The Georgia Department of Community Affairs (DCA) is responsible for allocating resources towards the development of affordable rental housing in areas where there is sufficient market demand. Applicants must submit a market study completed no more than 6 months prior to the Application Submission date.

In compliance with the Fair Housing Act, The Equal Credit Opportunity Act and other related anti-discrimination laws and regulations, DCA will not discriminate on any prohibited basis or render a proposed project unacceptable solely based on its location. Market Analysts must provide non-discriminatory assessments of market conditions and projections.

DCA may require the Market Analyst to address other issues relevant to DCA’s evaluation of the project. Failure to submit a market study as specified may result in the project failing threshold feasibility. The applicant is responsible for ensuring that the Market Analyst completes the Market Study in accordance with the QAP and the Market Study Manual, and that it accurately reflects the project as it is being proposed.

**Market Study Requirements**

A Market Study prepared for DCA must be self-contained, provide detailed descriptions, and contain adequate data to support conclusions regarding the feasibility of the subject study. Unless stated specifically in the manual, all processes and practices used by the analyst should conform to the National Council of Affordable Housing Market Analysts’ (NCAHMA) standards. The final market study must provide the following information as outlined in each subsequent section in an open PDF format. Any third-party reports must be verified directly by the Market Analyst. Market Analyst must be on DCA’s approved list.

**A. Table of Contents**
The market study must have a table of contents that follows the section order and titles below. It also must include page numbers for all sections and appendices.

**B. Executive Summary**
The Executive Summary includes the key conclusions of the Market Analyst of each of the sections of the report and the Market Analyst’s opinion whether the project will succeed as proposed or if any changes are needed. The Executive Summary should include the following sections, each presented in a summary format:

1. **Project Description:**
   - Brief description of project location including address and/or position relative to the closest cross-street.
   - Construction and occupancy type(s).
   - Unit mix including bedrooms, bathrooms, square footage, income targeting, rents and utility allowance.
   - Any additional subsidies available including project based rental assistance (PBRA).
   - Brief description of proposed amenities and how they compare to existing properties.
2. **Site Description/Evaluation:**
   - A brief description of physical features of the site and adjacent parcels.
   - A brief overview of the neighborhood land composition (residential, commercial, industrial, agricultural).
   - A discussion of site access and visibility.
   - Any significant positive or negative aspects of the subject site.
   - A brief summary of the site’s proximity to neighborhood services including shopping, medical care, employment concentrations, public transportation, etc.
   - A brief discussion of public safety, including comments on local perceptions, maps, or statistics of crime in the area.
   - An overall conclusion of the site’s appropriateness for the proposed development.

3. **Market Area Definition:**
   - A brief definition of the Primary Market Area (PMA) including boundaries of the market area and their approximate distance from the subject property.

4. **Community Demographic Data:**
   - Current and projected household and population counts for the PMA.
   - Household tenure including any trends in rental rates.
   - Household income level.
   - Impact of foreclosed, abandoned and vacant, homes and commercial properties in the PMA.

5. **Economic Data:**
   - Trends in employment for the county and/or region based on the number of jobs in the county rather than the county’s employed labor force.
   - Employment by sector for the market area.
   - Unemployment trends for the county and/or region for the past 5 years.
   - A brief discussion of any recent or planned major employment contractions or expansions.
   - An overall conclusion regarding the stability of the county’s overall economic environment including an opinion if the current economic environment will negatively impact the demand for additional or renovated rental housing.

6. **Project-Specific Affordability and Demand Analysis:**
   - Number of renter households income qualified for the proposed development given retention of current tenants (occupied only), the proposed unit mix, income targeting, and rents (age qualified renter households for senior projects).
   - Overall estimate of demand based on DCA’s demand methodology.
   - Capture rates including:
     - Overall project.
     - All LIHTC units excluding any PBRA or market rate units.
     - By AMI targeting.
     - By bedroom type.
   - A conclusion regarding the achievability of these captures rates.

7. **Competitive Rental Analysis**
   - An analysis of the competitive properties in the PMA.
   - Number of properties.
   - Rent bands for each bedroom type proposed.
   - Average market rents.
8. Absorption/Stabilization Estimate:
   • An estimate of the number of units expected to be leased at the subject property, on 
   average, per month.
   • Number of months required for the project to stabilize at 93% occupancy.

