

**Missouri Housing Development Commission  
Market Study Standards for Rental Housing Developments  
MHDC Form 1300**

**Revised July 30, 2007**



**3435 Broadway  
Kansas City, Missouri 64111**

## I. Purpose

The purpose of these standards is to provide standardized terminology and content for market studies prepared for developers of rental housing to be financed in whole or in part by Missouri Housing Development Commission (MHDC). The standards outline the content, data, analysis and conclusions to be included in Market Studies for rental housing.

## II. Content

Market Studies must be prepared by experienced and **MHDC approved** market analysts, should contain the information and analysis outlined in this guideline, and must have an effective date within 6 months of the submission date to MHDC. Market studies with an effective date older than 6 months must be updated. The update must contain MHDC Form 1300-S.

**A. Missouri Housing Development Commission Summary.** Each market study and each market study update **must** include a signed Missouri Housing Development Commission Market Study Summary (MHDC Form 1300-S) that will include the following information:

1. A concise description of primary and secondary market areas from which potential tenants of the proposed development are expected to come;
2. The estimated market rent(s), proposed development rent(s) and a brief summary of the rent advantage of the proposed rents;
3. A summary of present and anticipated new household demand for the proposed units and the resulting capture rates for the various unit/rent sizes and the development as a whole;
4. A summary of the existing affordable housing developments in the market, and with consideration to the existing affordable housing inventory, a concise explanation regarding the market need for the proposed development that may be supported by market occupancy/vacancy levels, property condition, waiting lists, etc.;
5. An indication of whether the proposed site is located in a 100-year flood hazard area;
6. An indication of the anticipated monthly absorption rate and the expected absorption period for the units in the proposed development;
7. A summary of market related economic strengths and/or weakness which may influence the subject development's marketability;
8. A summary of market related demographic strengths and/or weakness which may influence the subject development's marketability;
9. A summary of positive or negative development attributes and issues that may affect the property's performance and lease-up;
10. A summary of positive or negative neighborhood attributes and issues that may affect the property's performance and lease-up;
11. A summary of the five most comparable affordable housing developments that currently exist in the market of the proposed development; and
12. **The analyst's opinion of why there is a need for the proposed development to serve the low-income individuals in the area and the effect it will have on the existing affordable housing market.**

**B. Project Description.** The market study should include a project description to show the analyst's understanding of the project at the point in time the market study is undertaken. The project description should include:

1. Proposed number of units by: number of bedrooms and baths, income limit as a percent of AMI, square feet, proposed rents and utility allowances;
2. The utilities expected to be paid by tenants and energy sources for tenant-paid hot water, heat, cooking, etc.;
3. The number of buildings, design (walk-up, elevators, etc.) and number of stories;
4. Statement of unit and common amenities, site amenities and parking;
5. Identification of any existing assisted housing program at the property such as Section 8, Section 202, Section 811, BMIR, Section 236, etc.;
6. Developer's projected dates for construction start and completion, and start of pre-leasing;
7. The status or date of architectural plans and name of architect. For rehabilitation projects provide a description of the methodology for the rehabilitation and the scope of work;
8. Description of the Target Population (small family, large family, senior 55+, senior 62+);
9. Current occupancy percentage of the development and estimates of the percentages of senior and non-senior tenant households;
10. Information regarding the existence of an age waiver for a senior development that allows non-elderly households (if applicable) and the percentage of non-elderly households residing in a senior development due to the waiver; and
11. Report on the Flood Zone of the property.

**C. Location and Market Area Definition**

1. Define the Primary (PMA) and Secondary (SMA) Market Areas including a map which clearly delineates the areas and an explanation of the basis for the boundaries of the PMA and SMA. Identify PMA and SMA boundaries by census tracts, jurisdictions, street names, or other geography forming the boundaries.
2. Provide a description of the site characteristics including its size, shape, general topography and vegetation and proximity to adverse conditions.
3. Provide photographs of the site and neighborhood, and a map clearly identifying the location of the project and the closest transportation linkages, shopping, schools, medical services, public transportation, places of worship, and other services such as libraries, community centers, banks, etc.
4. Describe the compatibility of the proposed development with the neighborhood.
5. Describe and evaluate the visibility and accessibility of the site.
6. Provide information or statistics on crime in the PMA relative to data for the overall area. Address any local perceptions of crime or problems in the PMA.

