

M. Market Study Reservation Process, Guidelines and Approved Analyst List

Market Study Information

The market study must be no more than six (6) months old at the time of VHDA application submission.

- A market study that is greater than six months old, but less than twelve months old and has no material changes, must meet VHDA Market Study Guidelines. The analyst must submit a new market study **or** send an update letter that states “No material change” and “In compliance with 2017 Market Study Guidelines.”
- No study over 12 months old will be accepted

If VHDA determines that, based upon information from its own loan portfolio or its own market study, inadequate demand exists for the housing units to be produced by an Applicant’s proposed development, it may exclude and disregard the Application.



Market Analyst Reservation Process

1. Selection of the Market Study Analyst must be made by the LNI due date.
2. The owner/developer accesses the LNI system via vhda.org.
3. Select 'New Notification' or 'Existing Notification'
4. Select Notice Type (top of form)
5. Type in name of project
6. In the section titled 'Market Analyst', click *Request Market Analyst* button
7. Select analyst
8. Click 'Request Approval'

While this concludes the market reservation process, you are still required to submit a completed LNI form for every application submitted for LIHTC consideration.

9. The system will send an email to VHDA with a copy to you.
10. VHDA can approve, reject or cancel your request with comment.

Before your request is approved, you can cancel and choose another analyst. Otherwise, you will have to contact VHDA to choose another analyst.

11. When 'approved' by VHDA, an email acknowledgment will be sent to you and the analyst.
12. Unless declined by the analyst, this concludes your reservation process.

If declined, VHDA will change the system status to 'rejected', resulting in a system notification to you (after which you will restart the process of selecting a new analyst – start at #1 above).



2018 Market Study Guidelines

The Internal Revenue Code and the Qualified Allocation Plan ("QAP") of Virginia require the submission of a market study in connection with an application for Low Income Housing Tax Credits (LIHTC).

VHDA, in accordance with Section 42(m)(1)(A)(iii) of the Internal Revenue Code, requires that the entity preparing the market study be a disinterested party, approved by VHDA ("the credit agency"). Accordingly, the analyst cannot have any interest in the development or have a relationship with the owner of the development.

All applicants applying for Low-Income Housing Tax Credits (LIHTC) are required to submit a market study at the time of application. **Failure to submit the market study by the stated deadline will disqualify the application.**

Only VHDA-approved market analysts will be allowed to complete market studies for developments seeking a LIHTC reservation. Developers select the market analyst via VHDA's LNI system (see 2017 Manual for complete instructions). Please note that analysts are limited in the number of studies they can provide for the competitive period. Fees are negotiated by the applicant.

A developer submitting an application for a development that will be funded with both 9% and 4% tax credits, must submit a separate market study for the 9% project and the 4% project.

VHDA has no contractual relationship with the preparer of the market study. Market studies are procured directly by the LIHTC applicant and accordingly, the applicant is the client of the market analyst. Therefore, the market study should be addressed directly to the client and any representations made by the market analyst should not directly or indirectly communicate that the market analyst is representing VHDA or in any way acting for, at the request of, or on behalf of VHDA. The analyst, however, must identify VHDA as an authorized user of the market study, noting that VHDA may rely on the representations made therein.

The market study **must be submitted to VHDA by the LIHTC applicant.**

The market study should be in electronic, PDF format. VHDA should be able to select, copy and cut text.

In reviewing any LIHTC application and the corresponding market study, VHDA at its sole discretion may request supplementary market data from the analyst or

commission an additional market study. The market analyst conducting this additional work, will be commissioned and compensated directly by VHDA, and in such transaction, VHDA will be the client of the market study preparer.

Any market study submitted to VHDA in connection with a LIHTC application will remain VHDA's possession and may continue to be relied upon by VHDA in determining the market feasibility of the proposed development, regardless of any circumstances that might exist between the LIHTC applicant and the market study analyst or firm.

