

Rockford Market Study (market analysis) policy

A formal/informal market analysis will be required for each development proposal.

A formal market analysis will be required for all LIHTC size, or other projects of 20 units or more. An informal market analysis is permissible for projects of 20 units or less.

A market analysis is permissible within 6 months of application submittal. Updates are allowed after that for a period of two years.

A formal market study shall follow standards of the National Council of Affordable Housing Market Analysts (NCAHMA):

http://services.housingonline.com/nhra_images/Final%20Model%20Content%20V%203.0.pdf

Elements include:

1. Concise description of the site and the immediately surrounding area/surrounding land uses.
2. Brief summary of the subject development, including the proposed targeted population to be served.
3. Summary of economic conditions.
4. Brief description and support of the defined primary market area.
5. Summary of key demographic data.
6. Summary of competitive market conditions.
7. Summary of demand for the proposed development including a concise statement of the analyst's opinion of market feasibility, determined by factors of market demand.
8. Summary of positive and negative attributes and issues that will affect the property's marketability, performance, and lease-up. Mitigating factors of any negative attributes should be identified, if any.
9. Precise statement of key conclusions reached by the analyst. This statement should provide a definitive evaluation of the proposed development and its prospect for success as proposed. This statement should reconcile any conflicting data indicators among the various sections of the report.
10. If needed, recommendations and/or suggested modifications to the proposed project. It should be clear if these modifications would be necessary for the project's success.
11. Absorption estimate for the subject property. If recommendations are provided in the report, it should be clear if this absorption estimate is as proposed or assuming the analyst's proposed recommendations are followed.

An informal market analysis will need to include the following:

1. A description of the development
2. A description of the immediate market area and the city/county/state context.
3. Describe the site locational advantages and disadvantages
4. Demonstrate the need for the type and number of housing units

- Housing demand: demonstrate the ability to lease-up the planned rental units as expected, e.g. within the timeframe specified in the project pro-forma. For characteristics of the households likely to be attracted to development, provide:
 - i. Market demographic profile/trends (population, number of households, age profile, household incomes, etc.)

- Housing supply
 - i. Provide current sale prices (for homebuyer developments) and comparable rents (for 1-4 unit acquisitions, an appraisal with comparable rents can be used)
 - ii. Is there excess for-sale or rental units on the market?
 - iii. Are sales prices rising, stable, or declining?
 - iv. Are vacancy rates increasing, stable, or declining?
 - v. Describe competing properties and how the proposed development is comparable to the competition. Will the development adversely impact existing affordable housing developments?