Tennessee Housing Development Agency

Tennessee's Low Income Housing Tax Credit Program

Laura Swanson
Research Coordinator

Tennessee's Low Income Housing Tax Credit Program 1987-2013

Laura Swanson, Research Coordinator

Maps: Justin Butler, Research Analyst
Special Thanks: Hulya Arik, Economist, for inflationary adjustments
Design: Charmaine McNeilly, Publications Coordinator

Table of Contents

Introduction

The Tennessee Housing Development Agency (THDA) is Tennessee's administrator for the Low Income Housing Tax Credit (LIHTC) Program. The LIHTC Program provides a financial incentive for the construction or rehabilitation of affordable housing for households earning 60 percent or less of area median income (AMI)[1] by offering investors a dollar for dollar reduction in their federal income tax liability over a ten year allocation period. Each year, the Internal Revenue Service (IRS) allocates federal tax credits to states based on population size. The credits are then allocated and paid out to developers/awardees based upon federal and state priorities.

The LIHTC program marked its 25th year in 2011. From 1987 to 2013, 940 LIHTC properties, including more than 56,000 affordable units, were placed in service in Tennessee. The properties range from single units, which were common in the early years of the program to large multifamily complexes, with the largest development containing more than 480 units. The program has reached almost every county in the state with allocations totaling $2.48 billion in credit authority over the program history ($2.83 billion adjusted for inflation[2]), clearly illustrating the significance of the program to the affordable housing market in Tennessee.

The purpose of this report is to describe the characteristics of properties developed through the LIHTC program over time, the relationship to state and federal policy priorities, such as the Qualified Allocation Plan (QAP), as well as the relationship to market and investment conditions. The report discusses type and size of developments, unit mix within developments, location and spatial characteristics of developments, such as location in high poverty or high unemployment tracts and the relationship of the LIHTC program to other subsidized housing programs. To allow for comparisons to be made on how the program has changed over time, program years are grouped together into three time periods: 1987-1992 (Pre-permanent Authorization Period), 1993-2002 (Early Years), and 2003-2013 (Later Years). Table 1 includes key summary characteristics of developments built using the LIHTC in Tennessee over the program's history.

The report is primarily supported by internal THDA records, along with Department of Housing and Urban Development reports, and comparative data from the American Community Survey (2008-2012) and Comprehensive Housing Affordability Strategy (CHAS). A second report will follow that evaluates the tenant characteristics of the LIHTC program in Tennessee.

1 LIHTC projects must meet the definition of a qualified low income project by setting aside at least 40 percent of the units for renters earning no more than 60 percent of the AMI or 20 percent of the units for renters earning 50 percent or less of the AMI.

2 To represent the purchasing power in 2013 dollar terms, Hulya Arik, THDA Economist, adjusted the amounts for inflation. To determine the appropriate adjustment, the tax credit amounts received before 2013 were adjusted for inflation while the tax credit amounts received after 2013 were deflated. The adjustment was made using the allocation year as the first year of the ten year allocation period. To adjust the nominal tax credit amounts that are received in years prior to 2013 for inflation, the Consumer Price Index was used- All Urban Consumers from Bureau of Labor Statistics (BLS). The tax credit amounts that are received after 2013 are deflated using a present value calculation. The OMB Nominal Interest Rates on Treasury Notes and Bonds of Specified Maturities (http://www.whitehouse.gov/omb/circulars_a094/a94_appx-c) was used to discount the nominal tax credit amounts that will be received after 2013.

Table 1: LIHTC Key Property Characteristics

	Pre-permanent Authorization 1987-1992	**Early Years 1993-2002**	**Later Years 2003-2013**
Number of Projects	379	276	285
Number of Units	7053	21902	27046
Avg. Project Size (No. Units)	19	79	95
Total 9% Allocated[1]	$120,944,080	$787,431,520	$1,196,264,478
Total 4% Allocated[1]	$0	$85,093,390	$290,339,057
Total Allocations	$120,944,080	$872,524,910	$1,486,603,535
Construction Type		***% of Properties***	
New Construction	57.5%	80.8%	67.0%
Rehabilitation/Preservation	42.5%	18.1%	30.2%
NC/Rehab Combination	0.0%	1.1%	3.0%
Project Sponsor[2]		***% of Properties***	
Non Profit[3]	N/A	10.8%	12.0%
RHS/USDA	28.7%	8.8%	5.6%
Section 8	1.7%	3.6%	16.9%
PHA/Hope VI[4]	0.0%	6.4%	13.0%
Bond	N/A	12.7%	28.5%
Location[5]		***% of Properties***	
Rural	23.3%	12.0%	15.8%
Suburban	17.1%	19.5%	15.5%
Urban	59.7%	68.5%	68.7%

1 The total allocation is the 10-year award without inflationary adjustments and includes additional funds awarded to projects under ARRA TCAP and 1602 programs, even though these funds were cash, not credit awards. The actual equity achieved from the credit was not available.

2 Project sponsor statistics are not mutually exclusive. Properties may be included in more than one category of sponsor.

3 Non-profit sponsors are only identified in the data available when a project qualifies for a non-profit set-aside. Thus, the total number of properties with non-profit sponsors may be underreported here. Additionally, the 10 percent set-aside in the QAP is based upon allocated dollars and not properties.

4 PHA/Hope Vi includes any development where a PHA developer is identified, regardless of whether the property receives operating subsidy.

5 The location is based upon the 2014 agency definitions of Urban, Rural & Suburban.

Affordable Housing Need in Tennessee

According to most housing experts, the demand for rental housing has increased significantly among both low and middle income households since the foreclosure crisis and economic downturn that began in 2007. This has resulted in lower rental vacancy rates and rising rents across the country. Both urban and rural areas of America are faced with rental housing shortages as the economy recovers and demand for rental housing increases. The National Low Income Housing Coalition (NLIHC) completes a rental gap study each year[3]. In 2014, the study showed that more than half of all renters are cost burdened (paying over 30 percent of their income for housing), which is a 12 percent increase from a decade earlier. The affordable housing shortage is particularly significant in the 50 metropolitan areas with the largest renter household populations. In Tennessee, Nashville and Memphis Metropolitan Statistical Areas (MSAs) fall within this category. The availability of affordable housing tends to worsen in metropolitan areas where jobs and transportation are more readily available.

THDA's Housing Needs Assessment published in September 2012 found a statewide increase in the number of cost burdened renters, with 43 percent of renters cost burdened as of the date of the report versus one-third in 2000. A December 2012 report from the Center for Budget and Policy Priorities shows about 33 percent of Tennesseans (804,500) are renters, with 24 percent (189,400) of that total being low-income renter households (50-80 percent of AMI), who pay more than half of their monthly income for housing related expenses[4].

The LIHTC Program contributes to the development and/or preservation of affordable rental housing, and thus, is extremely important to the overall housing market. As other affordable housing programs, such as traditional public housing and United States Department of Agriculture (USDA), have faced ongoing funding shortfalls and mounting preservation needs related to aging housing, the significance of the LIHTC program has increased both as a development program for new, non-targeted affordable housing, and as a support to the preservation of existing affordable housing.

3 National Low Income Housing Coalition. "Out of Reach 2014." http://nlihc.org/sites/default/files/oor/2014OOR.pdf.

4 Center for Budget & Policy Priorities. December 2012. "Tennessee Federal Rental Assistance Facts." http://www.cbpp.org/files/4-13-11hous-TN.pdf

History of the LIHTC Program

As of 2011, HUD estimates the LIHTC has helped to finance more than 2.4 million affordable rental housing units for low income households nationwide[5]. THDA has managed the LIHTC program for Tennessee since its inception in 1987, and in recent years, has allocated approximately $14 million in credit authority each year, which represents $140 million in credit authority when the 10-year allocation period is considered.

Tennessee's LIHTC program and the types of development associated with it have changed over time. The properties created in the pre-permanent authorization years of the program (1987-1992) differ greatly from the properties created when the program became permanently authorized (1993 and forward). Initially, the LIHTC program was designed as a temporary program to complement existing subsidized housing development programs, such as HUD and USDA project based housing. Thus, investment appeal and a secondary market for the sale of credits was limited. With low investment appeal, single units and smaller properties being preserved or developed under another federal program (i.e. USDA, HUD Section 8 project based) were more common in the early years.

In 1993, the program was adopted formally as a permanent subsidized housing development program through the Omnibus Reconciliation Act. At this time, the secondary market for the sale of credits started becoming firmly established. As the credit became more desirable to investors, larger properties, without additional subsidy layering, became more common. The program statistics presented in Table 1 above illustrate the difference in how the credit was used by Tennessee developers in the early years of the program versus later years.

There are two types of credits: 9 percent and 4 percent. The 9 percent credit is highly competitive and awarded based on criteria published annually in the federally required Qualified Allocation Plan (QAP). The QAP states mandated federal priorities and establishes state priorities for the competitive program. The 4 percent credit was not available in the pre-authorization years of the program. The 4 percent credit is typically coupled with the Multifamily Bond program. When coupled with bonds, the 4 percent credit is non-competitive, although certain threshold criteria apply. The coupling of 4 percent credits and bonds did not routinely occur in Tennessee until after 1995. Unless otherwise noted, the data that supports the conclusions in this report includes properties developed with both the 4 percent and 9 percent credit allocations.

5 Jill Khadurri, et al. August 2012. "What Happens to Low-Income Housing Tax Credit Properties at Year 15 and Beyond?" Prepared by ABT Associates & VIVA Consulting for the U.S. Department of Housing and Urban Development, Office of Policy Development and Research.

Qualifed Alloation Plan (QAP)

The competitive priorities for the LIHTC program are set annually through the QAP. While the federal government requires that certain types of properties receive priority (developments with non-profit sponsorship; those that serve the lowest income tenants and ensure affordability for the longest time period and those located in qualified census tracts), local or state priorities for the competitive 9 percent credits are established by the QAP.

Each year, THDA receives far more applications than credit available. The QAP determines the number of points to be allocated for various components of each project proposal, most notably the desired type, location and ownership of affordable housing. Thus, the priorities set forth in the QAP have considerable influence over who receives credits, the type of properties that are built and the location of developments in the 9 percent credit program. From year to year, QAP priorities may change. Over the past 15 years, the most consistent QAP priorities in Tennessee are listed in Table 2 below (in addition to the federal requirements above).

Table 2: Most Common Tennessee QAP Priorities*

Set Asides	*Credit Caps*	*Points Allocation*
• Non-Profit Developer** • Geographic Distribution- • -Urban/Rural (typical split 65% urban/ 35% rural) • -Qualified Census Tract (QCT) areas • Public Housing Agency/ Hope VI • Small Developments • Rehabilitation Projects	• County • Developer • Development • Units/ Low Income Units • % allocated within QCT areas	• Equitable Regional Distribution-- Housing Need by Location (AMI<80%, Rental Need, Affordable Housing Need-QCT/CRP areas) • Development Characteristics: New Construction or Rehab (New Construction typically allocated 30% higher points than Rehab; minor Rehab allocated lowest points), Quality-energy efficiency, "green"; Historic • Developer/Sponsor characteristics (successful prior completion of LIHTC development meeting required minimum affordability set-asides; Hope VI experience for PHA developers) • Developer fees- lower fees=higher points • Special Needs Housing (when no set aside) • Preferences for developer commitments to: set aside units for lowest income tenants or those on a public housing waiting list; extended use period; eventual tenant ownership • Local Tax Exempt Support • Growth Support Act (counties with growth plans)

*The table includes THDA Qualified Allocation Plans from 1998-2013.

**Section 42 requires that at least 10 percent of each state's annual credit ceiling be set aside for allocation to projects involving qualified nonprofit organizations. Thus, this is a federal, not necessarily a state, allocation priority.

It is expected that the location and characteristics of Tennessee LIHTC properties, particularly properties built using competitive credits, will closely resemble the most common priorities established by the state (via the QAP) and federal government.

Financial Viability of LIHTC Developments

In addition to the QAP, overall financial viability of a project is a significant factor in the location and characteristics of both 4 percent and 9 percent LIHTC projects. After a tax credit reservation is achieved, the developer still must secure a loan, find a private investor interested in exchanging equity/cash for the tax credits, possibly contribute directly from private funds, and if funding gaps still exist then secure gap financing, such as HOME funds[6]. In essence, the credit does not ensure the financial viability or success of a rental project. The market viability of the development is equally important.

Maximum Allowed LIHTC Rents

Potential rent income is key to market viability. Tax credit housing is often located where the land costs are lower and the maximum tax credit rents[7] are close in range to market rents. To receive a tax credit allocation, in addition to setting aside units for low income renters, the rents must be restricted, where the maximum gross rent including a utility allowance is less than 30 percent of imputed income based upon the AMI (at 50 or 60 percent).

The majority of Tennessee LIHTC developers commit to set aside 20 percent of units at 50 percent of AMI rents to take advantage of the state's QAP points associated with reserving units for the lowest income tenants. The federal requirements mandate that either 20 percent of units are set aside at 50 percent of AMI or 40 percent of units are set aside at 60 percent of AMI. Tennessee LIHTC developers often choose to set the rent levels of the remainder of the property at or below the 60 percent of AMI rent level, resulting in LIHTC properties with a mix of rents where at least 20 percent are set at or below the 50 percent of AMI, and 40 percent or more of the remaining units are set at or below 60 percent of AMI or lower.

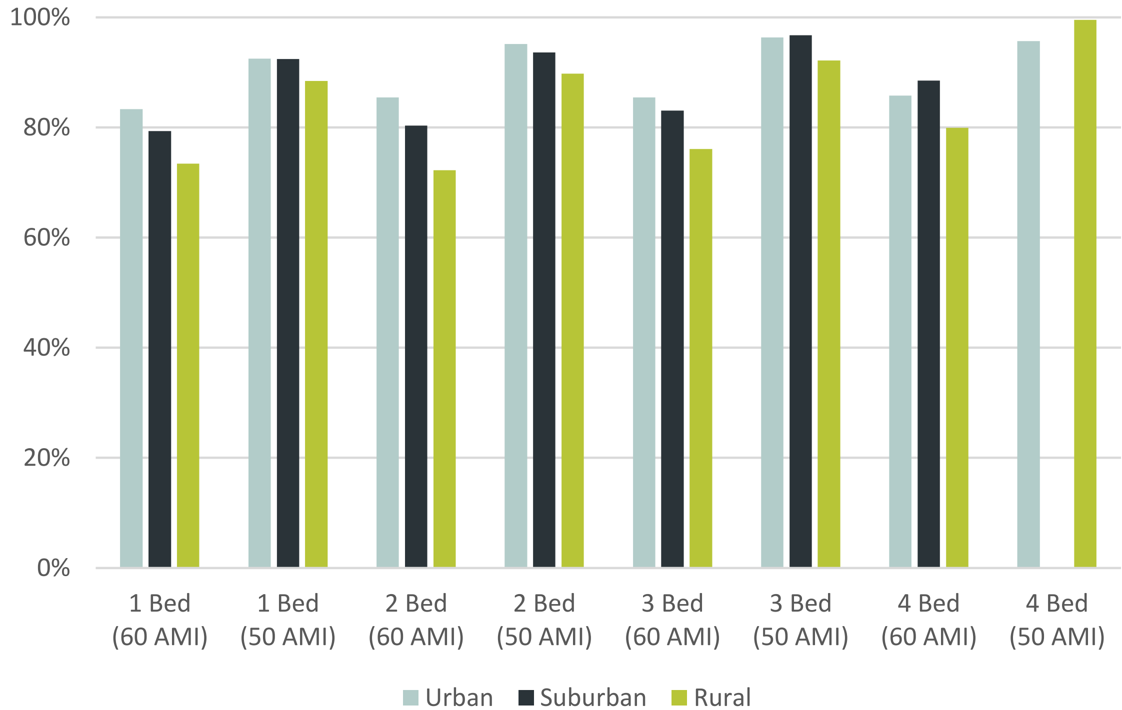
Developers may set LIHTC rents lower than the maximum allowable rents, dependent upon whether the market will bear the maximum rent and whether rents are restricted due to development type (i.e. federal program units). A review of projected rents[8] from approved applications between 2008 and 2012 shows that the average projected net rents (rent only, excluding utilities) in Tennessee applications fall consistently below the average 60 percent of AMI maximum net rent level allowed. Even units with rents set aside at the affordable 50 percent AMI levels have a slightly lower average projected net rent than the maximum allowable net rent in most areas and for most bedroom sizes.

6 In Tennessee, HOME funds are available for LIHTC project development only in the entitlement jurisdictions.

7 The maximum allowable tax credit rent equals 30 percent of the project's income limit (50 or 60 percent AMI) for the imputed family size. Maximum allowable rent in the LIHTC program is a gross rent (contract rent and a reasonable utility allowance).

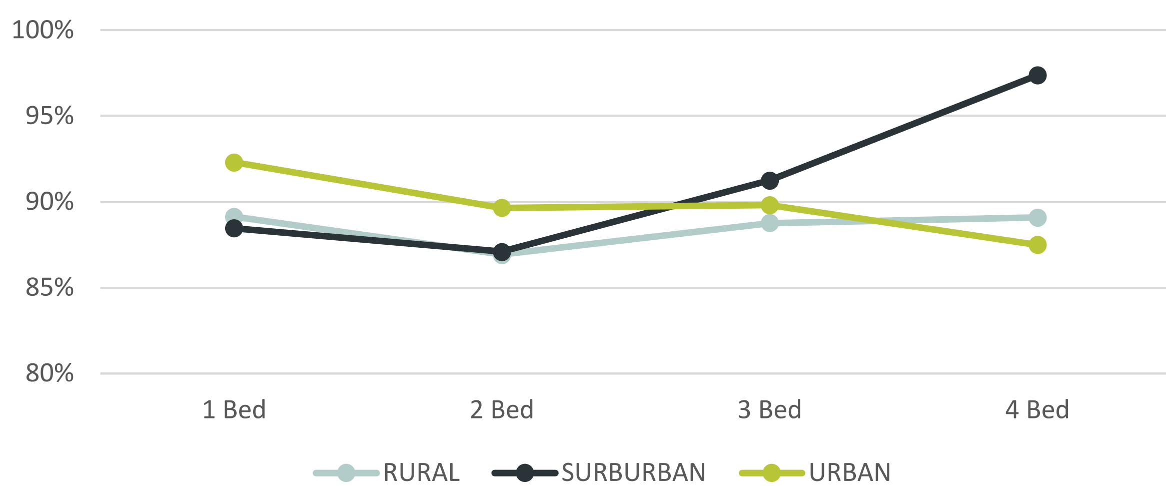
8 The projected and maximum monthly net rents in this analysis were extracted from LIHTC applications utilized for underwriting purposes. The projected and maximum rents do not include the utility allowance, but rather are net or contract rent only comparisons.

Figure 1: Projected Net Rent as Percent of Net Maximum Allowable Rent (2008-2012)



When looking at the average rent actually paid by tenants living in an LIHTC property in 2013 ("actual LIHTC rent"),[9] compared with the average maximum allowed LIHTC rent levels (at 60 percent of AMI), the actual LIHTC rents for 2013 are also consistently lower than the max allowed LIHTC rent at the 60 percent of AMI level. The average actual LIHTC rents in urban and suburban areas are closer to the maximum allowed than in rural counties, with suburban counties reaching almost 100 percent of the maximum LIHTC rent allowed for 4 bedroom units (see Figure 2 below).

