

MARKET STUDY REQUIREMENTS

All projects that receive a reservation of 2003 tax credits will be required to submit a market study. Market studies of proposed developments intended for persons age 55 or older must be received at VHDA by the same deadline applicable to the VHDA Locality Notification Letter, 5:00 pm Richmond VA time January 29, 2003. Failure to submit the market studies due on January 29, 2002 will disqualify the application for that development received by March 14, 2003. All other market studies for developments receiving a reservation of credits must be received by VHDA no later than 5:00 pm Richmond VA time on August 1, 2003. Failure to submit all requested market study information in the proper format by this deadline will result in a \$500 per calendar day penalty. (Developments financed with tax-exempt bonds must submit a market study before the pricing of the bonds to be eligible to receive tax credits.) Market studies may be submitted in any format you wish as long as you submit the information VHDA requires in the VHDA format on a separate document in the front of your report.

Section 42 of the Internal Revenue Code requires that the entity preparing the market study must be a disinterested party approved by the credit agency in order to submit a study. VHDA's current criterion is that the entities that prepare the market study are approved subject to a submission of the study in the approved format. If it is not submitted in the approved format, the study and the company will be rejected until a proper study is submitted.

The market study must adequately address all of the issues outlined below in order to be considered satisfactory by the VHDA. Any relationship between the preparer and the project sponsor must be disclosed, and the preparer may not have any interest in the project or relationship with the ownership entity. The study must also contain the preparer's resumé or statement of experience. Finally, all data sources used in the report must be included in the appendix.

The market study must be no more than six (6) months old at the time of submission to VHDA. Studies more than six (6) months old must be updated. Failure to submit the market study in the approved VHDA format will result in a failure to receive credits. Please address any questions regarding these requirements to D. Ryne Johnson at (804) 343-5714 or ryne.johnson@vhda.com. A market study must provide the following information in the order and format below:

A. Project Description

1. Physical description of the site, number of buildings, and adjacent parcels including a description of the condition of the site and neighborhood housing.
2. Site proximity to employment, public transportation, major roadways, schools, shopping, recreation, medical services, applicable special-needs services.
3. Use the table to outline a description of the proposed unit mix development. List amenities separately.

Project Data

Maximum % of AMI	Bedroom Size (1BR, 2 BR, 3BR)	Number of Units	Utility Allowance	Proposed Housing Cost = Rent + UA	Unit Square Footage	Rent/Sq Foot	Minimum Income	Maximum Income

4. Provide a map clearly delineating the location of the project; also locate the closest shopping, schools, and medical services on an additional map.
5. Description of the primary market area. Give a brief description of the primary market area from which the targeted residents will be drawn for the project.

B. Demographic Data

1. Population by age cohorts.

Age Groups	Population

2. Show the qualified households in the market area for the past 3 years.

Year			
Households			

3. Estimate the qualified household for the next 3 years.

Year			
Households			

C. Supply within Primary Market Area.

1. Description and occupancy levels of existing comparable multifamily projects, multifamily projects currently under development, and multifamily projects slated to begin construction within the year in the defined market study area of the proposed project. Federally or state assisted projects should be identified in this breakdown. If the proposed project is a family project, market area elderly projects may not necessarily be competitive with family units, and therefore do not have to be considered at the discretion of the market study preparer. Conversely, if the proposed project is elderly, market area family units do not have to be considered. Elderly should be considered as 65 and over. (For units with multiple floor plans and/or rents for each bedroom size, calculate the average for each data category below.)

Project Name	Location (City or County)	Bedroom Size (1BR, 2BR, 3BR)	Number of Units	Utility Allowance	Proposed Housing Cost = Rent + Utility Allowance	Unit Square Footage	Vacancy Rate	Distance from Subject	Project Type (Market rate, Tax credit, Sec 8)	Age of project

D. Project-Specific Demand within Primary Market Area.

1. The study should project a capture rate for the proposed development. This rate indicates the percentage of market share the development would need to capture.

The capture rate is to be calculated using net growth in the area. Please state your assumptions used to determine your capture rate.

$$\text{Capture Rate} = \%$$

2. Estimate the number of months required for rent-up period.

$$\text{Proposed Units}/(\text{absorption}/\text{month}) = \text{Absorption rate}$$

- E. Conclusion and Recommendations by Market Analyst. Write a brief conclusion of the viability of the development, including rent recommendations.

F. Signed Statement Requirements

1. The signed statement must include the following language:

I affirm that I, or an individual under contract to my company, have made a physical inspection of the market area and that information has been used in the full study of the need and demand for new rental units. I understand that any misrepresentation of this statement may result in the denial of further participation with the Virginia Housing Development Authority's rental housing programs. I also affirm that I have no interest in the project or relationship with the ownership entity.

Market Analyst

Date