



Market Study Report Requirements

An independent, comprehensive, and professional market study is required for all proposed projects that apply for low-income housing tax credits (LIHTC) and may be required for non-LIHTC projects. This summary outlines the requirements to be included in the market report. For information regarding the NH Housing market study policy, including at what point updates to the report or a new market study are required, see Section 5.06.D.1 - 4 in the NH Housing Underwriting Standards and Development Policies for Multifamily Finance, which can be found on NH Housing's website.

At a minimum, the market study shall include the following information and data.

- 1) A statement of the competence of the market study provider, detailing education and experience of primary author and including a statement of non-interest.
- 2) The date of the site visit and description of the proposed site and neighborhood, including physical attributes of site, surrounding land uses, and proximity to community amenities or neighborhood features, such as shopping, healthcare, schools, and transportation.
- 3) A description of the proposed project, including the following (if applicable):
 - Structure type;
 - Total number of units by area median income level and size;
 - Proposed rents, utilities included in rent, and/or utility allowances, if applicable;
 - Number of bedrooms;
 - Number of bathrooms;
 - Unit and common area square footage;
 - Unit and project amenities and services;
 - All income and rent restrictions imposed on the project; and
 - Target population including age restrictions and/or people in need of supportive services to maintain housing.
- 4) A map and photos of the subject site and surroundings showing location of community services.
- 5) An overview of local economic conditions, including employment by sector, list of major employers, and labor force employment and unemployment trends over past 5 to 10 years.
- 6) Geographic definition and analysis of the primary and secondary market areas including description of methodology used to define market area and map of market area including proposed site.
- 7) Demographic analysis of the number of households in the market area that are part of the target market (i.e. general occupancy, age-restricted), income eligible, and can afford to pay the rent, including a projected household base at placed-in service date.



- 8) Analysis of household sizes and types in the market area, including households by tenure, income, and persons per household.
- 9) Analysis of housing conditions in the market area, including current competitive rental inventory assessing the same information as was described for the proposed project. This inventory should include:
 - All rental inventory, not simply subsidized or below-market developments;
 - Recent market experience, including:
 - Occupancy levels and trends;
 - Absorption experience of recently completed projects;
 - Characteristics of projects under construction or in planning.
- 10) A comparative analysis, by unit type, of the proposed property with comparable properties in the market area (both market-rate and rent-restricted and/or subsidized). The product of this analysis should provide an estimate of what rents could realistically be achieved if the property were not subject to income and rent restrictions.

This information should be summarized in an easily understandable table that lists comparable properties, rents charged, and significant factors making them more or less attractive than the proposed project (with corresponding adjustments made for those significant factors) so that a reader can discern the analyst's method for estimating the achievable market rents.

One acceptable format for summarizing this analysis is the HUD 92273-S8 Rent Comparability Grid.

The comparative analysis should also include a map showing locations of comparable properties and those under development.
- 11) Expected market absorption of the proposed rental housing, including capture rate analysis of target populations. The analysis should include the absorption experience of recently completed projects, with particular emphasis on the most similar projects.
- 12) A description of the effect on the market area, including the impact on Housing Credit and other existing affordable rental housing.

A market study is required for preservation financing of existing affordable housing if low-income housing tax credits (either 4% or 9%) are being proposed for the project. For this type of transaction, the report should include documentation of vacancy data per month for a period of at least three years ending within one year of the application due date.

If the average vacancy rate over the three-year period is 5% or less, requirement 7 and requirements 9 through 12 may be waived if the market analyst determines that the sustained occupancy performance of the property is adequate to conclude that the project is competitive with the existing rental inventory.