Figure 2: Actual Average 2013 LIHTC Rent Compared to 60% AMI Maximum Rent



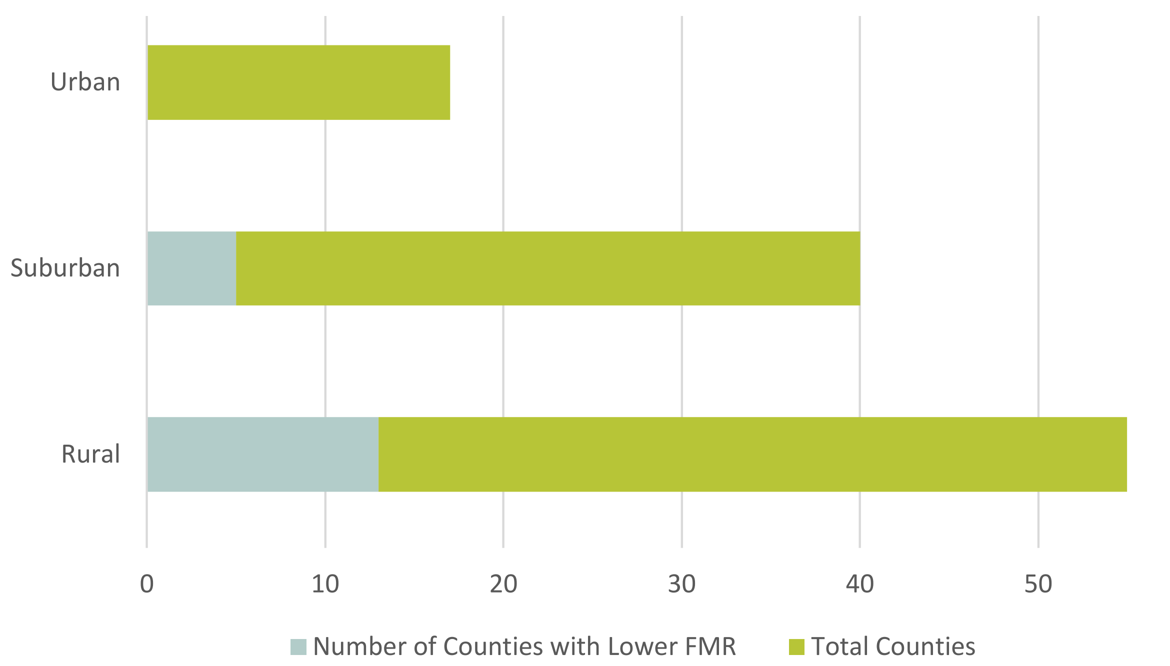
9 The actual LIHTC rent in this analysis was extracted from property level reporting for 2013 compiled for required HUD reporting.

The Relationship of the HUD Fair Market Rent to LIHTC Rents

LIHTC rents set at the maximum level (60 percent of AMI) may be unaffordable to very low-income renters (earning less than 30 percent of AMI) without additional subsidy, such as a Housing Choice Voucher (HCV), especially in counties where the tax credit rent exceeds the HUD Fair Market Rent (FMR). The FMR is the maximum rent including utilities for certain rental assistance programs, such as HCV Program[10]. In 2012, approximately 50 percent of Tennessee LIHTC tenants received some type of rental subsidy, most through a HUD program[11].

Where the LIHTC rent exceeds the FMR, subsidized renters often cannot be approved to lease the unit. While LIHTC rents are based upon different methodology than the HUD FMR, the FMR is an indication of potential rent income and the financial viability of a property, especially in properties expected to serve the lowest income renters or those with a voucher. If the LIHTC rents are set too high, the rents may be unaffordable to both subsidized renters and some low income unsubsidized renters. In the 2015 QAP, THDA designated counties where the FMR for all bedroom sizes is lower than the associated maximum allowable LIHTC rent (60 percent of AMI) as "non-viable" areas for development in the scoring matrix. For 2014, 18 of 95 Tennessee counties (19 percent) had lower FMRs at all bedroom sizes than max allowable LIHTC rents. Thirteen rural counties (24 percent) and five suburban counties (22 percent) were deemed non-viable due to the FMR being less than the maximum allowable LIHTC rent. No urban counties experienced lower FMRs than maximum allowable LIHTC rents. More than half of the counties with lower 2014 FMRs than maximum allowable LIHTC rents have only one active LIHTC property or no LIHTC properties in the county.

Figure 3: Counties with 2013 FMR less than Max LIHTC Rent by Urbanicity



Sources: THDA Internal Reports, HUD 2013 FMR tables

10 The U.S. Department of Housing and Urban Development (HUD) annually estimates FMRs for Metropolitan Statistical Areas (MSAs) and for counties in non-metropolitan statistical areas. The FMR is a gross rent estimate for rent plus the cost of all utilities, except telephone. The level at which FMRs are set is expressed as a percentile point within the rent distribution of standard-quality rental housing units, and is based upon the distribution of 2 bedroom units with adjustments for other bedroom sizes. It is important to note that the HUD FMR is not necessarily a measure of the highest rent the market will absorb. The HUD FMR is an estimation of the fair market rent for a standard quality rental unit

11 Based upon data extracted from the HUD LIHTC Tenant reporting for 2012.

The Secondary Market and LIHTC Viability

A good illustration of the importance of the market and investment appeal to the success of the LIHTC program is the events that occurred following the 2008 recession. The collapse of the financial markets led to a sharp reduction in syndicator demand for tax credits. Developments under construction or in planning stages with credits were delayed due to lack of investor funding. As a result, in 2008, Congress enacted the Housing and Economic Recovery Act (HERA), which included a number of important amendments to the LITHC program aimed at bolstering investment interest[12].

In addition to the changes under HERA, in 2009 the LIHTC program was morphed temporarily into a direct grant program under the American Recovery and Reinvestment Act (ARRA), which included both the Section 1602 (or "exchange") Program and the Tax Credit Assistance Program (TCAP). Under Section 1602, states could exchange up to 40 percent of their 2009 LIHTC credit ceiling and 100 percent of credits carried forward from prior years for cash grants to help finance new construction or rehabilitation. In Tennessee, some deals that received funds under Section 1602 maintained credits as part of their financing structure, while others returned all of their previously issued credits and monetized the total award. TCAP directly replaced the missing private investment with public investment (grant funds) during the fiscal crisis. THDA chose to direct TCAP funds to multifamily tax exempt bond program deals that were still able to command investment interest but at a lower rate. The TCAP funds filled the gaps for these deals. The vast majority of allocations from 2007 to 2010 (74 percent) in Tennessee were monetized in some manner and would have lacked financial viability due to lack of investor interest without the conversion of at least part of the credit allocation to grant income.

THDA monetized credit through the TCAP and Section 1602 programs for 84 LIHTC applicants/properties with awards from year 2007 to 2010. In total, THDA monetized $202 million dollars to stimulate LIHTC production during the financial crisis. All of the TCAP deals, and many of the Section 1602 deals also received an allocation of tax credits to be distributed over the regular 10-year allocation period.

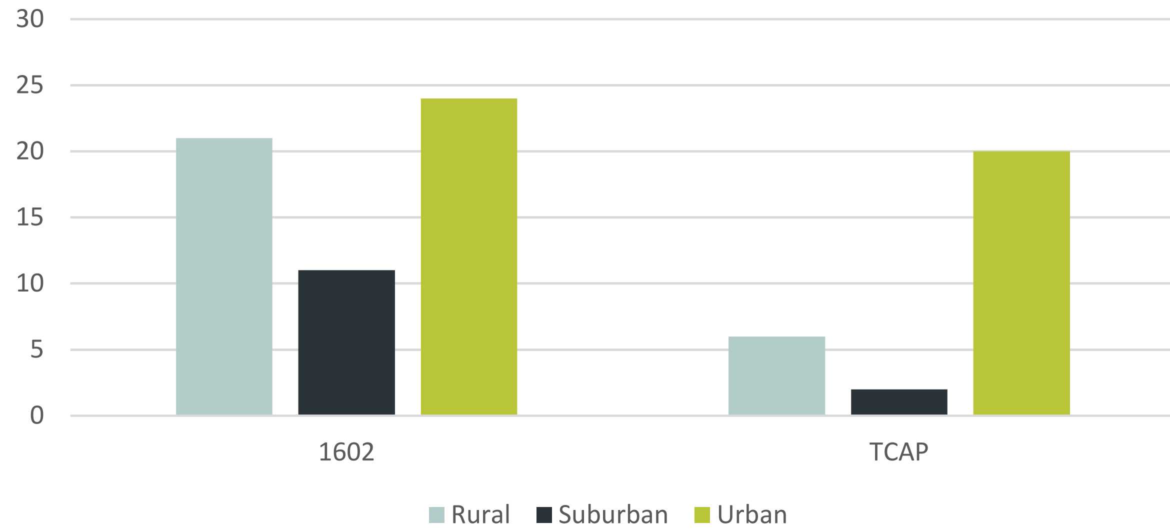
Table 3, TCAP & Section 1602 Allocations

	TCAP				Section 1602			
Region	**Properties**	**Units**	**Grant/ Monetization**	**10 Year Credit Allocation**	**Properties**	**Units**	**Grant/ Monetization**	**10 Year Credit Allocation**
East	6	494	$9,388,787	$39,744,427	16	954	$38,468,325	$91,140,695
Middle	8	1569	$17,456,522	$54,023,192	25	1662	$77,696,414	$157,455,634
West	14	1331	$12,187,206	$61,981,986	15	821	$47,486,571	$62,961,551
Total	**28**	**3394**	**$39,032,515**	**$155,749,605**	**56**	**3437**	**$ 163,651,310**	**$311,557,880**

Seventy percent of the TCAP and Section 1602 properties are located in urban or suburban areas, with 40 percent located in Middle Tennessee, 26 percent in East and 34 percent in West Tennessee. Figure 4 illustrates the number of properties built or rehabilitated using TCAP and 1602 by the population density ("urbanicity") of the county.

12 A detailed review of the LIHTC related amendments contained in HERA may be found in the December 2012 Government Accountability Office (GAO) report, "LIHTC Agencies Implemented Changes Enacted in 2008, but Project Data Collection Could be Improved," http://www.gao.gov/assets/660/650622.pdf.

Figure 4: TCAP & 1602 Properties by Urbanicity



Recent Equity Pricing and Financial Viability

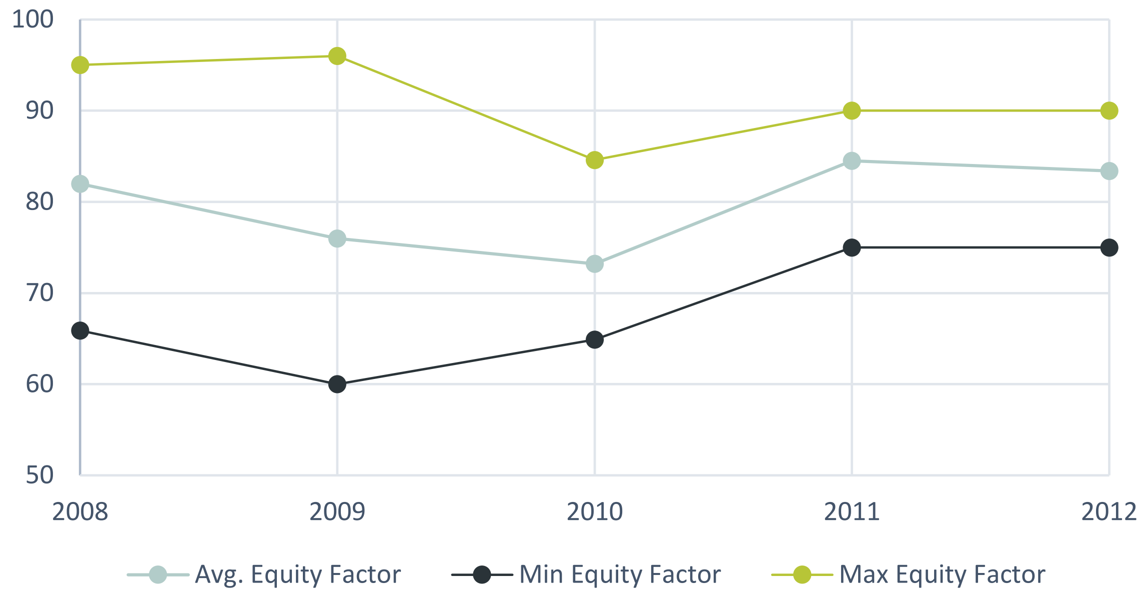
While a developer may claim the tax credit individually over the 10-year allocation period, it is much more common for the developer to sell the tax credit, typically to a syndicator, to raise equity or the cash needed to cover immediate development costs. Thus, the price at which the tax credits may be sold is extremely important to the viability of an individual project and to the actual income realized by the property and invested in the community.

When demand for housing credits declined (roughly from 2008 to 2010), housing credit pricing dropped nationally to as low as $0.60 cents per dollar of tax credit in some markets. Prior to the recession, average national pricing reached the $0.90 cents per dollar range[13]. A review of applicants awarded credit in Tennessee from 2008 to 2012 (which includes award years significantly impacted by the recent economic recession) shows that the average syndicator pricing across all projects during that time period was 79.8 cents per dollar. However, some Tennessee projects in 2007 and 2008 were only commanding $0.60-$0.70 cents per dollar.

By region, the highest average equity pricing over the time period (2008-2012) was found in Middle Tennessee (81.6), followed by East (80.2) and West (76.8). Across the state, a significant pricing dip occurred in 2010, as shown below, when the average pricing across all projects dropped to 73.2 cents per dollar of credit. Significant variation, however, in equity pricing existed during this time period with some projects garnering extremely low pricing, and others still able to command higher pricing, as shown in the maximum and minimum factors in Figure 5.

13 Kimura, Donna. June 2014. "How Long can Current LIHTC Prices Last?" Affordable Housing Finance. http://www.housingfinance.com/affordable-housing/how-long-can-lihtc-prices-last_o.aspx

Figure 5: Equity Factor by Year (2008-2012)



When the price of the credits drops, additional credit authority or other gap financing is needed (but may not be available) to make the overall financing for a development work. Additionally, the price of credits affects the overall value of the credit to the state and to the local economies where the developments are built. For example, in 2010 when credit pricing was lower than normal, $7,315,917 in annual credit authority was allocated. However, with equity pricing at an average of 73.2 cents per dollar, the actual value of the total allocated credit was $5,355,251. If average equity pricing was at the highest average reached during the time period (84.5), the actual value of the credit would have been $6,181,950. Over the 10-year credit award period, the difference in equity pricing associated with the total credit allocated is a substantial $8,266,986. This shows the importance of developing quality projects with market appeal and an adequate rent structure in order to attract higher investor interest even during low investment periods.

HERA enacted a number of changes in the LIHTC program designed to improve financial viability and address the lack of investor interest during the economic downturn. One of the important changes was allowing HFAs to designate any building, regardless of location, as eligible for the "basis boost," which is typically restricted to properties in a qualified census tract (QCT) or Difficult Development Area (DDA) and offers up to an additional 30 percent of the building's eligible basis[14]. Many states, including Tennessee, began allowing the eligible basis boost for any project where it was necessary to achieve financial feasibility. During 2008 to 2012 and after this policy change was in effect, 96 percent of projects qualified for the basis boost.

14 According to the Department of Housing and Urban Development, the "eligible basis" is the amount of all depreciable development costs that may be included in the calculation of housing tax credits. Eligible depreciable costs include all "hard" costs, such as construction costs, and most depreciable "soft" costs, such as architectural and engineering costs, soil tests, and utility connection fees.

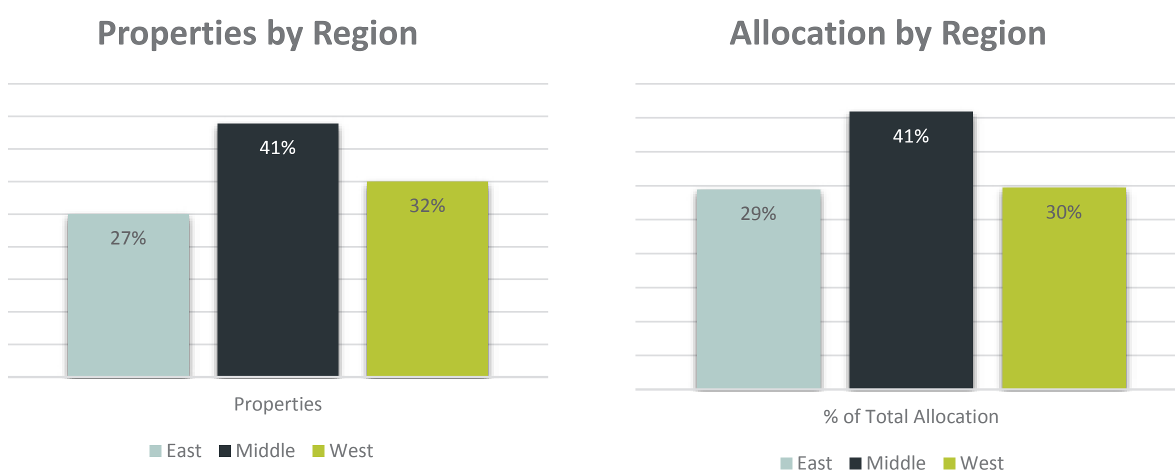
Key Characteristics of Tennessee LIHTC Properties

Keeping in mind the above state and federal policies and market or investment drivers of the LIHTC program, the remainder of the report reviews the key characteristics of developments built through the Tennessee LIHTC program and how the program has changed over the past 27 years.

Distribution of All LIHTC Properties

Since 1987, 940 LIHTC properties have been placed in service in Tennessee. These range from single units, which were common in the early years of the program, to large multifamily complexes, with the largest development containing more than 480 units. Figure 6 below provides a visual representation of the regional breakdown of property and allocation by location. Appendix 1 shows a breakdown of the number of properties created by county. Appendix 2 is a map visually displaying all properties placed in service by grand division.

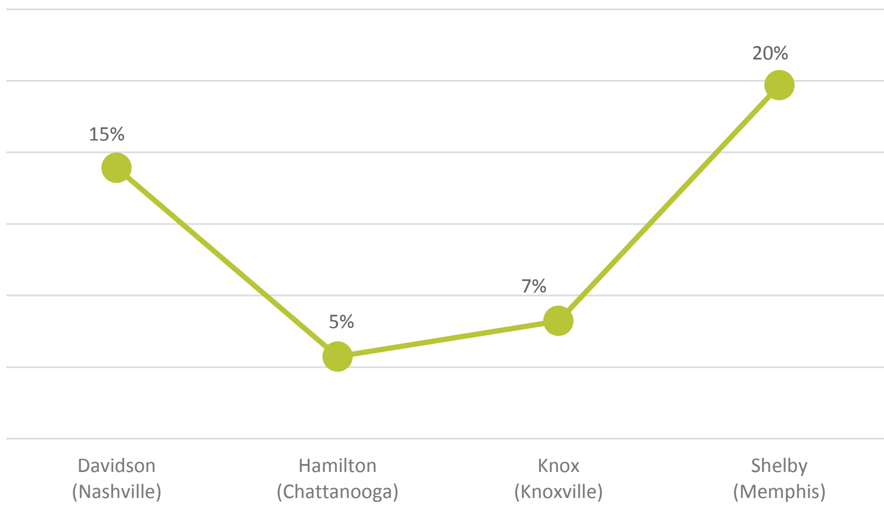
Figure 6: Properties & Allocation by Region



*Includes all properties from 1987-2013, active and inactive.

Almost half of the total LIHTC properties built or rehabilitated since 1987 are located in the four counties with major cities in Tennessee (Davidson, Hamilton, Knox and Shelby). The two largest counties, Davidson and Shelby, received 35 percent of all LIHTC allocations since 1987 (see Figure 7 below).

