



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 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 |
| Missouri Housing Development Commission Market Study Summary Form 1300 | | |
| Development Name | <input style="width: 100%;" type="text"/> | |
| Development Location | <input style="width: 100%;" type="text"/> | |
| 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 affordable housing developments (as defined by MHDC in the market study guidelines) 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.

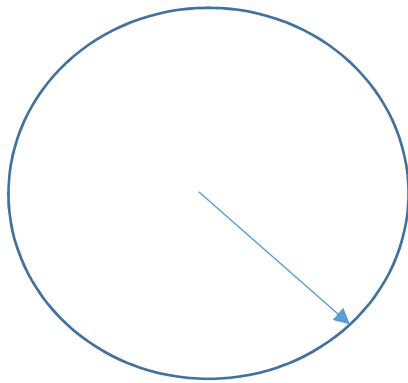
Subject Site – Looking East from South Broadway Street



ONE-MILE RADIUS RULE

The one-mile radius rule has been simplified to where the report should describe if the proposal is within a one-mile radius of any State LIHTC, Federal LIHTC, HOME, or Fund Balance financed (all considered to be MHDC funded) developments constructed within the previous two fiscal year funding cycles.

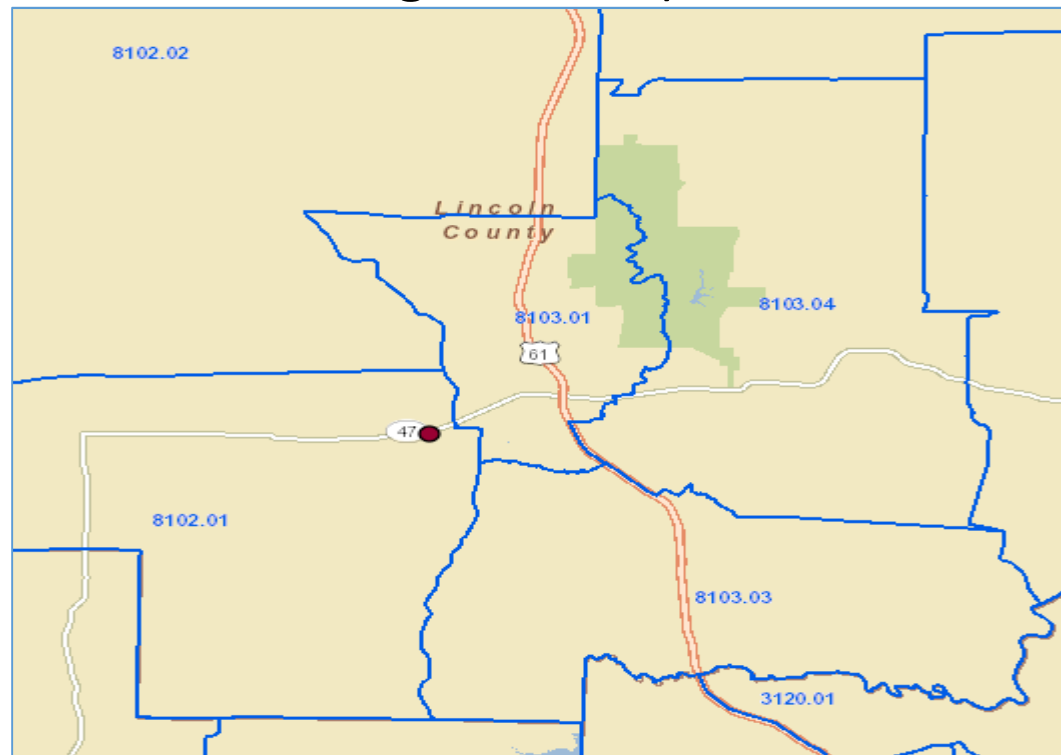
The occupancy of these properties should be provided.



•One mile radius

CENSUS DATA

Census tract data is NOT required for all of the tracts in the PMA, just the ones that abut the subject's tract, and that is only for proposals in the St. Louis or Kansas City regions (as defined in the guidelines).



CRIME RATES

Crime data must show violent crime rates for the subject neighborhood as defined and provided by AreaVibes.com.

YOUR MARKET STUDY SHOULD NOT QUOTE
NEIGHBORHOODSCOUT.COM

AreaVibes , as we speak, is free of charge.

RATING
A+

Total crime **45%** ↓ NAT. AVG.

Violent crime **100%** ↓ NAT. AVG.

Property crime **36%** ↓ NAT. AVG.

