

TAB 05 ITEM 01

V. MARKET

Scoring Section - IX A-E Market

MARKET FEASIBILITY (MARKET STUDY)

Applicants must submit a market study, completed no more than 6 months prior to the Application submission date. While DCA will use the conclusions of the analyst in determining whether the project is marketable, DCA will not be bound by the opinion or conclusions reached by the market analyst. DCA will review the market study, rent rolls and project data of similar projects located in close proximity to the proposed project in determining whether the project will be able to achieve the desired lease up to be feasible. The study must be prepared by a market analyst approved by DCA and clearly state that there is sufficient demand for the project and the project will stabilize within DCA requirements.

The market study must be prepared in accordance with DCA guidelines and must be in the format required by the DCA Market Study Manual. It is the Applicant's responsibility to ensure that the market study accurately reflects the rental structure and unit mix of the proposed project, as reflected in the Application, and meets all DCA requirements.

DCA will also carefully analyze existing DCA projects located in close proximity to the proposed project to determine if selection of the project will have significant adverse financial impact on existing affordable housing inventory.

The following factors will generally be considered by DCA to be indicative of Market feasibility for HOME, 4% tax exempt Bond projects, and 9% Tax Credit projects.

1. Market capture rates 30 percent or less for **all** 1 bedroom units, 30 percent or less for **all** 2 bedroom units, 40 percent or less for **all** 3 bedroom units and 50 percent or less for all 4 or more bedroom units in the project
2. In Rural areas (as defined), market capture rates of 35 percent or less for **all** 1 bedroom units, 35 percent or less for **all** 2 bedroom units, 40 percent or less for **all** 3 bedroom units and 50 percent or less for all 4 or more bedroom units in the project
3. The overall capture rate for **all** Tax Credit Units shall not exceed 30 percent for Urban Counties and 35 percent for Rural areas and the overall capture rate for **all** Market Rate Units shall not exceed 30% for Urban Counties and 35% for Rural areas
4. Market capture rates for each AMI market segment type (i.e. 30%, 50%, 60% & market) for each **bedroom type** shall not exceed 70% for **all** bedroom types proposed in each segment
5. An absorption period less than 24 months to reach stabilized occupancy
6. Stabilized occupancy rate of 93% or above
7. Unit mixes or target populations supported by the market
8. No adverse impact to the occupancy and financial health of existing assisted rental housing properties in the market area. Assisted rental housing properties include those financed by Credits, USDA, HUD 202 or 811 (as appropriate), DCA or locally financed

HOME properties, HTF, and HUD 221(d)(3) and 221 (d) (4) and other market rate FHA insured programs. DCA does not consider public housing properties in the adverse impact determination

9. Strong overall market occupancy (greater than 90%)

For existing occupied properties that are going to be rehabilitated, market analysts shall consider retention of current occupants in their demand calculations. Retention is measured by the number of tenants that are not rent burdened or over-income that are projected to reside at the property during and after the proposed renovations.

For Senior projects, demand may include residents from outside the market area, converting from homeownership and seniors living with and/or supported by their children as documented by the market analyst. DCA, when necessary, may independently evaluate the demand for additional affordable rental housing in the geographic/market area.

DCA's judgment will be the final determination. All requests for a DCA ordered market study for 4% tax credits submitted in May through September will need to have all pending 9% tax credit applications considered in demand calculations.