Figure 7: LIHTC Share (Ten Year Allocation) by Major Metro*



*1987-2013

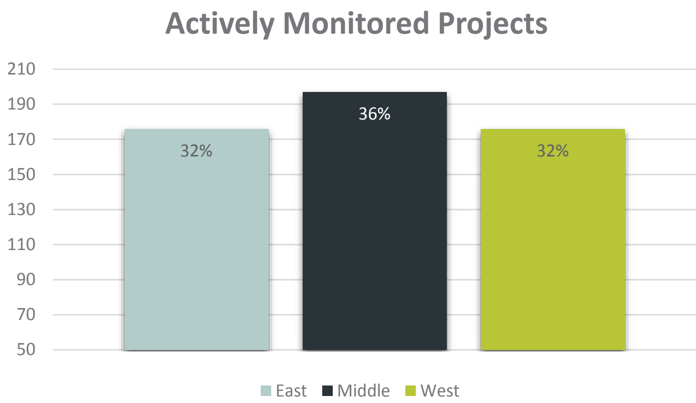
Distribution of Actively Monitored Properties

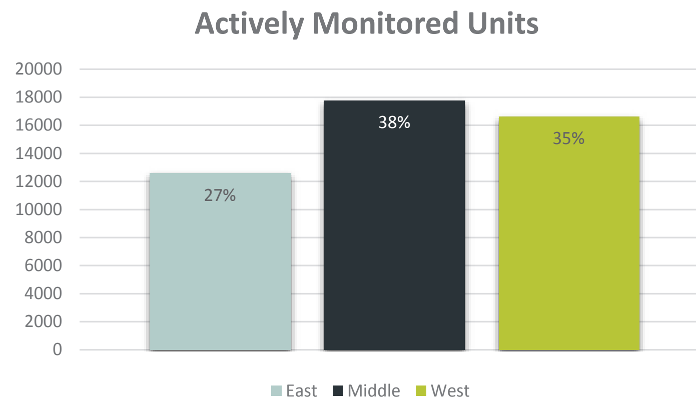
As of 2014, 550 properties with almost 47,000 units are still actively monitored and affordable in Tennessee. When properties reach the end of the required monitoring period, they may choose to end rent and income-use restrictions. THDA does not track properties once they reach the end of the monitoring period, but a 2012 report by Abt Associates found that most LIHTC properties with allocations between 1987 and 1994 remained affordable during the period immediately following the first 15 years. The study found that 32 percent of properties were no longer monitored by state housing agencies but the "vast majority" were still affordable[15].

The majority of the properties that are no longer actively monitored in Tennessee are single unit or small developments (due to the design of the program during the early years). Figure 8 below provides the regional breakdown of the number of active units and projects, and Appendix 1 has a detailed breakdown of the number of active LITHC properties and units by county. A map by grand division of all active LIHTC units is located in Appendix 3.

15 Jill Khadurri, et al. August 2012. "What Happens to Low-Income Housing Tax Credit Properties at Year 15 and Beyond?" Prepared by ABT Associates & VIVA Consulting for the U.S. Department of Housing and Urban Development, Office of Policy Development and Research.

Figure 8: Actively Monitored Projects & Units by Region

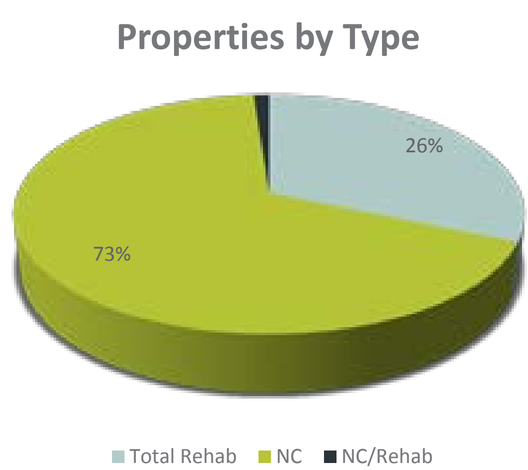


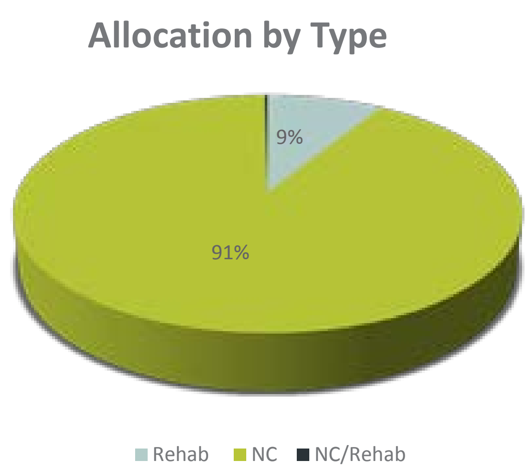


Type of Construction by Credit Type

Properties built using the 9 percent tax credit over the history of the program are primarily new construction developments. As shown in Figure 9 below, 73 percent of all properties built with competitive credits since 1987 are new construction. The vast majority of 9 percent credits (dollars) were allocated to New Construction projects (91 percent). This aligns with Tennessee QAP goals, which consistently offered a 30 percent higher point commitment for new construction projects during the time period covered by this report.

Figure 9: Properties & Allocation by Construction Type (9% Credit)

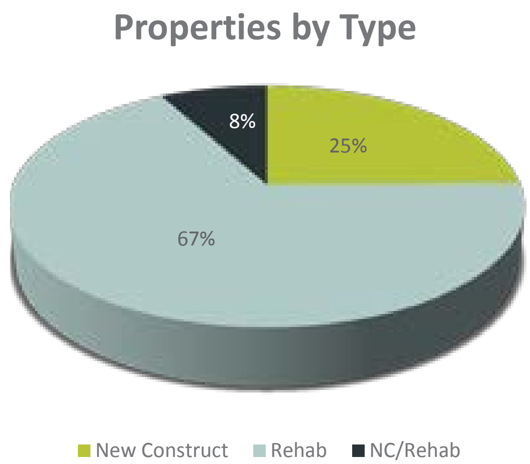


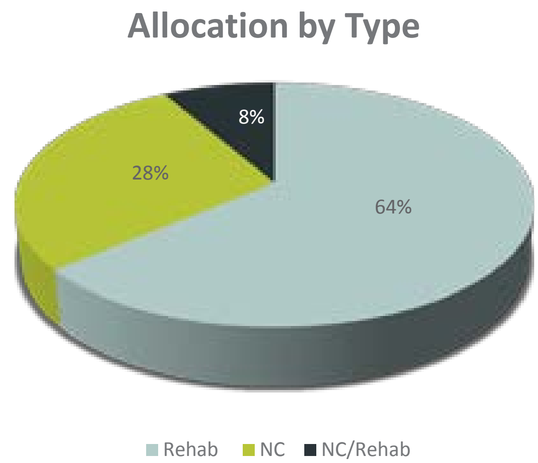


*Total properties and credit allocation from 1987-2013

As discussed above, it was not until 1994 or later that the Multi-family Tax Exempt Bond Program was coupled with the 4 percent credit for development. Properties built using the 4 percent tax credit combined with tax-exempt bond financing are much more likely to involve rehabilitation or preservation with 75 percent involving rehabilitation activities or rehabilitation combined with new construction.

Figure 10: Properties & Allocation by Construction Type (4% Credit)





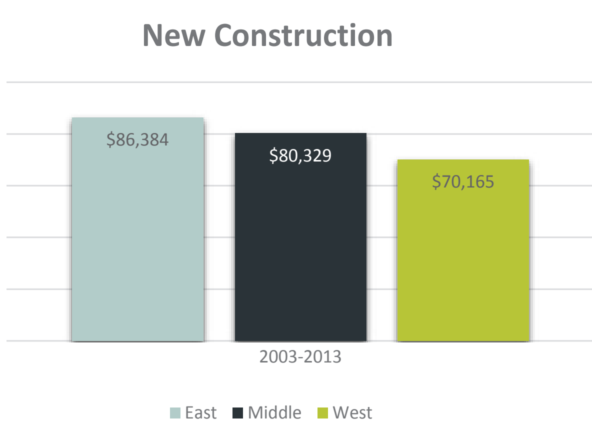
*Total properties and allocation from 1994-2013.

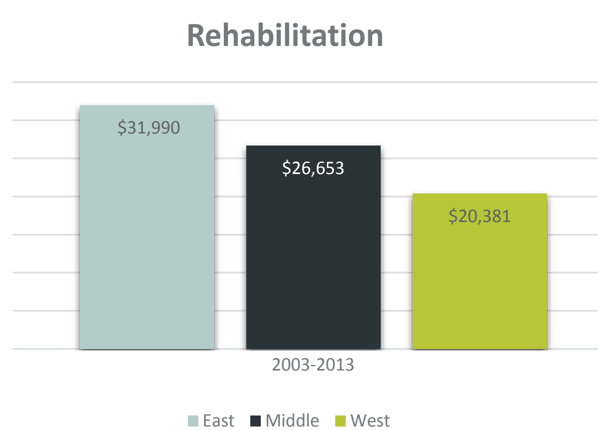
When the two programs are combined, the majority of LIHTC developments built in Tennessee over the history of the program are new construction (67 percent); with a very small percentage a combination of new construction and rehabilitation (1 percent), and the remainder acquisition or existing rehabilitation projects (32 percent).

Allocations and Dollars per Unit

The average 10-year allocation (credit) per unit by grand division and construction type for the most recent 10 year time period (adjusted for inflation) is illustrated in Figure 11. For a breakdown of project, units and 10-year allocation by county over the history of the program, please see Appendix 1.

Figure 11: Average Credit per Unit – 2003-2013





Credits, Volume and Unit Mix

The amount of credits allocated per development is based on reasonable costs, as determined by THDA, and the number of qualified low income units. These variables along with local market conditions affect a developer's decision on the number of units within an LIHTC project and their affordability. Currently, the vast majority of active units in the LIHTC program are low income or "affordable" units (see discussion above under Financial Viability for additional information on LIHTC rents and affordability). Table 4 is a detailed chart of credit, volume and unit mix in LIHTC developments.

Table 4: All LIHTC Activity by Region (1987-2013)

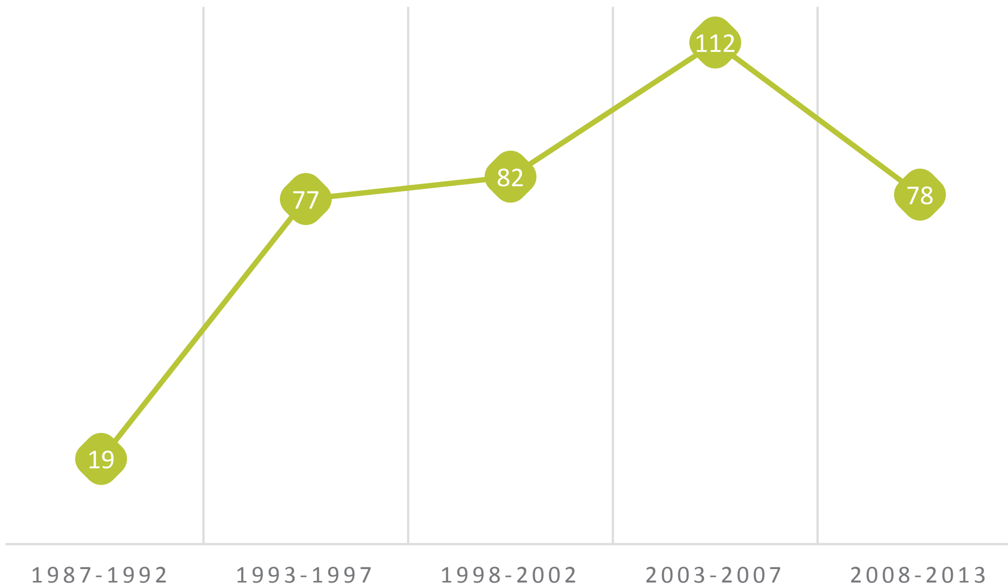
Region	Units	Properties	Avg. Units Per Property	Total Awards (10 Year)	Total Awards (10 Year, inflation adj.)	Avg. Credit Per Unit New Construct*	Avg. Credit Per Unit Rehab*
1987-1992 (pre-permanent authorization years)							
East	1895	77	25	$38,435,580	$61,981,138	$38,946	$18,403
Middle	2816	191	15	$52,589,300	$84,457,726	$37,536	$15,488
West	2342	111	21	$29,919,200	$47,928,937	$33,300	$10,685
Total	7053	379	19	$120,944,080	$194,367,802	$36,894	$14,060
1993-2002 (Early Years)							
East	4773	82	58	$210,002,340	$264,912,174	$63,414	$29,412
Middle	8892	103	86	$416,646,070	$554,430,046	$70,092	$20,693
West	8237	91	91	$245,876,500	$311,772,879	$50,389	$24,703
Total	21902	276	79	$872,524,910	$1,131,025,260	$63,020	$24,623
2003-2013 (Later Years)							
East	7517	91	83	$482,066,212	$494,145,648	$86,384	$31,990
Middle	9279	95	98	$544,185,806	$550,722,740	$80,329	$26,653
West	10250	99	104	$460,351,517	$471,839,777	$70,165	$20,381
Total	27046	285	95	$1,486,603,535	$1,516,700,725	$78,676	$27,506

*Average credit per unit are based upon the ten year awards adjusted for inflation. New construction includes new construction and properties with both new construction and rehabilitation activities.

Development Size

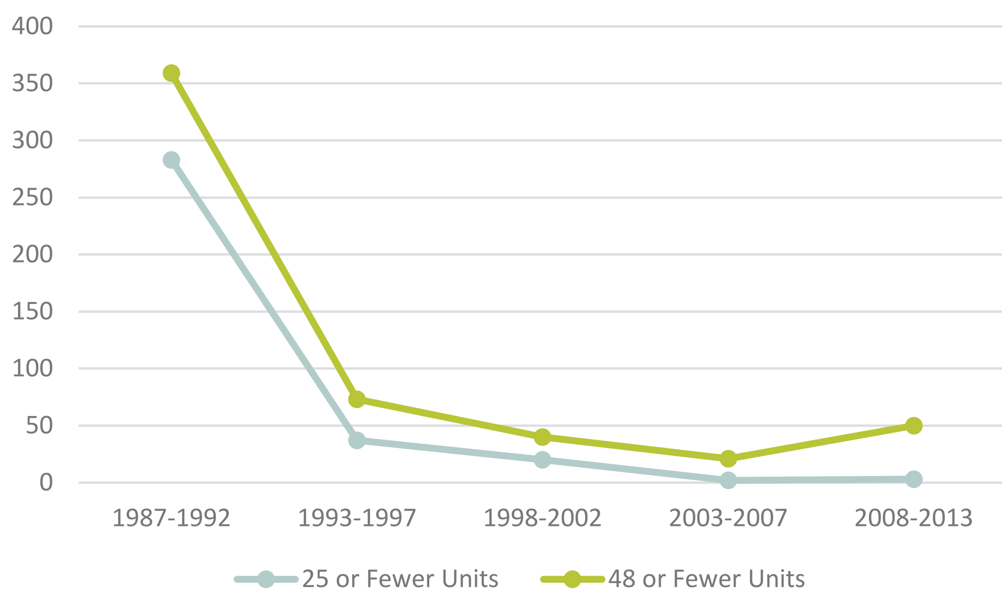
In the early years of the program (1987-1992), investment appeal was limited and developments built were more likely to be small, including single unit awards, duplexes and multi-family developments with fewer than four units. 212 of 404 awards (52 percent) from 1987 to 1992 resulted in developments with 1-4 units. However, as the program progressed, became permanent and desirable for investors, larger multi-family developments, typically in the 85-90 unit range, have become the norm.

Figure 12: Average Number of Units per Development



From 1998-2010 (excepting 2003), the agency included a ten percent (of total allocation) small development set aside in the QAP. The number of units allowed under the set aside changed over time starting with 25 units or fewer in the early years and progressing to 48 units or fewer. Over that time period, with the exception of a slight increase in small developments with 48 units or fewer from 2008-2013, the number of small developments declined. The QAP set aside, however, served its purpose encouraging the development of 92 properties with 48 or fewer units (25 percent) during the set aside years (1998-2010).

Figure 13: Small Developments by Time Period



Bedroom Size & Unit Mix

The importance of the number of bedrooms or the overall unit mix within an LIHTC development matching local need (average household size) is a significant policy consideration for the program. During the study time period, the QAP in Tennessee did not offer incentives for unit mix or particular bedroom sizes, with the exception of the inclusion of large families (3 bedroom units or larger) as part of the special needs housing set aside or points allocation. This inclusion may have incentivized developers to include a higher percentage of larger unit sizes within LIHTC developments. However, market forces and potential rent levels by bedroom size (assessed during the required market study) appear to have considerable influence on unit sizes and mix within LIHTC developments.

The median household size for all renter households in Tennessee is 2.44 persons. There is very little variation by county. The lowest household size is in Hancock County with 1.93 persons per household, and the highest is in Moore County with 2.89 persons per renter household (ACS, 2008-2012). Overall, 47 percent of all active units are 2-bedroom units. An equal split at 25 percent each are 1-bedroom and 3-bedroom units. The smallest percentage of units are efficiencies at one percent of all active units and 4-bedroom units at three percent.

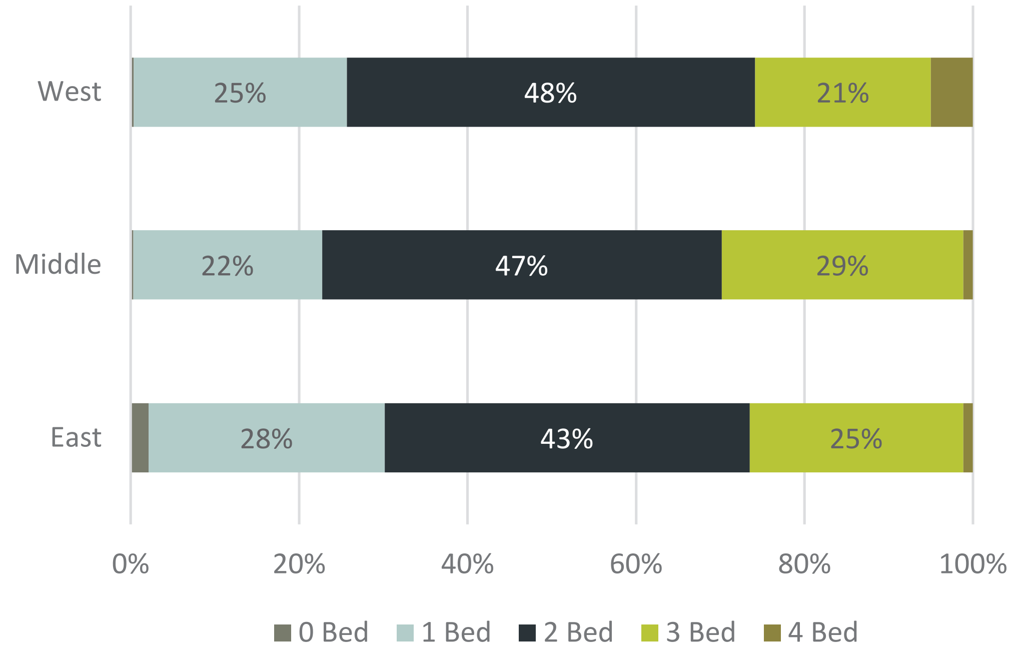
Table 5: Active Units by Bedroom Size & Region

Bedroom Size	East	Middle	West	Total by Bedroom Size	Percent of Total
0 Bedroom	263	50	65	378	1%
1 Bedroom	3448	3762	4382	11592	25%
2 Bedrooms	5329	7962	8406	21697	47%
3 Bedrooms	3120	4808	3619	11547	25%
4 Bedrooms	143	193	864	1200	3%

Source: HUD's Low-Income Housing Tax Credit Database & THDA Program Database

HUD's standard for overcrowding is more than 2 persons per bedroom. Considering the average household size in Tennessee is 2.44 persons with little variation by county, the size and mix of LIHTC units appears to align well with the housing needs of renters in the state. Household size data for Tennessee LIHTC units was not available at the time of this study but will be included in a future tenant characteristic study.

