Market Criteria Guidance

The Market Criteria section of the Selection Process in the Qualified Allocation Plan includes several calculations related to strength of the market area. The following guidance will be used to calculate each of the criteria, and should be followed by the market analyst for each Proposal.

Market Criteria

This category is worth thirty percent (30%) in the Geographic Pools, five percent (5%) in the Preservation Pools, and thirty percent (30%) in the Permanent Supportive Housing Pool.

Applicants that demonstrate a strong market for their development will receive preference. Applications will be ranked and scored in each Allocation Pool by evaluating the following criteria for the Primary Market Area (PMA) of the Proposal:

a. Depth of Market (lower percentage is desirable)

i. Capture Rate: Subject units divided by number of income-eligible renter households.

(A) The number of income-eligible renter households must be calculated using an appropriate income range. The maximum allowable income for each bedroom type is to be calculated based on 1.5 persons per bedroom, rounded up to the next whole person, for the highest income election in the property.

(B) The minimum allowable income for each bedroom type may be calculated based on the lowest rent election for which at least 10% of the total units in the property are at that rent level. For example, if an 80-unit property has 4 one-bedroom units affordable at 35% of AMGI and 4 one-bedroom units affordable at 50% of AMGI, then the minimum income must be based on 50% of AMGI for that bedroom type.

(C) For properties with project-based rental subsidy, the minimum allowable income is $0, and the maximum allowable income is to be calculated as indicated in item (A) above.

ii. Penetration Rate for LIHTC Units: Existing LIHTC units divided by number of income-eligible renter households.

(D) The number of existing LIHTC units should include only those without project-based rental subsidy. The number of income-eligible renter households is then calculated using an appropriate income range as noted in items (A) and (B) above. This will measure the penetration rate for households that occupy non-subsidized units to differentiate this rate from the Penetration Rate for LIHTC and Subsidized Units.

iii. Penetration Rate for LIHTC and Subsidized Units: Total of existing LIHTC units and subsidized units divided by number of income-eligible renter households.

(E) This calculation will include all LIHTC and subsidized units in the PMA. To calculate the number of income-eligible renter households, refer to item (C) above.

b. Rent Evaluation (higher percentage is desirable)

Market Criteria Guidance

i. Rent Advantage vs. Achievable Market Rent: Overall weighted average market-rent advantage for the proposed project.

(F) Calculate the weighted average collected rent based on the distribution of units at the proposed property, divide by the weighted average achievable market rent, and subtract the result from 1 to obtain this percentage.

ii. Rent Advantage vs. Maximum Allowable LIHTC Rent: Overall weighted average maximum allowable LIHTC rent advantage for the proposed project.

(G) Calculate the weighted average collected rent based on the distribution of units at the proposed property, divide by the weighted average maximum allowable LIHTC rent, and subtract the result from 1 to obtain this percentage.

iii. Rent Value vs. Fair Market Rents: Percentage of total proposed units below Fair Market Rents.

(H) Divide the number of units below fair market rent by the total number of units at the proposed property to obtain this percentage.

c. Occupancy Rates (higher rate is desirable)

i. Comparable LIHTC Properties: Overall occupancy rate of all comparable LIHTC properties.

(J) This calculation should include all comparable LIHTC properties without project-based rental subsidy. This will measure the occupancy rate for non-subsidized properties to differentiate this rate from the Penetration Rate for LIHTC and Subsidized Units.

ii. All LIHTC and Subsidized Properties: Overall occupancy rate of all LIHTC and subsidized properties.

(K) The market analyst must make a reasonable effort to include all LIHTC and subsidized properties within the PMA for this calculation.

iii. Comparable Market-Rate Properties: Overall occupancy rate of all comparable market-rate properties.

(L) This calculation should include all comparable market rate properties that are used to derive the achievable market rent.

iv. Overall Occupancy: Overall occupancy rate of all LIHTC, subsidized and market-rate properties.

(M) This calculation should include all properties used in items (K) and (L) above.