bedroom							
2 Bedroom							
3 Bedroom							
4 Bedroom							
Group							

¹ Do not include any affordable units whose rent subsidy raises rents above fair market levels, i.e. some Section 202, Section 811, Section 236 or RD rental assistance contracts or agreements.

² Insert the concluded estimated market rent for each project unit type.