Figure 14: Distribution of Active Units by Bedroom Size & Region



Source: HUD's Low-Income Housing Tax Credit Database & THDA Program Database

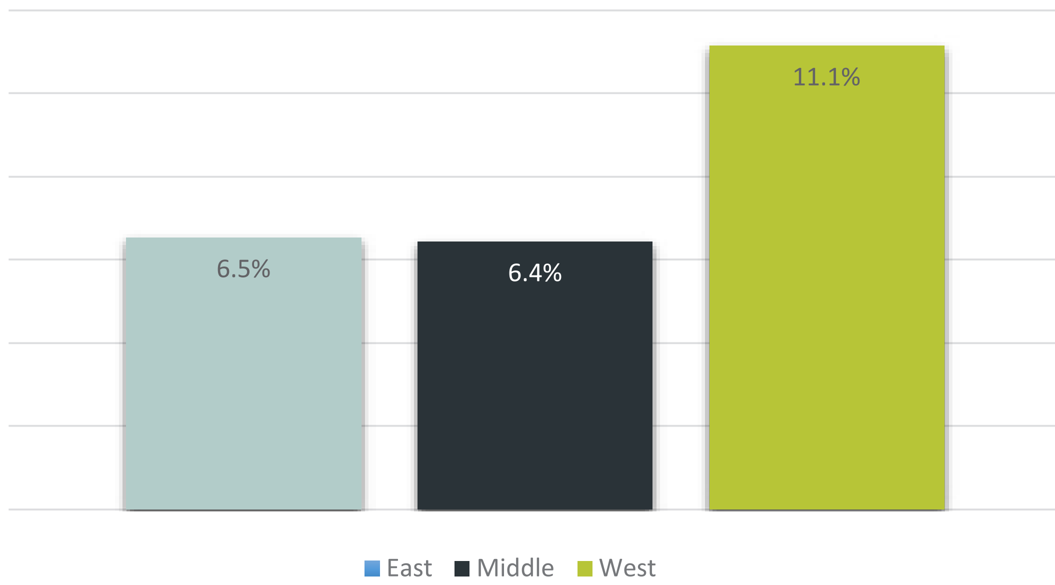
Overcrowding within renter households in most Tennessee counties is not a critical problem according to the most current ACS estimates (2008-2012). The census defines an overcrowded household as one where more than 1.01 persons occupy each room in the home (excluding bathrooms and kitchens). Severe overcrowding occurs when 1.5 or more persons occupy each room. From a county level perspective, few Tennessee counties have a serious or severe overcrowding issue among renters, with less than five individual counties having a 10 percent or greater incidence of overcrowding (or severe overcrowding). The counties with overcrowding in excess of 10 percent are rural (Grundy, Hickman, Sequatchie). These counties also have a low rate of LIHTC development with only two active properties in Grundy County, one in Hickman and one in Sequatchie. The availability of affordable housing options with the appropriate number of bedrooms or space, such as those created through the LIHTC program, contribute to the reduced incidence of overcrowding.

A table illustrating average household size by county and number of active LIHTC units by bedroom size may be found at Appendix 4.

Occupancy

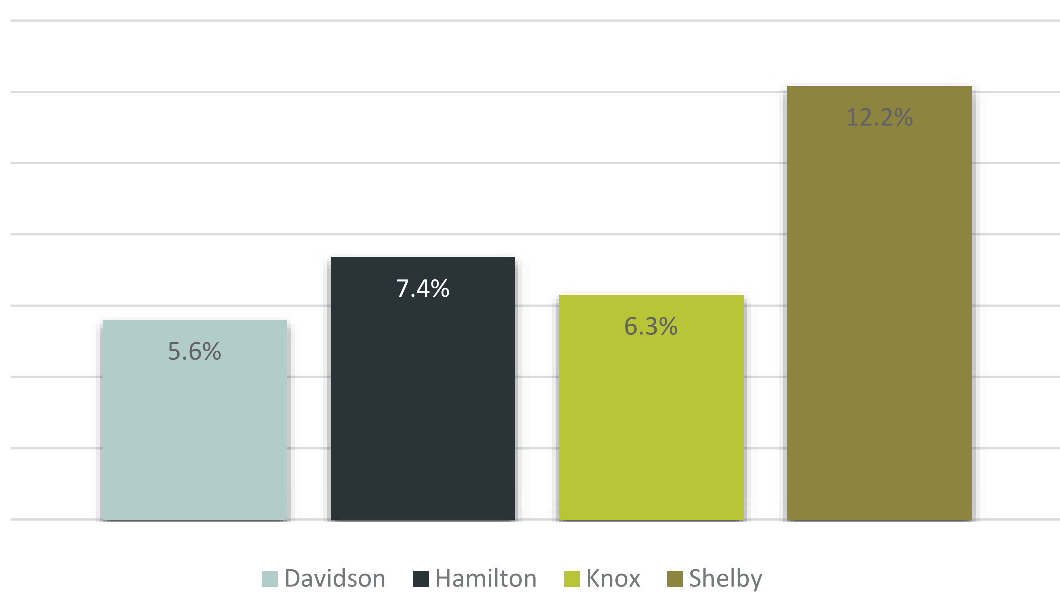
The overall statewide vacancy rate for LIHTC properties for the most recent three year period preceding this report (2011 to 2013) was 7.9 percent. A chart displaying the percent of vacancy (three year average) by region is below. Middle and East Tennessee have a very similar vacancy rate in the 6.5 percent range. West Tennessee has a much higher vacancy rate at a little more than 11 percent over the three year period.

Figure 15: LIHTC 3 Year Average Vacancy by Region



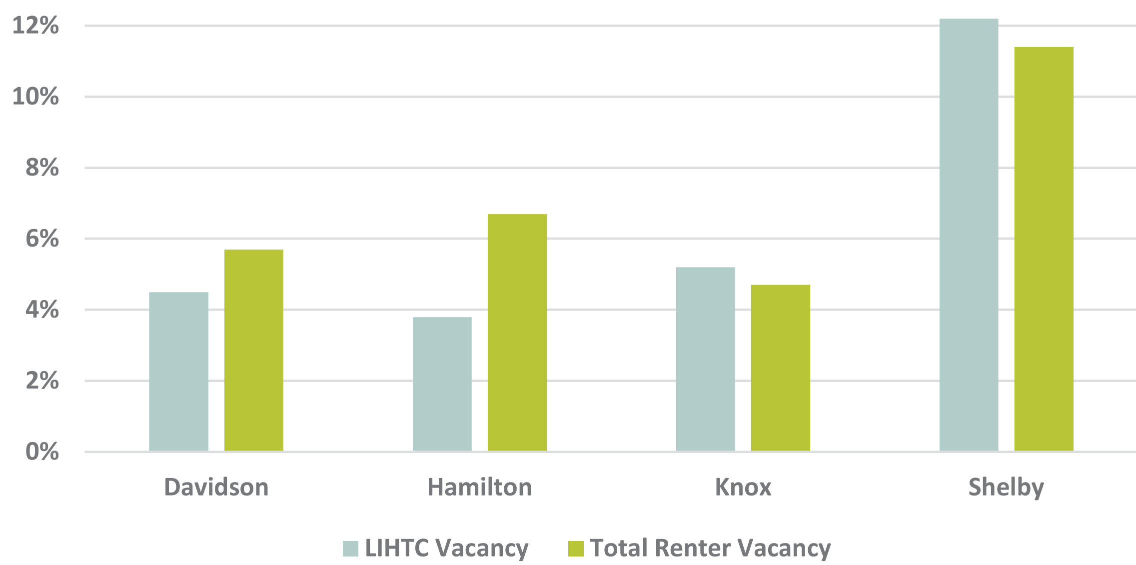
When looking at the three year average LIHTC vacancy rates within the major metro counties, Davidson, one of the fastest growing metro areas over the past few years, has the lowest vacancy rate, followed by Knox and Hamilton. Shelby County, however, has almost double the vacancy rate as the other metro counties on average over the three year period.

Figure 16: LIHTC 3 Year Average Vacancy, Major Metros



When the vacancy rate of renters at all income levels (2013 census) is compared with the vacancy rates in LIHTC properties in 2013, the rates are relatively similar in most major metros. Hamilton has a considerably lower LIHTC vacancy than overall renter vacancy. However, in both Knox and Shelby County, the LIHTC vacancy rates are slightly higher than overall renter vacancy in the counties.

Figure 17: 2013 Overall Renter Vacancy & LIHTC Vacancy, Major Metros



Sources: Internal THDA vacancy report; U.S. Bureau of Census, American Community Survey (2013)

Characteristics of LIHTC Developer/Sponsors

Overview

Traditional rental properties, without other subsidy or involvement of a non-profit developer, represent the majority of LIHTC development in Tennessee since 1987 (63 percent). However, the state has consistently targeted a portion of LIHTC funds to mission driven affordable housing development. Developers that are designated as non-profit, USDA properties, Section 8 project based properties, PHA or Hope VI subsidized housing[16] have received 37 percent of Tennessee's credit authority, demonstrating THDA's long term commitment to affordability and government housing partners. Figure 18 shows the allocation (10-year credit) distribution by developer classification.

16 For purposes of this analysis, properties with public housing authority (PHA) developers (not in the PHA set aside) were included with non-profit developments. PHA properties that were included in the PHA set-aside and Hope VI projects are a separate category and include properties that have an operating subsidy.

Figure 18: Ten Year Credit by Developer Type

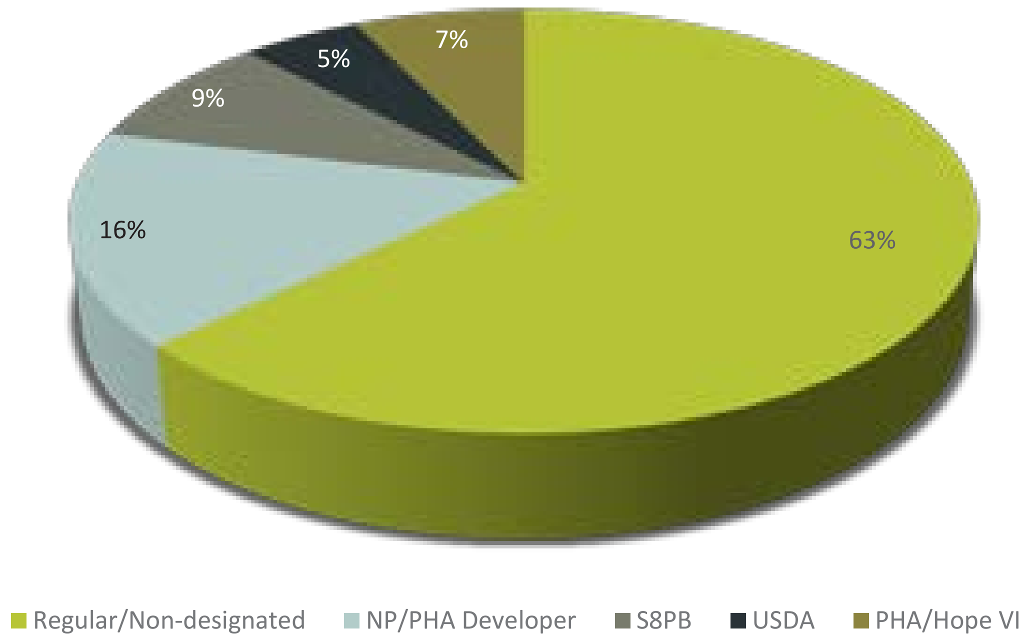
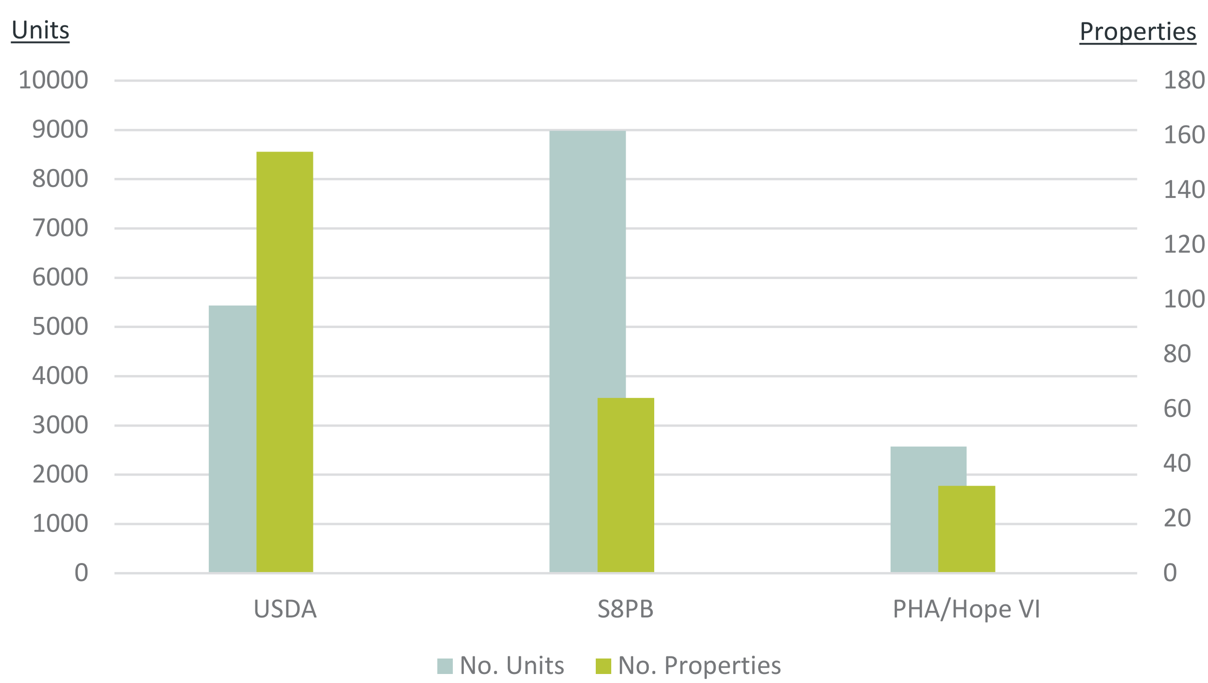


Figure 19 illustrates the number of properties and units with other government subsidy/affiliation (USDA, HUD Section 8 project based and Public Housing) receiving LIHTC allocations through 2013.

Figure 19: Number of LIHTC Properties & Units with Other Government Subsidy



Non-Profit Developers

The federal regulations mandate that allocating agencies commit at least 10 percent of the credit pool to non-profit developers. Tennessee has exceeded that requirement slightly over the time period of the study, allocating 13 percent of all credit available to non-profit development.

In addition to the non-profit set-aside, a non-profit developer/entity may be represented in the general pool (but otherwise not identified as non-profit) or as a PHA developer. The internal records available only recognize a non-profit developer if the application is in the set-aside. However, 21 projects during the study period were identified as having PHA developers (awarded in addition to the PHA/Hope VI set asides) creating more than 1,500 units and receiving more than $85 million in 10 year credit authority. Considering projects with PHA developer entities are typically non-profit entities, this raises the percentage of non-profit developments to 16 percent of total 10 year credit allocations.

Public Housing Agencies/Hope VI

As mentioned in the introduction, the LIHTC program is an important financing tool for aging subsidized housing projects in need of preservation. This is strongly reflected in the THDA LIHTC portfolio from the early 2000s until present. The QAP has included a priority of some type for PHA preservation projects since 1999. The table below illustrates the relationship between the LIHTC program and public housing programs within the state. A table with Hope VI and other PHA allocations by city is located in Appendix 5.

Table 6: Public Housing Related LIHTC 10 Year Allocations

PHA Development Type	East	Middle	West	State
Hope VI/Set Aside	$22,272,560	$6,845,720	$97,760,320	$126,878,600
PHA Subsidized/Set Aside	$12,717,830	$24,574,520	$13,849,270	$51,141,620
PHA Developer*	$10,193,140	$24,728,842	$50,588,016	$85,509,998
Total PHA related Allocations	$40,475,460	$53,506,762	$162,197,606	$228,608,236

*PHA Developer Awards is included here to illustrate all PHA-related allocations. PHA developers are also included in the non-profit discussion above because the units are not necessarily part of the public housing inventory (or subsidized) but rather are usually developed as standard LIHTC units under a PHA non-profit organization.

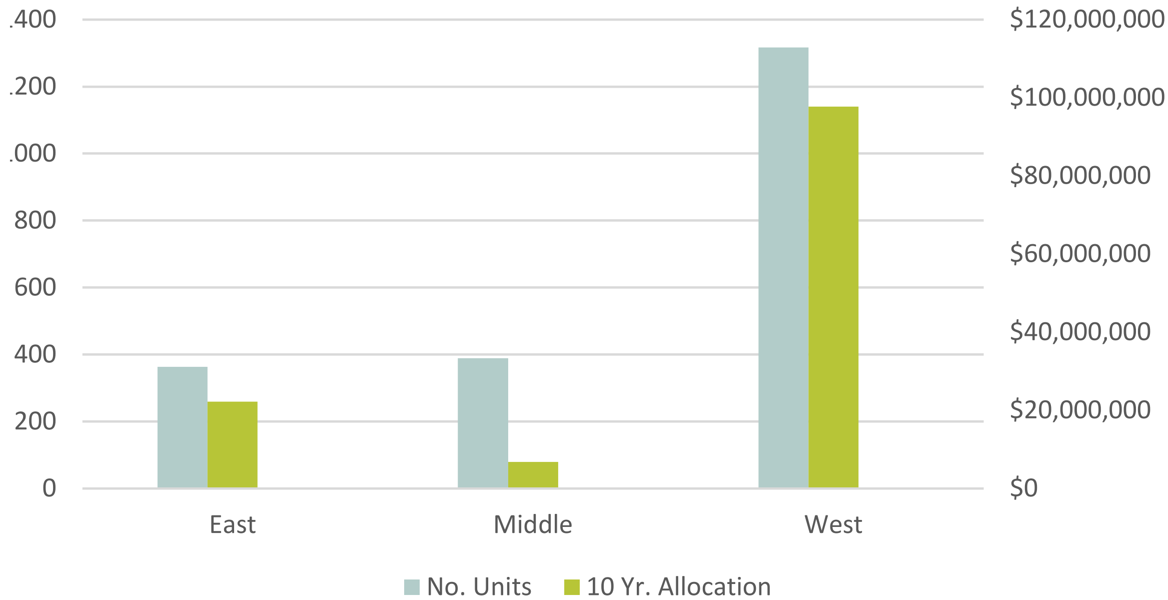
The LIHTC program provided critical financing for the majority of the Hope VI Revitalization projects in Memphis and Nashville. A complete chart of Hope VI development in Tennessee and LIHTC contribution is illustrated in the table below.

Table 7: Hope VI Allocation by Region

Region	Properties	Units	10 Yr. Allocation
East	5	363	$ 22,272,560.00
Middle	3	389	$ 6,845,720.00
West	14	1317	$ 97,760,320.00
Grand Total	**22**	**2069**	**$ 126,878,600.00**

Figure 20 illustrates the LIHTC funding for Hope VI developments and the number of units created or preserved by region.

Figure 20: Hope VI LIHTC Units & Allocations by Region



HUD Project Based Section 8 Properties

While there are a total of 550 Project-Based Contract Administration (PBCA) properties in Tennessee, THDA has information for only the 401 projects under contract with THDA for monitoring. Therefore, only the 401 properties under THDA monitoring are included in this report. Seven percent of all LIHTC properties are HUD Project Based Section 8 properties. Of the 401 PBCA properties under THDA monitoring, 16 percent have received an LIHTC allocation, with all but one allocation used for rehabilitation or preservation activities.