#### **D. Population and Households**

1. Provide total population, age and income target data for the PMA using the 1990 census, 2000 census, current year estimates, and a five year projection. Available data from other legitimate studies with detail on household size, tenure, age and other relevant categories should be provided when available. Provide the same information for the SMA, if one has been defined. Indicate the source for all data, provide a methodology for estimates and provide an analysis of trends indicated by the data.
2. Provide a breakdown of households by tenure for 1990 Census, 2000 Census, current year and five year projection.
3. Provide an analysis of trends indicated by the data and include reference sources for the data and methodology for analyzing the data.
4. Provide a breakdown of households by incomes in \$5,000 - \$10,000 increments, by household size and by tenure for 1990 and 2000 Census, current year, and five year projection.

#### **E. Employment and Economy.** Provide data and analysis on the employment and economy of the PMA to give an understanding of the overall economic health of the community in which the PMA is located. List sources for the data and methodology for the analysis.

1. Provide a description of employment by industry sector for the PMA or smallest geographic area available that includes the PMA and compare the data to the larger geographic area, e.g. the city, county, labor market area, or MSA.
2. List major employers in the PMA, the type of business and the number employed and compare the data to the larger geographic area (i.e. MSA, County, SMA, etc.).
3. Show the historical unemployment rate for the last ten years (or other appropriate period) for the PMA and compare to the larger geographic area (i.e. MSA, County, SMA, etc.).
4. Show employment growth over the same period or a more recent, shorter period (last 5 years). Compare to the larger geographic area.
5. Comment on trends for employment in the PMA in relation to the subject.
6. If relevant, comment on the availability of affordable housing for employees of businesses and industries that draw from the PMA.
7. Provide a breakdown of typical wages by occupation.
8. When available, provide commuting patterns for workers such as how many workers in the PMA commute from surrounding areas outside the PMA?

#### **F. Existing Affordable Rental Housing Stock.** Provide information on other affordable rental housing in the PMA and any affordable rental housing proposed to be developed in the PMA within the 12-month period following the date of the Market Study. This section of the Market Study should include:

1. If relevant in the market, a 10-year, or other appropriate period, history of building permits by housing type and comments on building trends in relation to household trends;
2. A list of existing comparable property, including: 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 paid by tenant or owner and energy sources for hot water, heat and cooking), unit and site amenities included, site staffing, occupancy rate, absorption history (if recently completed), name, address and phone number of property contact;
3. For each comparable property comparisons to the subject rents based on the comparable property amenities, tenant paid utilities, location, parking, concessions and rent increase or decrease trends;
  4. An estimate of the Market Vacancy Rate for the PMA rental housing stock by population served (i.e. market rate, Low Income Housing Tax Credit, and Project Based Rent Assistance) and type of occupancy (i.e. family, seniors, special populations) and unit size;
  5. Photos of each comparable property;
  6. The number of people on waiting lists for each project;
  7. A narrative evaluation of the subject property in relation to the comparable properties;
  8. A discussion of the availability of affordable housing options, including purchase or sale of homes;
  9. A discussion of the impact of the subject development on the existing housing stock.
  10. A map identifying the location of each comparable property in relation to the subject.
  11. A description of the size of the overall rental market in the PMA, including the percentage of market rate and affordable properties; and
  12. A list of LIHTC projects with allocations that are not placed in service, giving as much known detail as possible on estimated Place In Service dates, unit mix and Income Levels to be served.

