



Tuesday, November 12, 2019

Collaboration between market analyst and the client: necessity for special needs housing studies



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Recovery Pointe

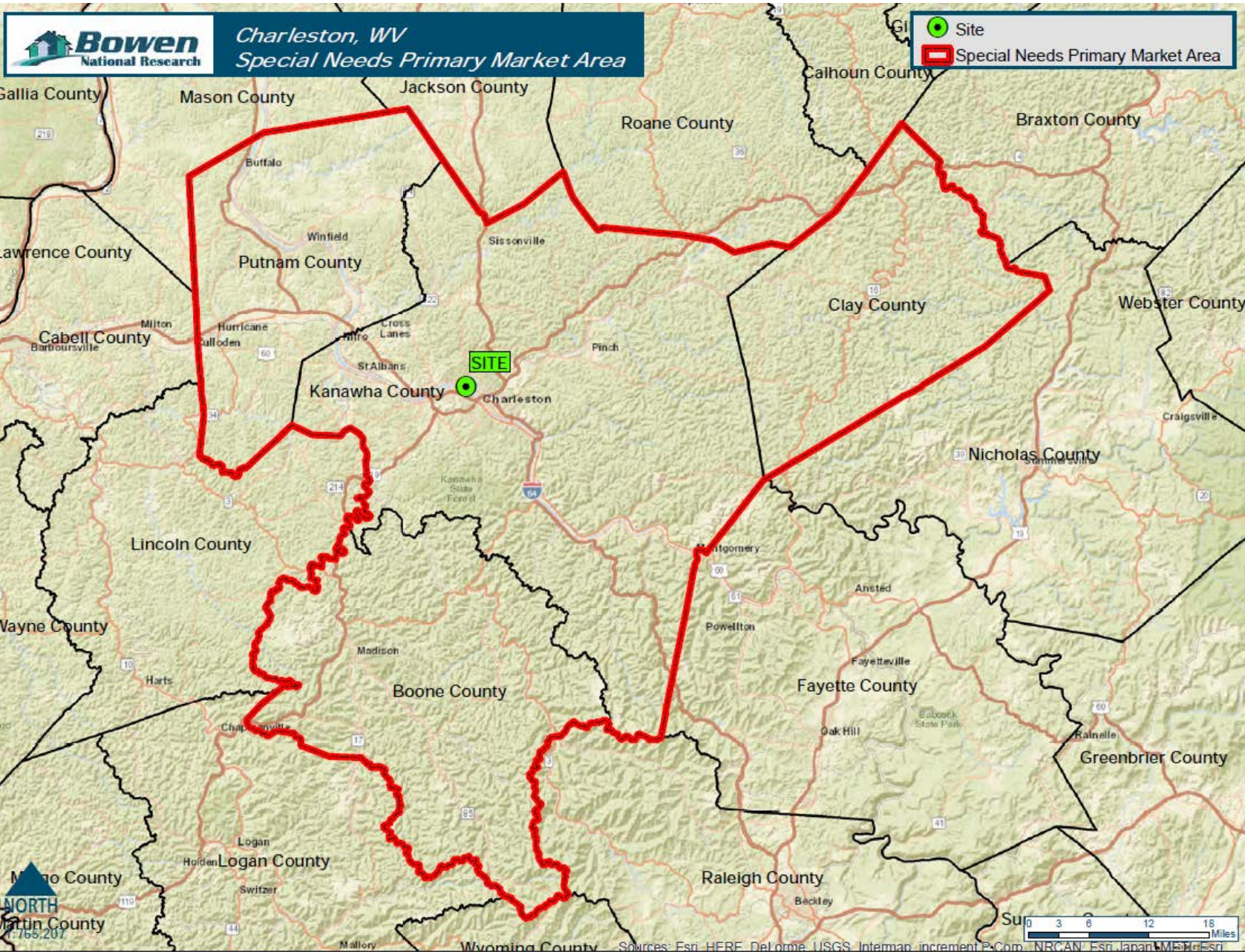
Special Needs Population Housing (SNPH)

- Stakeholder in-person meetings before study is ordered:
 - Who: Investor, Development Sponsor, Supportive Service Providers
 - Do the Co-Developers have complimentary professional experience?
 - Have they sought specialized fair housing/legal counsel for this type of housing?
 - Let the Investors worry about these things and operating guarantees
- Shifting the mindset of the market analyst
 - From data assembler to analyst PLUS story teller
- Getting Service Providers to talk to the market analyst
 - (Get the investor to get the sponsor to intervene – Rachel story)
- Unconventional sources of data

With and Without the SNP

Investor Underwriting Approach

- Traditional Underwriting – as if there is no SNP
 - In “case of failure of services, and it has to revert to traditional LIHTC”
 - Traditional Primary Market Area
- Special Needs Primary Market Area
 - Drawn with input from service providers, Office of Public Defender, Adult Probation Department, Homeless Shelter, Sponsor interviews, Continuum of Care Point in Time Survey
- Insist on getting good Project Description
 - If sponsor and/or investor representative is not willing to provide some granularity, plus a phone call, perhaps decline to do the study.
- Conversely, if the market analyst is not willing to have at least two conference calls, I’m not likely to order the study from you.



Capture Rates might not scare me

Underwriting Backstops

- How would the units perform if funding evaporated for the targeted tenants
 - Largest Square footage 1 Bedrooms in the area (affordable)
 - Overall occupancy 99% or higher in area
 - Operating Deficit Guarantee
 - 2% capture rate if it became standard LIHTC
- Trust should be present
 - Market study *client* should assure market analyst that blame will not be cast if the absorption rate was off compared to implementation. There may be unforeseen entanglements from referral service agencies.
- To you, the analyst: ask your other clients (banks, syndicators) if they have special needs projects; would they willing to share info.

Good Bones?

- Design and Details
 - Design – originally, this was designed for roommate situation. Large enough for intended population or general public in case of failure?
 - Walkability – if population has little mass transit access
- What are the connectors?
 - This project is adjacent to a 90 bed shelter. Part of the story.
- Summarize interviews, of course
- Use of an Addendum
 - Letters of Support, as provided by your client.
 - Some will contain “census” data specific to the SN Population
 - If they provide an operational budget, include it. Don’t need to comment on it; just include it.
- Question for audience
 - Done a study for veterans’ housing? Hospital’s affordable housing?