

A. General Requirements

Market analysts contracted by applicants to perform market studies on rental housing tax credit developments must be experienced independent third parties with strong knowledge of Indiana affordable housing markets. Analysts cannot be members of the development team, nor have a financial interest in the development aside from compensation for market research services. The Authority will publish an approved list of market analysis firms from which applicants may choose a firm with which to work. Only these firms will be eligible to submit market studies with applications for rental housing tax credits. Annually, market analysis firms may apply to the Authority to be included on this listing. For more information on the application requirements, please refer to the application listed elsewhere in this schedule. All market studies must have been completed within six months prior to the application for funding. Market studies must be included with the rental housing tax credit application. Market analysts must clearly and precisely define all sources of data. Statistical tables should have sources of the data attached to it. Applicants must submit one spiral bound hard copy and one copy on a compact disc (CD) in an Adobe Acrobat portable document format (pdf). Please use all efforts to make sure that the CD is virus-scanned prior to submission. Submissions via email are not acceptable.

B. Executive Summary

Each market study must include a 1-3 page executive summary that includes the following:

1. A brief description of the site and immediately surrounding area. The description must include the project's name, street address (if available), city, county, zip code, census tract number, latitude & longitude (for geocoding purposes) and whether the site is located in a Qualified Census Tract.
2. A brief summary of the project, including type of construction (new and/or rehabilitation), number of buildings, number and type of units, proposed rents, utilities included in proposed rents, and population to be served (target market).
3. A brief description of the primary market area (PMA).
4. A summary of the competitive position of the subject development relative to existing and planned affordable housing developments in the market area.
5. Average vacancy rate at competitive affordable rental housing communities in the PMA and date of survey from which average was computed.
6. Average vacancy rate at competitive market-rate rental communities in the PMA and date of survey from which average rate was computed.

7. A summary of strengths and/or weaknesses of the market and of the subject development that may impact the subject development's marketability and performance and circumstances that may lessen any negative attributes.
8. A statement of the analyst's assessment of market feasibility, including the prospect for long-term performance of the property given economic, demographic, and supply factors and trends. The statement must include an estimate of the demand for each unit type at the proposed start of lease-up through presentation of the penetration, absorption, and capture rates.
9. A statement of recommendations and/or suggested modifications to the subject development including unit totals/mix, physical characteristics, and/or proposed rents.

C. Development Description

The market study must provide the following information in a clear and concise manner:

1. Appropriately labeled color photos of the subject site.
2. An easily readable map indicating the location of the subject site.
3. Narrative explanation of the physical characteristics of the subject site, including number of acres, topography, visibility, accessibility, and nature and proximity of any adverse conditions.
4. Narrative explanation of the types and character of land uses immediately surrounding the subject site.
5. Explanation of current zoning of undeveloped land surrounding the subject site.
6. Color photos of land uses immediately surrounding the subject site.
7. Other color photographs representative of the types and character of land uses in the surrounding neighborhood or area.
8. A table listing neighborhood amenities that would serve the needs of the target population (for example transportation linkages, shopping, schools, medical services, public transportation, places of worship, community centers, libraries, and recreational facilities) with addresses and distance to the subject site indicated.
9. A scaled color map indicating location of the subject site and important neighborhood amenities Total proposed project units and total tax credit units by: number of bedrooms

- and baths, income limit as a percent of AMI, unit size in square feet, proposed rents, utilities included in stated rents, and utility allowances for tenant-paid utilities.
10. Type of construction, i.e. new construction, adaptive reuse, and/or rehabilitation.
 11. Type of structure, i.e. townhouse, duplex, garden, high-rise, etc.
 12. Number of parking spaces.
 13. Target market to be served (i.e. senior, special needs population, families).
 14. Description of the number of buildings, building design, number of stories, unit and common area amenities, community amenities, and parking.
 15. For projects proposing adaptive reuse or rehabilitation, explanation of the nature, scope, and estimated cost of work as detailed in the rental housing tax credit application.
 16. For projects proposing adaptive reuse or rehabilitation, information available to the market analyst on the current condition of structures
 17. For projects proposing rehabilitation of rental housing currently in operation, explanation of current occupancy rate, trends in occupancy over previous 24 months, current rents, rent subsidies in place, and information regarding future availability of rent subsidies.
 18. Developer's projected dates for construction start and completion and start of pre-leasing activities.