**(MHDC considers the Existing Rental Housing Stock section of the market study to be one of the most important because the experience of the existing affordable housing developments will determine if there appears to be a need for the proposed development to serve low-income households in the area. Market analysts should give special attention to this section because MHDC will give it careful consideration in its review of this report.)**

**G. Local Perspective of Rental Housing Market and Housing Alternatives.** The Market Study should include a summary of the perspective on the rental market, need for the proposed housing and Unmet Housing Need in the market. The local perspective should consider:

1. Interviews with local planners, housing and community development officials and market participants to estimate proposed additions to the supply of housing that would compete with the subject and to evaluate the local perception of need for additional housing;
2. Interviews with local Public Housing Authority (PHA) seeking comment on the need for housing and possible impact of the proposed development on their housing inventory and waiting lists for assisted housing. Include a statement on the number and availability of Housing Choice Vouchers and the number

- and types of households on the waiting lists for Housing Choice Vouchers;  
and
3. The cost and availability of home ownership and mobile home living, if applicable.

#### **H. Analysis**

1. Provide a detailed analysis of the income levels of the potential tenants for the proposed units. State and support the minimum household income used for total housing expenses to set the lower limit of the targeted household income range. If required, provide an analysis based on the regulating agency's requirements.
2. Derive a Market Rent for the subject property.
3. Calculate the Capture Rate for each Income Limit in the subject property incorporating any Housing Finance Agency or other regulating agency restrictions such as age, income, living in Substandard Conditions, renters versus home owners, household sizes, etc.
4. Estimate the Demand for the type of units proposed at the time placed in service by considering new households and existing households in rent burdened, substandard, overcrowded, or over-housed situations.
5. Define and justify the Absorption Period and Absorption Rate for the subject property.
6. Project and explain any future changes in the housing population within the market area.
7. Identify risks, unusual conditions and mitigating circumstances.
8. Provide documentation and descriptions which show the methodology for calculations in the analysis section and relate the conclusions to the data.

#### **III. Other Requirements**

The Market Study shall also include:

- A. Date report was prepared, date of inspection and name and telephone number of analyst preparing study;
- B. Certification of no identify of interest;
- C. Certification that recommendations and conclusions are based solely on professional opinion and best efforts;
- D. Statement of qualifications;
- E. List of sources for data in the Market Study;
- F. An appendix including the demographic reports used for the study; and
- G. An appendix including the Utility Allowance schedule (or utility company provider letters).

#### **IV. Information Links**

The following sites may prove helpful in obtaining information regarding existing developments in the market.

- <http://lihtc.huduser.org/>
- <http://affordablehousingonline.com/apartments.asp?mnuState=MO>
- [http://www.mhdc.com/rental\\_production/Prior-Years-funding.htm](http://www.mhdc.com/rental_production/Prior-Years-funding.htm)

- [http://www.mhdc.com/rental\\_production/Web%20List%20Approved%202006](http://www.mhdc.com/rental_production/Web%20List%20Approved%202006).
- <http://www.rurdev.usda.gov/mo/ao-list.htm>
- <https://pic.hud.gov/pic/haprofiles/haprofilelist.asp>
- <http://www.hud.gov/apps/section8/step2.cfm?state=MO%2CMissouri>

## V. Market Study Index and Certification

- A. The market study should include a checklist to help the reader find specific information quickly, this checklist provides a list of the specific individual component areas of information that the MHDC Standards says should be provided in a market study, with a space where the analyst can insert the page number of where each component is addressed in the study.
  
- B. This statement will be inserted in market studies prepared by market analysts that are members of the National Council of Affordable Housing Market Analysts (NCAHMA). Signed by the analyst that prepared the market study, the statement will certify that *the analyst has no financial interest in the project and that the market study has been prepared in conformance with NCAHMA's Market Study Terminology and Model Content Standards (and, in areas where it does not conform, the reasons for non-conformance)*.



## Terminology

## Definition

**Absorption Period:** The period of time necessary for a newly constructed or renovated property to achieve the Stabilized Level of Occupancy. The Absorption Period begins when the first certificate of occupancy is issued and ends when the last unit to reach the Stabilized Level of Occupancy has a signed lease. Assumes a typical pre-marketing period, prior to the issuance of the certificate of occupancy, of about three to six months. The month leasing is assumed to begin should accompany all absorption estimates.

**Absorption Rate:** The average number of units rented each month during the Absorption Period.

**Acceptable Rent Burden:** The rent-to-income ratio used to qualify tenants for both income restricted and non-income restricted units. The Acceptable Rent Burden varies depending on the requirements of funding sources, government funding sources, target markets, and local conditions.

