

## Alternative Market Analysis

For

### The ABC Project

Summary: The Really Good CHDO is planning on undertaking development of four affordable single family homeownership units located in Bogalusa Louisiana. The homes will all be located in Census Tract 9508.00 which is a HUD Qualified Census Tract. The home to be constructed will be 3-bedroom units that are 1320 square feet and cost \$125,400.00 to construct. Since to City of Bogalusa is so small (9.5 square miles) the entire city is considered as the primary market area.

#### Demographic Information:

The City of Bogalusa had 12,232 people according to the 2010 U.S. Census and is currently estimated to have a population of 11,913 which is a decline of 2.6% over the past eight year. Since its peak of 21,423 persons in 1960 the population has fallen by a total of 44.39%. Of the current population up to a total of 3,047 households are expected to be eligible potential buyers. The target homebuyer will be an 80% AMI household of four. The As-Built appraisals indicate that the homes will value at \$82,000 due to the depressed market. With an appraised value of \$82,000 the project will need a development subsidy of \$43,400.00 but since the average income of a targeted client is \$33,600 there will be no need for a homebuyer subsidy since when using LHC standard criteria the client could afford a loan of up to \$127,417.00

#### Absorption Rate

According to data current at the time of this report on Zillow the absorption rate for Bogalusa is 157.53 Days or 5.25 Months. Due to the small number of unit proposed in this project it is not expected to have a significant impact on the number of units available.

#### **Alternative Market Data Required by LHC**

1. Number of prospective low income (80% of AMI and less) current rental households in the Market Area;  
3,047
2. Household size of eligible prospective buyers; 4-person
3. Income Required of prospective buyers; \$33,600
4. Average amount of direct homebuyer assistance required (if any) of prospective buyers; \$0.00
5. Number of comparable units sold over the last year; 75
6. Sale price of comparable units sold in the last year; See table
7. Size of comparable units sold in the last year; See table
8. Square foot cost of comparable units sold in the last year; See table

- 9. Listing date of comparable units sold in the last year; Not found on Zillow but listing time was available
- 10. Sale date of comparable units sold in the last year; Not found on Zillow but listing time was available
- 11. Time on market (Average, Maximum, Minimum) See table
- 12. Absorption Rate 157.53 Days (5.25 Months) See calculation

**Tables**

VALUE	Estimate	Percent
<b>Owner-occupied units</b>	2,710	2,710
<b>Less than \$50,000</b>	929	34.3%
<b>\$50,000 to \$99,999</b>	1,069	39.4%
<b>\$100,000 to \$149,999</b>	375	13.8%
<b>\$150,000 to \$199,999</b>	156	5.8%
<b>\$200,000 to \$299,999</b>	102	3.8%
<b>\$300,000 to \$499,999</b>	53	2.0%
<b>\$500,000 to \$999,999</b>	8	0.3%
<b>\$1,000,000 or more</b>	18	0.7%
<b>Median (dollars)</b>	65,900	(X)

SELECTED MONTHLY OWNER COSTS (SMOC)	Estimate	Percent
<b>Housing units with a mortgage</b>	1,058	1,058
<b>Less than \$500</b>	29	2.7%
<b>\$500 to \$999</b>	638	60.3%
<b>\$1,000 to \$1,499</b>	307	29.0%
<b>\$1,500 to \$1,999</b>	64	6.0%
<b>\$2,000 to \$2,499</b>	20	1.9%
<b>\$2,500 to \$2,999</b>	0	0.0%
<b>\$3,000 or more</b>	0	0.0%
<b>Median (dollars)</b>	916	(X)

GROSS RENT AS A PERCENTAGE OF HOUSEHOLD INCOME (GRAPI)	Estimate	Percent
Occupied units paying rent (excluding units where GRAPI cannot be computed)	1,633	1,633
Less than 15.0 percent	227	13.9%
15.0 to 19.9 percent	123	7.5%
20.0 to 24.9 percent	63	3.9%
25.0 to 29.9 percent	195	11.9%
30.0 to 34.9 percent	138	8.5%
35.0 percent or more	887	54.3%

GROSS RENT	Estimate	Percent
<b>Occupied units paying rent</b>	1,695	1,695
<b>Less than \$500</b>	748	44.1%
<b>\$500 to \$999</b>	895	52.8%
<b>\$1,000 to \$1,499</b>	52	3.1%
<b>\$1,500 to \$1,999</b>	0	0.0%
<b>\$2,000 to \$2,499</b>	0	0.0%
<b>\$2,500 to \$2,999</b>	0	0.0%
<b>\$3,000 or more</b>	0	0.0%
<b>Median (dollars)</b>	565	(X)

INCOME AND BENEFITS (IN 2015 INFLATION-ADJUSTED DOLLARS)		
Total households	4,672	4,672
Less than \$10,000	1,135	24.3%
\$10,000 to \$14,999	531	11.4%
\$15,000 to \$24,999	850	18.2%
<b>\$25,000 to \$34,999</b>	<b>618</b>	<b>13.2%</b>
\$35,000 to \$49,999	551	11.8%
\$50,000 to \$74,999	419	9.0%
\$75,000 to \$99,999	216	4.6%
\$100,000 to \$149,999	293	6.3%
\$150,000 to \$199,999	53	1.1%
\$200,000 or more	6	0.1%
Median household income (dollars)	23,315	
HUD Median Household Income (4 Person)	33,600	

HUD Median Household Income \$33,600

How to Determine population of Eligible households:

Census Range 34,999 – 25,000 = 9,999 (Largest Income in range – Lowest income in range)

HUD Median Income Percentage Within Range.:

$33,600 - 25,000 = 8,600 / 9,999 = 86\%$  (HUD Median Income – Lowest Income in range divided by the Census range).

$618 \times 0.86 = 531$  Population in Census Range X HUD Percentage within range.

$531 + 850 + 531 + 1,135 = 3,047$ . This is all the households below the HUD Median 4-person household 80% limit.

#### Absorption Rate

Time Frame	365 days	
Number of Homes Sold	95	
Number of Active Properties	77	
Number of Lot/Land Listings	36	
Number of Active Home Listings	41	
Rate of Home Sales	3.8421 - 1 home is sold every 3.8421 days	This number is found by taking $365/95$ (Time Frame/Number of Sold Homes)
Absorption Rate	157.53 Days (5.25 Months).	Found by taking $41 \times 3.8421$ (Number of Active Homes x Rate of Home Sales)