9. Overall Conclusion: Potential for success of the proposed development.

10. Summary Table: The following tables must be completed by the analyst and included in the 
    executive summary

### Summary Table:

<table>
<thead>
<tr>
<th>Development Name:</th>
<th>Total # Units:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location:</td>
<td># LIHTC Units:</td>
</tr>
<tr>
<td>PMA Boundary:</td>
<td>Farthest Boundary Distance to Subject: miles</td>
</tr>
</tbody>
</table>

### RENTAL HOUSING STOCK (found on page __)

<table>
<thead>
<tr>
<th>Type</th>
<th># Properties</th>
<th>Total Units</th>
<th>Vacant Units</th>
<th>Average Occupancy</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Rental Housing</td>
<td></td>
<td></td>
<td></td>
<td>%</td>
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<tr>
<td>Market-Rate Housing</td>
<td></td>
<td></td>
<td></td>
<td>%</td>
</tr>
<tr>
<td>Assisted/Subsidized Housing not to include LIHTC</td>
<td></td>
<td></td>
<td></td>
<td>%</td>
</tr>
<tr>
<td>LIHTC</td>
<td></td>
<td></td>
<td></td>
<td>%</td>
</tr>
<tr>
<td>Stabilized Comps</td>
<td></td>
<td></td>
<td></td>
<td>%</td>
</tr>
<tr>
<td>Properties in Construction &amp; Lease Up</td>
<td></td>
<td></td>
<td></td>
<td>%</td>
</tr>
</tbody>
</table>

### Subject Development

<table>
<thead>
<tr>
<th># Units</th>
<th># Beds</th>
<th># Baths</th>
<th>Size (SF)</th>
<th>Proposed Rent</th>
<th>Per Unit</th>
<th>Per SF</th>
<th>Advance</th>
<th>Per Unit</th>
<th>Per SF</th>
</tr>
</thead>
<tbody>
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</tbody>
</table>

**NOTE:** 70% or 80% unit designations are not allowed where 70% and 80% rents are at or above market rents.

### CAPTURE RATES (found on page __)

<table>
<thead>
<tr>
<th>Targeted Population</th>
<th>30%</th>
<th>50%</th>
<th>60%</th>
<th>Market-rate</th>
<th>Other:</th>
<th>Overall</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capture Rate</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
C. Project Description
1. Project address and location.
3. Occupancy Type: Family, Elderly, Housing for Older Persons, Special Needs.
4. Special Population Target (if applicable).
5. Number of units by bedroom type and income targeting (AMI).
6. Unit size, number of bedrooms and structure type (i.e. townhouse, garden apartment)
7. Rents and Utility Allowances.
8. Existing or proposed project based rental assistance.
9. Proposed development amenities (i.e. washer/dryer hookups, dishwasher, computer center).
10. For rehab and demolition-reconstruction proposals, current occupancy levels, rents being charged, and tenant incomes, if available, as well as detailed information regarding the scope of work planned. Scopes of work should include an estimate of the total and per unit construction cost.
11. Projected placed-in-service date.

Information provided in this section must not conflict with the Application submitted to DCA.

D. Site Evaluation
1. The Market Analyst preparing the report must physically visit the site, all the comparable properties, and the market area in general. The date of the site visit and site inspector should be noted.
2. Physical features of the site and adjacent parcels, including positive and negative attributes.
3. The site’s physical proximity to surrounding roads, transportation (including bus stops), amenities, employment, and community services.
4. Labeled photographs of the subject property (front, rear and side elevations, on-site amenities, interior of typical units, if available), of the neighborhood, and street scenes with a description of each vantage point.
5. A map clearly identifying the project and proximity to neighborhood amenities. A listing of the closest shopping areas, schools, employment centers, medical facilities and other amenities that would be important to the target population and the proximity in miles to each.
6. The land use and structures of the area immediately surrounding the site including significant concentrations of residential, commercial, industrial, vacant, or agricultural uses; comment on the condition of these existing land uses.
7. Any public safety issues in the area, including local perceptions of crime, crime statistics, or other relevant information.
8. A map identifying proposed, under construction, and placed-in-service low-income housing: 4% & 9% tax credit, tax exempt bond, Rural Development, Public Housing, DCA HOME funded, Sec. 1602 Tax Credit Exchange program, USDA financed, Georgia Housing Trust Fund of the Homeless financed properties, and HUD 202 or 811 and Project Based Rental Assistance (PBRA). Indicate proximity in miles of these properties to the proposed site.
9. Any road or infrastructure improvements planned or under construction in the PMA.
10. Vehicular and pedestrian access, ingress/egress, and visibility of site.
11. Overall conclusions about the site as it would relate to marketability of the planned development.
E. Market Area
The Primary Market Area (PMA) is the geographical area from which comparable properties and potential renters are expected to be drawn during the forecast period, including the income levels and rent-to-income ratio(s) assumed in the study. The PMA should be clearly outlined, and the subject property identified on a map. The narrative must describe the approximate market area boundaries relative to the subject site, specifically justify a reasonable rationale (taking into account political and natural boundaries, socioeconomic characteristics, and the experience of the comparable multifamily developments) and the overall perception of the desirability of renting in the proposed development (based on interviews and research). Analysts may not simply use a radius. Use of the gravity model is appropriate in rural areas. The NCAHMA best practice paper on establishing market areas is an additional reference. The PMA should be as homogeneous and proportioned as possible.

