
Valuation Analysis

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Guide for Content and Format of a Market Analysis for General Occupancy Rental Housing—Section 220, 221(d)(3), 221(d)(4) Programs**7A****A. Project Description**

1. The number of units by type and size. Include information on number of bedrooms, number of bathrooms, structure type, square footage, etc.
2. The estimated shelter and gross rents by unit type.
3. The unit and project amenities and services.
4. The project location in terms of:
 - a. Characteristics of the neighborhood and sub-market in relation to schools, transportation, shopping, employment centers, social and community services, etc., to include an analysis of the adequacy of the public facilities that will service the site. Include a map showing the site and important neighborhood facilities and amenities.
 - b. Any other location consideration relevant to the market and marketability of the proposed project.
5. Any income or rent restrictions imposed on the project by the use of public financing and/or subsidies (e.g., low income housing tax credits, tax-exempt bonds, HOME funds). The market analysis should address how these income and rent restrictions will affect demand.
6. Identify target market.

B. Market/Sub-market Definition:

1. Description of the geographic boundaries of the market area and the sub-market area (if applicable) and a discussion explaining the definition of the market.
2. Define the Secondary Market.

C. General characteristics of the Housing Market Area:

1. Provide an assessment of current and forecasted economic conditions and employment characteristics, to include an analysis of recent trends and how they relate to demand for additional new rental housing. Identify growth sectors in the economy and emerging growth trends. Include information on significant sectors of the economy such as military facilities, colleges and universities, federal and state government and tourism. Discuss any anticipated changes in employment, including plant closing, openings, expansions or cutbacks, with a particular emphasis on their effects on the rental market during the forecast period. Provide information on the types of new jobs being created and lost, including data on pay scales and how these wage levels relate to affordability of the proposed rental units.
2. Discuss past and anticipated trends in demographic characteristics, including population growth, household growth, and changes in the average size of households and tenure patterns. Provide estimates of population and households (by tenure) that include 1990,

the current date, and a forecast date (two or three years from the date of the market study). Include an explanation of any significant changes.

D. Housing Market Conditions:

1. Estimate the current competitive rental inventory in the market and sub-market area. Provide details on the number of units by unit type, number of bedrooms, structure type, rents, age, and location.
2. Recent Market Experience. Present and analyze the following information:
 - a. Absorption experience of recently completed projects, with particular emphasis on the most similar project.
 - b. Current occupancy levels and occupancy trends in existing rental projects.
 - c. The current shelter and gross rents for comparable and competitive projects, including a discussion of the trend in rent increases during recent years. Identify any services included in base rents or offered at a premium. Discuss whether current rents are overstated due to concessions or other factors, along with information on and the extent of rent concessions or similar incentives in projects in initial occupancy.
 - d. Identify the current overall rental vacancy rate along with a current vacancy rate for units similar to those in the proposed project. Discuss any significant seasonal variations in vacancy rates, if applicable. Include a discussion of any vacancy or absorption problems in the market or sub-market. Identify the vacancy rate for the segment of the market most relevant to the subject project and provide an analysis if significantly lower or higher than the overall rental vacancy rate.
 - e. Provide a map showing locations of competing rental projects and those under development.

E. Characteristics of projects under construction and in planning:

1. Estimate the total number of units under construction and provide a discussion of the characteristics of these units and their distribution by unit type, rent ranges, and locations.
2. Estimate the total number of units in planning stages that are likely to be developed, including but not limited to those with building permits or firm financial commitments. Provide details on the number of units by unit type, rental rates, locations and stage of development.

F. Demand Estimate and Analysis:

1. Provide an estimate of annual demand for rental housing taking into consideration anticipated shifts in tenure; projected losses to the rental inventory via demolition, conversion, and other means; with adjustments as necessary for current excess levels of vacancies and construction activity. The demand estimate should show the number of additional rental units that would promote balanced market conditions. Demand information should include a general discussion of demand by unit size, number of

bedrooms, price range and other unit and project characteristics. Describe the demand methodology and sources of information.

2. Provide an analysis which reconciles the proposed project with the demand estimate, taking into consideration the forecasted renter household growth, the current vacancy situation, and the supply in production. This analysis should include an estimate of the absorption period needed for the project to reach sustaining occupancy.
3. The market analysis should also include an opinion on characteristics of the proposal that will have a specific bearing on its market prospects and overall marketability, such as amenities, features, or design.
4. Provide an assessment of whether the development of the proposed project would adversely affect the existing rental inventory. Pay particular attention to the impact on other HUD insured properties.