Figure 21: LIHTC Construction Type of USDA & HUD Section 8 Project Based Properties

USDA Properties

44 percent of the 354 active USDA properties have received LIHTC funding for either new construction in the early years of the program or rehabilitation in later years[17]. USDA properties represent 16 percent of all LIHTC properties with allocations since 1987. The majority of credits (77 percent) allocated to USDA in the earlier years of the program (prior to 2001) were related to new construction activities. The remainder of the USDA awards are rehabilitation activities that span from the early years of the program to more recent years. Five USDA properties have returned to receive an additional allocation of credits to rehabilitate properties with previously issued credits.

THDA elected to establish a priority for developments in rural areas, and specifically rehabilitation projects in rural areas with USDA assistance, in the TCAP and 1602 programs (in 2009 and 2010). As a result of this policy preference, 11 of the 15 awards in the 1602 Phase II application round were related to rehabilitation of USDA properties.

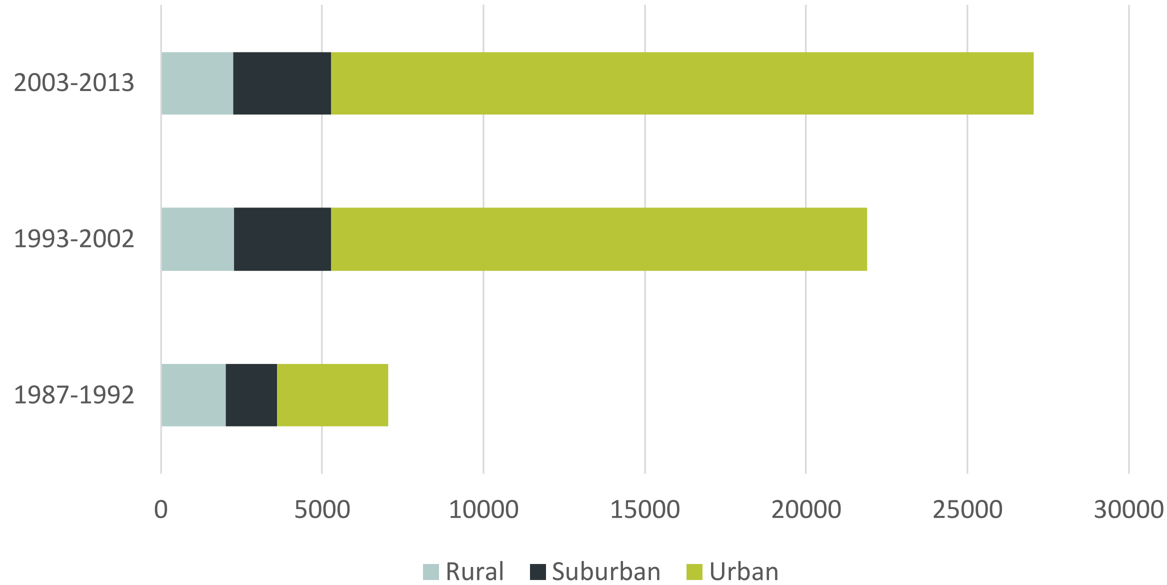
Figure 22: HUD Section 8 Project Based & USDA Properties with LIHTC

Regional and Spatial Distribution of LIHTC Properties/Units

While larger metro areas often rise to the top of housing need; have more areas such as QCT's targeted by federal objectives, and as such command a good percentage of credits in the state, it has been a continuing priority of THDA's QAP throughout the years to distribute credits throughout the three grand divisions of the state. This goal has largely been achieved with 93 of the 95 Tennessee counties receiving at least one allocation of credits at some point since 1987. Currently, 87 counties have at least one active LIHTC property (see Appendix 1). The distribution of units in terms of urbanicity is relatively consistent after 1992, with the majority of units created in urban areas, followed by suburban and rural (see Figure 23).

17 THDA acquired a list of active properties from USDA for the purposes of this report.

Figure 23: LIHTC Units by Location/Urbanicity



*Based upon 2014 definitions of rural, suburban urban

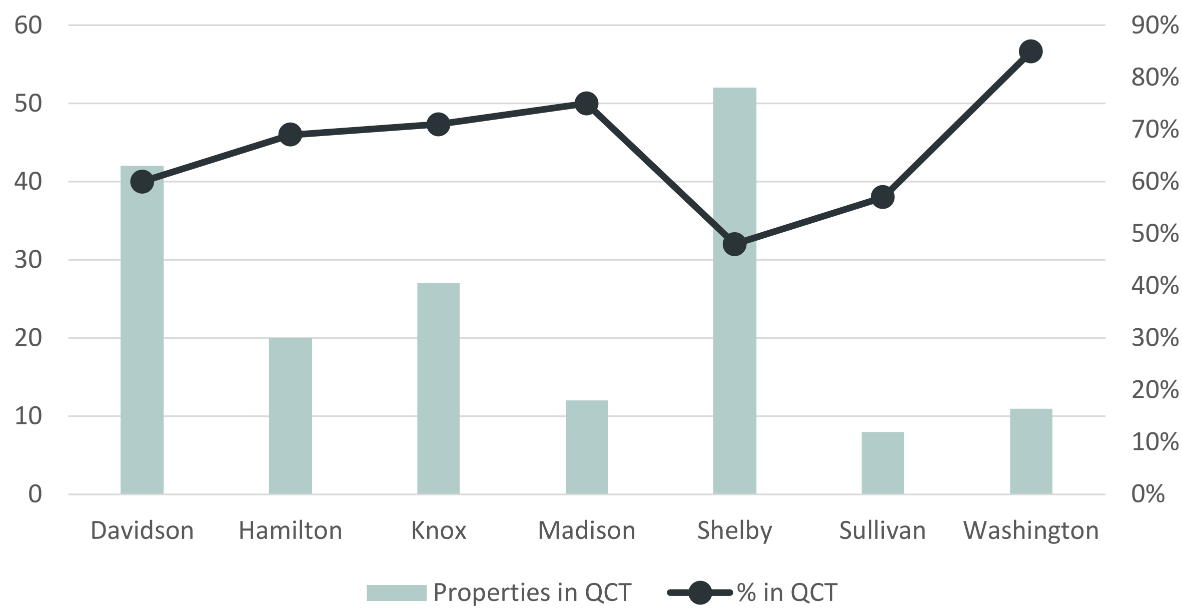
LIHTC Location Relative to QCT and Difficult Development Areas (DDAs)

In 1989, Congress passed legislation to increase the tax credit for projects developed in QCTs or DDAs. This is commonly referred to as the "basis boost," and helps increase the financial viability of projects in these areas by enhancing the credit up to 130 percent of the building's eligible basis rather than the normal 100 percent. In 2008, HERA (discussed above) extended the basis boost to any project where it was necessary to ensure financial viability.

The LIHTC program utilizes HUD's designation of QCT and DDA areas[18]. Fifty-four percent of THDA's active properties are located in areas designated as a QCT or DDA in 2014. The urban core areas of Memphis, Nashville, Knoxville, Chattanooga and Jackson have the largest number of properties located within a QCT/DDA. This does not mean that the neighborhood/tract where the project is located was designated as a QCT/DDA at the time of construction because the designation is updated annually. It is a current view of where LIHTC projects are located in terms of the potential economic opportunity in the community for residents today. See Appendix 6 for a chart showing the percentage of active properties within each county that are in a QCT or DDA area. See Figure 24 below for an illustration of the number and percent of active properties in the urban core areas of Tennessee that are located within a QCT.

18 Under the LIHTC Statute, to be designated as a QCT, a census tract must have either: 1) a poverty rate of at least 25 percent; or 2) 50 percent or more of its households must have incomes below 60 percent of the area median household income. Because the statute limits the total population of designated QCTs to 20 percent of an area's population, it is possible for a tract to meet one or both of the above two criteria but not be designated as a QCT. A Difficult Development Area (DDA) is an area designated as having high construction, land and utility costs relative to its area gross median income (AGMI). QCT and DDA areas are identified by HUD on an annual basis.

Figure 24: Urban Centers & Active Properties in 2014 QCT/DDA



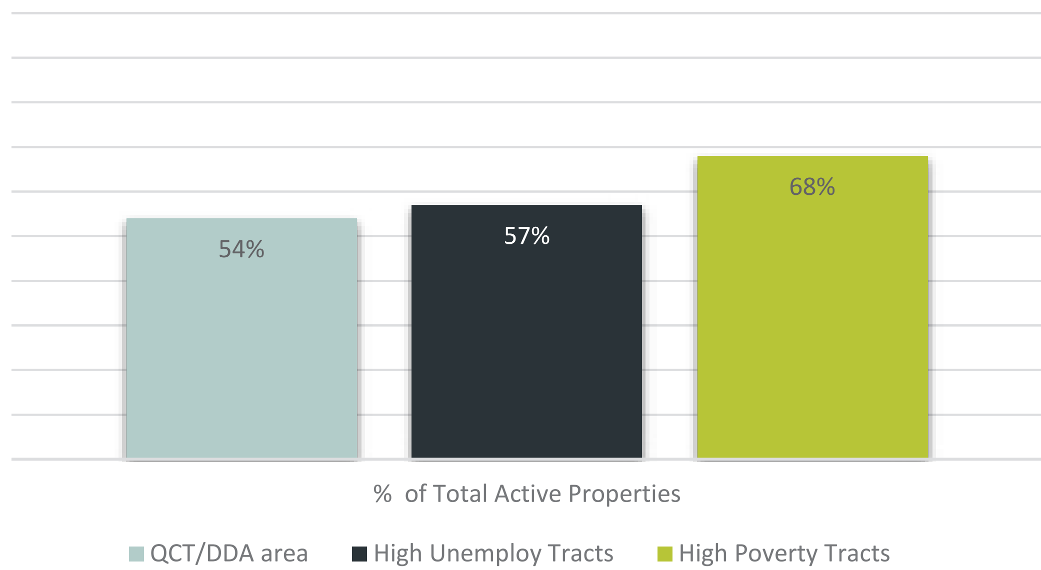
The maps in Appendix 2 and 3 show the location of LIHTC properties in relation to QCT/DDA areas by grand division.

LIHTC Location Relative to Unemployment and Poverty Levels

Families are identified as below poverty if their income falls below the federally defined threshold of poverty, based on family size and family income. The proportion of resident families under the poverty threshold represents the poverty level of one or more census tracts. Fifty-seven percent of active LIHTC properties are located in a census tract where the poverty rate exceeds 25 percent (ACS, 2008-2012). In August 2014, the unemployment rate[19] for Tennessee, according to the Bureau of Labor Statistics, was 7.4 percent. For the purposes of this report, a census tract was determined to be an area of high unemployment when 10 percent or more of the total labor force in the tract was unemployed and in search of a job. Using that definition, there is a strong relationship between census tracts with high unemployment rate and LIHTC development location. Sixty-eight percent of active LIHTC properties are located within a census tract with an unemployment rate of 10 percent or higher (ACS, 2008-2012).

19 Unemployment rate is the ratio of the unemployed in search of a job to the total labor force.

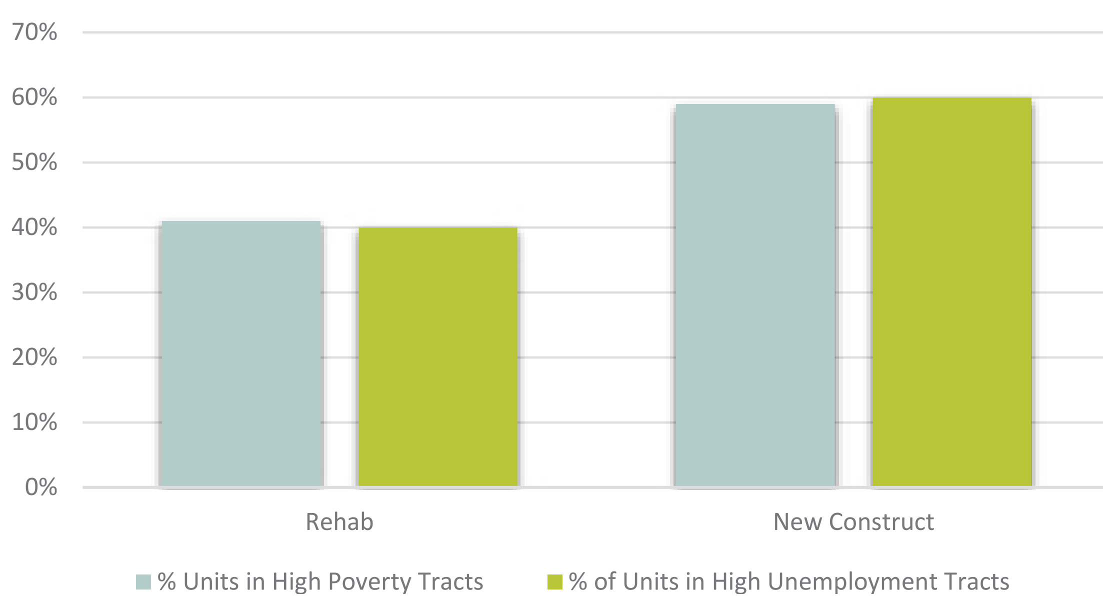
Figure 25: Active LIHTC Properties in Areas with High Unemployment & High Poverty



Sources: THDA Internal Reports, U.S. Bureau of Census, American Community Survey (2008-2012)

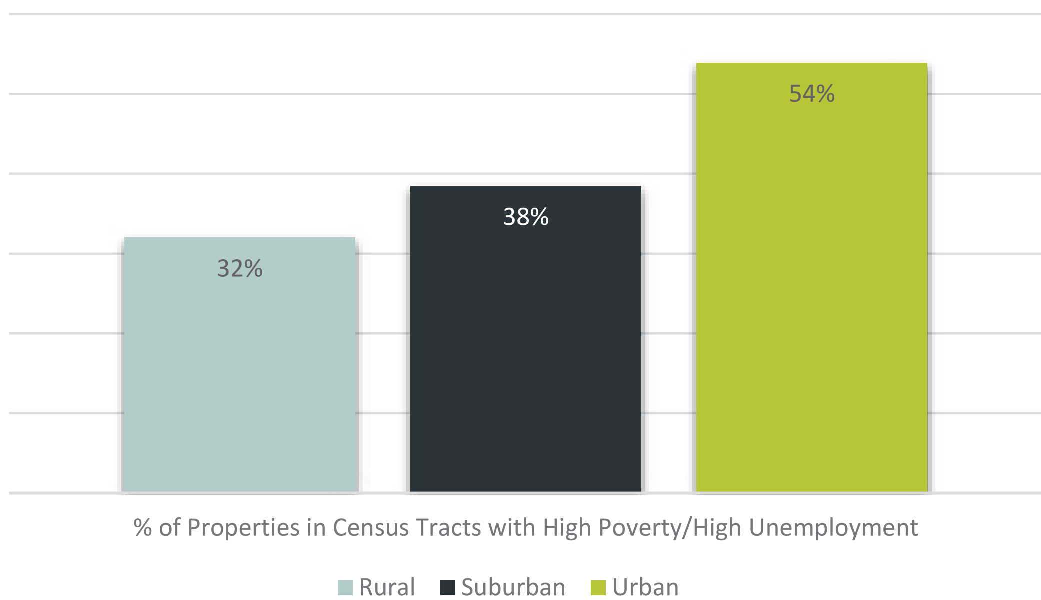
The differential between new construction and rehabilitated units and location in a high poverty or high unemployment tract is fairly significant with twenty percent more active units in the new construction category being located in a high poverty and/or a high unemployment tract.

Figure 26: Active Units in High Poverty & High Unemployment Tracts by Type



The concentration of LIHTC properties in high poverty and high unemployment areas is more common in urban counties. Fifty-four percent of projects in urban counties are located in census tracts with high poverty and unemployment. The graphs below show the percent of properties located in a census tract with both high poverty and high unemployment by "urbanicity."

Figure 27: Active LIHTC Properties in Areas with High Unemployment & Poverty by Urbanicity



Sources: THDA Internal Reports, U.S. Bureau of Census, American Community Survey (2008-2012)

LIHTC Location and Median Income

As another measure of the potential economic health of the area where LIHTC properties are located, the relative income levels of the census tracts where LIHTC properties are located was compared using the ratio of median tract income to its county median income (the ACS 2008-2012). The table below shows counties with properties that are located in census tracts where the median income for the tract is less than 50 percent of the county median income, which are primarily urban counties.

Table 8: Large Counties with Active LIHTC Properties in Census Tracts where Median Income less is than 50% of the County Median income

County	No. Properties in Tract where Median Income is Less than 50% of County	Total Properties	% of Total Properties in Tract where Median Income is Less than 50% of County
Davidson	11	70	16%
Hamilton	16	29	55%
Knox	13	38	34%
Madison	11	16	69%
Montgomery	1	11	9%
Putnam	2	5	40%
Rutherford	1	14	7%
Shelby	43	108	40%
Sullivan	3	14	21%
Tipton	4	6	67%
Washington	11	13	85%
Williamson	1	4	25%
Wilson	3	8	38%
Grand Total	**120**	**552**	**22%**

Source: THDA Internal Reports, U.S. Bureau of Census, American Community Survey (2008-2012)

Note: All counties except Putnam are part of a Metropolitan Statistical Area (MSA).

The incidence of LIHTC properties being located in areas with high unemployment and poverty and areas where the median income in the census tract is lower than the overall county median supports the earlier information presented on financial viability of properties and location. Land costs are a contributing factor in where LIHTC properties are located. In metro areas, land costs are typically higher where economic opportunity, business and transportation are ample. Thus, the location of LIHTC properties in areas of lower economic opportunity in urban areas is likely related to the higher cost of land in economically robust areas.

Housing Need and LIHTC Location

The QAP has consistently included a points allocation method for housing need by county (i.e. "housing need" score). The variables used to determine housing need in each county have changed over time, but consistently involved: affordable housing need (cost burden among renters at certain income levels), rental need and location in a QCT area. The housing need score has been a key component of the QAP for more than 15 years.

When comparing the percentage of the total allocation (1987-2013) by regional area (East, Middle, West) with both the current state population in each regional area and the current percentage of the state's cost burdened renters, the location of LIHTC properties tracks closely with areas of current housing need. The only area where the need or population exceeds historical allocations or active units available is East Tennessee. Twenty-nine percent of the agency's total credit authority since 1987 has been allocated to that region, while currently the region represents 34 percent of the state's general population and 34 percent of the state's rent burdened population.