 Find Homes

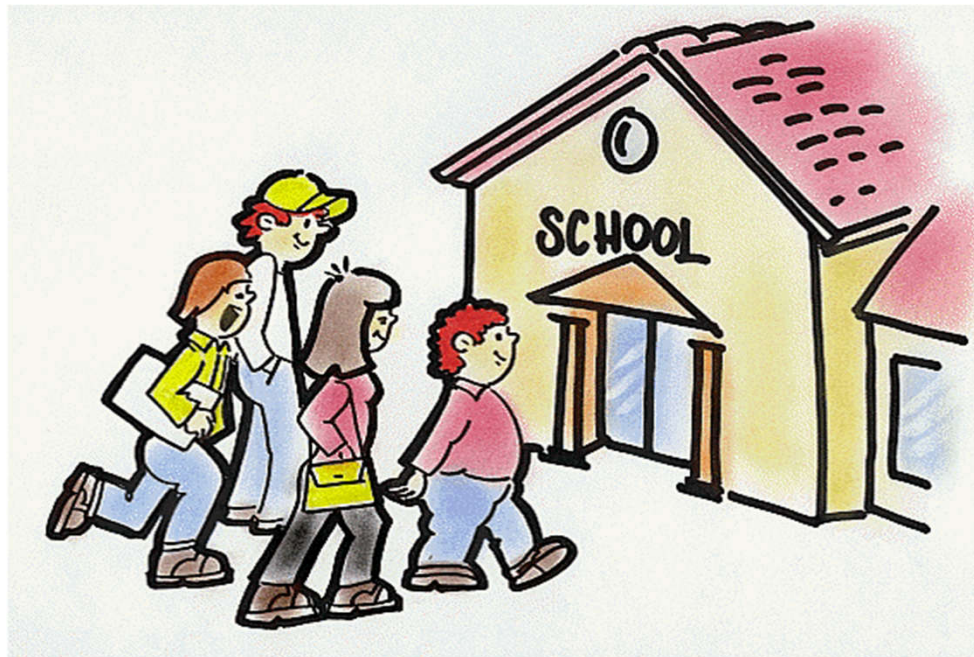
 Find Rentals

Date & Last Updated: This data reflects the 2019 calendar year and was released from the FBI in September, 2020; this is the most current data available.

| Statistic | Reported incidents | Montgomery City /100k people | Missouri /100k people | National /100k people |
|----------------|--------------------|------------------------------|-----------------------|-----------------------|
| Total crime | 36 | 1,360 | 3,134 | 2,489 |
| Murder | 0 | 0.0 | 9.3 | 5.0 |
| Rape | 0 | 0.0 | 47.5 | 42.6 |
| Robbery | 0 | 0.0 | 80.8 | 81.6 |
| Assault | 0 | 0.0 | 357.4 | 250.2 |
| Violent crime | 0 | 0 | 495 | 379 |
| Burglary | 10 | 377.8 | 430.4 | 340.5 |
| Theft | 22 | 831.1 | 1,865.0 | 1,549.5 |
| Vehicle theft | 4 | 151.1 | 343.3 | 219.9 |
| Property crime | 36 | 1,360 | 2,639 | 2,110 |

SCHOOL DISTRICT RATINGS

School district ratings must be included for both family AND senior proposals. Provide both the Academic Achievement Chart and the Subgroup Achievement Charts for the subject's school district.



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.

United States Census Bureau

Search

ALL TABLES MAPS PAGES

1 Results FILTER | DOWNLOAD

POVERTY STATUS IN THE PAST 12 MONTHS BY HOUSEHOLD TYPE BY AGE OF HOUSEHOLDER
Survey/Program: American Community Survey
Years: 2019
Table: B17017

POVERTY STATUS IN THE PAST 12 MONTHS BY HOUSEHOLD TYPE BY AGE OF HOUSEHOLDER...
Survey/Program: American Community Survey
Product: 2019: ACS 5-Year Estimates Detailed Ta...
TableID: B17017
Universe: Households
CUSTOMIZE

Census Tract 9502, Adair County, Missouri

| 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 |

MIGRATION DATA

An example of the required format for migration data is provided in the Market Study Guidelines.

Provide data and analysis on migration by census tract for the subject census tract and all abutting census tracts.

| MIGRATION | | | | | | |
|--|------------------------|-------|---------------|-------|-----------------|-------|
| As required by MHDC, the following table depicts migration of households by census tract in 2019. The Subject's census tract, as well as all abutting census tracts are included in the table. | | | | | | |
| MIGRATION | | | | | | |
| | 220.00 (Subject)(Clay) | | 219.00 (Clay) | | 306.00 (Platte) | |
| | Number | % | Number | % | Number | % |
| Same House One Year Ago | 4790 | 81.8% | 6157 | 88.6% | 6720 | 84.4% |
| Moved within Same County | 632 | 10.8% | 368 | 5.3% | 517 | 6.5% |
| Moved from within State | 175 | 3.0% | 132 | 1.9% | 557 | 7.0% |
| Moved from Different State | 257 | 4.4% | 292 | 4.2% | 151 | 1.9% |
| Moved from Abroad | 0 | 0.0% | 0 | 0.0% | 16 | 0.2% |
| Total | 5854 | | 6949 | | 7961 | |
| As illustrated, 81.8 percent of the households in the Subject's census tract did not move in the previous year, while a total of 4.9 percent moved into the county from within the state. | | | | | | |

HOUSING MARKET AND COMPETITIVE ENVIRONMENT

MHDC wants to know if the percentage of affordable housing units in the subject's census tract exceeds 20% of the total housing units in those tracts. If the subject is in Kansas City or St. Louis regions the information is required for the abutting census tracts.