On occasion, there are inconsistencies between certain representations in the LIHTC application and representations in the market study pertaining to various development attributes, such as architectural features, unit amenities, site amenities, etc. In these instances, VHDA will rely only upon representations made in the LIHTC application, including supporting application documentation, as the basis for any LIHTC allocation. If the degree of inconsistency implies a disconnection between the applicant and the market analyst, then the market study may not be approved and the LIHTC application may be disqualified.

No LIHTC reservation will be made until VHDA has determined that a sufficient analysis of demand for the proposed development has been completed. Each report must meet all market study requirements, including, the inclusion of specific data, required calculation methods and report format. Furthermore, reports must be written and contain sufficient information, analysis and supporting documentation to provide VHDA with an understanding of the market data presented, the analysis of the data, and the conclusion(s) of such data and its relationship to the subject property. The market study should lead the reader to the same or similar conclusion(s) reached by the analyst. **If these requirements are not met, then the study and the entity which prepared it may not be approved.**

For VHDA purposes, **the date of the site inspection is the Effective Date of the report.** The Effective Date must be obviously stated on the cover page or in the Executive Summary section of the report. For a market study with an Effective Date that is 6 to 12 months old at the time of submission, if there are no material changes to the development and/or market, the analyst can provide a letter stating "No material changes since last report dated..." If there are material changes, the market study must be updated to include detailed discussion about those changes. No market study greater than 12 months old will be accepted, meaning a site inspection by the market analyst **must** occur within 12 months of VHDA's application deadline.

Market studies for LIHTC developments will model the National Council of Housing Market Analysts' (NCHMA's) [Model Content Standards \(Version 3.0\)](#) , as

well as its [Market Study Terminology](#) , [Market Study Index](#) and [FAQs \(for Model Content Standard\)](#).

Section A (VHDA & NCHMA Model Content Standards): **Executive Summary**

Section B (VHDA & NCHMA Model Content Standards): **Introduction and Scope of Work**

Section C (VHDA & NCHMA Model Content Standards): **Project Description**

In addition to NCHMA requirements under this section, the analyst must discuss:

1. Construction Type - New Construction, Rehabilitation, Adaptive Reuse
2. Occupancy Type - Family, Elderly
3. Indicate if the proposal is a scattered site development
4. Income Restrictions: Use the applicable income restrictions of the proposed development. Analysts must take the income and occupancy restrictions indicated in the LIHTC application into account when estimating demand.
5. Site amenities of one phase of a development cannot be included as amenities in subsequent phases of a development.

Section D (VHDA & NCHMA Model Content Standards): **Location**

Section E (VHDA & NCHMA Model Content Standards): **Market Area Definition**

In addition to NCHMA requirements under this section, the analyst must consider:

1. All sites in a scattered site development must be within the boundaries of the primary market area.
2. Primary market areas are prohibited from being defined using concentric rings.
3. Analysts are encouraged to be conservative in defining the primary market area.
4. **Do not** include secondary or tertiary markets.
5. Primary market areas deemed to be inappropriate by VHDA will cause the market study/analyst to be rejected and thereby cause the application to be disqualified.

Section F (VHDA & NCHMA Model Content Standards): **Employment & Economy**

Section G (VHDA & NCHMA Model Content Standards): **Demographic Characteristics**

In addition to NCHMA requirements under this section, the analyst must discuss:

1. Elderly is defined as 65 and older.
2. The number of owner and renter households (if appropriate, breakout by elderly/non-elderly)
3. Households by income (if elderly development, indicate income distribution of elderly households only)
4. Renter households by number of persons in the household
5. At a minimum, use the previous year's data and five-year projections (i.e. if your study is completed in 2017, you will use 2016 data and projections for years 2017 - 2021).

