

2023 MARKET STUDY GUIDELINE REVIEW

Missouri Housing Development Commission
Affordable Housing Department
August 2, 2023

APPROVED APPRAISERS

The list of appraisers approved by MHDC to develop market studies for 2023 applications is on our website.




LETTER OF TRANSMITTAL

The report must have a transmittal letter. At a minimum, the letter must state:

- ❖ 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 2023 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							
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 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 State and Local crime statistics from Areavibes.com

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 2023 Qualified Allocation Plan (QAP), the 2023 Developer's Guide and is outlined as item #4 on the FIN-125 form.



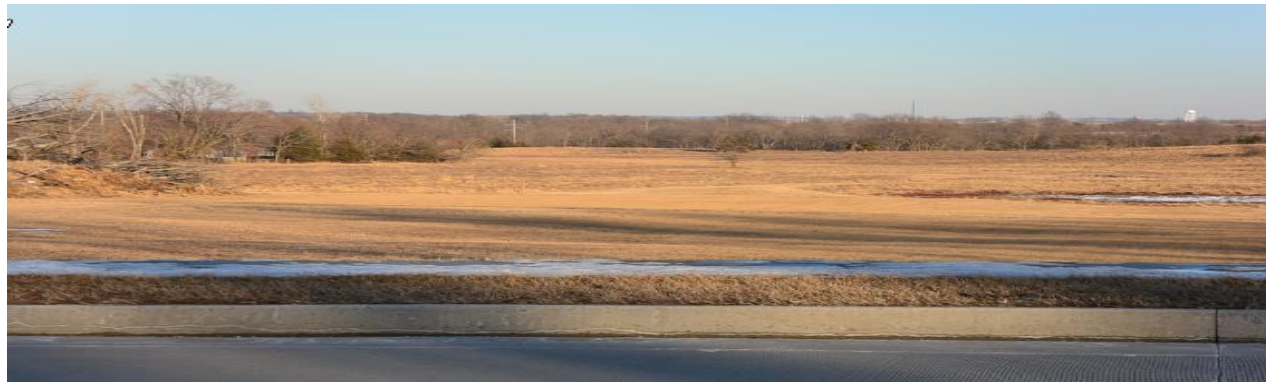
PLEASE BE CERTAIN THAT THE MARKET STUDY YOU PROVIDE INCLUDES THE FOLLOWING ITEMS:

- ❖ 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

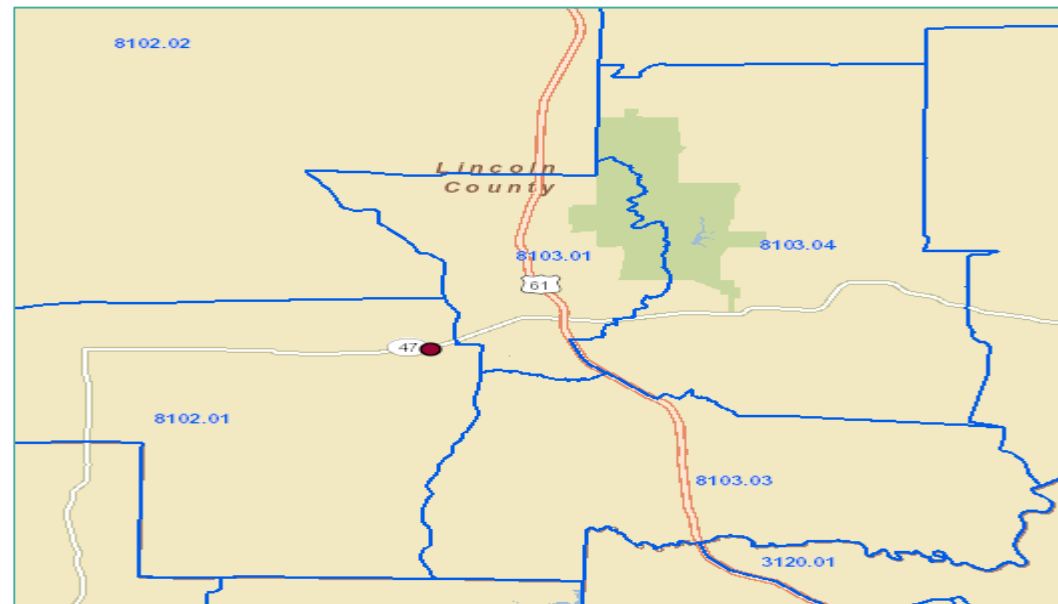


Project Description

- ❖ The market study must include a project description detailing the appraiser's understanding of the project as proposed (whether rehab or new construction). The project description must include a narrative of the proposed development and the following:
- ❖ Number of buildings, building type, number of stories, exterior finish, planned common area and/or site amenities and project amenities, parking options, number of spaces and fees, a copy of the floor plans, developer's projected dates for start of construction, completion and stabilization and describe any supportive services to be provided for the residents.
- ❖ The market study must include the proposed unit information such as number of units, number of each unit type, square footage per unit, unit amenities, features and finishes, proposed utility structure, net rents, gross rents, the property's targeted market which may include income, age or special needs, age restrictions, if any, income restrictions and identify project based rental subsidies, if any.

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

Statistic	Reported Incidents	Montgomery City /100k People	Missouri /100k People	National /100k People
Total crime	36	1,360	3,074	2,346
Murder	0	0.0	11.8	6.5
Rape	0	0.0	43.3	38.4
Robbery	0	0.0	74.4	73.9
Assault	0	0.0	413.3	279.7
Violent crime	0	0	543	388
Burglary	10	377.8	378.8	314.2
Theft	22	831.1	1,759.1	1,398.0
Vehicle theft	4	151.1	393.2	246.0
Property crime	36	1,360	2,531	1,958

SCHOOL DISTRICT RATINGS

School district ratings must be included for both family AND senior proposals. Provide the 2022 MSIP 6 Annual Performance Report for the subject's school district.

APR Year

2022

LEA

ADAIR CO. R-I (001090)

1

of 1

Find | Next

2022 MSIP 6 Annual Performance Report (APR)

Year 1 Pilot

State law prohibits the State Board of Education from lowering the classification of an LEA when implementing new standards for purposes of accreditation. The 2022 APR includes points for both performance and continuous improvement standards.

	Points Possible	Points Earned	% Points Earned
Performance:	124.0	78.2	63.1%
Continuous improvement:	52.0	50.0	96.2%
Totals:	176.0	128.2	72.8%

Performance Totals

Performance		Points Possible	Points Earned	% Points Earned	MPI	Designation
Academic Achievement Status - English Language Arts	All Students	12.0	6.0	50.0%	371.9	Approaching
	Student Group	6.0	3.0	50.0%	342.1	Approaching
Academic Achievement Status - Mathematics	All Students	12.0	6.0	50.0%	340.1	Approaching
	Student Group	6.0	3.0	50.0%	300.7	Approaching
Academic Achievement Status - Science	All Students	4.0	3.0	75.0%	372.5	On Track
	Student Group	*	*	*	*	Small Cells
Academic Achievement Status - Social Studies	All Students	4.0	3.0	75.0%	373.8	On Track
	Student Group	*	*	*	*	Small Cells
Academic Achievement Growth - Eng. Language Arts	All Students	12.0	7.2	60.0%		Average
	Student Group	6.0	3.5	58.3%		Average
Academic Achievement Growth - Mathematics	All Students	12.0	6.2	51.7%		Average
	Student Group	6.0	3.3	55.0%		Average
Success-Ready Students	CCR Assessments ¹	10.0	5.0	50.0%		Approaching
	Advanced Credit ²	10.0	5.0	50.0%		Approaching
Graduation Rate	4-Year	20.0	20.0	100.0%		Target
Graduate Follow-up		4.0	4.0	100.0%		Target

* Suppression has been applied to protect small student populations.