**Affordable Housing:** Housing where the tenant Household pays no more than 30 percent of its annual income on Gross Rent.

**Amenity:** Tangible or intangible benefits offered to a tenant at no fee, typically on-site recreational facilities or planned programs, services and activities.

**Annual Demand:** The total estimated demand present in the market in any one year for the type of units proposed.

**Area Median Income or AMI:** 100% of the gross median Household income for a specific Metropolitan Statistical Area, county or non-metropolitan area established annually by HUD.

**Assisted Housing:** Where the monthly costs to the tenants are subsidized by federal, state or other programs.

**Attached housing:** Two or more dwelling units connected with party walls (e.g. townhouses or flats).

**Basic Rent:** The minimum monthly rent that tenants who do not have rental assistance pay to lease units developed through the USDA-RD Section 515 Program, the HUD Section 236 Program and HUD Section 223(d)(3) Below Market Interest Rate Program. The Basic Rent is calculated on the rent required to operate the property, maintain debt service on a subsidized mortgage with a below-market interest rate, and provide a return on equity to the developer in accordance with the regulatory documents governing the property.

**Below Market Interest Rate Program (BMIR):** Program targeted to renters with income not exceeding 80% of area median income by limiting rents based on BMIR Program requirements and through the provision of an interest reduction contract to subsidize the market interest rate to a below-market rate.

Interest rates are typically subsidized to effective rates of one percent or three percent.

**Capture Rate:** The percentage of age, size, and income qualified renter Households in the Primary Market Area that the property must capture to achieve the Stabilized Level of Occupancy. Funding agencies may require restrictions to the qualified Households used in the calculation including age, income, living conditions and other comparable factors. The Capture Rate is calculated by dividing the total number of units at the property by the total number of age and income qualified renter Households in the primary market rate area.

**Census tract:** A small, relatively permanent statistical subdivision delineated by a local committee of census data users for the purpose of presenting data. Census tract boundaries normally follow visible features, but may follow governmental unit boundaries and other non-visible features. They are designed to be relatively homogeneous units with respect to population characteristics, economic status, and living conditions at the time of establishment. Census tracts average about 4,000 inhabitants.

**Central Business District (CBD):** The center of commercial activity within a town or city; usually the largest and oldest concentration of such activity.

**Community Development Corporation (CDC):** Entrepreneurial institution combining public and private resources to aid in the development of socio-economically disadvantaged areas.

**Comparable Property:** A market-rate or Affordable Housing property that is representative of the rental housing choices of the subject's Primary Market Area and that is similar in construction, size, amenities, and age.

**Competitive Property:** A property that is comparable to the subject and that competes at nearly the same rent levels.

**Concession:** Discount given to a prospective tenant to induce the tenant to sign a lease. Concessions typically are in the form of free rent for a specific period of time.

**Condominium:** A form of joint ownership and control of property in which specified volumes of space (for example, apartments) are owned individually while the common elements of the property (for example, outside walls) are owned jointly.

**Contract Rent:** The actual monthly rent payable by the tenant, including any rent subsidy paid on behalf of the tenant, to the owner, inclusive of all terms of the lease.

**Demand:** An estimate of the total number of market Households that have both the desire and the ability to obtain the product and/or services offered.

**Difficult Development Area (DDA):** An area designated by HUD as an area that has high construction, land, and utility costs relative to the Area Median Gross Income. A project located in a DDA and utilizing the Low Income Housing Tax Credit may qualify for up to 130% of eligible basis for the purpose of calculating the Tax Credit allocation.

**Detached Housing:** A freestanding dwelling unit, typically single-family, situated on its own lot.

**Effective Rents:** Market Rents less concessions.

**Elderly or Senior Housing:** Housing where (1) all the units in the property are restricted for occupancy by persons 62 years of age or older or (2) at least 80% of the units in each building are restricted for occupancy by Households where at least one Household member is 55 years of age or older and the housing is designed with amenities and facilities designed to meet the age of senior citizens.