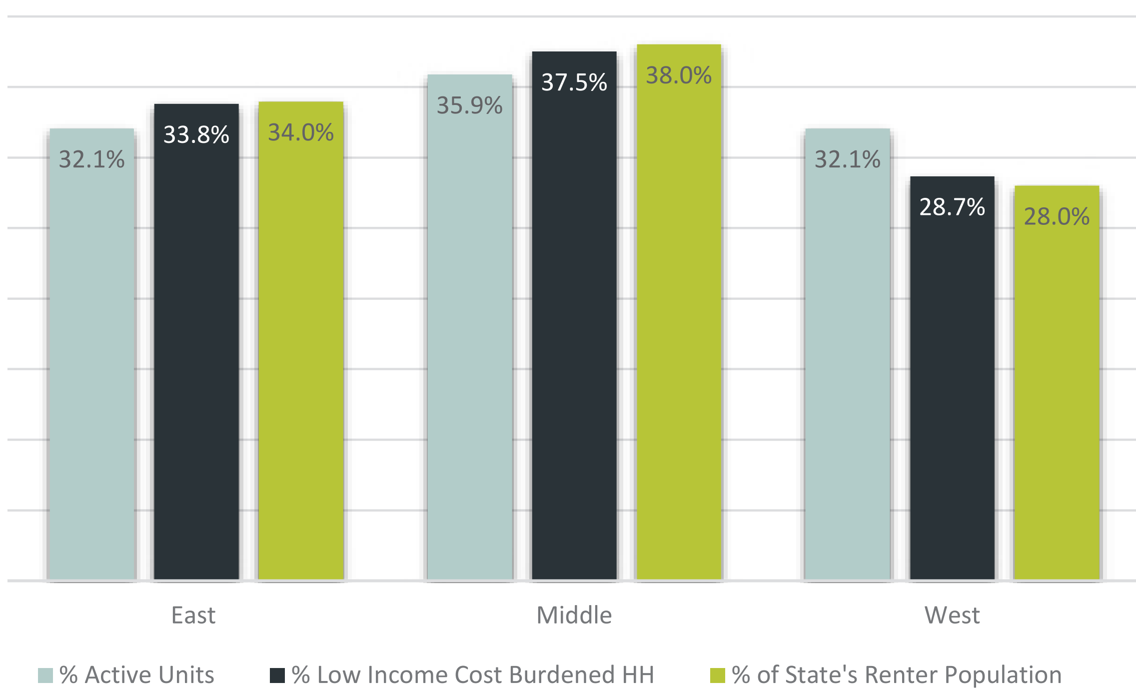
Table 9: Comparison of Regional LIHTC Allocations with Renter Population & Cost Burdened Renter Population

Region	10 Year Allocation of Credit Authority	% of Total Allocation	% of State's Renter Population	% of State's Cost Burdened Renters
East	$730,504,132	29%	34%	34%
Middle	$1,013,421,176	41%	38%	37%
West	$736,147,217	30%	28%	30%
Grand Total	**$2,480,072,525**			

Source: THDA Internal Reports, U.S. Bureau of Census, American Community Survey (2008-2012)

When only active units are considered, both East and Middle Tennessee have a slightly higher current percentage of the state's population and a greater percentage of low income cost burdened renters than the percentage of LIHTC units available (see graph below). The differentials, however, are minimal reflecting that the housing needs score has effectively performed to encourage LIHTC development in counties with a high percentage of cost burdened renters or with a high housing need among the LIHTC eligible population. Developments are also equitably distributed regionally based on overall population size. Thus, the QAP priority of regional distribution of units is also supported by the location of developments over time.

Figure 28: Comparison of LIHTC Active Units to Housing Need by Region



Source: THDA Internal Reports, U.S. Bureau of Census, American Community Survey (2008-2012), HUD's Comprehensive Housing Affordability Strategy (2007-2011)

Emerging Trends in LIHTC Policy - Looking Forward

The LIHTC program has evolved over more than 25 years the program has existed as other housing programs have become less significant in the affordable housing development schema and as financial markets have responded to the investment potential of this type of housing. As the program continues to evolve, trends are emerging that may impact the industry and characteristics of properties built with credits. A few of these emerging trends are reviewed below.

Development in "High Opportunity Areas"

Several recent studies have considered whether state agencies should develop policies that allow for or encourage the development of LIHTC properties in "high opportunity" areas rather than low income areas/tracts and if the LIHTC program has contributed to the clustering of low income properties within designated areas[20]. The definition of high opportunity varies, but typically means areas where poverty levels are lower and economic opportunities, such as jobs, are more plentiful. The studies show that LIHTC developments have historically concentrated in lower economic opportunity areas possibly due to federal requirements that projects located in QCTs receive preferential treatment.

In Tennessee, as discussed above, a significant percentage of active LIHTC properties are located in areas of high poverty concentration and high unemployment rates. Tennessee LIHTC properties in urban areas or within an MSA also are more frequently located in census tracts where the median income is 50 percent or more below the county median income. These areas are typically considered lower economic opportunity areas. Urban cities often have Community Revitalization Plans (CRP) in place that target certain communities or neighborhoods for economic revitalization. A suggestion made in the literature is to re-focus QAP preferences in a manner where properties proposed to be located in a QCT designated area receive greater priority when the development is also located in an area that is targeted for development under a CRP, particularly in urban areas.

Another related concern in the literature is the increased likelihood that LIHTC properties are located in market areas where other subsidized housing is located (clustering of low income properties) or where market rent falls below the FMR and thus results in a greater likelihood that a disproportionate number of subsidized renters live in the area.

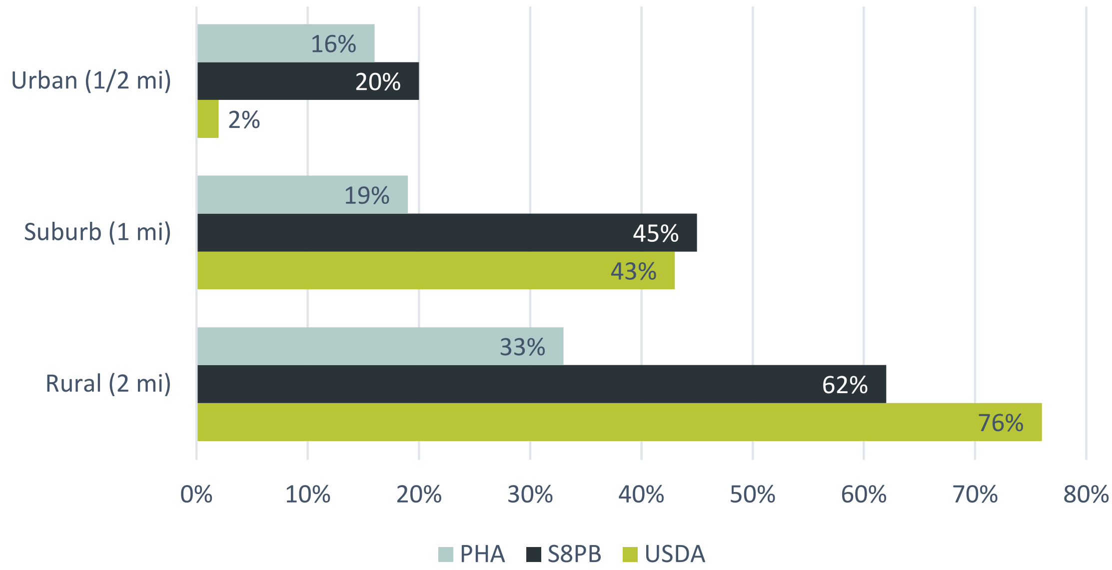
In Tennessee, the relationship between the location of other affordable or subsidized housing and LIHTC developments is not notable with only 24 percent of LIHTC properties in close proximity to a USDA development, thirty-three percent in close proximity to a Section 8 project based development and 20 percent in close proximity to a public housing development[21]. However, LIHTC proximity to other affordable housing increases in rural counties where 76 and 62 percent respectively of LIHTC developments are in close proximity to a USDA or Section 8 project based development. 33 percent are in close proximity to a public housing development. The lowest incidence of LIHTC proximity to other affordable housing is in urban areas. The maps in Appendix 7 offer a visual representation of LIHTC location in relation to subsidized or affordable housing developments in the state.

---

20 Khadduri, Jill. February 2013. "Creating Balance in the Location of LIHTC Developments: The Role of Qualified Allocation Plans." Abt Associates and The Poverty & Race Research Action Council (PRRAC). Dawkins, Casey. 2011. "Exploring the Spatial Distribution of Low Income Housing Tax Credit Properties." HUD, Office of Policy Development and Research. Dawkins, Casey. Summer 2013. The Spatial pattern of Low Income Housing Tax Credit Properties: Implications for Fair Housing and Poverty Deconcentration Policies. Journal of the American Planning Association. 222.

21 Proximity was determined by using ½ miles radius in urban counties, 1 mile radius in suburban counties and 2 mile radius in rural counties. USDA, Section 8 project based and public housing/Hope VI developments that have received an allocation of credits were excluded from the proximity analysis.

Figure 29: LIHTC Proximity to Other Affordable Housing

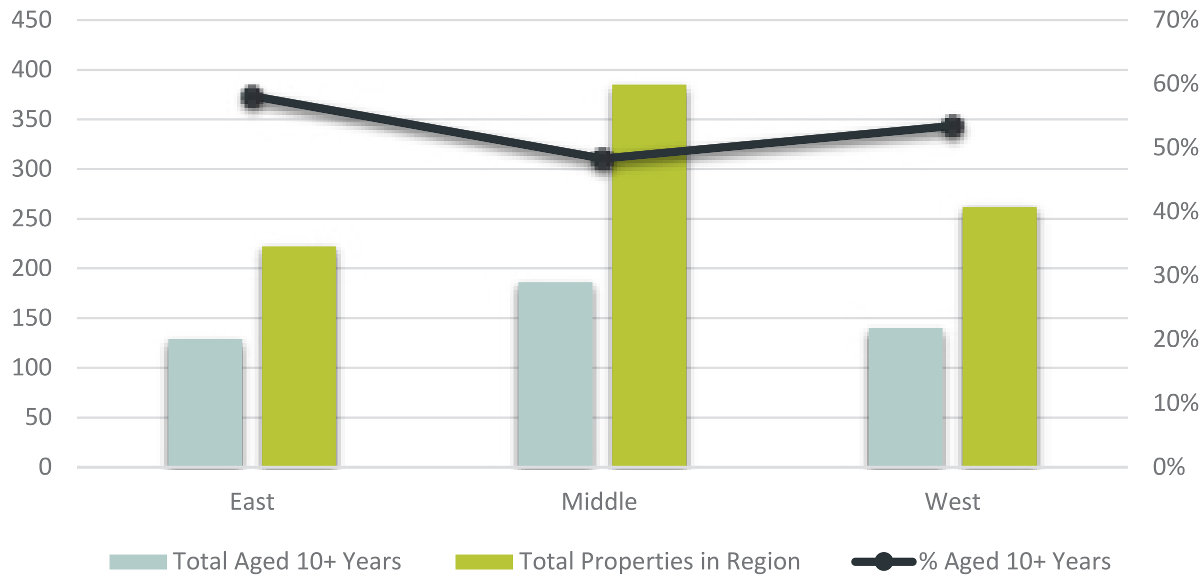


Tennessee has focused on areas of high housing need among eligible populations when setting prior LIHTC priorities, and these areas often overlap with areas of high poverty and unemployment. While there is value in developing properties where the greatest number of low income, cost burdened renters live, as the program progresses, developing incentives for building in census tracts with greater economic opportunity may be an area for review or further consideration when setting state priorities.

Aging LIHTC Properties

As developments built early in the program have ended their affordable use period and as others approach the end, concerns have arisen regarding the potential for owners to opt out and convert existing affordable LIHTC units to market rate units, especially for-profit developments in favorable market areas with tight rental housing markets. At present, 59 percent (550 properties) of all properties created through the credit programs in Tennessee remain under active monitoring and/or remain affordable. Thus, a future policy concern exists around the possibility that aging properties may need additional credit infusions to maintain physical quality and/or affordability. A chart of the age of properties by county is found under Appendix 8. The graph below illustrates the age of the current, active LIHTC portfolio.

Figure 30: Aging Properties by Region



Note: Graph includes properties with 4 or more units.

Between 2007 and 2013, 12 LIHTC properties, which previously received an allocation for new construction or rehabilitation activities, returned to receive additional credit (or credit that was monetized under TCAP/1602) for a preservation activity. Of that number, five (42 percent) were USDA properties. The bulk of LIHTC allocations for USDA properties, especially new construction allocations were made in the early years of the program, from 1987 to 2000. These properties are now aging and at risk of either losing affordability or quality. THDA responded to this growing need, as mentioned above, by targeting some of the TCAP funds directly to rural projects with USDA assistance.

While research suggests that a small percentage of government subsidized rentals are likely to leave the affordable stock when their affordable use period or contract ends, as government subsidized rentals age and owners face a lack of federal funds for repairs and capital improvements, the burden on the LITHC program to serve as a source of preservation funding for housing previously supported by other federal funds is a growing LIHTC policy consideration[22]. The age of the existing affordable housing stock, whether it be LIHTC, USDA, HUD Section 8 project based or a combination, is a critical issue that will impact LIHTC policy discussions in the near future.

22 Government Accountability Office. 2007. "Project-Based Rental Assistance: HUD Should Update Its Policies and Procedures to Keep Pace with the Changing Housing Market". Meryl Finkel, Charles Hanson, Richard Hilton, Ken Lam, and Melissa Vandawalker. 2006. "Multifamily Properties: Opting In, Opting Out and Remaining Affordable," Econometria, Inc. and Abt Associates.

Rental Assistance Development Program (Public Housing Preservation)

Much of the nation and state's public housing stock not substantially renovated or replaced through the Hope VI program was built more than 50 years ago. With the exception of funding from the economic stimulus legislation in 2009, capital funding has remained essentially the same over the past 15 years, despite a backlog in unmet capital needs. While some PHAs have successfully leveraged public funds to raise private capital, the potential for leveraging sufficient funds to meet the full backlog of physical needs is unlikely.

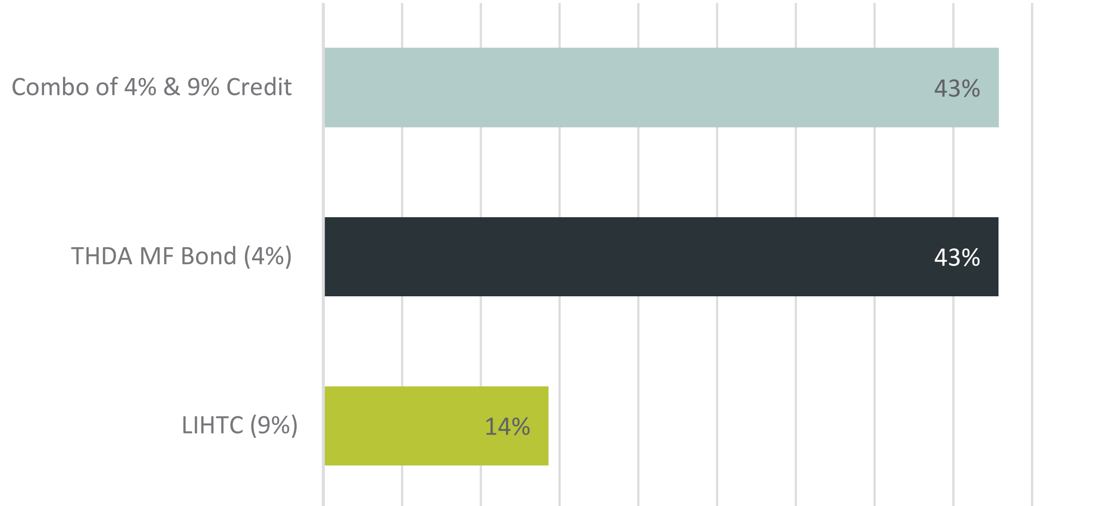
Hope VI began the process of developing a public/private relationship to reinvent and restore public housing, and programs like Choice Neighborhoods and RAD continue in this tradition. As shown in Table 7, credits were utilized to successfully redevelop a large share of the different phases of Hope VI projects in Tennessee. It is becoming more and more evident that the future of converting public housing from aging, increasingly uninhabitable buildings, depends upon tax credits and bond financing. RAD is designed to convert public housing properties to long-term Section 8 rental assistance contracts. PHAs may simply undergo recapitalization and conversion of subsidy without preservation or rehabilitation activities to the property. However, given the age of the public housing stock and level of capital needs, it is likely most PHAs will include preservation or rehab activities in their RAD projects. Congress originally set a 60,000 unit cap on conversion under RAD. The cap was met, and HUD placed the remaining PHAs' applications on the RAD waiting list. Recently, Congress increased the cap to 185,000 units.

Only one Tennessee PHA, the Franklin Housing Authority, has received a RAD reservation for 22 units. The agency also successfully secured a 9 percent LIHTC allocation in 2014 to help finance the redevelopment. Currently, 12 Tennessee PHAs are on the RAD waiting list (some have more than one application pending) for a total of more than 8,000 units. The Metropolitan Development and Housing Agency (MDHA) of Davidson County has a large portfolio application in the waiting list for 5,464 units. Other applications vary from 31 units to 418 units.

THDA conducted a survey of Tennessee PHAs in 2014 and found that almost 90 percent of their RAD applications include some degree of rehabilitation or preservation activity. The PHAs estimate that 100 percent of the projects will need third party financing (conventional or FHA loans), and the majority also intend to use some type of soft funds or grants (HOME, CDBG, etc.) to close funding gaps.

All PHAs surveyed also stated that even with PHA capital funds and potential loans and grants, financing gaps still exist in their RAD plans. Almost 90 percent of the PHAs surveyed, who are currently on the RAD waiting list, reported that they plan to apply for 4 or 9 percent credits to help finance their RAD projects. The graph below illustrates the breakdown between credit types that Tennessee PHAs surveyed estimated will be needed to complete their RAD projects.

Figure 31: LIHTC Credit Type Associated with Tennessee RAD Projects



It is likely Tennessee PHAs currently on the waiting list will move onto the reservation list now that the cap is increased. As more PHAs receive RAD reservations, the state should expect to receive a proportional increase in the number of PHA applications for credit authority to help finance redevelopment through the program.

Summary

The demand for affordable rental units, while always greater than the supply, increased nationwide and in most Tennessee counties following the economic recession that began in 2007. Currently, the LIHTC program is the most important affordable housing development program. The LIHTC has funded the creation of more than 56,000 affordable rental housing units in Tennessee since 1987. As of the beginning of 2014, 46,000 LIHTC units are still under active monitoring (and affordable). Tennessee has benefited from $2.46 billion ($2.83 billion adjusted for inflation) in credit authority over the program's history.

The regional distribution of LIHTC funds has matched housing need and other priorities set forth in Tennessee's QAP. While the majority of Tennessee counties have received at least one LIHTC allocation, major metropolitan areas, where housing need is often greatest, have received a larger share. The majority of LIHTC units in Tennessee are located in urban areas, followed by suburban and rural. The two largest metro areas, Nashville and Memphis (Davidson and Shelby Counties) have comprised almost 35 percent of total LIHTC allocations since 1987.

LIHTC properties tend to be disproportionately located in areas that currently have high poverty and high unemployment. Properties in urban areas are more likely to be located in a census tract with high poverty and/or high unemployment. The location of LIHTC properties in these tracts may be related to federal priorities that encouraged development in qualified census tracts, where the need for affordable housing is typically high.

The majority of properties developed with the 9 percent credit are new construction (73 percent), reflecting QAP priorities, which have consistently favored new construction over the report period. Rehabilitation is more common with the 4 percent credit (67 percent), especially when the 4 percent credit is combined with the multi-family bond program. The size of developments built with the LIHTC has increased over time, with the current development size averaging 78 units per development. The overall statewide vacancy rate in the LIHTC program in the three years preceding this report was a relatively low 7 .9 percent.

The program has facilitated both traditional affordable housing development and non-profit development, as well as the development or redevelopment of properties with other government subsidies, such as Section 8 project based, USDA properties and public housing (i.e. Hope VI).

As the need for affordable rental housing continues to rise and as existing affordable housing developments age and need repair, the LIHTC program becomes even more critical to creating and maintaining affordable housing options in Tennessee.