¹CCR assessments include the following: ACT™, SAT™, WorkKeys™, Accuplacer™, and ASVAB.

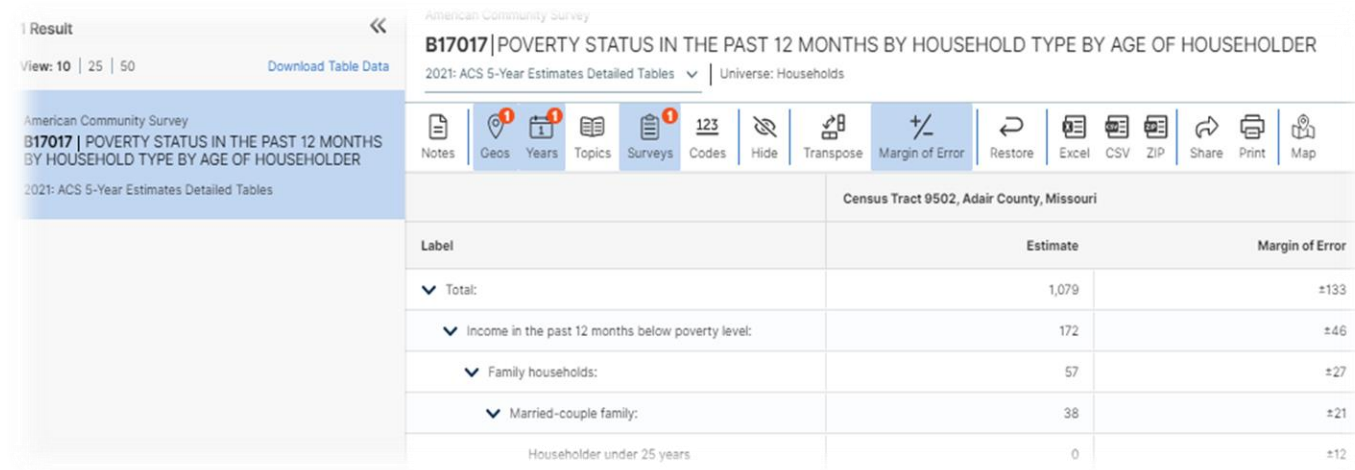
²Advanced Credit includes: AP™, IB™, Dual Credit, Dual Enrollment, PLTW™, IRC or two qualifying stackable credentials.



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.



American Community Survey
B17017 | POVERTY STATUS IN THE PAST 12 MONTHS BY HOUSEHOLD TYPE BY AGE OF HOUSEHOLDER
2021: ACS 5-Year Estimates Detailed Tables

2021: ACS 5-Year Estimates Detailed Tables | Universe: Households

Notes | Geos | Years | Topics | Surveys | Codes | Hide | Transpose | Margin of Error | Restore | Excel | CSV | ZIP | Share | Print | Map

Census Tract 9502, Adair County, Missouri		
Label	Estimate	Margin of Error
▼ Total:	1,079	±133
▼ Income in the past 12 months below poverty level:	172	±46
▼ Family households:	57	±27
▼ Married-couple family:	38	±21
Householder under 25 years	0	±12

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						
	220.00 (Subject)(Clay)		219.00 (Clay)		306.01 (Platte)	
	Number	%	Number	%	Number	%
Same House One Year Ago	6025	90.9%	6147	95.9%	1181	81.7%
Moved within Same County	351	5.3%	55	0.9%	15	1.0%
Moved from within State	198	3.0%	0	0.0%	167	11.5%
Moved from Different State	32	0.5%	209	3.2%	83	5.7%
Moved from Abroad	22	0.3%	0	0.0%	0	0.0%
Total	6628		6411		1446	

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 Census Tract	B Total Housing Units	C PHA	D Project Based Sec. 8	E Housing Choice Sec. 8 Vouchers	F RD	G LIHTC	H Total Affordable Sum of C to G	I % Affordable Per Tract $H \div B$	J Other	K 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>



COMPARABLES REQUIRED

Both the market rent analysis and the affordable rent analysis must be based on comparables. Both require the use of adjustment grids and reasons for any adjustments.

