

Transportation and Housing Alliance Toolkit

CONDUCTING A HOUSING MARKET STUDY

To Qualify for Federal Low-Income Housing Tax Credits

What is THA

The Transportation and Housing Alliance was established by the Thomas Jefferson Planning District, with funding from the Virginia Board for People with Disabilities (VBPD), as a way to help meet the housing and transportation needs of people with disabilities. THA is established as a standing committee of the Virginia Association of Planning District Commissions, with the goal of providing information, resources, technical assistance and education on accessibility and the interconnection between housing and transportation.

The THA Toolkit provides guidance on

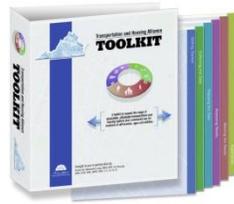
- Mapping
- Transportation
- Employment
- Housing

Role of a Housing Market Study

Both the Internal Revenue Code and the Qualified Allocation Plan of Virginia require that a Housing Market Study be attached to applications for Low Income Housing Tax Credits. This requirement applies to applicants seeking the competitive 9% tax credits.

While the U.S. Treasury Department sponsors these Low-Income Housing Tax Credits (LIHTC), the Virginia Housing Development Authority (VHDA) is responsible for administering this program in Virginia.

VHDA provides information on the Tax Credit program and outlines requirements of Housing Market Studies, which can be found at its website www.vhda.com.



Meeting the Market Study Requirements for the Virginia Housing Development Authority

Groups interested in qualifying for Low Income Housing Tax Credits can meet those application requirements with the help of the THA *Toolkit*. These tools can help complete a thorough Housing Market Study that will meet the application requirements and clearly communicate the need of affordable rental housing to local decisionmakers.

The Toolkit provides guidance on housing, transportation and employment, which are major components of a Housing Market Analysis.

Getting to Know the THA Toolkit

THA developed the *Toolkit* to help provide a better understanding of transportation and housing needs for people with disabilities and others who may otherwise be excluded from the planning process. It is a catalog of tools, with instructions and tips on how to analyze information on your community. In 2007, THA added a section to the *Toolkit* that is focused on providing guidance with employment and economic market conditions.

For a Housing Study, the *Toolkit* can help assess existing conditions and provide guidance on future needs, issues or opportunities. The *Toolkit* can help provide a clear understanding of an area's housing, transportation and employment conditions, in relation to the proposed housing development and its residents.

With this variety of tools and instructions, the *Toolkit* can help applicants complete Housing Market Studies that communicate a clear, accurate and comprehensive analysis of a housing development and the surrounding community.

About the Low-Income Housing Program

It can be a financial challenge to develop quality housing at affordable rents. The costs of construction and maintenance can be relatively high, compared to the return on investment. Despite the economic obstacles, housing for low-income households is a critical need and issue for all communities. Consequently, Congress enacted the Federal Low-Income Housing Tax Credit (LIHTC) program in 1986, under section 42 of the Internal Revenue Code. Its purpose is to encourage the construction and rehabilitation of affordable rental housing, by providing owners with a federal income tax credit. This tax credit creates the financial incentive to developers and private investors to participate with these important housing developments.

Conducting a Housing Market Study

The following information will show how to use the THA *Toolkit* to develop some of the required components of a Housing Market Study, which include:

Site Evaluation

Developing maps that clearly identify the subject property and its proximity to retail, schools, employment, healthcare and other local amenities.

Primary Market Area

Identifying the study area, and depicting it with GIS mapping.

Market Area Employment Trends

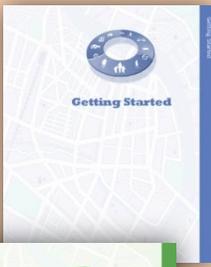
Highlighting major employers, identifying employment by industry and employment trends, depicting workforce figures and finding data for a narrative analysis.

Market Area Demographic Data

Finding current data and estimates regarding population and household trends.

Development-Specific Demand Analysis

Determining affordability and assessing data, used to calculate housing demand and capture rates – the rate at which the apartments are occupied.



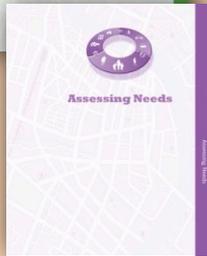
Getting Started:

The *Toolkit* offers several tools that can help meet VHDA's requirements for the Housing Market Study. A good place to begin this work is under its first tab, **"Getting Started"**. This section provides further background on the *Toolkit* and its function. Becoming familiar with this basic overview can be helpful in understanding the layout of the *Toolkit* and how it works. The following are listed requirements for a Housing Market Study, including *Toolkit* references that can be helpful with completing these tasks.



Site Evaluation:

Usually the first step of developing a Housing Market Study is Site Evaluation. The study is required to have descriptions of the site's physical features and the surrounding area, including an assessment of land uses, employment, transportation and other services. The **"Collecting the Data"** tab will be helpful for these tasks. The *"Collecting and Digitizing Data"* section provides guidance on fieldwork and on how to digitize that information into maps, using GIS software. This will identify the conditions of sidewalks, crosswalks and the overall streetscape for the surrounding area. The *"Audit Form"* section contains a list of questions that can be useful when assessing a site. The actual form helps determine the current conditions for pedestrian safety and overall street environment. The **"Assessing the Needs"** tab includes a checklist, which uses a ranking system for reviewing physical access, land use, transit, auto travel, bicycling, housing affordability and housing accessibility. These questions apply to a smaller study area and the larger region. The disk that is included with the *Toolkit* has additional guidance with the checklist and how to assess these findings.