D. Market Area Description

The study should provide a detailed description of the primary market area. Secondary market areas may not be used. The primary market area (PMA) is the contiguous area surrounding the subject site from which the proposed development is expected to draw its support. At a minimum, the PMA description must include the following: a scaled map of the PMA clearly indicating the location of the subject site and the boundaries of the PMA. The PMA boundaries may be identified by census tract boundaries, municipal or town jurisdictions, neighborhood boundaries, and street or highway names. The map indicating the PMA boundaries must be accompanied by narrative explanation of the considerations that prompted the analyst to define the PMA as indicated. The use of radii or zip codes to depict the boundaries of the market area is unacceptable. The map or narrative must indicate measurement of distance from the site to the PMA boundaries.

E. Market Area Economy

The economic analysis section of the report must include the following:

1. Presentation of data and analysis pertaining to trends over the past five years in total at-place employment (i.e. jobs) in the county in which the subject site is located
2. Presentation of data and analysis pertaining to at-place employment by industry sector for the PMA or smallest geographic area available that includes the PMA and comparison to appropriate larger geographic area, i.e. city, county, MSA, or labor market area
3. List of major employers in the PMA or other appropriate small geographic area and announced changes in workforce (i.e. expansions, contractions, and relocations), contractions in their workforces, as well as newly announced employers and their anticipated effect on the local economy
4. A map of major employers and employment centers in relation to the subject property.
5. Presentation of data and analysis pertaining to the trend in resident employment and unemployment.
6. Based on the data, provide analysis and conclusions on the overall economic status of the market area and how the proposed development would be affected.

F. Demographic Data

In preparing the discussion of demographic trends and characteristics, the analyst must use data, estimates, and projections prepared by reputable public entities and private vendors (for example, U.S. Census Bureau, Claritas, ESRI). If multiple sources of estimates or projections are considered, analyst must reconcile between the two sets to one set of projections. The analyst must comment on why he/she has selected the estimates and projections utilized in subsequent sections of the market analysis. In terms of population and household growth, the analyst must present data pertaining to 1990, 2000, estimates for the current year, and projections pertaining to five years from the current year. He/she must present narrative discussion of the past and projected trend, commenting on the extent to which estimates and projections appear to be reasonable in light of economic conditions, construction activity, and other factors.

As demand for senior developments is based on households age 62+, demographics should also focus on this age group. Data on households 55+ may also be included; however, data on 62+ must be presented regardless of whether project is targeted to 55+ or 62+.

The following aspects must be included in the presentation of current demographic data:

1. Total population and households within the PMA
2. Population and householders by age group
3. Number of senior and non-senior households (senior developments only)
4. Total number of households by tenure, income, average household size, and group quarters. With senior development proposals, also designate by senior owners and senior renters. Senior proposals should reflect the income distribution of senior households only
5. Renter households by number of persons in the household

G. Demand Analysis

Data used in the demand calculations should be consistent and based upon data presented in corresponding sections of the report. These demand calculations should easily be replicated by the reader.

For projects with proposed or existing Project Based Rental Subsidies (PBRA), demand estimates should be provided both with and without a minimum income limit. The analyst must conclude whether sufficient demand exists to support the proposed units if Project Based Rental Subsidies were no longer available.

The population projected must be limited to the age and income cohort. The demand for each income group (i.e. 50% of area median income (AMI)) targeted must be shown separately. Proposed developments targeting senior households must present data demand calculations for age 62 and older. In instances where three and four bedroom units comprise 20% or greater of total units, the analyst must include analysis of the number of large households for these larger units.

Provide all of the assumptions in how demand is determined, including the minimum and maximum income range for each targeted group, so that the analysis is transparent and can be duplicated. Data used as a basis for estimating components of demand can be derived from the U.S. Census Bureau, Claritas, ESRI, or other reputable source. The source citation should be specific enough so that the reader of the market study can locate data used.

Use a rent burden of up to 35% of total household income for family households and up to 40% for senior households. For senior developments, maximum income limits should be capped at a two person household size.

For developments with market rate units, the analyst must make some reasonable determination of the likelihood of 80% AMI households residing in the proposed units.

