

EXHIBIT J
MARKET AND FEASIBILITY STUDY REQUIREMENTS

CERTIFICATION

1. The Study must contain a certification from the person performing the market feasibility study (“Study”), or an authorized representative of the firm performing the study, that all market study requirements have been fully addressed, with exception(s), if any for relevant information that cannot be obtained.
2. If the certification has any exceptions, the analyst must explain why the information cannot be obtained.

MARKET AND FEASIBILITY STUDY REQUIREMENTS

1. The Study must be no more than six months old from the due date of any competitive solicitation or the application date, whichever is applicable.
2. The Study shall identify any assumptions, estimates, projections and models used in the analysis for both residential and commercial uses (if the Project incorporates mixed-use) as follows:
 - a. Commercial uses include office, industrial, retail, higher education, healthcare, health and fitness, convenience, dining and parking, exclusive of prohibited uses
 - b. Residential uses include, but are not limited to, rental apartments, condominiums, cooperative units, hotels, and dormitories, exclusive of prohibited uses
3. The Study’s assumptions (e.g., project rents, unit mix, amenities, absorption/lease-up rates or others) must precisely reflect the information provided in the submission package associated with a competitive solicitation, and/or application, whichever is applicable.
4. The data and analysis contained in the Study shall indicate enough market demand for all the proposed use that will be included in the Project to support the proposed development.
5. Any additional information appropriate to the market area and the Project shall be submitted to demonstrate the demand for the proposed Project.
6. The Study shall include, at a minimum:
 - a. *Executive Summary.* A brief executive summary which includes the appropriate vacancy rate, capture rate, absorption period and the market advantage compared to comparable market rate properties given the rents projected by the applicant, as well as

a detailed table of contents which clearly identifies the location of the items listed below;

- b. *Site Description.* A description of the proposed site including pictures of the site and existing structures, pictures of the immediate neighborhood, visibility/access/exposure, proximity to retail and employment, detailed neighborhood and market area maps showing all significant nearby land uses, block and lot numbers of each parcel, site acreage, available public services and public transportation, and existing infrastructure. A description of the proposed improvements including suitability of the proposed site, evaluation of visibility and accessibility of the site, unit mix, a commentary on the preliminary drawings including unit size and design, proposed project and unit amenities and any applicable tenant charges, tenant-paid utilities and project-paid utilities shall be provided. Developer's projected dates for construction start and completion, and start of pre-leasing;
- c. *Market Area.* Geographic definition and analysis of the market area, including a comprehensive and reasonable rationale for the suggested market area with supporting evidence, specifically differentiating the market area for Residential Uses and each of the Commercial Uses. For example, the market area may be defined as the area in which similar properties compete with the subject property for tenants, or the area immediately surrounding the project from which 60 to 70 percent of the residents are expected to be drawn, taking into account political and natural boundaries, socioeconomic characteristics, and the areas from which nearby rental developments draw new tenants. The market area shall be evaluated on the basis of employment and income levels and trends, the presence of local revitalization projects and demand for Commercial Uses. Definition of market area should include a primary market area and secondary market area, if appropriate. Interviews shall be conducted with area apartment managers to establish mobility patterns in the area. For cases in which the subject property is an existing rental development or later phase of an existing development, detailed tenure by prior residence must be shown. Additional explanation shall be provided for any market area with boundaries in excess of 3 miles.
- d. *Economic and Market Analysis.* An economic and market analysis that provides the reader context to better understand the household and rent trends in the market. Topics to be addressed should include:

(1) Employment Data. The report should include the following:

- (A) *Employment and Unemployment.* Presentation of data and analysis pertaining to the trend in resident employment and unemployment;