The study must also include a map that identifies the subject property, in relation to retail centers, schools, employment, healthcare and other local amenities which would be important to the subject property's tenant population. The distance of these locations to the subject property should also be indicated. The **"Mapping the Data"** tab will be helpful for completing this task. Refer to the *"Geocoding Places"* section, which uses GIS mapping software. The study must also have a map that identifies all existing and pipeline properties, representing competitive developments which could affect leasing of the proposed property. This section of the *Toolkit* can help map those properties as well.

Primary Market Area:

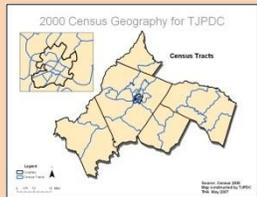
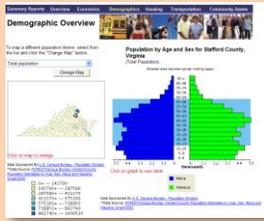
Another basic step in a Housing Market Study is identifying the Primary Market Area (PMA). This is the area from which the development would reasonably be expected to draw the majority of its tenants. While this requires further analysis, the *Toolkit's "Collecting and Digitizing Data"* section can be useful for developing the required map, which outlines the primary market area. This section will show how to depict the study area on a GIS map and how to crop the mapping layers to only be within that designated study area.



Market Area Employment Trends:

The *"Economic Market Conditions"* section, under the **"Collecting the Data"** tab, will be the primary reference for finding employment information and determining other market conditions. In this section, the *Toolkit* refers to the [HotReports](#) website, which will be helpful in meeting many of the study requirements. This site provides general data, such as employment figures, which are needed in the study. The *Toolkit* also provides instructions on the [Quarterly Workforce Indicators](#) website, which is run by the U.S. Census Bureau. This site also offers employment information, but in more detail. [Industry Focus](#) has additional information on the area's workforce, allowing you to find employment data by age, sex and industry. This will show growth in employment, number of new hires, average monthly earnings and other information by industry. The Housing Market Study must also show major current employers. [OnTheMap](#) is another Census tool in the *Toolkit* that provides maps on those employment centers. These maps can also show concentrations of housing and how they are spatially related to these employment centers.

Travel Time	Stafford County, Virginia	Percent
Less than 5 mins.	554	1.2
5 to 9 mins.	3,597	6.4
10 to 14 mins.	4,153	7.3
15 to 19 mins.	5,548	9.8
20 to 24 mins.	5,534	9.8
25 to 29 mins.	2,399	4.2
30 to 34 mins.	6,417	11.4
35 to 39 mins.	1,976	3.6
40 to 44 mins.	2,819	5.0
45 to 49 mins.	7,660	13.8
50 to 59 mins.	10,314	18.2
60 or more mins.	5,762	10.2
Total did not work at home	56,526	100.0



Market Area Demographic Data:

Under the **“Collecting the Data”** tab, the *Toolkit* provides several references for finding demographic information. The study must have population trends, dealing with total population and population by age group. It also must have household trends, including the total number of households and average household size, the number of owner and renter households, households by income, and renter households by number of persons in the household. The **“Introduction”** of this tab gives a general overview of important terms and lists several helpful websites that can provide information on these requirements. Under the **“Collecting US Census Data”** section, there are instructions on accessing the U.S. Census Bureau’s website. Here you can find data on population, housing and people with disabilities. This information is required for a Housing Market Study and valuable for assessing this type of housing project. **HotReports**, under the **“Economic Market Conditions”** section, will also assist in these tasks. This site provides information on age, housing occupancy, education, income and other items. By looking at census estimates and using the other references in this tab, you can find historical data as well as current data and estimates.

Development-Specific Demand Analysis:

Determining affordability and demand is the main focus of a Housing Market Study. This analysis should assume that family households are able to pay no more than 35% of gross income towards total housing costs. For elderly households, the analysis should assume that they are able to pay no more than 40% of their gross income. The references under the **“Collecting the Data”** tab will once again be helpful for this task. Look under the ‘Resources for Data on the Web’, which is the last page of the **“Introduction”**. The U.S. Census website will be a good place to look for income and how much households spend on rents. Also refer to the Weldon-Cooper website for this information. These references will also be helpful for determining demand, estimating the number of overburdened renters and substandard housing. Through analysis, you can also use this information to estimate elderly homeowners likely to convert to rental housing and existing qualifying tenants likely to remain after renovation.

Extra Points for Accessibility:

In administering these Low Income Housing Tax Credits, the VHDA looks favorably on and awards additional points for housing that targets or meets the needs of people with disabilities. There are a significant number of points under this category, which are valuable when applying for these competitive tax credits. The THA *Toolkit* was developed primarily to help meet these needs of people with disabilities, as seen throughout the tabs and sections referenced above. It is a useful resource for gaining points in tax credit applications and valuable for planning housing, which offers accessible rental units and ensures long-term stability for its tenants.