

# Kentucky Housing Corporation Transitional Housing Requirements Market Needs Assessment

## INTRODUCTION

Kentucky Housing Corporation (KHC) requires a Market Needs Assessment for any type of transitional housing project, regardless of size, to be included with funding applications for rental housing projects. These reports are commissioned by applicants (developers, nonprofit organizations, etc.), at the applicant's expense, and sent to KHC.

Transitional housing, as defined by the U.S. Department of Housing and Urban Development (HUD), is a project that is designed to provide housing and appropriate support services to homeless persons to facilitate movement to independent living in permanent housing.

Rental housing projects funded by KHC will serve very low-, low-, and moderate-income Kentuckians. KHC works extensively with HUD programs and it is of the utmost importance that KHC be assured that a demand exists for units financed by KHC. Also, there must be no adverse effect on other viable affordable rental projects in the target market areas.

Questions regarding this document should be emailed to [multifamily@kyhousing.org](mailto:multifamily@kyhousing.org).

### **Please note:**

KHC maintains a list of [approved market analysts](#), who are eligible to perform needs analyses, market needs assessments, and market studies following KHC guidelines.

## CONTENTS

Transitional Housing Market Needs Assessments submitted to KHC must contain the following information and be presented **in the following order:**

### **A. Cover Page**

1. Subject property/project
2. Client for whom the study was prepared
3. Effective date
4. Firm/author of report

## **B. Executive Summary**

1. Concise summary of the data, analysis, and conclusions in the report
2. A concise description of the site and the immediate surrounding area
3. A brief summary of the project including its proposed target market
4. Precise statement of analyst's opinion of market feasibility including estimates of:
  - a) Marketability and likely success of the proposed units
  - b) Impact on existing conditions
5. Recommended modifications to the proposed project to increase marketability

## **C. Table of Contents**

1. Cover Page
2. Executive Summary
3. Table of Contents
4. Summary Information Table
5. Project and Site Description
6. Demand Analysis
7. Project Strengths and Weaknesses
8. Findings and Recommendations
9. Certification
10. Other Requirements

## **D. Summary Information Table**

Transitional Housing Market Needs Assessments must include the following table, which inventories key information in the report. For greater clarity on what KHC is seeking in the table below, please read these requirements in full before attempting to complete the Summary Information Table.

When complete, this table should consume no more than two pages in a study report.

Market Needs Assessment Summary Information Table				
Information Area	Findings			Page #
Project Name				
Project Address				
Sponsor/Developer				
Project County				
Brief Project Description				
Rent Subsidy Proposed?				
Proposed Unit Information	# of Units	Developer Proposed Rent (if applicable)	Market Analyst Recommended Rent	
Studio				
1 BR				
2 BR				
3 BR				
4 BR				
Other				
Absorption Rate				
Impact on Existing Similar Properties				
Recommended Changes				

## E. Project and Site Description

KHC requires analysts to visit and survey the project site and market area in general. This section must explain the proposed project and detail findings from the site visit(s), including:

### 1. PROJECT STRUCTURE

- a. Number of units by unit mix (bedrooms and baths),
- b. Unit size in net square feet (the living area of a unit, exclusive of common areas)
- c. Rents (if applicable)

### 2. PROPOSED DEVELOPMENT DESCRIPTION

- a. Target population, including any special needs set-asides
- b. Number of buildings

- c. Design type (walk-up, elevator, etc.) and number of stories
- d. Development amenities, including parking, laundry, storage, recreation, etc.
- e. Developer's projected dates for construction start, completion, and start of pre-leasing
- f. Copy of site plan, floor plans, and elevations/renderings should be included as an attachment to the report. Analyst should indicate if plans are not completed at the time of the analysis.

### **3. SITE CHARACTERISTICS**

- a. Provide photographs of the site and surrounding neighborhood, and a map clearly identifying the location of the project and the closest transportation linkages, shopping, schools, medical services, public transportation, places of worship, and other services such as libraries, community centers, banks, etc. In situations where it is not feasible to show all the categories on a map, the categories may be addressed in the narrative.
- b. Describe surrounding properties, including land uses, zoning, occupancy, and condition.

## **F. Demand Analysis**

It is vital that the market needs assessment offers analysis and findings that are relevant to the marketability of the proposed development, as described in the funding application. The Applicant must complete an analysis of the site utilizing the following criteria:

1. Analyze the need/demand for this type of housing and how the proposed development meets the demand.
2. How the targeted tenant population is identified in the area to be served.
3. Analyze existing transitional housing communities, as well as provide information on proposed developments.
4. If rent payments are proposed for the units, evaluate the appropriateness of the proposed rents by comparing them with other comparable properties (survey property rents, at a minimum by telephone). Analysts should assume no family households are able to pay more than 30-40 percent of gross income towards total housing expense.
5. If applicable, establish the income requirements for the targeted population.
6. Identify support services in the market area and their proximity to the site.
7. Identify type of housing in the market area (e.g., single family, market rent properties, subsidized properties).
8. Determine the absorption rate (factoring in other comparable properties in the market area).

## **G. Summary of Project Strengths and Weaknesses**

KHC maintains that **all** projects possess both strengths **and** weaknesses. Both should be summarized, succinctly and honestly, to assist KHC in making underwriting and funding decisions. Strengths and weaknesses may include a wide range of factors, including location, project design and amenities, and/or transportation.

## **H. Findings & Recommendations**

The analyst should state their professional opinion regarding the subject project's feasibility from a market perspective, and what effect the subject would have on the existing market.

The analyst should make recommendations for any modifications to the project that would make the project more marketable than proposed.

## **I. Certification**

The analyst must provide a certification stating:

1. There is no conflict or identity of interest with the developer/owner of the project.
2. The results, recommendations, and conclusions stated in the study are based solely on professional opinion and reliable data.
3. The study was prepared in accordance with acceptable market study practices and with KHC's guidelines.
4. The date the report was prepared, date of site visit, and name and telephone number of analyst.

## **J. Other Requirements**

1. List of sources for data in the market needs assessment (list of interviews and phone numbers for any persons interviewed).
2. Statement of qualifications, including a résumé.