



# 2021 MARKET STUDY GUIDELINE REVIEW

**Missouri Housing Development Commission**

**Department of Rental Production**

**September 9, 2021**

Presented by Annette Lloyd  
MHDC Market Study Analyst

# APPROVED APPRAISERS

The list of appraisers approved by MHDC to develop market studies for the 2021 applications is on our website.



# LETTER OF TRANSMITTAL


The report must have a transmittal letter.

At a minimum, the letter must state that:

- ❖ The analyst is a disinterested third party and that there is no identity of interest between the analyst and the client and intended users for whom the report is prepared.
- ❖ Any and all recommendations and conclusions are based solely on professional opinion and best efforts.
- ❖ The subject, neighborhood and comparables were inspected within the past three months of the effective date.
- ❖ The analyst has read the 2021 guidelines. Reports not including this statement will be subject to rejection and/or sent back to the sponsoring developer.

# UPDATING MARKET STUDIES

The market study and MHDC Form 1300 must have been prepared or updated within 6 months of the submission date. Previously submitted studies can be used from a previous funding round if they have been properly updated. MHDC will not accept a market study that is more than 24 months past the effective date of the originally submitted market study.

9/2/2015						
		<b>Missouri Housing Development Commission Market Study Summary Form 1300</b>				
Development Name						
Development Location						
1. Define the Primary Market Area (PMA) expected to produce 65 percent or greater of potential tenants for the proposed development.						
2. List the five most comparable <b>affordable housing developments (as defined by MHDC in the market study guidelines)</b> that are presently serving low-income households in the PMA of the proposed development.						
	Subject	1	2	3	4	5
Development Name						
Development Type (LIHTC or RD)						
Street						
City, State, Zip						
Proximity to Proposed Development						
Family or Senior Development						
If Senior, show target tenant age 55+, etc.						
Total Units						
Unit Size Range						
Tax Credit Dev. (Yes/No)						
RD Housing 515 Dev.(Yes/No)						
Section 8 (Yes/No)						

# UPDATED MARKET STUDY REQUIREMENTS

If the market study is an update, an update letter must be provided. The update letter should recap the project and describe any changes to data in the market study.

Acceptable updated market studies must include:

- ❖ Re-inspection of the site and neighborhood.
- ❖ Changes to the development from the previously submitted market study.
- ❖ Rents if they are different and an updated weighted overall Rent Advantage/Disadvantage Chart.

# UPDATED MARKET STUDY REQUIREMENTS

- ❖ Review of the economic conditions and the demand for the proposed development.
- ❖ A statement of positive and negative attributes that will affect the property's marketability, performance and lease up.



# Economic Development

The market study should contain information that may be referenced in exhibits that are required for points in the Economic Development category as outlined in the 2021 Developer's Guide, the 2021 Qualified Application Plan (QAP) and is outlined as item #4 on the FIN-125 form.



PLEASE BE CERTAIN THAT THE MARKET STUDY  
YOU PROVIDE INCLUDES THE FOLLOWING ITEMS:

- ❖ What positive and negative locational factors affect the subject site.
- ❖ What the achievable restricted rent is per unit type.
- ❖ What the achievable market rent is per unit type.
- ❖ If the market supports the developers projected restricted rents.
- ❖ The point in time when the property is expected to reach stabilization.
- ❖ If there are any risks to these projections.
- ❖ If there are enough households at sufficient income levels to make the project viable.



## PICTURE CAPTIONS

Photos must be “first party” photos taken by the appraiser during the site inspection. “Second party” photos are not allowed. Photo captions need to be informative, including the street name, direction of the view and where the subject is in relation to the street.

Subject Site – Looking East from South Broadway Street



# POPULATION, HOUSEHOLD AND INCOME CHARACTERISTICS

The American Community Survey data previously found in the Census Bureau's Fact Finder website has moved to the United States Census Bureau website.

The market study should provide household poverty estimates, not family poverty estimates.

The screenshot shows the United States Census Bureau website interface. The main content area displays a table titled "POVERTY STATUS IN THE PAST 12 MONTHS BY HOUSEHOLD TYPE BY AGE OF HOUSEHOLDER" for Census Tract 9502, Adair County, Missouri. The table includes columns for Label, Estimate, and Margin of Error. The data is as follows:

Label	Estimate	Margin of Error
▼ Total:	1,031	±89
▼ Income in the past 12 months below poverty level:	176	±44
▼ Family households:	92	±35
▼ Married-couple family:	54	±32
Householder under 25 years	0	±11

## WEIGHTED OVERALL RENT ADVANTAGE/ DISADVANTAGE CHART

The affordable rent advantage/disadvantage is to be displayed in chart form. Show the advantage/disadvantage per unit type for each percentage of AMI (Area Median Income). The chart should also display a weighted overall rent advantage/disadvantage percentage.

Unit Type	% of AMI	# Units per type	Proposed Affordable Net Rent	Market Rent	% Rent Advantage/ Disadvantage	Unit %	Weighted Overall Rent Advantage/ Disadvantage
1bd/1ba	30	2	410	700	41.43	0.05	2.07
2bd/1ba	30	4	485	900	46.11	0.10	4.61
1bd/1ba	50	8	530	700	24.29	0.20	4.86
2bd/1ba	50	4	630	900	30.00	0.10	3.00
1bd/1ba	60	14	575	700	17.86	0.35	6.25
2bd/1ba	60	8	675	900	25.00	0.20	5.00
TOTAL		40				1.00	<b>25.79</b>





# Questions?

Presented by Annette Lloyd  
MHDC Market Study Analyst  
816-759-6626  
[annette.lloyd@mhdc.com](mailto:annette.lloyd@mhdc.com)