Appendix 1

Properties Placed in Service, Units & 10 Year Allocation, 1987-2013 by County

County	Total Properties	Total Units	Active Properties	Active Units	Total Ten Year Allocation
Anderson	9	611	7	517	$28,523,407
Bedford	5	302	4	282	$20,969,589
Benton	6	194	3	135	$12,481,064
Bledsoe	1	24	1	24	$341,560
Blount	5	300	2	214	$18,088,931
Bradley	17	537	5	420	$26,931,350
Campbell	3	147	2	119	$7,020,900
Cannon	3	43	2	42	$639,410
Carroll	2	75	2	75	$6,888,565
Carter	6	343	4	290	$20,421,560
Cheatham	1	96	1	96	$4,815,170
Chester	1	50	1	50	$3,250,000
Claiborne	1	44	1	44	$588,360
Clay	2	56	2	56	$829,910
Cocke	7	291	5	225	$9,951,210
Coffee	9	455	7	417	$15,892,210
Crockett	2	56	1	32	$4,893,685
Cumberland	6	215	5	191	$10,012,080
Davidson	184	9946	70	8685	$379,188,475
Decatur	1	50	1	50	$1,202,070
DeKalb	2	64	2	64	$3,973,180
Dickson	16	592	8	480	$23,389,070
Dyer	2	160	1	112	$5,688,210
Fayette	8	247	5	159	$6,499,251
Fentress	6	210	4	162	$9,502,660
Franklin	3	147	3	147	$12,138,391
Gibson	4	160	3	112	$7,297,670
Giles	2	140	2	140	$5,680,460
Grainger	2	100	1	64	$8,922,824
Greene	7	336	5	250	$18,385,980
Grundy	3	120	2	96	$5,188,790
Hamblen	12	333	4	266	$11,277,850
Hamilton	32	2308	29	2213	$114,774,830
Hancock	2	89	1	44	$1,419,010
Hardeman	2	48	0	0	$966,340
Hardin	6	246	3	153	$13,460,127
Hawkins	5	208	4	178	$12,628,611
Haywood	21	379	10	321	$23,868,230
Henderson	4	97	3	73	$8,279,399
Henry	3	200	3	200	$10,734,840
Hickman	4	93	1	32	$2,919,290
Houston	1	42	0	0	$579,450

County	Total Properties	Total Units	Active Properties	Active Units	Total Ten Year Allocation
Humphreys	1	48	1	48	$6,289,143
Jackson	2	60	1	44	$1,004,290
Jefferson	3	92	3	92	$3,892,460
Johnson	1	40	1	40	$671,720
Knox	47	3587	39	3502	$165,262,640
Lake	7	228	3	112	$11,421,003
Lauderdale	7	367	3	199	$15,838,010
Lawrence	4	171	2	93	$11,493,233
Lewis	1	48	0	0	$665,660
Lincoln	6	288	5	264	$26,437,591
Loudon	8	230	4	226	$17,090,801
Macon	4	163	2	95	$4,960,200
Madison	39	1390	16	1325	$62,933,100
Marion	2	77	1	40	$5,227,353
Marshall	6	242	4	186	$17,905,080
Maury	7	547	5	452	$27,084,780
McMinn	4	290	3	266	$16,470,970
McNairy	1	64	1	64	$8,332,608
Meigs	1	24	0	0	$281,950
Monroe	5	178	4	160	$12,751,696
Montgomery	13	1041	11	960	$73,015,460
Moore	2	57	1	33	$962,200
Morgan	2	109	1	64	$2,370,030
Obion	9	173	2	98	$3,053,327
Overton	4	111	1	41	$7,475,860
Pickett	3	56	0	0	$547,240
Polk	1	48	1	48	$691,420
Putnam	10	388	5	300	$21,492,824
Rhea	3	115	2	75	$3,933,360
Roane	7	424	4	209	$32,495,670
Robertson	9	606	5	343	$17,311,270
Rutherford	24	1613	14	1476	$97,127,150
Scott	3	94	1	20	$1,391,330
Sequatchie	1	64	1	64	$2,991,450
Sevier	8	432	7	384	$37,397,374
Shelby	157	15894	107	12858	$496,686,208
Smith	3	144	1	72	$5,828,650
Stewart	1	26	0	0	$358,320
Sullivan	19	1289	14	1279	$76,525,904
Sumner	21	1228	10	956	$111,187,755
Tipton	8	392	6	304	$14,235,490
Trousdale	1	32	0	0	$502,080
Unicoi	1	64	1	64	$3,681,980
Union	4	182	1	80	$5,826,960
Van Buren	1	32	1	32	$2,883,280
Warren	4	262	3	214	$14,350,123

County	Total Properties	Total Units	Active Properties	Active Units	Total Ten Year Allocation
Washington	15	1052	13	968	$58,743,700
Wayne	3	136	3	136	$1,908,290
Weakley	4	234	2	144	$12,319,580
White	2	98	2	98	$7,939,882
Williamson	4	288	4	288	$23,485,631
Wilson	19	1029	8	953	$44,834,470
Grand Total	940	56001	550	46999	$2,480,072,525

*Allocation amounts were not found for 30 properties (placed in service prior to 1993).

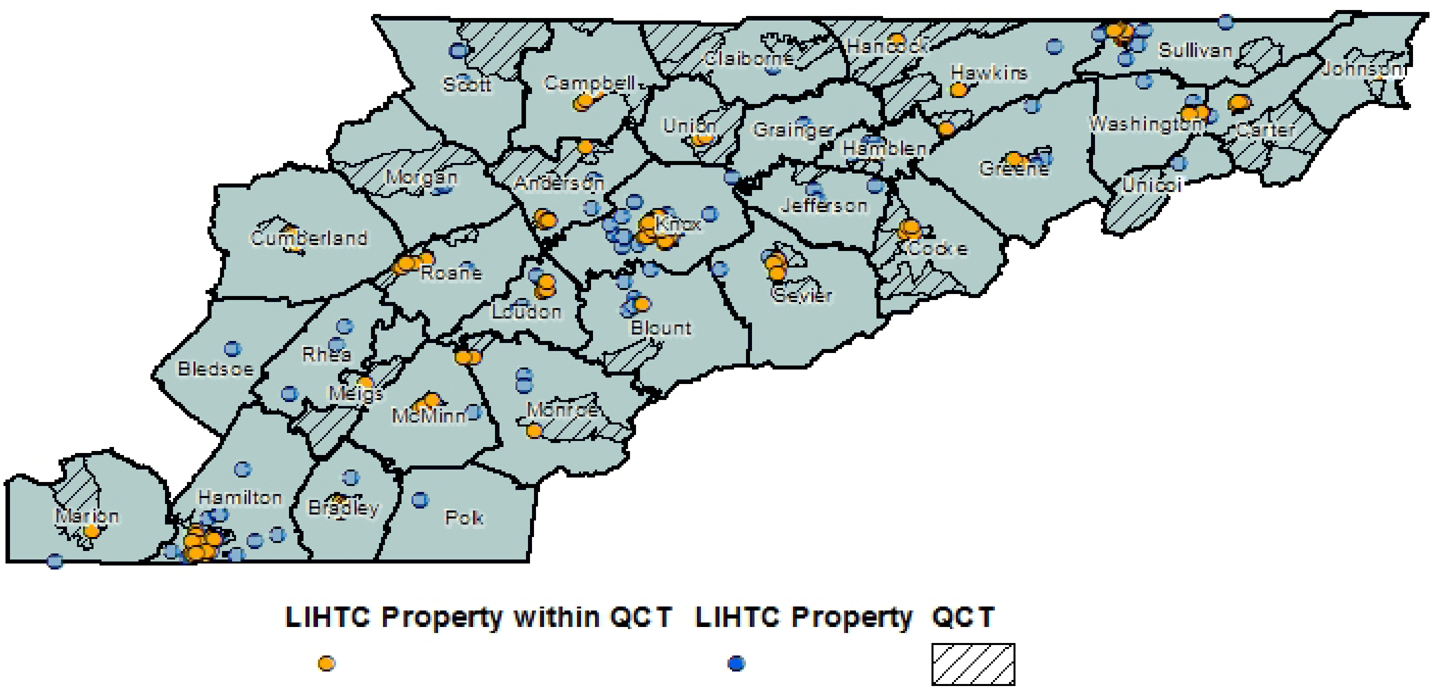
**Active properties are as of the February 2014 THDA Compliance Monitoring reporting.

***The ten year allocation amount represents the total allocation over the ten year credit period and equals the annual allocation amounts awarded times ten.

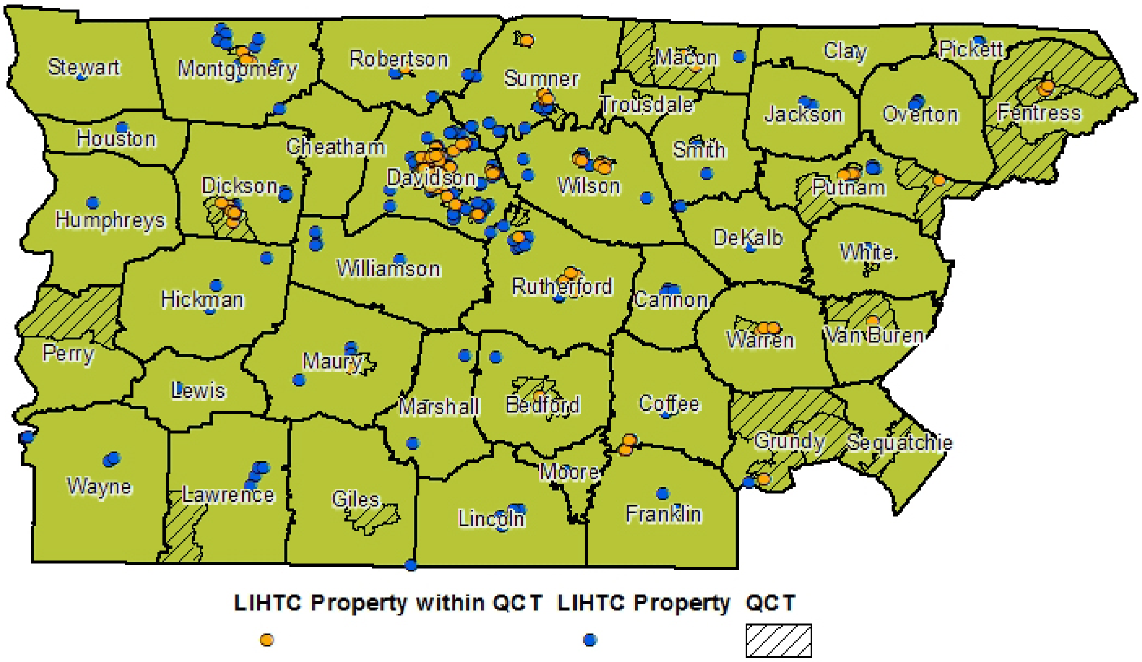
Appendix 2

Placed in Service Maps by Region

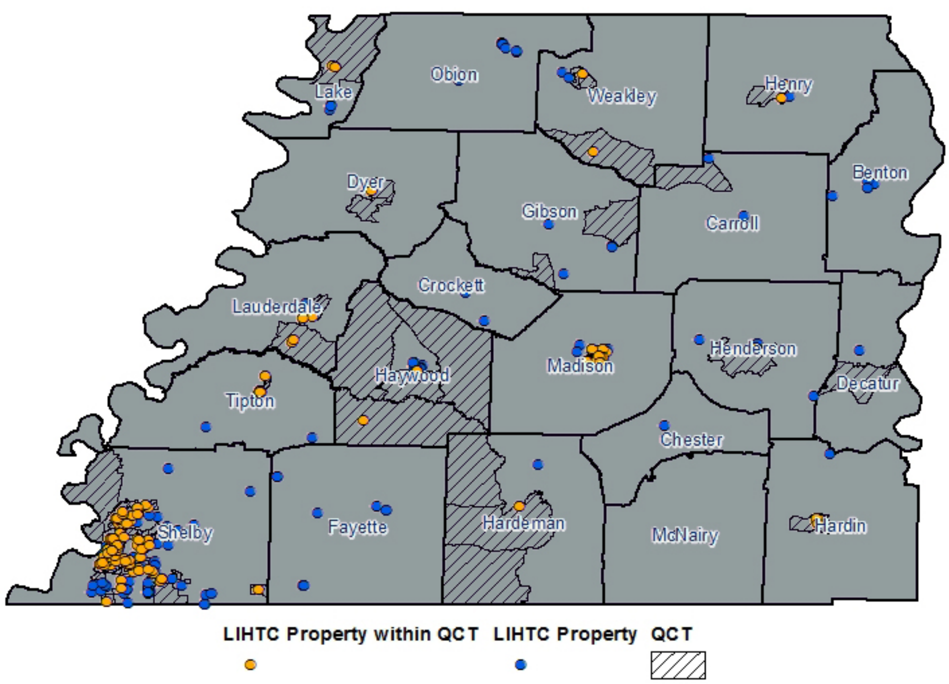
East Tennessee Placed in Service



Middle Tennessee Placed in Service



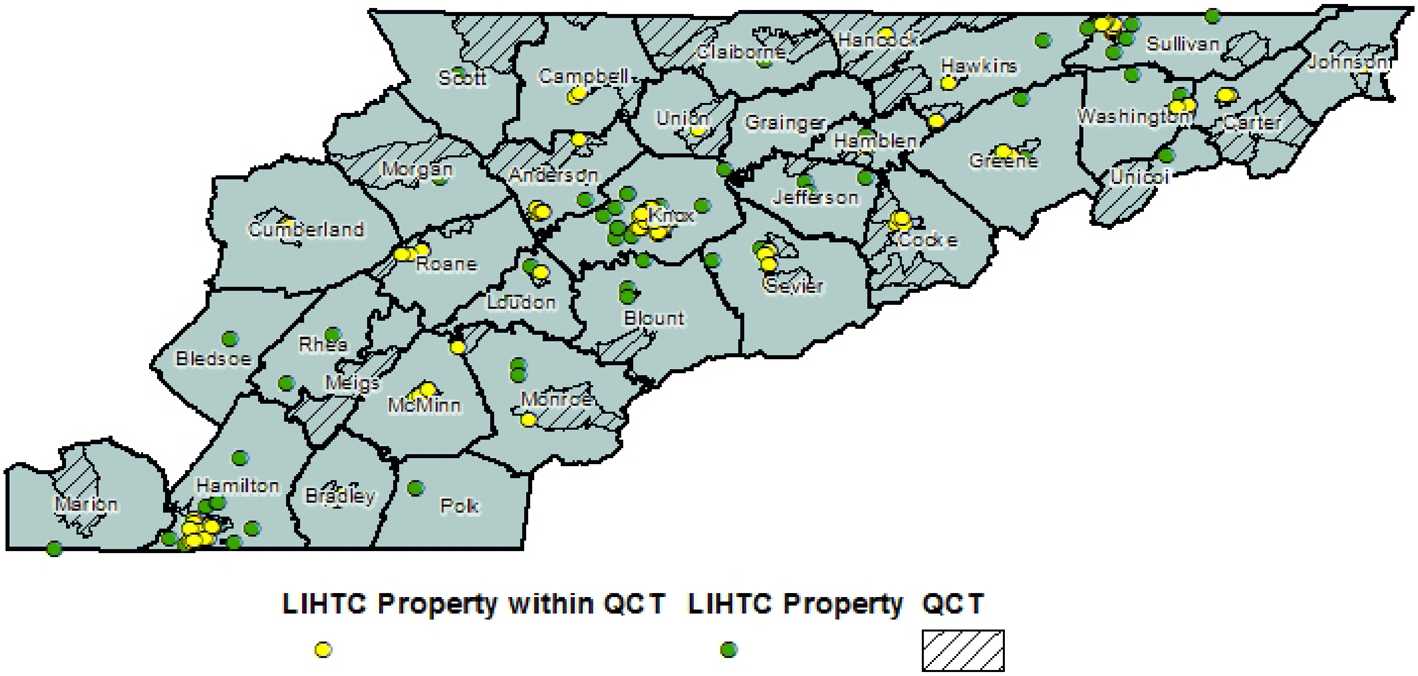
West Tennessee Placed in Service



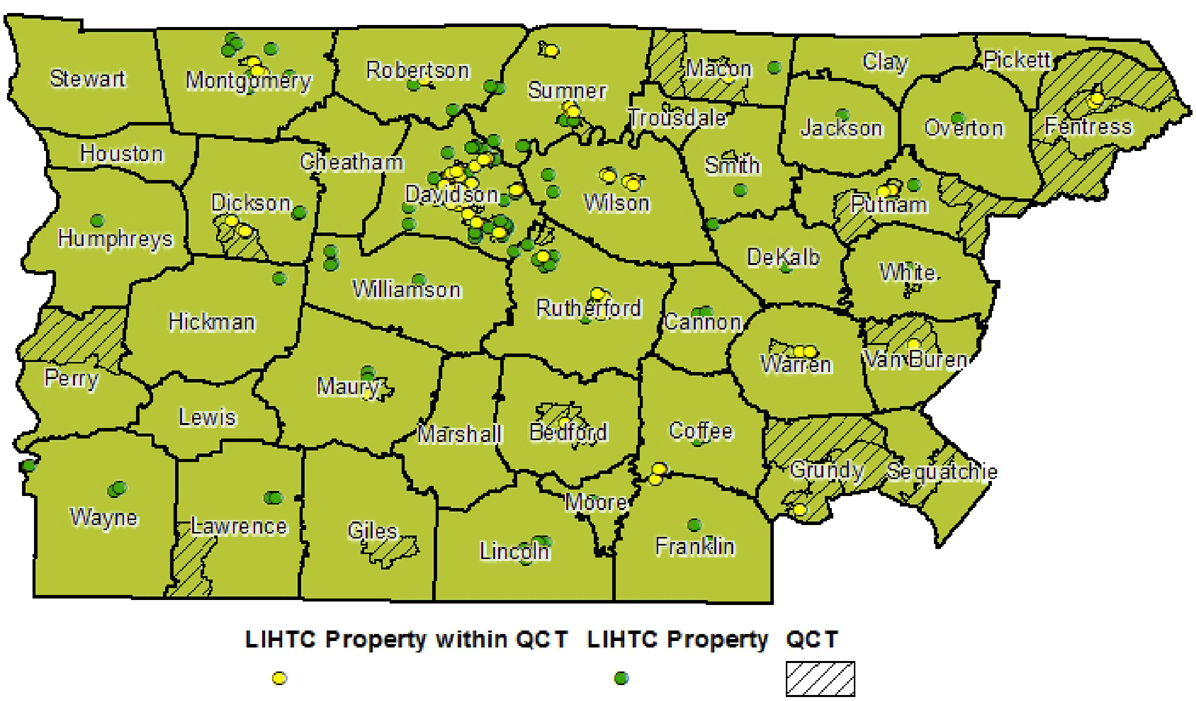
Appendix 3

Maps of Active Properties by Region

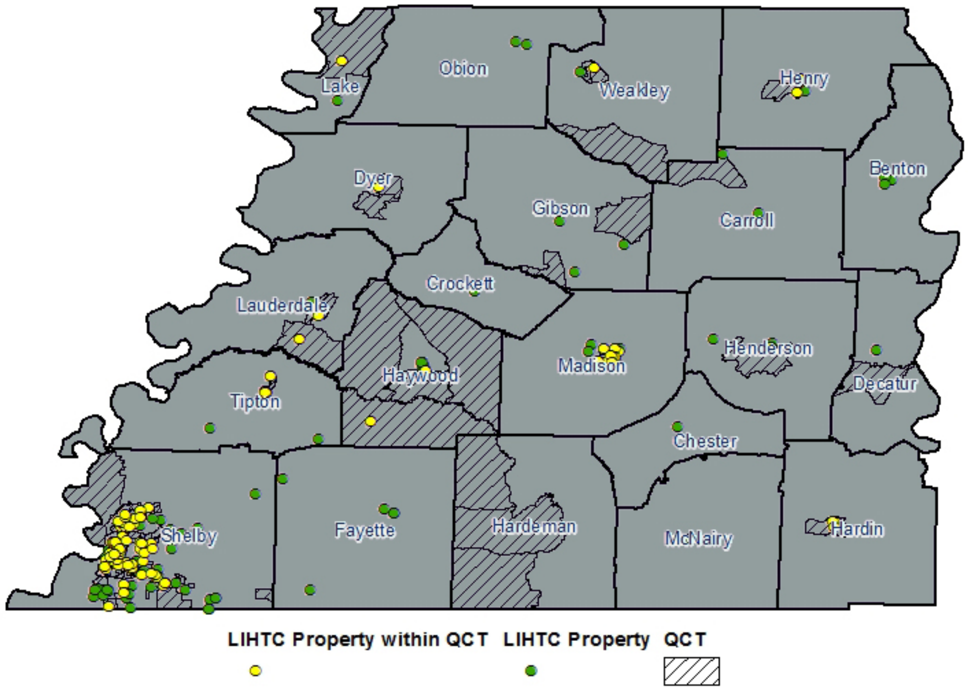
East Tennessee Active Properties



Middle Tennessee Active Properties



West Tennessee Active Properties



Appendix 4

Average Household Size Compared with Bedroom Size of Active Units by County

County	Total Units	Total 2 & 3 Bedroom Units	Average HH Size	% of Total Units that Meet Average HH Size Needs
Anderson	517	471	2.27	91%
Bedford	282	190	2.83	67%
Benton	135	108	2.24	80%
Bledsoe	25	25	2.29	100%
Blount	214	154	2.47	72%
Bradley	420	255	2.43	61%
Campbell	119	87	2.44	73%
Cannon	42	42	2.65	100%
Carroll	75	64	2.23	85%
Carter	248	194	2.2	78%
Cheatham	96	64	2.72	67%
Chester	50	0	2.64	0%
Claiborne	44	44	2.41	100%
Clay	56	56	2.53	100%
Cocke	225	176	2.35	78%
Coffee	417	302	2.41	72%
Crockett	32	0	2.75	0%
Cumberland	191	149	2.44	78%
Davidson	8401	6242	2.24	74%
Decatur	50	50	2.41	100%