**Extremely Low Income:** Person or Household with income below 30% of Area Median Income adjusted for Household size.

**Fair Market Rent or FMR:** The estimates established by HUD of the Gross Rents (Contract Rent plus Tenant Paid Utilities) needed to obtain modest rental units in acceptable condition in a specific county or metropolitan statistical area. HUD generally sets FMR so that 40% of the rental units have rents below the FMR. In rental markets with a shortage of lower priced rental units HUD may approve the use of Fair Market Rents that are as high as the 50th percentile of rents.

**Garden Apartments:** Apartments in low-rise buildings (typically two to three stories) that feature low density, ample open-space around buildings, and on-site parking.

**Gross Rent:** The monthly housing cost to a tenant which equals the Contract Rent provided for in the lease plus the estimated cost of all Tenant Paid Utilities.

**Mid-rise:** A building with four to ten stories.

**High-rise:** A residential building having more than ten stories.

**Household:** One or more people who occupy a housing unit as their usual place of residence

**Household Trends:** Changes in the number of Households for a particular area over a specific period of time, which is a function of new Household formations (e.g. at marriage or separation) and decreasing average Household size.

**Housing Choice Voucher:** Federal rent subsidy program which issues rent vouchers to eligible Households to use in the housing of their choice. The

voucher payment subsidizes the difference between the Gross Rent and the tenant's contribution of 30% of adjusted income.

**Housing Finance Agency (HFA):** State or local agencies responsible for financing housing and administering assisted housing programs.

**HUD Section 8 Program:** Federal program targeted to Low- and Very-Low Income Households which provides monthly rental subsidies to subsidize the difference between the Household's Gross Rent and the greater of 30 percent of the Household's adjusted income or 10 percent of the Households gross income.

**HUD Section 202 Program:** Federal program which provides direct capital assistance (i.e. grant) and operating or rental assistance to finance housing designed for occupancy by elderly Households who have income not exceeding 50% of Area Median Income. The program is limited to housing owned by 501(c)(3) nonprofit organizations or by limited partnerships where the sole general partner is a 501(c)(3) nonprofit organization.

**HUD Section 811 Program:** Federal program which provides direct capital assistance and operating or rental assistance to finance housing designed for occupancy by persons with disabilities who have income not exceeding 50% of Area Median Income. The program is limited to housing owned by 501(c)(3) nonprofit organizations, or by limited partnerships where the sole general partner is a 501(c)(3) nonprofit organization.

**HUD Section 236 Program:** Federal program which provides interest reduction payments for loans which finance housing targeted to Households with income not exceeding 80% of area median income who pay rent equal to the greater of Basic Rent or 30 percent of their adjusted income. All rents are capped at a HUD approved market rent.

**Income Band:** The range of incomes of Households which can pay a specific rent but do not have more income than is allowed by the Income Limits of a particular housing program. The minimum income typically is based on a defined Acceptable Rent Burden percentage and the maximum typically is pre-defined by specific programmatic requirements or by general market parameters.

**Income Limits:** Maximum Household income by county or metropolitan statistical area (MSA), adjusted for Household size and expressed as a percentage of the Area Median Income for the purpose of establishing an upper limit for eligibility for a specific housing program. Income limits for federal, state and local rental housing programs typically are established at 30%, 50%, 60% or 80% of AMI.

**Infrastructure:** Services and facilities including roads, highways, water, sewerage, emergency services, parks and recreation, etc. Infrastructure includes both public and private facilities.

**Low Income:** Person or Household with gross Household income below 60% of Area Median Income adjusted for Household size.

**Low Income Housing Tax Credit:** A program to generate equity for investment in affordable rental housing authorized pursuant to Section 42 of the Internal Revenue Code, as amended.

**Low Rise Building:** A building with one to three stories

**Market Advantage:** The difference, expressed as a percentage, between the estimated market rent for an apartment property without income restrictions and the lesser of (a) the owner's proposed rents or (b) the maximum rents permitted by the financing program for the same apartment property.

**Market Analysis:** A study of real estate market conditions for a specific type of property

**Market Area or Primary Market Area:** A geographic area from which a Property is expected to draw the majority of its residents.

