

2010 Market Study Guidelines

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Market Study Guidelines

- Market Studies

- Update after 6 months

- September 26, 2009

- January 7, 2010

- New Market Study required after 1 year

- March 25, 2009

- July 7, 2009



Project Description

- Target Population and Occupancy Type

- Construction Type
 - High-rise?
 - Demolition of an existing structure?

- Total Units



Project Description Cont.

- Location

-  Physical Barriers?

-  Scattered Site?

- Amenities



Delineation of Market Area

- Detailed rationale for the suggested Primary Market Area (PMA)
- Rural projects
- Avoid overlapping markets

Market Area Economy

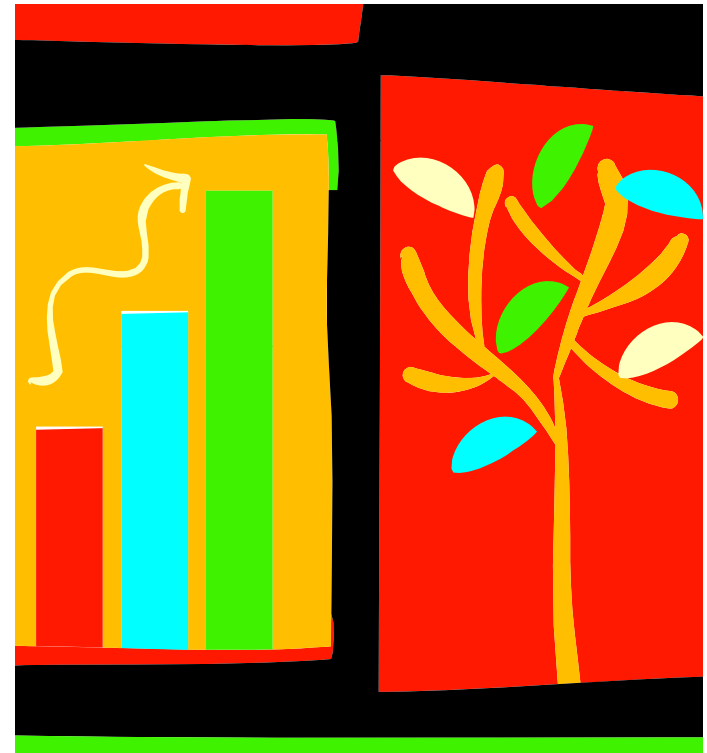
□ Employment

□ Employer



Trends

- Population Trends
- Household Trends
- Income Trends



Demand Estimate

- Calculating Demand
 - Demand from existing households
 - Demand from new households





Capture Rates

Capture Rate =

of units of a specific AMI and size
income-qualified households

Absorption Rate

- ❑ SRO & Special Needs 90% occupancy within 6 months
- ❑ Large Family projects 95% occupancy within 6 months
- ❑ All Senior projects 95% occupancy within 1 year





Competitive Rental Market

- ❑ Multi-family rental housing in PMA
- ❑ Market-Rate Comparables
- ❑ Projects considered, but not used
- ❑ Comps outside 1 mile?
- ❑ How many comps are necessary?



Competitive Rental Market Cont.

- Rent Comparability Matrix
 - Age or physical adjustments
 - Adjusted Rent/Base Rent
 - 10% below market rate
 - Units value ratio (\$/SF) below com ps

Enter Data in Blue or Blank Fields	Subject	Pine Gardens		Cedar Creek		Harrison		Totals & Weighted Averages	Differential
	1313 Mockingbird Lane	311 Pinecove Street		595 Cedar Street		900 Harrison Blvd.			
Date of Market Study:	Our Town	Our Town		Our Town		Our Town		34	
12-Feb-10	888-555-1212	888-555-3434		888-555-5656		888-555-7878			
Prepared By:	Characteristic	Char	Adj	Char	Adj	Char	Adj	1124	
Market Studies R'Us	L	M		M		M			
Type (M = Market, L = Low Income)	L	M		M		M		38200	
Distance in Miles from Subject		0.50		0.90		1.10		\$845	-5.81%
Number of Units		16		14		4		\$28,732	
Vacancy Rate		0%		0%		0%		\$0.75	
Waiting List (Y or N)		n		n		n			
Turnover Rate		30%		18%		75%			
Unit Size in SF	1100	1000		1300		1000			
Aggregate Size in SF		16000		18200		4000			
Base Rent	\$796	\$878		\$826		\$780			
Aggregate Rent		\$14,048		\$11,564		\$3,120			
Value Ratio (\$/SF)	\$0.72	\$0.88		\$0.64		\$0.78			-3.79%
# of stories	2	2		2		2			
Elevator ("Y"es or "N"o)	n	n		n		n			
# of Bedrooms	3	3		3		3			
# of Bathrooms	2	1	\$25	1.5	\$13	2			
Unit Size Adjustment	1100								
Rent Concessions									
Age (built or last rennovated)	2009	2000	\$8	1996	\$12	1989	\$19		
Utilities Paid by Tenant									
Electricity	x	x		x		x			
Heat ("G"as or "E"lectric)	g	g		g		e			
Hot Water (G or E)	g	g		g		e			
Cooking (G or E)	g	g		g		e			
TV ("C"able or "S"atellite)	c	s		c		c			
Other									
Unit Amenities									
Central Heat/Cool	x	x		x		x			
Blinds	x	x		x		x			
Carpet	x	x		x		x			
Coat Closet						x	-\$2		
Walk-In Closet						x	-\$5		
Patio/Balcony	x	x		x			\$5		
Appliances									
Refrigerator	x	x		x		x			
Stove/Oven	x	x		x		x			
Dishwasher	x	x			\$10		\$10		
Garbage Disposal	x	x			\$3		\$3		
Microwave	x	x			\$5		\$5		
Parking/Transportation									
Surface Parking	x	x		x		x			
Carport				x	-\$25				
Project Amenities									
Clubhouse/Community Room	x	x			\$10		\$10		
Swimming Pool	x		\$15	x			\$15		
Spa/Jacuzzi	x	x			\$5		\$5		
Picnic Area	x	x			\$5		\$5		
Tot Lot/Playground	x	x		x			\$5		
On Site Manager	x	x		x		x			
Laundry Room	x	x		x		x			
Computer Room	x	x			\$10		\$10		
Security									
Gated									
Adjusted Rent	\$796		\$926		\$874		\$865	\$897	-11.30%
Aggregate Adjusted Rent			\$14,816		\$12,236		\$3,460	\$30,512	
Adjusted Value Ratio (\$/SF)	\$0.72		\$0.93		\$0.67		\$0.87	\$0.80	-9.40%
Adjusted Rent/Base Rent			105%		106%		111%		