G. Data, Estimates, and Forecast

1. The analysis should document the methods and techniques used to develop all estimates and forecasts; and provide adequate citations on the sources of all data, estimates and forecasts.
2. The data and estimates provided should be relevant and current; conclusions in the analysis must be consistent with the facts presented; findings and recommendations should be based on a reasonable forecast of market supply/demand conditions and sound assumptions regarding capture rates, absorption, achievable rents, income affordability and similar factors.

NOTE: Market Studies are not required for a 223(f) application. See Appendix 7B for instructions for 232/223(f) applications.

Guide for Content and Format of a Market Analysis for Residential Care Facilities – Section 232 Programs**7B****A. Project Description**

1. Total number of beds and units by unit size or type of accommodation (i.e. private or semi-private).
2. The estimated total monthly fees for shelter and mandatory services per resident by type of occupancy or accommodation.
3. The estimated total monthly fees for optional services or care provided on an as needed basis.
4. The proportions of the project to be occupied by private pay/market rate tenants and by public pay/assisted tenants, e.g., SSI Medicaid-waiver, Optional State Supplement.
5. The amenities, services and care provided by this type of housing and how they relate to the physical, mental, or social conditions of the prospective tenants, including such conditions as Dementia, Alzheimer's and other special needs.
6. Project location in terms of proximity to facilities and services essential to the tenants such as hospitals, medical/health care facilities, social and community services, public transportation, shopping and recreational activities; and any other location considerations relevant to the market or marketability of the proposed project. Include a map showing the site and important facilities and services.
7. Analysis of the adequacy of the public facilities regarding existing and proposed development.
8. Any income or rent restrictions imposed on the project by the use of public financing and/or subsidies. The overall market analysis should address how these income and rent restrictions will affect demand for the project.

B. Definition of the Market and Sub-market Area:

1. Description of the geographic boundaries of the housing market area and an explanation for the definition, including a discussion of the primary and secondary geographic market areas.
2. Description of the sub-market for the type of housing and care proposed by the economic and demographic characteristics of the target market (projected residents): income levels, household size, age, etc.

C. Current Inventory: Quantitative and Qualitative Characteristics of Projects in the Market Area. Present this information individually for each existing project.

1. Total number of units or accommodations by type of facility and type and size of units. Include information on all residential care and housing facilities that cater to seniors who need assistance with Activities of Daily Living (ADLs), including assisted living

- facilities, rest homes, board and care facilities, congregates, retirement service centers, nursing homes, independent living etc. Discuss expansion plans of existing facilities.
2. Total monthly charges by unit type, type of accommodation, and level of services. Provide information on the base rate and any added costs for optional services.
 3. Typical types of services and amenities offered, whether these are mandatory or optional fee for services, and whether services are provided by the facility (directly or by contract) or through a third-party arrangement (tenant and care provider).
 4. A discussion of the types of projects and other housing options comparable to and competitive with the subject project; both in terms of the type of ownership/financing and tenant admission, e.g., private or public financed, extent of private pay or public pay (Medicare, Medicaid and SSI patients).
 5. Condition of inventory with consideration of the proportion that may be substandard or obsolete in terms of physical plant, services, amenities, etc. This is particularly important when the proposal involves skilled nursing care or a project with a combination of levels of care revolving around a "medical model".
 6. Characteristics of the current tenants in terms of socio-economic and psycho-physiological conditions e.g. age, income, sex, household composition, previous tenure, location of prior residence, and limitations in activities of daily living, cognitive impairments, disabilities, etc.
 7. Absorption experience or recently completed projects on a units per month basis, discussing the level and extent of pre-sale or pre-marketing efforts.
 8. Extent of turnover and size of waiting lists in existing projects.
 9. Current occupancy in comparable and competitive projects in the market area for the type(s) of product, including a discussion of reasons for any vacancy or absorption problems in the market.
 10. Extent of concessions or similar incentives in existing projects or projects in initial rent-up.
 11. Provide a map showing locations of competing facilities and those under development in relation to the subject property.
- D. Alternative Health/Medical Care and Social Service System
1. Description of the extent and types of alternative housing, care and services in the market.
 - a. Home health care, adult day care, housekeeping services, meal preparation, visiting nurses, on-call transportation services, health care, and alternative providers of supportive services for the target market such as state and local government social service agencies or fraternal, social, charitable or religious organizations.
 - b. The impact of these alternatives on demand for the subject project.
 - c. Analysis of the comparative costs of these various alternatives.

2. Discussion of the current levels of public payments by the State for the types of care proposed relative to the typical "private pay" rate for the same level of shelter, care and services.