**Market Demand:** The number of units required in a defined market area to accommodate Demand (i.e. Households that desire to improve the quality of their housing without significantly increasing their economic burden).

**Market Feasibility Analysis:** An analysis that determines whether a proposed development can attain its target prices, taking into account the development's characteristics (location, size, unit mix, design, and amenities), the depth of its target market, and the strength of its appeal in comparison to other existing and planned options available to potential consumers.

**Market Rent:** The rent that an apartment, without rent or income restrictions or rent subsidies, would command in the open market considering its location, features, and amenities. Market rent should be adjusted for Concessions and owner paid utilities included in the rent.

**Market Study:** A macroeconomic analysis that examines the general market, economic, and environmental conditions of supply, demand, and pricing, or the demographics of demand for a specific area or property type. A market study may also include analyses of construction and absorption trends.

**Marketability:** The manner in which the subject fits into the market; the relative desirability of a property (for sale or lease) in comparison with similar or competing properties in the area.

**Market Vacancy Rate:** Average number of apartment units in any market which are unoccupied divided by the total number of apartment units in the same market area, excluding units in properties which are in the lease-up stage.

**Metropolitan Statistical Area (MSA):** A geographic entity defined by the federal Office of Management and Budget for use by federal statistical agencies,

based on the concept of a core area with a large population nucleus, plus adjacent communities having a high degree of economic and social integration with that core. Qualification of an MSA requires the presence of a city with 50,000 or more inhabitants, or the presence of an Urbanized Area (UA) and a total population of at least 100,000 (75,000 in New England). The county or counties containing the largest city and surrounding densely settled territory are central counties of the MSA. Additional outlying counties qualify to be included in the MSA by meeting certain other criteria of metropolitan character, such as a specified minimum population density or percentage of the population that is urban.

**Migration:** The movement of Households from one location or market area to another

**Mixed Income Property:** An apartment property containing (1) both income restricted and unrestricted units or (2) units restricted at two or more income limits (i.e. Tax Credit property with income limits of 30%, 50% and 60%).

**Mobility:** The ease with which people move from one location to another

**Moderate Income:** Person or Household with gross household income between 80 and 120 percent of area median income adjusted for Household size.

**Move-up Demand:** An estimate of how many consumers are able and willing to relocate to more expensive or desirable units, such as tenants who move up from Class C properties to Class B; and Class B tenants that move up to class A properties; and tenants that move from Class C and B properties to new superior Tax Credit properties.

**Multi-family:** Structures that contain more than five housing units.

**Neighborhood:** An area of a city or town with common demographic and economic features that distinguish it from adjoining areas.

**Net Rent (also referred to as Contract or Lease Rent):** Gross Rent less Tenant Paid Utilities

**Penetration Rate:** The percentage of age and income qualified renter Households in the Primary Market Area that all existing and proposed properties, to be completed within six months of the subject, and which are competitively priced to the subject that must be captured to achieve the Stabilized Level of Occupancy. Funding agencies may require restrictions to the qualified Households used in the calculation including age, income, housing conditions and other comparable factors. See Capture Rate for property specific rate.

**Pent-up Demand:** A market in which there is a scarcity of supply and vacancy rates are very low.

**Population Trends:** Changes in population levels for a particular area over a specific period of time—which is a function of the level of births, deaths, and net migration.

**Primary Market Area:** The most likely geographic area from which a Property would draw its support.

**Programmatic Rents:** The proposed rents for a Tax Credit or other income restricted property relative to comparable market rate properties and rents being achieved at other Tax Credit or other income restricted properties in the market. Can be no greater than maximum rents permitted by the Tax Credit or other program regulations.

**Project Based Rent Assistance:** Rental assistance from a federal, state or local program that is allocated to the property or a specific number of units in the property and is available to each income eligible tenant of the property or an assisted unit.

**Public Housing or Low Income Conventional Public Housing:** HUD program administered by local (or regional) Housing Authorities which serve low- and very-low income Households with rent based on the same formula used for HUD Section 8 assistance.