- (B) *County Employment Trends*. Presentation of data and analysis pertaining to trends over the past five years in total employment in the county in which the subject site is located
 - (C) *Employment Data*. Presentation of data and analysis pertaining to employment by industry sector for the primary market area (“PMA”) or smallest available geographic area that includes the PMA and comparison to appropriate larger geographic area (that is, city, county, metropolitan statistical area, or labor market area);
 - (D) *Employer List*. List of major employers in the PMA or other appropriate small geographic area and announced changes in workforce (that is, expansions, contractions, and relocations), contractions in their workforces, as well as newly announced employers and their anticipated effect on the local economy;
 - (E) *Map*. A map of major employers and employment centers in relation to the Property;
- (2) *Market Comparables*. Presentation of research of comparable properties, including both residential and commercial uses:
- (A) *Residential*. For residential uses, the comparable should include a list of existing and proposed, if available, comparable properties, including name, location, population served, type of design, age and condition, number of units by type, size in square footage of units, kitchen equipment, type of utilities (state whether paid by owner or tenant and energy sources for hot water, heat and cooking), unit and site amenities included, site staffing, occupancy rate, absorption history (if recently completed), name, address and phone number of property contact.
 - (B) *Commercial*. For commercial uses the comparable should include the same information, where applicable, as well as recent lease transactions (including information such as property size, tenant name, rent per square foot, lease start and end dates, reimbursements, free rent period, rent bumps, additional rent and market lease assumptions)
- (3) *General Market Data*. Presentation of data related to general market factors and national trends in similar neighborhoods
- (4) *Supply and Demand Data*. Presentation of data regarding the demand and supply analysis of the market area, which should include identification of current and proposed supply

- e. *Affordable Housing.* If affordable housing as defined by the New Jersey Housing and Mortgage Finance Agency (NJHMFA) for the Low Income Housing Tax Credit (LIHTC) Program, will be included in the proposed Project, then a demographic analysis must be included of the households in the market area under the **MARKET FEASIBILITY STUDY REQUIREMENTS** section above, which are income eligible and can afford to pay the rent, assuming potential households may spend up to 35 percent of their income on housing expenses. When appropriate, the eligible households shall also be analyzed by tenure (owner/renter), size of renter households, and age.

- f. *Capture Rate and Absorption Period.* The capture rate, absorption period and the impact of the proposed rental housing may have on existing inventory, as well as the impact of the proposed commercial space will have on existing commercial inventory (differentiating by each proposed property type). The capture rate is the number of units in the project divided by the net demand for the project.

- g. *Square Foot Rent.* If applicable, the appropriate rent per square foot and vacancy factor based on market conditions for any commercial space in the project.

- h. *Conclusion Forecast.* A conclusion forecast regarding the potential viability of the proposed project which states the strengths and weaknesses of the project, compatibility of surrounding land uses, appropriateness of project design and amenities, and the reasonableness of projected rents. In addition, the analyst shall state whether sufficient demand from targeted households exists for the development as proposed. Suggestions to make the project more marketable shall be provided if appropriate. All conclusions shall be based on data analyzed within the report.

- i. *Assumptions.* Provide a detailed list of the assumptions used in the Study regarding:
 - (1) Site Description
 - (2) Market Area
 - (3) Economic Analysis
 - (4) Employee and Employer Information
 - (5) Market Comparables
 - (6) General Market Data
 - (7) Supply and Demand Data
 - (8) Affordable Housing
 - (9) Capture Rate and Absorption Period
 - (10) Square Foot Rent
 - (11) The Proposed development uses
 - (12) The Property's existing and future condition

- j. *Certification.* A certification which provides complies with the requirements of Uniform Standards of Professional Appraisal Practice

k. *Statement of Competency.* A statement of the competency of the analyst conducting the study. The market analyst shall certify that:

- (1) He or she is an independent, third party professional with no financial interest in the project other than in the practice of his or her profession (for example, his or her fee for preparing the report is not contingent upon project completion and/or an award of tax credits or other financing);
- (2) He or she has the requisite knowledge to proceed with the study;
- (3) He or she has personally inspected the subject property and the comparable properties analyzed in the report;
- (4) If applicable, he or she has conducted the study in accordance with the content standards of the National Council of Affordable Housing Market Analysts (NCAHMA).