E. Characteristics of Pipeline Activity:

1. Total number of units under construction by the total monthly costs by bedroom size or type or accommodation, and the services or amenities planned (mandatory or fee for service).
2. Total number of units in planning stages that are likely to be developed, including but not limited to those with building permits or firm financial commitments. It is essential to have the most current and comprehensive information possible on the pipeline. Provide details on the number of units and beds by unit type, rate, location and stage of development.

F. Demand Estimate and Analysis

1. The market analysis is based on an estimate of annual demand for the type of residential care proposed. The demand estimate should show the number of units or accommodations by type and the total monthly charges. Include a description of methodologies and sources of information.
2. An analysis which reconciles the proposed project with the demand estimate, taking into consideration the forecasted household and population growth of the target group(s), the current vacancy situation, and the supply in the pipeline. This analysis should include an estimate of the absorption period needed for the project to reach sustaining occupancy.
3. The demand estimate should reflect "effective demand" and should be based on the numbers of households with sufficient incomes and need for the type of shelter and care that could reasonably be expected to be captured by the market during the forecast period. HUD's approach to estimating demand for assisted living typically focuses on the number of single persons (one person households) 75 and older, who are in need of assistance with Activities of Daily Living (ADL's) or Instrumental Activities of Daily Living (IADL's) and who have sufficient income and assets to afford proposed costs of housing and services.
4. A descriptive analysis of the demand estimate which addresses the primary determinants including:
 - a. Current and projected population of the target group(s) by age cohort and the proportion of the market each group comprises. Projections should typically be for two to three years.
 - b. Current and projected estimates of the primary group to be served by social, physiological, psychological characteristics, i.e., the extent and type of limitations in activities of daily living or cognitive impairment/disability. Projection should typically be for two to three years.
 - c. Current income level/band of income of prospective households comprising demand, including cost/rent to income ratio(s) assumed in the analysis.
 - d. Changes in the population (including migration patterns) of adult children of the frail elderly. Discuss the impact of anticipated population changes on the demand for this

facility. Indicate the proportion of demand expected to come from outside of the primary market area.

5. An assessment of whether the development of the proposed project would adversely affect similar existing facilities. Pay particular attention to the impact on other HUD insured properties.

G. Data, Estimates, and Forecasts

1. The analysis should document the methods and techniques used to develop all estimates and forecasts; and provide adequate citations on the sources of all data, estimates and forecasts.
2. The data and estimates provided should be relevant and current; conclusions in the analysis must be consistent with the facts presented; findings and recommendations should be based on a reasonable forecast of market supply/demand conditions and sound assumptions regarding capture rates, absorption, achievable rents, income affordability and similar factors.

HUD Appraiser Review

7C

HUD Valuation Report - Technical Review of Multifamily Accelerated Processing - Pre-Application Stage - Section 220, 221 and 232

7C.1

HUD Multifamily Hub: _____
 Team Leader: _____
 Reviewer: _____
 Date Received for Review: _____
 Date of Site Visit by Reviewer: _____
 Review Report Completion Date: _____

Section of the Act:

Project Name: _____
 Mortgagee: _____
 Mortgagor: _____
 Appraiser/Market Analyst: _____

A. Appraiser's/Market Analyst's market study:

1. The market study complies with guidelines listed in the MAP Guidebook?

- Yes
- No (Document):

2. The market study provides evidence that there is market for the proposed project at the number of units/beds and rents estimated by the appraiser for the project?

- Yes
- No (Document):

B. HUD-92273 analysis:

1. One HUD-92273 analysis was completed by the Lender's appraiser for each unit breakdown?
 Yes
 No (Document)

2. A minimum of three comparables were used in each of the HUD-92273 analysis?
 Yes
 No (Document)

3. Comparables used in the HUD-92273 analysis were competitive with the project?
 Yes
 No (Document)

4. All amenities and services (for Section 232) were identified and properly adjusted in the analysis?
 Yes
 No (Document)

5. Narrative explanations were given for amenity and service (Section 232) adjustments?
 Yes
 No

6. The HUD-92273 analysis completed by the Lender's appraiser conforms to the instructions listed in the MAP Guidebook?
 Yes (Document)
 No (Document)

C. HUD-92274 analysis:

1. A minimum of three market comparables were used in the HUD-92274 analysis?
 Yes
 No (Document)

2. For Section 232 mortgages a market expense analysis was completed by the Lender's appraiser reflecting typical long term operations of the type of facility proposed in the HUD-923013-NHICF, i.e., SNF, ICF, BCF or ALF?
 Yes
 No (Document)