Total market demand consists of demand from new households (1) and existing households (2):

1. Demand from New Renter Households: The analyst may determine new units in the PMA based on projected renter household growth. This must be determined by using the base year of 2010/2011 and projected forward to the anticipated placed-in-service date of 2014/2015.
2. Demand from Existing Households:
 - a) Rent-overburdened households, if any, within the age group, income cohorts and tenure (renters) targeted for the proposed development; the analysis should assume rent-overburdened households are paying greater than 35% (family) or 40% (senior) of income towards gross rent.
 - b) Households living in substandard housing units; adjust for age, income bands, and tenure as applicable. The analyst must use conservative estimates as to the demand from households that are both rent-overburdened and living in substandard housing.
 - c) Income-eligible senior homeowners likely to convert to rentership. Analysts must provide a narrative of the steps taken in order to derive estimates of demand. . Analysts are encouraged to be conservative in this regard.
3. In order to account for recently developed rental units, demand should be net of any comparable units that have been awarded or constructed since the base year of demand (2010/2011). For purposes of this demand analysis, “comparable” refers to LIHTC units at similar income targets and rent levels. Also, vacancies in developments placed in service which have not yet reached stabilized occupancy (95%) must also be included in supply. A table detailing the units subtracted as supply should be included in this section of the report.
4. Based on the net demand estimates calculated using steps 1-3 above, the market study should provide:
 - a) Capture rate for all units.
 - b) Capture rate by each income target (AMI) and bedroom size.

- c) Calculate the penetration rate for the PMA on senior developments only. The penetration rate is the percentage of age- and income-qualified households in the PMA that all existing and proposed affordable properties to be completed within six months of the proposed development, and which are competitively priced to the subject, must capture to achieve the stabilized level of occupancy (95%).
5. Present an estimate of the absorption period and absorption rate for the proposed development to reach 95% occupancy. The methodology used to determine the absorption rate should be identified.

The following demand table should be included in each report:

Income Restrictions	Up to 30% (min. income to max. income)	Up to 40% (min. income to max. income)	Up to 50% (min. income to max. income)	Up to 60% (min. income to max. income)	Market Rate (min. income to max. income)
New Rental Households					
Plus					
Existing Households-Rent Overburdened					
Plus					
Existing Households-Substandard Housing					
Plus					
Senior Homeowners Likely to Convert to Rentership					
Equals					
Total Demand					
Minus					
Supply (includes directly comparable units completed or in pipeline in the PMA, vacant or occupied)					
Equals					
Net Demand					
Total Absorption Period					



Bedrooms	Total Demand	Supply	Net Demand	Units Proposed	Capture Rates
1 Bedroom at _%AMI					
2 Bedroom at _%AMI					
3 Bedroom at _%AMI					
4 Bedroom at _%AMI					

H. Supply Analysis

The market study must include a comprehensive analysis of the primary market area’s competitive rental market. This should include both multi-family rental communities and scattered-site communities (if applicable). This survey should include, at a minimum, all existing LIHTC communities targeting a similar population (senior/family) and a representative sample of market rate communities likely to compete with the proposed development. Any information provided on deeply subsidized communities (Section 8/USDA) should be discussed separately from LIHTC and market rate communities. The date or dates of surveys of competitive properties should be easily discernible to the reader (i.e. indicated in the narrative discussion and, as appropriate on tables, graphs, etc.).

The following data should be present in both tabular and narrative form:

1. The number of vacant units and vacancy rates for each surveyed community. Overall vacancy rates should be calculated separately for each category of rental housing surveyed (LIHTC, market rate, and subsidized).
2. Rents, square footage, and rents per square foot for each surveyed community. For LIHTC communities with multiple income targets, rents should be presented for each income level. Average rents for LIHTC communities across multiple income levels are not sufficient.
3. Color photographs.
4. Name, location, population served, type of design, age and condition, number of units by bedroom type, rent levels, number of bedrooms and baths for each unit type, size in square footage of units, kitchen equipment, type of utilities (state whether tenant or owner paid and energy sources for hot water, heat and cooking), unit and site amenities included, on-site management, occupancy rate, absorption history (if recently completed), name, address, and telephone number of property contact.