Projects that have larger PMAs or unusual boundary shapes must have a detailed explanation. Gross demand from the primary market should be carefully defined to limit the effect of the overlapping population concentrations.

F. Community Demographic Data
The Market Study should provide the following demographic information for the PMA (historical and current data/estimates). Include data on population and households at the proposed time of market entry (i.e. 2021). Projections must be based on current data; Census data and latest updates from the American Community Survey (ACS) and prepared by a reputable source such as Claritas, the State Data Center, or the U.S. Census/American FactFinder (include a copy of the source data in a table format and identify the source). If applicable, provide the reasoning for not agreeing with the projections, along with substitute projections and methodology. Both numbers and percentages should be shown for the data below. Include annualized growth figures and a narrative description of the data presented, including overall conclusions.

1. Population Trends
   - Total Population.
   - Population by age group.
   - Number of Senior (HFOP & Elderly) and non-elderly (for elderly projects).
   - If a special needs population is proposed, provide additional information on population growth patterns specifically related to the population.

2. Household Trends
   - Total number of households and the average household size.
   - Household by tenure; the number of owner and renter households. (If appropriate, breakout by elderly and non-elderly).
   - Households by income. (Elderly proposals should reflect the income distribution of elderly households only).
   - Renter households by number of persons in the household.
   - Elderly Households populations will be based on households 62 years or older according to the Census.
   - Housing for Older Persons Households populations will be based on households who are 55 years or older according to the Census.
G. Employment Trend

1. Total jobs (also known as “covered employment”) in the county or region; the number of jobs physically located in the county and is different from the Civilian Labor Force.
2. Total jobs by industry—numbers and percentages (i.e. manufacturing: 150,000 (20%)).
3. The major current employers, product or service, total employees, anticipated expansions, contractions in their workforces, as well as newly planned employers and their impact on employment in the market area.
4. Unemployment trends, total workforce figures, and number and percentage unemployed for the county (also known as “civilian labor force” statistics) for the past ten years.
5. A map of the site and location of major employment concentrations.
6. A narrative analysis of data provided, including overall conclusions, is required. Relate data to impact on housing demand.

H. Project-specific Affordability & Demand Analysis

1. Income Restrictions: The study should include data for each income group targeted. For example, if the project targets families at 50% and 60% of the AMI, demand projections using the above methodology should be provided for both income groups. The maximum allowable AMI level per household for all bedroom types will be based on a standard of 1.5 persons per bedroom for family developments (rounded up to the next whole number) and a maximum of 2 persons per household for Elderly or Housing for Older Person developments.

2. Affordability: Assume family households can pay no more than 35% of gross income towards total housing expenses and that senior households are able to pay no more than 40%. The demand analysis should clearly indicate the minimum and maximum income range for each targeted group. For market rate units, the analyst must make reasonable determination of maximum income level beyond which a household would not likely be a participant in the rental market and clearly state the assumption used.

3. Demand: Analyze demand from: a) new households in the market area, forecasted with an established growth rate; b) existing households, rent-burdened or in substandard housing, and c) elderly homeowners likely to convert to renters (if relevant). Limit demand based on target population (age, income group, household size).

From total demand, less the supply of competitive vacant or pipeline units to calculate net demand. Competitive units include those of a similar size and configuration that provide alternative housing to a similar tenant population at rent levels comparable to those proposed. This supply must include all competitive units in properties not yet reached stabilized occupancy, including those recently funded by DCA, proposed for funding for a bond allocation from DCA, and existing or planned in conventional rental properties.

Calculate capture rates by dividing number of units by the net demand. For occupied developments, deduct current tenants who are expected to return from property unit count prior to determining capture rates.
I. Existing Competitive Rental Environment

The analyst must visit all competitive properties. The analyst must include all multifamily projects (proposed, under construction, and placed-in-service). The Market Analyst discusses each project is knowledgeable regarding occupancies, rental rates, demand drivers etc. In many cases this means either the Property Manager or the Assistant Manager.

The analysis must include all competitive rental properties that can be considered “true alternatives” and all subsidized low-income developments in the primary market area, and all properties within two (2) miles of the subject property or 10 miles for Rural properties. In addition, the analyst must also determine which developments in the market area are most directly comparable. The analyst must provide a separate list for the properties included in the supply calculation and provide adequate information for the reader to evaluate these units to the proposed development. All properties included in the supply calculation must be clearly shown on the rent competitive map and notated as such.