3. For Section 232 mortgages the breakout of expenses in the Lender's appraiser's expense analysis corresponds to expenses categorized on HUD-92264-HCF?
 Yes
 No (Document)

4. The HUD-92274 analysis or comparable expense analysis for Section 232 mortgages conforms to the instructions as stated in the MAP Guidebook?
 Yes (Document)

 No (Document)

D. The narrative supporting the occupancy percentage estimated from the market for the project appears:

- Acceptable
 Unacceptable (Document)

E. The project's site is found acceptable, having no environmental or legal issues according to standards listed in the MAP Guidebook?

Yes

No (Document):

F. From a review of appraisal exhibits the following was found to be:

1. Proposed rents and estimated rental income and their compliance to requirements found in Section 7.6 of the Guide:

Acceptable

Unacceptable

2. Total operating expenses and compliance to requirements found in Section 7.7 of the Guide:

Acceptable

Unacceptable

Comments/Recommendations:

Review Appraiser's Certification:

I certify that, to the best of my knowledge and belief:

- 1. The facts and data reported by the reviewer and used in the review process are true and correct.**
- 2. The analysis, opinions, and conclusions in this review report are limited only by the assumptions and limiting conditions stated in this review report and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.**
- 3. I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.**

- 4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- 5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- 6. My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in this review or from its use.
- 7. My analyses, opinions, and conclusions were developed and this review report was prepared in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- 8. I did personally inspect the subject property of the work under review.
- 9. The following persons provided significant real or personal property appraisal or appraisal review assistance to the person signing this certification.

HUD Appraiser's Signature _____ Date _____

License Number/State _____

Concurrence:

Team Leader's Signature/Date _____ Date _____

**HUD Valuation Report - Technical Review of
Multifamily Accelerated Processing - Firm Application
Stage - Section 220, 221 and 232****7C.2**

HUD Multifamily Hub: _____
Team Leader: _____
Reviewer: _____
Date Received for Review: _____
Date of Pre-Application Review: _____
Review Report Completion Date: _____

Section of the Act:

Project Name: _____
Mortgagee: _____
Mortgagor: _____
Appraiser/Market Analyst: _____

A. Appraisal:

1. Lender's appraiser meets all qualifications as listed in Section 7.3 of the MAP Guidebook?

Yes

No (Document):

2. The appraisal conforms to all requirements as listed in Section 7.4 of the MAP Guidebook?

Yes

No (Document):

B. HUD-92264 or HUD-92264-HCF analysis:

1. A HUD-92264 or HUD-92264-HCF form was completed and included in the appraisal and found to be acceptable?
 Yes
 No (Document)

2. Completed HUD forms 92273, 92274 (comparable analysis for Section 232) and 92264-A support conclusions found on Lender's appraiser's completed HUD-92264 or HUD-92264-HCF.
 Yes
 No (Document)

3. Narratives were included in the appraisal supporting all conclusions and estimates stated in the Lender's appraiser's HUD-92264 or HUD-92264-HCF and supporting HUD forms and analysis?
 Yes
 No (Document)

4. A HUD-92264-T and Subsidy Layering Review was completed if the project's financing included tax-exempt bonds or Low Income Housing Tax Credits or HOME funds, if applicable?
 Yes
 No (Document)

5. Section J of the HUD-92264 or HUD-92264-HCF was completed by the Lender's appraiser to determine the "Warranted Price of Land for new construction or in accordance with instructions found in the MAP Guidebook?"
 Yes
 No

6. The estimate of "As Is" value was determined in accordance with instructions found in the MAP Guidebook?

Yes

No

N/A

7. Are the estimated income, the total operation expenses, the total estimated replacement cost, and the maximum insurable mortgage acceptable?

Yes (Document)

No (Document)

C. Has the HUD-4128 been completed and has the Lender's environmental report been updated from submission at pre-application?

Yes

No (Document)

D. Operating Deficit:

1. Did the Lender's appraiser estimate an Operating Deficit Period?

Yes

No (Document)

2. If an Operating Deficit Period was required did the Lender's appraiser calculate the estimated Operating Deficit based on instructions stated in Section 7.14 of the MAP Guidebook and is the calculation acceptable?