Summary & Conclusions

- Strengths and weaknesses
 - Characteristics / surrounding land uses

Housing Developments

- Appendices

Market Study Index

Market Study Index

Market Analysts must provide a checklist referencing all components of their market study. This checklist is intended to assist readers on the location and content of issues relevant to the evaluation and analysis of market studies. The page number of each component referenced is noted in the right column. In cases where the item is not relevant, the author has indicated "N/A" or not applicable. Where a conflict with or variation from client standards or client requirements exist, the author has indicated a "V" (variation) with a comment explaining the conflict. More detailed notations or explanations are also acceptable.

	Page Number(s)
Executive Summary	
1. Precise statement of key conclusions	
2. Market strengths and weaknesses impacting project	
3. Recommendations and/or modification to project discussion	
4. Discussion of subject property's impact on existing housing	
5. Absorption projection with issues impacting performance	
6. Discussion of risks or other mitigating circumstances impacting project	
Project Description	
7. Number of bedrooms and baths proposed, income limitation, proposed rents and utility allowances	
8. Utilities (and utility sources) included in rent	
9. Occupancy type and target population description	
10. Project design description	
11. Description of service amenities	
12. Date of construction/preliminary completion	
13. If rehabilitation or demolition of occupied housing, existing unit breakdown and rents	
14. Reference of status or date of architectural plans and name of architect	
15. Copy of floor plans and elevations	
Delineation of Market Area	
16. Primary Market Area and Secondary Market Area description	
17. Scaled for distance map of the suggested market area	
18. Site amenities description and map	
19. Description of site characteristics	
20. Photographs of site and neighborhood	
21. Visibility and accessibility evaluation	
22. Crime statistics	
Market Area Economy	
23. Employment by industry	
24. Major employers	
25. Historical unemployment rate	
26. Five-year employment growth	

Employment Trends	
1. Typical wages by occupation	
2. Discussion of commuting patterns of area workers	
Population, Household and Income Trends	
3. Population and household estimates and projections	
4. Households by tenure	
5. Distribution of income	
Demand Estimate	
6. Evaluation of proposed rent levels	
7. Existing household demand	
8. New household demand	
9. Commuter demand	
10. Calculation and analysis of Capture Rate	
11. Calculation and analysis of Penetration Rate	
12. Identification of risks	
13. Conclusion of Demand analysis	
Absorption Rate	
14. Definition and Justification	
15. Estimated time to reach occupancy and percentage of units	
Competitive Rental Market	
16. Derivation of achievable market rent and Market Advantage	
17. Derivation of achievable Restricted Rent	
18. List and contact information of all considered properties	
19. Profiles and narrative of comparable properties	
20. Map of comparable properties	
21. Comparable property photos	
22. Comparison of subject property to comparable properties	
23. Existing rental housing evaluation	
24. Rent comparability matrices	
25. Market Vacancy Rates	
26. Availability of Housing Choice Vouchers	
27. Identification of waiting lists	
28. Explanation of adjustments	
29. Description of overall rental market including share of market-rate and affordable properties	
30. List of existing a LIHTC properties	
31. Discussion of future changes in housing stock including homeownership	
32. Tax credit and other planned or under construction rental communities in market area	
Other Requirements	
33. Market Study Index	
34. Date of field work / preparation date of report	
35. Resume	
36. Utility allowance schedule	
37. Floor plans and elevations	
38. Demographic reports used	
39. Bibliographical list of the data sources used	

www.treasurer.ca.gov/ctcac/tax.asp

Market Study Guidelines

Market Study Index

Rent Comparability Matrix

Thank You!