5. A color map showing the location of the subject property and each surveyed community. PMA boundaries should be clearly indicated on this map.
6. An analysis of the competitive position (rents) of the subject development relative to other LIHTC rental communities in the PMA.
7. An analysis of the competitive position (rents) of the subject development relative to competitive market-rate rental communities in the PMA.
8. In cases of rehabilitation of an existing property, the analyst must discuss the development's marketability and competitiveness in comparison to similar existing or planned multifamily properties.
9. In the case of proposed rural projects where a sufficient number of comparables do not exist in the PMA, data on at least three developments in adjacent markets with similar characteristics must be included in the market analysis. Also, in rural areas lacking sufficient three or four bedroom rental comparables, provide data on three and four bedroom single family rentals, or provide information on rental trailer homes and single family homes in an attempt to identify where potential tenants are currently living.
10. The market vacancy rate for the PMA rental housing stock by AMI levels and target market, if available and type of occupancy and unit size.
11. Identify the number of people on waiting lists for each development.
12. Discuss the availability of affordable housing options, including purchase of homes if applicable.
13. Senior developments should not be used in the survey for a family oriented community. If insufficient senior communities exist in the primary market area to make a determination on rents or market conditions, a survey of family oriented communities should be included.
14. Derive a market rent and compare it to the applicant's proposed rent in the form of market advantage.
15. Provide a list of all rental communities under construction or recently approved in the primary market area. Analysts should make an attempt to obtain detailed information, including the number of units and proposed rents. A determination should be made if proposed developments will compete with the subject property. If no new developments are planned in the primary market area, the market study should include a statement to that effect.

I. Conclusions and Recommendations

The analyst must provide a candid conclusion of the development’s market feasibility indicating the challenges or successes that the development is projected to face.

J. Market Study Analyst Statement of Experience

The study must contain the preparer’s resume and statement of experience.

K. Market Study Checklist

The study must contain a completed Market Study Checklist. The Checklist can be found at the end of this schedule.

L. Signed Statement Requirements

1. The market analyst who is responsible for report and conclusions the must visit the site and competitive properties. The signed statement must include the following language:

I have made a physical inspection of the site and market area and that information has been used in the full study of the need and demand for new rental units. To the best of my knowledge, the market can support the demand shown in the study. I understand that any misrepresentation in this statement may result in the denial of participation in the rental housing tax credit program in Indiana as administered by the Indiana Housing and Community Development Authority. Neither I nor anyone at my firm has any interest in the proposed development or relationship with the ownership entity. Compensation for my services is not contingent upon this development receiving a reservation or allocation of tax credits. I affirm under the penalties of perjury that the foregoing representations are true.

Market Analyst

Date



M. MARKET STUDY CHECKLIST

STANDARD	INCLUDED (Yes or No)	PAGE
Resume for market professional with demonstrable experience in Indiana affordable housing markets		
Executive Summary		
Development Description		
Site Map		
Color photos of site		
Type of construction, type of structure, number of buildings, number of units, amenities, number of bedrooms and baths, etc.		
Discussion on incompatible land uses adjacent to the site		
Scope of Rehabilitation, if applicable		
Identification of federal or local housing subsidy programs on site		
Projected construction start, completion and start of pre-leasing		
Market Area Description		
Detail of boundaries of primary market area (PMA)		
Scaled color map of shopping, medical services, public transportation, employment, financial institutions, libraries, schools, community centers within one and one half mile radius of site		
Scaled color map of PMA		
Color photos of immediate surrounding area or neighborhood		
Market Area Economy		
Description of the employment by industry sector for PMA and county where site is located		
List of major employers in PMA		
Employment and unemployment trends for PMA and county; County total workforce figures in numbers and percentages		
Analysis and conclusions on economic status of PMA		
Identification of data sources used to compile statistics		
Demographic Data		
Total Population and householders by age group		
Number of senior and non-senior households, if applicable		
Total number of households by age, tenure, income, average household size, and group quarters.		
Renter households by number of persons in the household		
Demand Analysis		
Projection of total demand from demand for new renter households & demand from existing households, as described in Schedule C of QAP		
Minimum and maximum income ranges for each targeted group		
Definition of absorption period and rate to reach 95% occupancy		
Presentation of net demand in narrative, chart, and/or tabular format		
Calculation of capture rate for each income target group and		