Yes

No (Document)

Comments/Recommendations

Review Appraiser's Certification:

I certify that, to the best of my knowledge and belief:

1. The facts and data reported by the reviewer and used in the review process are true and correct.
2. The analysis, opinions, and conclusions in this review report are limited only by the assumptions and limiting conditions stated in this review report and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in this review or from its use.
7. My analyses, opinions, and conclusions were developed and this review report was prepared in conformity with the *Uniform Standards of Professional Appraisal Practice*.
8. I did personally inspect the subject property of the work under review.

9. The following persons provided significant real or personal property appraisal or appraisal review assistance to the person signing this certification.

HUD Appraiser's Signature _____ Date _____

License Number/State _____

Concurrence:

Team Leaders Signature/Date _____ Date _____

**HUD Valuation Report - Technical Review of
Multifamily Accelerated Processing - Firm Application
Stage - Section 223(f) and 232/223(f)****7C.3**

HUD Multifamily Hub: _____

Team Leader: _____

Reviewer: _____

Date Received for Review: _____

Date of Site Visit: _____

Review Report Completion Date: _____

Section of the Act:

Project Name: _____

Mortgagee: _____

Mortgagor: _____

Appraiser/Market Analyst: _____

A. Appraisal:

1. Lender's appraiser meets all qualifications as listed in Section 7.3 of the MAP Guidebook?

 Yes No (Document):

2. The appraisal conforms to all requirements as listed in Section 7.4 of the MAP Guidebook?

 Yes No (Document):

3. The subject site was inspected and found to be:

 Acceptable Unacceptable (Document):

4. The proposed list of critical and non-critical repairs were found to be:
- Acceptable
 - Unacceptable (Document):
5. The Lender's Underwriting Summary was reviewed for justifications of discrepancies between Lender's appraiser's conclusions:
- Acceptable
 - Unacceptable (Document):
6. The Lender's Underwriting Summary was reviewed to determine if the Lender's underwriter carried out a "due diligent" review of the Lender's appraisal:
- Yes
 - No
- B. HUD-92264 or HUD-92264-HCF analysis:
1. A HUD-92264 or HUD-92264-HCF form was completed and included in the appraisal and found to be acceptable?
- Yes
 - No (Document)

2. Completed HUD forms 92273, 92274 (comparable analysis for Section 232) and 92264-A support conclusions found on Lender’s appraiser’s completed HUD-92264 or HUD-92264-HCF.

- Yes
- No (Document)

3. Narratives were included in the appraisal supporting all conclusions and estimates stated in the Lender’s appraiser’s HUD-92264 or HUD-92264-HCF and supporting HUD forms and analysis?

- Yes
- No (Document)

C. HUD-92273 Analysis:

1. One HUD-92273 analysis was completed by the Lender’s appraiser for each unit breakdown?

- Yes
- No (Document)

2. A minimum of three comparables were used in the HUD-92273 analysis and were competitive with the project?

- Yes
- No (Document)

3. All amenities and services (for Section 232) were identified and properly adjusted according to guidelines provided in the MAP Guidebook?

- Yes
- No (Document)

4. Narrative explanations were given for amenity and service (Section 232) adjustments?

- Yes
- No (Document)

5. The HUD-92273 analysis completed by the Lender's appraiser conforms to the instructions listed in the MAP Guidebook?

- Yes (Document)
- No (Document)

D. HUD-92274 Analysis:

1. A minimum of three comparables were used in the HUD-92274 analysis and it conforms to Section 7.7 of the MAP Guidebook?

- Yes
- No (Document)

2. For Section 232 mortgages a market expense analysis was completed by the Lender's appraiser reflecting typical long term operations of the type of facility proposed in the HUD-923013-NHICF, i.e., SNF, ICF, BCF or ALF?

- Yes
- No (Document)

E. A HUD-92264-T and Subsidy Layering Review was completed if the project's financing included tax-exempt bonds or Low Income Housing Tax Credits or HOME funds?

Yes

No (Document)

F. Was the Environmental Report and Phase I Environmental Assessment submitted, and were there matters of serious concern outstanding?

Yes

No (Document)

Comments/Recommendations

Review Appraiser's Certification:

I certify that, to the best of my knowledge and belief:

1. The facts and data reported by the reviewer and used in the review process are true and correct.
2. The analysis, opinions, and conclusions in this review report are limited only by the assumptions and limiting conditions stated in this review report and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in this review or from its use.

- 7. My analyses, opinions, and conclusions were developed and this review report was prepared in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- 8. I did personally inspect the subject property of the work under review.
- 9. The following persons provided significant real or personal property appraisal or appraisal review assistance to the person signing this certification.

HUD Appraiser's Signature _____ Date _____
License Number/State _____
Concurrence:
Team Leader's Signature/Date _____ Date _____