Section H (VHDA & NCHMA Model Content Standards): Competitive Environment

In addition to NCHMA requirements under this section, the analyst must consider the following:

1. All LIHTC developments located within the primary market area must be included in the analysis.
2. Provide a detailed analysis of the impact of the proposed project on existing, competitive, LIHTC properties in the primary market area.
3. Proposed rural developments for which a sufficient number of comparable properties does not exist, the analyst must select at least three (3) comparable developments in adjacent localities with similar characteristics to be included in its analysis.
4. Family and elderly developments should not be considered as competitive with each other.

Section I (VHDA & NCHMA Model Content Standards): Affordability Analysis, Demand Analysis, Capture Rates and Penetration Rates

In addition to NCHMA requirements under this section:

1. 2016 is the base year, with a minimum forward projection to 2017.
2. In instances where greater than 20% of the proposed units are comprised of 3BR and 4BR units, the analyst must refine the analysis for those large units. Failure to account for this may result in overstated demand.
3. Analysts should assume that family households are able to pay no more than 35% of gross income towards total housing costs and that elderly households are able to pay no more than 40% of gross income towards

total housing costs. The demand analysis must clearly indicate the minimum and maximum income range for each targeted group.

For applicants proposing developments with Section 8 project-based rental assistance analysts should use the lesser of maximum allowable LIHTC rents or proposed rents based on income targeting indicated in the application in determining affordability.

For applicants proposing developments with market rate units, the analyst must make a reasonable determination of a maximum income level beyond which a household would not likely be a participant in the rental housing market. Assumptions used in making this determination must be clearly stated in the report.

For applicants submitting an application for a development that will be funded with both 9% and 4% tax credits, the capture and penetration rate analyses should be done for the total number of units expected to come online between both the 4% and 9% projects.

- Analysts are required to use net demand in calculating capture rates and the absorption period. Net demand should be determined by subtracting the supply of vacant comparable units in the PMA, completed or pipeline, from total demand. Demand, Supply, Net Demand and Total Absorption Period should be indicated as follows:

Income Restrictions	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)	Project Total (min. income to max. income)
New Rental Households (+)					
Existing Households - Overburdened (+)					
Existing Households - Substandard Housing (+)					
Elderly Households - Likely to Convert to Rental Housing (+)					
Existing Qualifying Tenants - to Remain After Renovation TOTAL DEMAND (-)					
Supply (includes directly comparable vacant Units completed or in pipeline in PMA)					

NET DEMAND					
PROPOSED UNITS					
CAPTURE RATE					
ABSORPTION PERIOD					

Project Wide Capture Rate - LIHTC Units	
Project Wide Capture Rate - Market Units	
Project Wide Capture Rate - All Units	
Project Wide Absorption Period (Months)	

New Rental Households: determine new units in the primary market area based on projected rental household growth. The projected population **must be** limited to the target group, age and income appropriate. Demand for each target group must be shown separately.

Existing Households: The sum of demand from rental household growth and demand from all components of existing households will constitute **Total Demand**.

- 'Over-burdened' is defined by VHDA as households paying more than 35% of gross income (40% if elderly) for gross rent. Analysts are encouraged to be conservative.
- Households in substandard housing (i.e. overcrowded and/or lack of plumbing): Must be age and income group appropriate. Analysts must use their knowledge of the market area and the proposed development to determine if demand from this source is realistic. Analysts are encouraged to be conservative.
- Elderly homeowners likely to convert to rental housing: This component may not comprise more than 20% of total demand. The analyst must provide a narrative describing how these numbers were derived. Analysts are encouraged to be conservative.
- Existing qualifying tenants likely to remain after renovation: This component of demand applies only to existing developments undergoing rehabilitation.

In addition to the above, the analyst is free to state other measures of demand in the body of the report. These statements must be fully explained as to where such demand is being derived, e.g. pent-up demand, tertiary demand, or demand from existing tenants in other rental properties.

Section J (VHDA & NCHMA Model Content Standards): Local Perspective of Rental Housing Market and Housing Alternatives

Section K (VHDA & NCHMA Model Content Standards): Analysis/Conclusions

Section L (VHDA & NCHMA Model Content Standards): Other Requirements

NOTE: #5 in this Section is not required by VHDA.