| A | B | C | D | E | F | G | H | I | J | K |
|-------------------|---------------------|-----------|----------------------|--------------------------------|----------|------------|--------------------------------|-----------------------------------|-------|-------------------------------------|
| Census Tract | Total Housing Units | PHA | Project Based Sec. 8 | Housing Choice Sec. 8 Vouchers | RD | LIHTC | Total Affordable Sum of C to G | % Affordable Per Tract $H \div B$ | Other | Remaining Market Rate Units $B - H$ |
| 1000.00 (Subject) | 2,500 | 75 | 225 | 75 | 0 | 50 | 425 | 17.0% | 120 | 1,955 |
| 1001.00 | 2,800 | 0 | 100 | 0 | 0 | 0 | 100 | 3.6% | 0 | 2,700 |
| 1002.00 | 2,400 | 100 | 100 | 100 | 0 | 50 | 350 | 14.6% | 0 | 2,050 |
| 1003.00 | 2,200 | 80 | 0 | 0 | 0 | 0 | 80 | 3.6% | 25 | 2,095 |
| 1004.00 | <u>2,700</u> | <u>20</u> | <u>325</u> | <u>50</u> | <u>0</u> | <u>200</u> | <u>595</u> | 22.0% | 0 | 2,105 |
| Total | 12,600 | 275 | 750 | 225 | 0 | 300 | 1,550 | 12.3% | | 10,905 |

SECTION 8 DATA LINK

An example of where to find Section 8 information is provided in the Market Study Guidelines.

https://www.huduser.gov/portal/datasets/assthsg.html#2009-2019_data



REAL ESTATE RENT

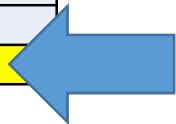
The rent comparables should NOT be adjusted for proposed special needs or service enrichment.

Any contributory value of these items should be discussed in a separate paragraph below the adjustment grid, showing the 'real estate' rent (from the grid) and the 'enhanced' rent, if any.

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 | 25.79 |



INCOME AVERAGING MINIMUM SET ASIDE

The Average Income (AI) minimum set aside allows developments to serve households earning up to 80% of the Area Median Income (AMI) in credit qualified units, so long as the average income/rent limit in the development is 60% or less of AMI. Owners electing the AI minimum set aside must commit to having at least 40% of the units in the development affordable to eligible households.

If a development elects Income Averaging, market studies must establish rents for all unit types and rents for all rent levels. The beginning or lowest rent level is 30% and are to be set in 10% increments.

INCOME AVERAGING MINIMUM SET ASIDE

For example, if the project has two and three bedroom units, the market study must provide LIHTC rents at 30, 40, 50, 60, 70 and 80% levels, along with market rent for the two and three bedroom units.

Additional data will need to be included in the following three sections of the market study:

Affordability Analysis

Include the estimation of minimum and the maximum annual income requirements calculated in accordance with HUD and restricted rent guidelines for each unit type at all AMI levels based on household size and potential proposed net or gross rents.

INCOME AVERAGING MINIMUM SET ASIDE

Demand Analysis

Establish the number of potential income qualified households for the subjects affordable units and for all income bands.

Market and Achievable Rent Analysis

Adjustment grids and adjustment explanations are required for the market rate rents and achievable/affordable rents for each major unit type in the project. A chart with projected potential rents for all unit types at all AMI levels and market rent will need to be included in the market study.

SORT TABLE DATA

Sort data in tables (such as number employed per industry or median/average wages) by a pertinent variable so the data is easy to interpret.

| <i>Company</i> | <i>Product</i> | <i>Employees</i> |
|---|-----------------------------------|------------------|
| North Kansas City Hospital | Health Care | 2,499 |
| Commerce Bank | Financial Activities | 2,450 |
| UMB Financial Corp. | Financial Activities | 2,445 |
| Shawnee Mission Medical Center | Health Care | 2,363 |
| Unified Government of Wyandotte County | County Government | 2,300 |
| State of Kansas | State Government | 2,132 |
| U.S. Bank | Financial Activities | 2,100 |
| Blue Springs School District | Public School District | 2,011 |
| Liberty Public Schools | Public School District | 1,985 |
| Kansas City, Missouri Police Department | Law Enforcement | 1,882 |
| Independence School District | Public School District | 1,600 |
| Orbital ATK Small Caliber Systems | Military Ammunition Manufacturing | 1,600 |
| Park Hill School District | Public School District | 1,532 |
| Kiewit Engineering/Power | Energy Sector Engineering | 1,500 |
| Raytown Quality Schools | Public School District | 1,400 |
| State Street | Financial Activities | 1,375 |
| Johnson Co. Community College | Higher Education | 1,367 |
| Liberty Hospital | Health Care | 1,213 |
| Jackson County | County Government | 1,139 |

SHOW THE MATH!

Any numerical conclusions in any part of the study are to be supported by the formula or math used to create that conclusion.

A collection of mathematical symbols and formulas arranged in a box. The symbols include: $2 > -3$, $0.999... = 1$, $\pi \approx 3.14$, $\sqrt{2}$, 5^2 , $(1 - 2) + 3$, and $101_2 = 5_{10}$. There is also a large, faint infinity symbol (∞) in the background.



Questions?

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