bedroom size		
Calculation of penetration rate for the PMA		
Comparison of market rents and rents at proposed development		
Demand calculations with rental assistance and without rental assistance, if applicable		
Demand calculations with rental assistance and without rental assistance, if applicable		
Assumptions for demand analysis		
Supply Analysis		
Survey of market rate and tax credit rental properties including name, address, age and condition, area median income level		
Type of federal and/or municipal subsidies, if applicable		
Presence of on-site management		
Number of units by bedroom type, number of bathrooms for each unit type, square footage of units		
Rents by number of bedrooms and baths, and square footage		
Unit and site amenities relative to subject property		
Type of utilities		
Occupancy rates of each property		
Absorption history of each property (if recently completed)		
Color photographs of comparable properties		
Color map depicting location of each property relative to subject property		
Market vacancy rate for PMA rental stock by population and type of occupancy and unit size		
Number of people on waiting lists for each property		
Discussion of availability of other affordable housing options		
In rural areas, data on developments in adjacent markets with similar characteristics, if properties are not available in PMA		
Multi-family pipeline (planned communities)		
Conclusions and Recommendations		
Candid conclusion about the subject property's feasibility in the market.		

ACKNOWLEDGMENT OF MARKET ANALYST

Market Study Analyst

Signature: _____

Printed Name: _____

Title (if applicable): _____



N. Preferred Market Study Analysts Instructions and Application

1. The Indiana Housing and Community Development Authority are seeking experienced professionals to conduct third-party market study reports for housing funding applications. The reports are to provide the professional's opinion of the market for affordable rental housing in a market area. Beginning with 2007 program year, IHCDCA will only accept market study reports from companies included on the IHCDCA Preferred Market Study Provider List. This list will be used for rental housing tax credit developments and multifamily bond programs. Applicants who are seeking funding for either of these programs must contract directly with a provider on the preferred list to obtain a required market study. An updated list will be available on the IHCDCA web site.
2. In order to be placed on the preferred list, interested persons or firms must submit a complete application package at least 60 days prior to the date on which the application for IHCDCA funding will be submitted. IHCDCA staff will review the application package and notify the applicants of the results of their review within 15 days of the receipt of the application package. Applications will be judged by the individual's experience, capacity, and knowledge of IHCDCA and national standards. Applications will be accepted on a rolling basis throughout the calendar year.
3. IHCDCA reserves the right to remove a provider from the list at any time due to the failure of adhere to IHCDCA market study requirements as outlined in program guidelines or other actions deemed by IHCDCA to be harmful to the program or applicants.
4. A complete application package must consist of the following:
 - a. Completed application form.
 - b. A list of applications to IHCDCA from the past 2 years that included a market study prepared by your firm or if no previous experience, a sample market study for a proposed rental housing tax credit development.
 - c. A resume (no more than 5 pages) outlining staff, education, experience, and credentials.
5. Submit complete application packages to:
 - a. **Indiana Housing and Community Development Authority
Real Estate Development Department
RE: Preferred Market Study List Application
30 S. Meridian Street, Suite 1000
Indianapolis, IN 46204**

**APPLICATION FORM – Preferred Market Study Provider List
Indiana Housing and Community Development Authority**

- 1. Provider Name: _____
Address: _____
City: _____ State: _____ Zip _____
Contact Person: _____ Title: _____
Phone: _____ Fax: _____
Email: _____
- 2. Years of experience conducting affordable housing market studies: _____ Years
- 3. Have you submitted a market study to the IHCD in the past? ___ Yes ___ No
- 4. Do you belong to the National Council of Affordable Housing Market Analysts? ___ Yes ___ No
- 5. References:
 - a. Name: _____
Company: _____
Phone: _____ Fax: _____
Email: _____
 - b. Name: _____
Company: _____
Phone: _____ Fax: _____
Email: _____
- 6. I certify to the best of my knowledge that the information provided is true and complete. I also understand that to remain on IHCD's list of approved market study providers, I must adhere to IHCD's market study requirements as contained in the program guidelines and agree to remain informed of program updates and IHCD statewide rental studies.

Name: _____

Title: _____

Signature: _____ Date: _____

IHCD USE ONLY - DATE RECEIVED: _____