In addition to NCHMA requirements under this section, the analyst must include and affirm (by signature) the following:

1. I have made a physical inspection of the site and market area.
2. The appropriate information has been used in the comprehensive evaluation of the need and demand for the proposed rental units.
3. To the best of my knowledge the market can support the demand shown in this study. **I understand that any misrepresentation in this statement may result in the denial of participation in the Low Income Housing Tax Credit Program in Virginia as administered by VHDA.**
4. Neither I nor anyone at my firm has any interest in the proposed development or a relationship with the ownership entity.
5. Neither I nor anyone at my firm nor anyone acting on behalf of my firm in connection with the preparation of this report has communicated to others that my firm is representing VHDA or in any way acting for, at the request of, or on behalf of VHDA.
6. Compensation for my services is not contingent upon this development receiving a LIHTC reservation or allocation.

Market Analyst

Date

VHDA Approved Market Analysts Listing (LIHTC)

	Market Study Firm	Location	Principal Name	LIHTC Experience Includes...	Geographic Preference	Contact Info
1	Allen & Associates	Charlotte, NC	Jeff Carroll	family, elderly	all areas	3116 Glen Summit Drive Charlotte, NC 28270 Ph: (704) 905-2276 jcarroll@allenadvisors.com
2	Bowen National Research, LLC	Pickerington, OH	Patrick Bowen	family, elderly, special needs	all areas	Desiree Johnson Bowen National Research, LLC 155 E. Columbus Street, Suite 220 Pickerington, Ohio 43147 Ph: 614-833-9300 desireej@bowennational.com pbowen@bowennational.com www.bowennational.com
3	CDS Realty Company	Richmond, VA	C. Douglas Schepker, MAI, CRE	family	Central VA	CDS Realty Company 8711 Ruggles Road Richmond, VA 23229 Ph: (804) 288-1215 cdschepker@comcast.net
4	Colliers International (formerly MG Miller & Associates)	Richmond, VA	Michael G. Miller, MAI, SRA, AI-GRS, CCIM, FRICS	family, elderly, special needs	all areas	5316 Patterson Avenue Richmond, VA 23226 Ph: (804) 288-9583 michael.g.miller@colliers.com www.colliers.com
5	Danter Company	Columbus, OH	Terry Hall	family, elderly, special needs	all areas	Marketing Director Danter Company, LLC 2760 Airport Drive, Suite 135 Columbus, OH 43219 Ph: (614) 437-9670 thall@danter.com www.danter.com
6	EJoseph Appraisal & Consultation	Richmond, VA	Eugene A. Joseph, Jr., MAI, SRA, AI-GRS	family, elderly, special needs	all areas	Eugene A. Joseph, Jr., MAI, SRA, AI-GRS EJoseph Appraisal & Consultation PO Box 8225 Richmond, Virginia 23226 Ph: (804) 353-1757 Fax: (888) 977-3716 Mobile: (804) 467-2517 gene@ejoseph.com
7	Fielder Group Market Research, LLC	Lexington, KY	Elizabeth K. Rouse	family, elderly, special needs	all areas	Fielder Group Market Research, LLC P. O. Box 22698 Lexington, Kentucky 40522-2698 Ph: (859) 276-0000 erfielder@fieldergroup.com
8	Gibson Consulting, LLC	Douglasville, GA	Jim Howell, GM and Senior Analyst	family, elderly, special needs	all areas	Gibson Consulting, LLC 5077 Chapel Lake Circle Douglasville, GA 30135-2687 Ph: (318) 524-0177 ford@fgibsonconsulting.com
9	Gill Group	Dexter, MO	Samuel L. Gill, MAI	family, elderly	all areas	P.O. Box 784 512 One Mile Rd Dexter, MO 63841 Ph: (800) 428- 3320 cash.gill@gillgroup.com www.gillgroup.com
10	John Wall & Associates	Anderson, SC	John Wall	family, elderly	all areas	P.O. Box 1169 Anderson, SC 29622 Ph: 864-261-3147 jwa_ofc@bellsouth.net
11	Koontz & Salinger	Raleigh, NC	Jerry M. Koontz	family, elderly	all areas	PO Box 37523 Raleigh, NC 27627 Ph: (919) 362-9085 vonkoontz@aol.com
12	LDS Consulting Group	Newton, MA	Lynne D. Sweet	family, elderly, special needs		LDS Consulting Group, LLC 233 Needham Street Newton, MA 02464 Ph: (617) 454-1144 ldsweet@ldsconsultinggroup.com www.ldsconsultinggroup.com
13	Lea & Company	Corona Del Mar, CA Omaha, NE Meriam, KS	Byron N. Lea, MAI	family, elderly, special needs	all areas	byronlea@leacompany.com Ph: (818) 914-1892
14	Market Analyst Professionals	Minneapolis, MN	Chris Vance	family, elderly, special needs	all areas	Market Analyst Professionals 5400 Washburn Ave S Minneapolis, MN 55410 Ph: (248) 515-0496 cavance@mindspring.com