**Qualified Census Tract (QCT):** Any census tract (or equivalent geographic area defined by the Bureau of the Census) in which at least 50% of Households have an income less than 60% of Area Median Gross Income or where the poverty rate is at least 25%. A project located in a QCT and receiving Low Income Housing Tax Credits may qualify for up to 130% of eligible basis for the purpose of calculating the Tax Credit allocation.

**RD Market Rent:** A monthly rent that can be charged for an apartment under a specific USDA-RD housing program, that reflects the agency's estimate of the rent required to operate the property, maintain debt service on a un-subsidized mortgage and provide an adequate return to the property owner.

**Rural Development (RD) Program:** Federal program which provides low interest loans to finance housing which serves low- and moderate-income persons in rural areas who pay 30 percent of their adjusted income on rent or the basic rent, whichever is the higher (but not exceeding the market rent). The Program may include property based rental assistance and interest reduction contracts to write down the interest on the loan to as low as one percent.

**Redevelopment:** The redesign or rehabilitation of existing properties.

**Rent Burden:** Contract Rent plus Tenant Paid Utilities divided by the gross monthly Household income.

**Rent Burdened:** Households with Rent Burden above the level determined by the lender, investor, or public program to be an acceptable rent-to-income ratio.

**Restricted Rent:** The maximum allowable rent under the restrictions of a specific housing program or subsidy.

**Saturation:** The point at which there is no longer demand to support additional units.

**Secondary Market Area:** The portion of a market area that supplies additional support to an apartment property beyond that provided by the primary market area.

**Single-Family Housing:** A dwelling unit, either attached or detached, designed for use by one Household and with direct access to a street. It does not share heating facilities or other essential building facilities with any other dwelling.

**Special Needs Population:** Specific market niche which is typically not catered to in a conventional apartment property. This population should exhibit certain criteria which can be well-defined and are reasonably quantifiable, in order, for example, to assess the need and demand from this source.

**Stabilized Level of Occupancy:** The underwritten or actual number of occupied units that a property is expected to maintain after the initial rent-up period, expressed as a percentage of the total units.

**State Data Center (SDC):** A state agency or university facility identified by the governor of each state to participate in the Census Bureau's cooperative network for the dissemination of the census data.

**Subsidy:** Monthly income received by a tenant or by an owner on behalf of a tenant to pay the difference between the apartment's contract rent and the amount paid by the tenant toward rent.

**Substandard Conditions:** Housing conditions that are conventionally considered unacceptable which may be defined in terms of lacking plumbing facilities, one or more major systems not functioning properly, or overcrowded conditions.

**Target Income Band:** The estimated Income Band from which the subject property will likely draw tenants.

**Target Population:** Market niche a development will appeal to or cater to.

**Tenant:** One who rents from another.

**Tenant Paid Utilities:** The cost of utilities necessary for the habitation of a dwelling unit which are paid by the tenant. Tenant Paid Utilities do not include costs for telephone or cable service.

**Tenure:** The distinction between owner-occupied and renter-occupied Housing units.

**Townhouse (or Row House):** Single-family attached residence separated from another by party walls, usually on a narrow lot offering small front and back-yards; also called a row house.

**Turnover:** An estimate of the number of housing units in a market area as a percentage of total housing units in the market area that will likely change occupants in any one year.

**Unmet Housing Need:** New units required in the market area to accommodate Household growth, homeless Households, and Households in substandard housing.

**Unrestricted Rents:** The recommended rents for the market rate units at a Mixed-Income Property.

**Unrestricted Units:** The units at a Mixed-Income Property that are not subject to any income or rent restrictions.

**Vacancy Period:** The amount of time that an apartment remains vacant and available for rent.

**Vacancy Rate - Economic:** Maximum potential revenue less actual rent revenue divided by maximum potential rent revenue

**Vacancy Rate - Physical:** The number of total habitable units that are vacant divided by the total number of units in the property.

**Very Low Income:** Person or Household whose gross household income does not exceed 50% of Area Median Income adjusted for Household size.

**Zoning:** Classification and regulation of land by local governments according to use categories (zones); often also includes density designations.

## MARKET STUDY FIRMS

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