In rural areas lacking sufficient multifamily rental comparables, provide data on single-family rentals, rental trailer homes, duplexes, and single-family homes where potential tenants are currently living.

1. The following information must be included for each competitive property. This information should be provided in a comparable framework with the proposed project in addition to providing a page of information for each competitive property (e.g., charts that show the proposed project’s rents, square footage, amenities, etc. as compared to the other projects).
   - Name and address.
   - Name, title, and phone number of contact person and date contact was made.
   - Description of property (e.g., unit type/size/mix, int/ext. amenities, structure type, etc.).
   - Photographs.
   - Square footage for each competitive unit type.
   - Monthly rents and the utilities included in the rents for each unit type.
   - Project age and current physical condition based upon a cursory exterior inspection.
   - Concessions given, if any. Concessions should be explained and their impact.
   - Current vacancy rates, historic vacancy factors, waiting lists and turnover rates, broken down by bedroom size and structure type.
   - # of units receiving rental assistance, description of assistance as project or tenant based.
   - Lease-up history.
2. An analysis of the vouchers available in the Market Area, including if vouchers go unused and whether waitlisted households are income-qualified and when the list was last updated.

3. If the proposed development represents an additional phase of an existing housing development, include a tenant profile and information on a waiting list of the existing phase.

4. A map showing the competitive projects and all LIHTC and Bond proposed projects which have received tax credit allocations within the market area.

5. An assessment as to the quality and compatibility of the proposed amenities to what is currently available in the market.

6. Consider tenancy type. If comparable senior units do not exist in the PMA, provide an overview of family-oriented properties, or vice versa. Account for differences in amenities, unit sizes, and rental levels.

7. Provide the name, address/location, name of owner, number of units, unit configuration, rent structure, estimated date of market entry, and any other relevant market analysis information of developments in the planning, rehabilitation, or construction stages. If there are none, provide a statement to that effect.

8. Provide documentation and diagrams on how the projected initial rents for the project compare to the rental range for competitive projects within the PMA and provide an average market rent for each of the proposed unit types.

   - Average market rent is the rents the competitive properties, regardless of the funding type, not “Achievable unrestricted market rent.” Rent advantage is: \((\text{average market rent} - \text{proposed rent}) / \text{proposed rent}\).

9. Comment on any other DCA funded projects located outside of the primary area but located within a reasonable distance from the proposed project.

10. Rental Trends in the Primary Market Area, including average occupancy (tenure) trends for the last 5 years and projection for next 2 years.

11. Impact of foreclosed, abandoned and vacant, single and multifamily homes, and commercial properties in the PMA.

12. Note whether the proposed project would adversely impact the occupancy and health of proposed and existing properties financed by Credits, USDA, HUD 202, or 811 (as appropriate), DCA or locally financed HOME properties, Sec. 1602 Tax Credit Exchange program, HTF, and HUD 221(d)(3) and HUD 221 (d) (4) and other market rate FHA insured properties (not including public housing properties).

J. Absorption & Stabilization Rates

The study should provide an estimation of the time the project will take to reach 93% occupancy considering such factors as new household growth, current market vacancy rates, the availability of subsidies, household turnover, the effect of other development in the area, and rent specials.

A written statement is required if the vacancy and stabilization rates for the applicable Primary Market Areas are not within DCA’s maximum (7% and 24 months, respectively) and whether high vacancy rates will occur. The analyst should consider what historical absorption rates for comparable properties have been.

K. Interviews

The results of interviews with property managers, town planning officers or others with information relating to the overall demand of the proposed development.

L. Conclusions and Recommendations

Market Analyst must provide a conclusion and professional opinion regarding the factors analyzed in the market study stating whether there is a market for the project as proposed, any obstacles to lease up and whether the project will likely experience inability to consistently maintain at least a 93% occupancy rate.
M. Signed Statement Requirements
A signed statement must include the following language:

I affirm that I have made a physical inspection of the market area and the subject property and that information has been used in the full study of the need and demand for the proposed units. The report was written according to DCA’s market study requirements, the information included is accurate and the report can be relied upon by DCA as a true assessment of the low-income housing rental market.

To the best of my knowledge, the market can (cannot) support the project as shown in the study. I understand that any misrepresentation of this statement may result in the denial of further participation in DCA’s rental housing programs. I also affirm that I have no interest in the project or relationship with the ownership entity and my compensation is not contingent on this project being funded.

DCA may rely on the representation made in the market study. The document is assignable to other lenders.