VHDA Approved Market Analysts Listing (LIHTC)

15	National Land Advisory Group	Columbus, OH	Richard A. Barnett	family, elderly	all areas	National Land Advisory Group 2404 E. Main St. Columbus OH 43209 Ph: (614) 545-3900 rbarnett@landadvisory.biz
16	Novogradac & Co LLP	Bethesda, MD	H. Blair Kincer, MAI, CRE	family, elderly	all areas	Novogradac & Company LLP 4520 East West Highway, Suite 615 Bethesda, MD 20814 Ph: (240) 235-1705 blair.kincer@novoco.com www.novogradac.com
17	Real Estate Strategies, Inc.	Paoli, PA	Elizabeth M. Beckett, CRE	family, elderly, special needs	all areas	Elizabeth M. Beckett, CRE Senior Vice President Real Estate Strategies, Inc./RES Advisors 63 Chestnut Road, Suite #6 Paoli, PA 19301 Ph: (610) 240-0820 Ebeckett@resadvisors.com www.resadvisors.com
18	Real Property Research Group	D.C./Baltimore/ATL	Robert M. Lefenfeld	family, elderly	all areas	Real Property Research Group, Inc. 10400 Little Patuxent Parkway Suite 450 Columbia, MD 21044 Ph: (410) 772-1004 ext 6101 blefenfeld@rprg.net
19	S. Patz & Associates, Inc.	Potomac Falls, VA	Stu Patz	family, elderly, special needs	all areas	S. Patz & Associates, Inc. 46175 Westlake Drive #400 Potomac Falls, VA 20165 Ph: (703) 421-8101 spatzec@comcast.net
20	Shaw Research & Consulting	Bad Axe, MI	Steven R. Shaw	family, elderly	all areas	Shaw Research & Consulting P.O. Box 38 Bad Axe, MI 48413 Ph: (989) 415-3554 steveshaw@shaw-research.com
21	T. Ronald Brown Research & Analysis	Cary, NC	T. Ronald Brown	family, elderly	all areas	T. Ronald Brown P.O. Box 1294 Cary, NC 27512 Ph: (919) 233-0670 trb@tronaldbrown.com
22	ValueTech Realty Services, Inc.	Lutz, FL	Kay Kauchick, MAI	family, elderly, special needs	all areas	ValueTech Realty Services, Inc. 240 Crystal Grove Blvd. Lutz, Florida 33548 Ph: (813) 948-0545 www.gotovalue.com
23	Vogt Strategic Insights (VSI) & Vogt Strategic Insights Appraisal Group, MAI	Columbus, OH	Rob Vogt	family, elderly	all areas	Vogt Santer Insights 1310 Dublin Road Columbus, OH 43215 (614) 224-4300 RobV@VSIinsights.com www.vsinights.com