The market rent analysis is to be based on market comparables and the affordable rent analysis is to be based on LIHTC comparables.

The report must contain a profile for all comparables.

Rent Comparability Grid			Unit Type →		One Bedroom		Subject's FILE #:									
Subject			Comp #1		Comp #2		Comp #3		Comp #4		Comp #5					
ABC APARTMENTS 111 MAIN ST. HOMETOWN, JACKSON, MO			123 APTS 1212 GRAND ST HOMETOWN, JA		HOMER APTS 321 HOMER DR HOMETOWN, JA		AFFORDABLE APTS 555 GREEN ST. HOMETOWN, JA		PERSIMMON APTS 715 TULIP LN HOMETOWN, JA		THE PALM APTS 404 PALM CT HOMETOWN, JA					
Data			Data		Data		Data		Data		Data		Data			
on Subject			Data		Data		Data		Data		Data		Data			
A. Rents Charged			\$655		\$680		\$715		\$750		\$525					
1. \$ Last Rent / Restricted?			Aug-19		Aug-19		Aug-19		Aug-19		Aug-19					
2. Date Last Leased (mo/yr)			N		N		N		N		N					
3. Rent Concessions			98%		95%		100%		100%		99%					
4. Occupancy for Unit Type																
5. Effective Rent & Rent/ sq. ft.			\$655		\$680		\$715		\$750		\$525		0.84			
			0.94		1.05		1.06		0.94							
In Parts B thru E, adjust only for differences the subject's market values.																
B. Design, Location, Condition			Data		Data		Data		Data		Data		Data			
6. Structure / Stories			G/1		WU/2		G/1		WU/2		G/1		G/1			
7. Yr. Built/Yr. Renovated			Proposed		2012		2015		2009		2019		1997/2012			
8. Condition / Street Appeal			G/G		G/A		G/A		A/A		A/O					
9. Neighborhood			G		Q		Q		A		Q					
10. Same Mkt/ Miles to Subj			1.2 MI		8 MI		1.2 MI		2.4 MI		3 MI					
C. Unit Equipment/			Data		Data		Data		Data		Data		Data			
11. # Bedrooms			1		1		1		1		1		1			
12. # Baths			1		1		1		1		1		1			
13. Unit Interior Sq. Ft.			675		700		650		675		800		625			
14. Balcony/ Patio			N/P		N/P		N/P		N/P		N/P		N/P			
15. AC: Central/ Wall			C		C		C		C		C		C			
16. Range/ refrigerator			RF		RF		RF		RF		RF		RF			
17. Microwave/ Dishwasher			M/D		N/D		N/D		M/D		M/D		M/D			
18. Washer/Dryer			W/D		W/D		L		W/D		W/D		L			
19. Floor Coverings			C		C		C		C		C		C			
20. Window Coverings			B		B		B		B		B		B			
21. Cable/ Satellite/Internet			N/N/N		N/N/N		N/N/N		N/N/N		N/N/N		N/N/N			
22. Special Features			N		N		Y		N		N		N			

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.

The Rent Advantage/Disadvantage Chart is to utilize Subject proposed rents and Market Rents to calculate the weighted overall percentage, NOT Average Rent.

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.

Table E1: Major Employers Kansas City, MO-KS, CBSA		
<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.

$$\begin{array}{c} 2 > -3 \\ 0.999... = 1 \\ \pi \approx 3.14 \\ \sqrt{2} \\ 1 + 2 \cdot 3 \\ (1 - 2) + 3 \\ 5(2 + 2) \\ 101_2 = 5_{10} \end{array}$$

Other symbols visible: ∞ , $+$, $-$, \times , \div , 5^2

Questions?

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