

APPENDIX B – MARKET STUDY GUIDE

General Requirements for a Market Study

Nevada Housing Division (NHD) requires an independent, comprehensive, current and professional Market Study for each proposed development. The Market Study must be prepared no more than nine months before the applications submitted to NDH. A market analyst, unaffiliated with the Applicant, Developer, Lender and/or Syndicator and experienced in multi-family rental housing, must prepare the study. The Market Study must be prepared using the market study requirements of this guide. Applications with market studies that do not conform to the requirements of the Market Study Guide may possibly be deemed nonresponsive.

NHD may reject an application if it determines, in its sole discretion, that the Market Study:

1. Is not in final form;
2. Has not been executed by the analyst;
3. Deviates from the requirements of this Guide; or
4. Fails to include Market Analyst's Certification.

NHD receives a large number of market studies as part of the application process for financing and requests for rental housing Tax Credits. By requiring specific information in all market studies, NHD will be able to assess housing needs in competing communities through a comparison of similar characteristics. By requiring that all market studies be prepared in accordance with a specific outline, NHD will be able to perform a more comprehensive and expeditious review. The two main objectives of the Market Study are to demonstrate that sufficient demand exists for the proposed development in the market area and that the proposed project will not cause undue economic harm on the existing rental stock in the market area.

- 1) Minimum Qualifications. The party completing the market study must have the following qualifications:
 - a. Minimum of five years of experience, with a strong background assessing affordable housing markets;
 - b. Multi-state experience;
 - c. Bachelor's degree in real estate development/ finance, planning, marketing, accounting, statistics or a related field; and
 - d. Certification from a nationally recognized housing or real estate market research association.

The NHD does not maintain a list of “authorized” market study firms or make recommendations for the use of particular firms.

- 2) Required Format and Elements of Market Study: **The market study must be organized using the format below and minimally include the elements listed below.**

- a. Statement of Qualifications/Conflict of Interest Disclaimer
 - i. Statement of the qualifications of the market analyst; and
 - ii. Certification that the market analyst will not benefit financially if the project receives a reservation or award of Tax Credits.
- b. Executive Summary
 - i. Outline the most pertinent findings of each section of the Market Study.
 - ii. Executive Summary shall not exceed five pages.
 - iii. Must include an overview of the proposed project and Addendum 1.
- c. Description of the Proposed Project
 - i. Description of the proposed project in terms of number of buildings, number of units, income targeting, amenities, and related information.
 - ii. Description of the proposed site. The Market Analyst must visit the proposed site. The site location must be described in terms of the nearest roadways.
 - iii. Description of site structure – i.e. flat, rocky, etc.
 - iv. Description of traffic counts on main roads to/from the project site.
 - v. Color photographs of the site from various vantage points must be included. The Market Analyst must identify from where the photographs were taken.
 - vi. Identify the census tract within which the project is located.
- d. Description of Market Area
 - i. Description of the proposed market study area. (The market study area must include an area within a **2.5-mile radius** of the project site in urban areas and 5-mile radius of the project in rural areas unless otherwise supported by the market study);*
 - ii. General description of housing stock/types in market area;
 - iii. General description public facilities and services in the market area – must also include a table with the public facilities and/or community services listed with approximate distance from the site (distance measured using travel distance on main streets to/from project); and
 - iv. If the project includes a commercial component, it must be described and an analysis of the market's ability to support the commercial component should be analyzed.
 - v. Maps of project site and market study area including a map of all affordable or similar housing projects located within 2.5 miles of the proposed project.
- e. Analysis of Housing Demand
 - i. Analysis of households by income levels (i.e. up to 30% AMI, 31-40% AMI, 41-50% AMI, 51-60% AMI, 61+% AMI) in the market area (the study must contain **current** information within 1 year of application);
 - ii. Analysis of households that can afford to pay the proposed rents (the study must contain **current** information within 1 year of application);
 - iii. Forecast of growth in income eligible households for the next 5-year period;
 - iv. Capture rates for the proposed project of eligible households;
 - v. Analysis of household sizes and rental housing types in the market area; and
 - vi. Analysis of economic and employment landscape.

- f. Competitive Assessment of Comparable Projects in Market Area
 - i. Description of comparable market-rate and affordable properties in the market area with details on unit size, amenities, and proximity to services;
 - ii. Description of rent levels and vacancy rates of comparable market-rate and affordable properties;
 - iii. Description of any waiting lists at comparable market-rate and affordable properties;
 - iv. Description of any rent incentives at comparable market-rate and affordable properties;
 - v. Analysis of available operating expenses and turnover rates of comparable properties in the market area.¹
- g. Assessment of Project Impacts on Housing Market
 - i. **Analysis of expected market absorption of the proposed project;***
 - ii. Analysis of the absorption rates of recently completed comparable market-rate and affordable properties in the market study area (completed within the prior 12-month period);
 - iii. Analysis of the impact of the proposed project on the rent levels and vacancy rates of other assisted and/or subsidized housing projects;
 - iv. An assessment of the potential financial impacts on other assisted and/or subsidized housing projects; and
 - v. Analysis of the potential affects that business closures of a major area employer would have on the proposed project.
- h. Conclusions
 - i. Identify the general conclusions of the market study.

** The market study will not be considered if the market study does not comply with this mandatory element.*

¹ The Division acknowledges that obtaining operating expenses and turnover rates on comparable properties may be difficult to obtain and therefore the absence of this information from the market study will not cause the market study to be rejected

**NEVADA'S QAP MARKET STUDY GUIDE
ADDENDUM 1
PROJECT SUMMARY**

UNIT TYPE	% OF AREA MEDIAN INCOME	NUMBER OF UNITS	NET SQUARE FEET	MAX. ALLOWABLE GROSS RENT	RENTS AT OPENING*		
					GROSS	UTILITY ALLOWANCE	COLLECTED
EFFICIENCY/ 1 BATH	20%			\$	\$	\$	\$
	30%			\$	\$	\$	\$
	40%			\$	\$	\$	\$
	50%			\$	\$	\$	\$
	60%			\$	\$	\$	\$
	MKT			N/A	\$	\$	\$
ONE-BEDROOM/ 1 BATH	20%			\$	\$	\$	\$
	30%			\$	\$	\$	\$
	40%			\$	\$	\$	\$
	50%			\$	\$	\$	\$
	60%			\$	\$	\$	\$
	MKT			N/A	\$	\$	\$
TWO-BEDROOM/ 1 BATH	20%			\$	\$	\$	\$
	30%			\$	\$	\$	\$
	40%			\$	\$	\$	\$
	50%			\$	\$	\$	\$
	60%			\$	\$	\$	\$
	MKT			N/A	\$	\$	\$
TWO-BEDROOM/ 2 BATH	20%			\$	\$	\$	\$
	30%			\$	\$	\$	\$
	40%			\$	\$	\$	\$
	50%			\$	\$	\$	\$
	60%			\$	\$	\$	\$
	MKT			N/A	\$	\$	\$
THREE-BEDROOM/ 2 BATH	20%			\$	\$	\$	\$
	30%			\$	\$	\$	\$
	40%			\$	\$	\$	\$
	50%			\$	\$	\$	\$
	60%			\$	\$	\$	\$
	MKT			N/A	\$	\$	\$
FOUR-BEDROOM/ 2 BATH	20%			\$	\$	\$	\$
	30%			\$	\$	\$	\$
	40%			\$	\$	\$	\$
	50%			\$	\$	\$	\$
	60%			\$	\$	\$	\$
	MKT			N/A	\$	\$	\$