County	Total Units	Total 2 & 3 Bedroom Units	Average HH Size	% of Total Units that Meet Average HH Size Needs
DeKalb	64	8	2.59	13%
Dickson	480	394	2.61	82%
Dyer	112	80	2.5	71%
Fayette	155	152	2.39	98%
Fentress	162	130	2.28	80%
Franklin	147	104	2.48	71%
Gibson	112	95	2.48	85%
Giles	141	111	2.22	79%
Grainger	64	52	2.39	81%
Greene	202	151	2.34	75%
Grundy	96	72	2.53	75%
Hamblen	266	184	2.61	69%
Hamilton	2163	1495	2.29	69%
Hancock	45	45	1.93	100%
Hardemen	0	0	2.61	N/A
Hardin	154	102	2.45	66%
Hawkins	166	130	2.15	78%
Haywood	320	196	2.47	61%
Henderson	73	58	2.41	79%
Henry	200	104	2.41	52%
Hickman	32	24	2.45	75%
Houston	0	0	2.48	N/A
Humphreys	48	36	2.2	75%
Jackson	44	44	2.58	100%
Jefferson	92	68	2.5	74%
Johnson	40	40	2.13	100%
Knox	3486	2492	2.04	71%
Lake	112	112	2.42	100%
Lauderdale	198	72	2.63	36%
Lawrence	86	26	2.23	30%
Lewis	0	0	2.37	N/A
Lincoln	264	198	2.54	75%
Loudon	225	135	2.68	60%
Macon	86	86	2.64	100%
Madison	1337	1040	2.53	78%
Marion	48	0	2.58	0%
Marshall	186	83	2.56	45%
Maury	452	248	2.37	55%
McMinn	266	168	2.4	63%
McNairy	64	52	2.44	81%
Monroe	160	132	2.66	83%
Montgomery	960	694	2.58	72%
Moore	33	33	2.89	100%
Morgan	33	29	2.24	88%
Obion	98	78	2.43	80%
Overton	41	41	2.49	100%

County	Total Units	Total 2 & 3 Bedroom Units	Average HH Size	% of Total Units that Meet Average HH Size Needs
Perry	0	0	2.63	N/A
Pickett	0	0	2.04	N/A
Polk	48	48	2.59	100%
Putnam	299	220	2.32	74%
Rhea	75	44	2.49	59%
Roane	209	139	2.31	67%
Robertson	343	250	2.66	73%
Rutherford	1417	865	2.58	61%
Scott	20	20	2.38	100%
Sequatchie	64	44	2.48	69%
Sevier	336	250	2.38	74%
Shelby	12969	9546	2.61	74%
Smith	72	48	2.39	67%
Stewart	0	0	2.43	N/A
Sullivan	1279	885	2.15	69%
Sumner	925	444	2.43	48%
Tipton	304	233	2.66	77%
Trousdale	0	0	2.62	N/A
Unicoi	64	40	2.55	63%
Union	80	56	2.33	70%
Van Buren	32	32	2.64	100%
Warren	215	145	2.36	67%
Washington	955	630	2.12	66%
Wayne	136	136	2.42	100%
Weakley	104	83	2.27	80%
White	98	72	2.55	73%
Williamson	288	169	2.42	59%
Wilson	930	623	2.53	67%

Appendix 5

Public Housing Related LIHTC Allocation (10 Yr) by City

City	Hope VI/ Set Aside	PHA Subsidized/Set Aside	PHA Developer	Total
Cookeville			$1,391,090	$1,391,090
Chattanooga	$15,301,790	$3,139,530	$4,708,070	$23,149,390
Clarksville		$11,000,000		$11,000,000
Crossville		$2,678,300	$2,116,360	$4,794,660
Franklin			$7,691,180	$7,691,180
Jackson		$5,751,870	$11,378,420	$17,130,290
Kingsport	$4,849,510			$4,849,510
Knoxville	$2,121,260	$6,900,000		$9,021,260
Manchester		$6,509,080		$6,509,080
Memphis	$97,760,320	$2,096,170	$39,209,596	$139,066,086
Nashville	$6,845,720	$7,065,440	$9,076,327	$22,987,487

City	Hope VI/ Set Aside	PHA Subsidized/Set Aside	PHA Developer	Total
Ripley		$6,001,230		$6,001,230
Rockwood			$1,047,520	$1,047,520
Shelbyville			$2,642,290	$2,642,290
Smyrna			$3,927,955	$3,927,955
Spring City			$335,130	$335,130
Wartburg			$1,986,060	$1,986,060
Grand Total	$126,878,600	$51,141,620	$85,509,998	$263,530,218

(1) Some PHA properties may have applied and received more than one allocation of credits for a single project (multi-phase development).

(2) LIHTC allocations include 9% and 4% credits.

Appendix 6

Active Properties and Location in a QCT or DDA Census Tract Area

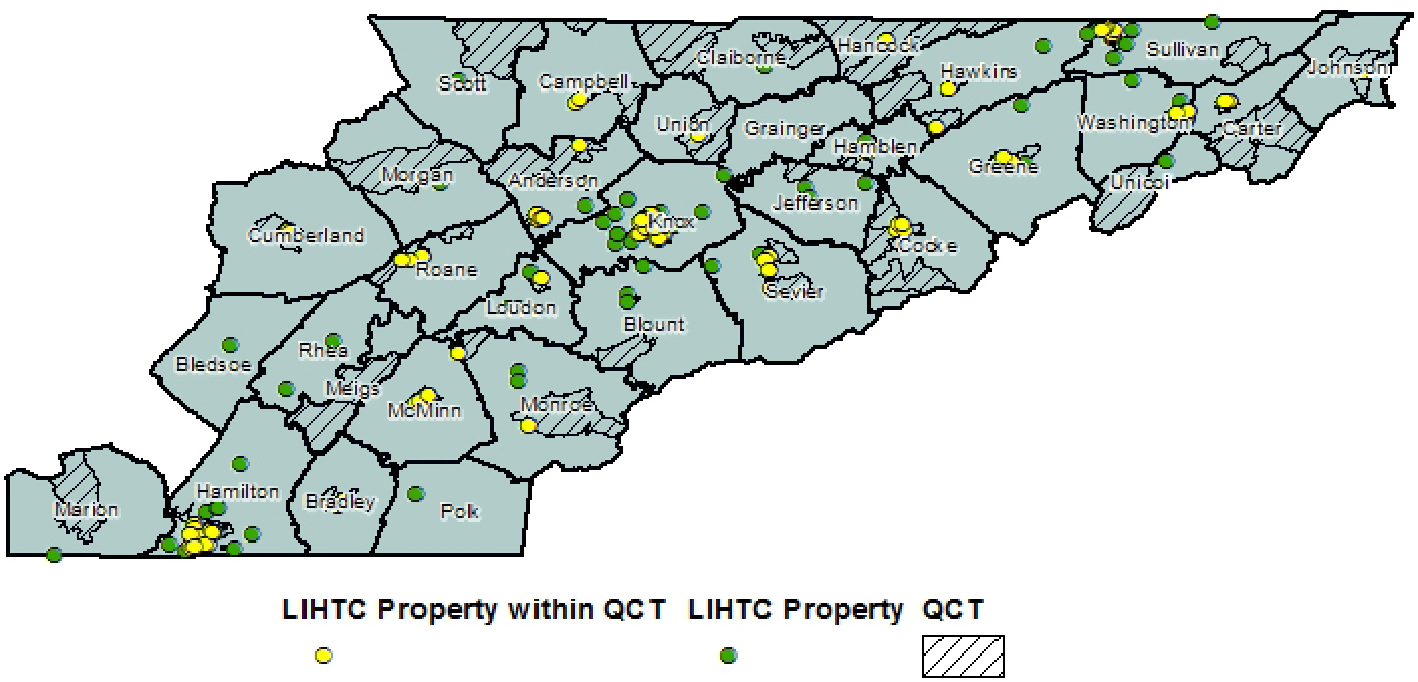
County	Total Active Properties	Active Properties -QCT/DDA area	% Active Properties- QCT/ DDA area
Anderson	7	5	71%
Bedford	4	4	100%
Benton	3	0	0%
Bledsoe	1	0	0%
Blount	3	0	0%
Bradley	5	5	100%
Campbell	2	2	100%
Cannon	2	0	0%
Carroll	2	0	0%
Carter	4	3	75%
Cheatham	1	0	0%
Chester	1	0	0%
Claiborne	1	0	0%
Clay	2	0	0%
Cocke	5	5	100%
Coffee	7	4	57%
Crockett	1	0	0%
Cumberland	5	5	100%
Davidson	70	42	60%
Decatur	1	0	0%
DeKalb	2	0	0%
Dickson	8	6	75%
Dyer	1	1	100%
Fayette	5	0	0%
Fentress	4	4	100%
Franklin	3	0	0%
Gibson	3	0	0%
Giles	2	1	50%

County	Total Active Properties	Active Properties -QCT/DDA area	% Active Properties- QCT/ DDA area
Knox	38	27	71%
Lake	3	2	67%
Lauderdale	3	2	67%
Lawrence	2	0	0%
Lincoln	5	0	0%
Loudon	4	1	25%
Macon	2	1	50%
Madison	16	12	75%
Marion	1	0	0%
Marshall	4	3	75%
Maury	5	3	60%
McMinn	3	3	100%
McNairy	1	0	0%
Monroe	4	2	50%
Montgomery	11	3	27%
Moore	1	0	0%
Morgan	1	0	0%
Obion	2	0	0%
Overton	1	0	0%
Polk	1	0	0%
Putnam	5	3	60%
Rhea	2	0	0%
Roane	4	3	75%
Robertson	4	1	25%
Rutherford	14	6	43%
Scott	1	0	0%
Sequatchie	1	1	100%
Sevier	7	4	57%

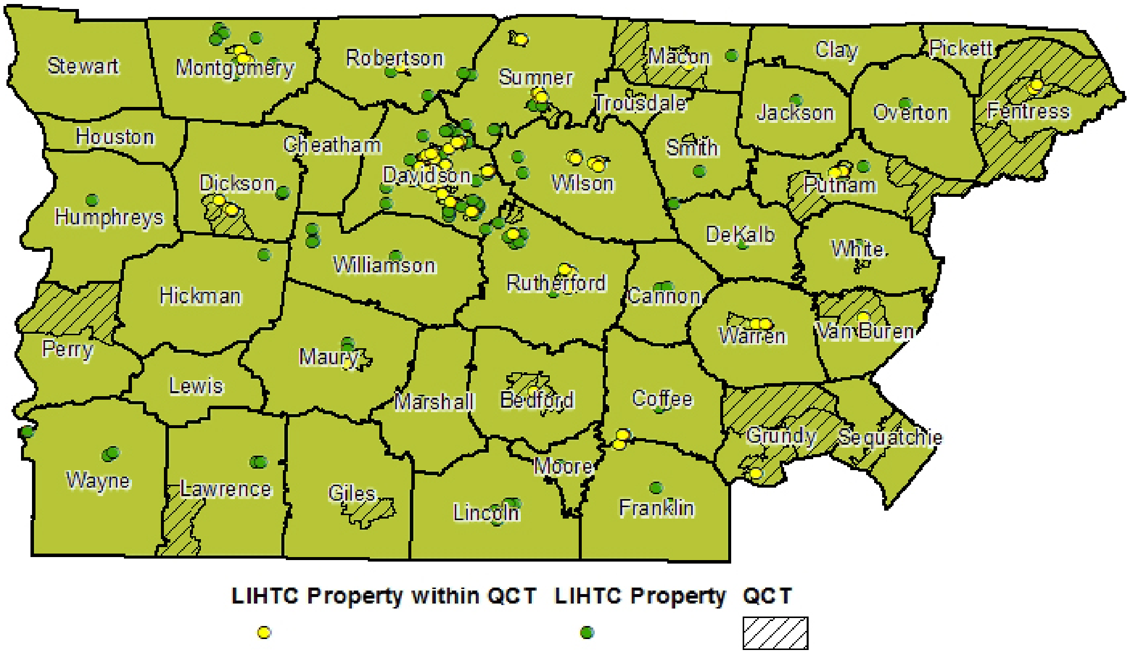
County	Total Active Properties	Active Properties -QCT/DDA area	% Active Properties- QCT/ DDA area
Grainger	1	0	0%
Greene	5	3	60%
Grundy	2	2	100%
Hamblen	4	3	75%
Hamilton	29	20	69%
Hancock	1	1	100%
Hardin	3	3	100%
Hawkins	4	2	50%
Haywood	10	5	50%
Henderson	3	0	0%
Henry	3	2	67%
Hickman	1	0	0%
Humphreys	1	0	0%
Jackson	1	0	0%
Jefferson	3	0	0%
Johnson	1	1	100%
Shelby	109	52	48%
Smith	1	0	0%
Sullivan	14	8	57%
Sumner	11	5	45%
Tipton	6	4	67%
Unicoi	1	0	0%
Union	1	1	100%
Van Buren	1	1	100%
Warren	3	2	67%
Washington	13	11	85%
Wayne	3	0	0%
Weakley	2	1	50%
White	2	1	50%
Williamson	4	0	0%
Wilson	8	5	63%
Grand Total	**550**	**297**	**54%**

Appendix 7

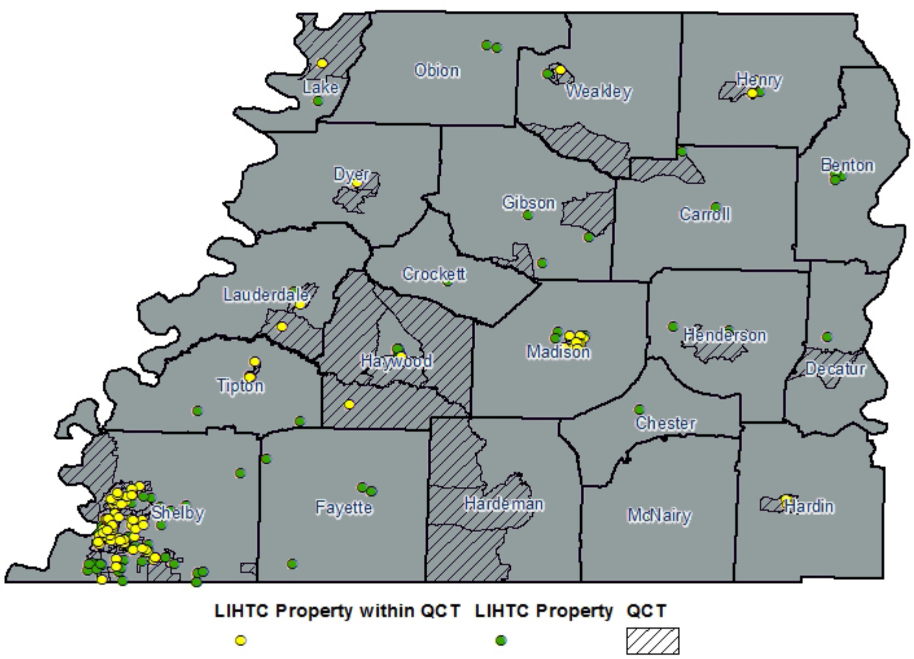
East Tennessee Proximity Maps



Middle Tennessee Proximity Maps



West Tennessee Proximity Maps



Appendix 8

Aging LIHTC Properties by County

County	Properties Aged 20+	Properties Aged 15-20 Years	Properties Aged 10-15 Years	Addi. Credits Rehab	Total Aged 10-20+ Years	Total Properties 1987-2012	% Aged
Anderson	2	0	2		4	6	67%
Bedford	1	0	2		3	5	60%
Benton	2	0	0		2	5	40%
Blount	1	1	0		2	5	40%

County	Properties Aged 20+	Properties Aged 15-20 Years	Properties Aged 10-15 Years	Addi. Credits Rehab	Total Aged 10-20+ Years	Total Properties 1987-2012	% Aged
Bradley	4	4	0		8	18	44%
Campbell	0	0	1		1	2	50%
Cannon	2	0	0		2	3	67%
Carroll	0	0	0		0	1	0%
Carter	2	0	0		2	6	33%
Cheatham	0	0	1		1	1	100%
Chester	0	0	1		1	1	100%
Claiborne	1	0	0		1	1	100%
Clay	2	0	0		2	2	100%
Cocke	4	1	1		6	7	86%
Coffee	3	0	4		7	8	88%
Crockett	1	0	0		1	2	50%
Cumberland	1	1	3		5	6	83%
Davidson	21	12	23	3	53	165	32%
DeKalb	1	0	0		1	2	50%
Dickson	5	1	4		10	16	63%
Dyer	1	0	1		2	2	100%
Fayette	5	0	1	2	4	8	50%
Fentress	4	1	1		6	6	100%
Franklin	0	1	0		1	2	50%
Gibson	2	0	1		3	3	100%
Giles	0	0	2		2	2	100%
Grainger	1	0	0		1	2	50%
Greene	2	2	0		4	7	57%
Grundy	1	1	1		3	3	100%
Hamblen	4	0	2		6	11	55%
Hamilton	4	6	10		20	30	67%
Hancock	2	0	0		2	2	100%
Hardeman	1	1	0		2	2	100%
Hardin	2	0	1		3	5	60%
Hawkins	2	0	0		2	3	67%
Haywood	7	4	2		13	21	62%
Henderson	1	0	1		2	4	50%
Henry	0	1	1		2	2	100%
Hickman	2	0	1		3	4	75%
Houston	1	0	0		1	1	100%
Humphreys	0	0	0		0	1	0%
Jackson	1	1	0		2	2	100%
Jefferson	1	0	2		3	3	100%
Johnson	1	0	0		1	1	100%
Knox	4	4	14		22	37	59%
Lake	5	2	0	1	6	7	86%
Lauderdale	4	1	2		7	7	100%
Lawrence	2	0	0		2	4	50%
Lewis	1	0	0		1	1	100%
Lincoln	2	0	0		2	5	40%
Loudon	2	0	0		2	8	25%
Macon	2	1	0		3	3	100%

County	Properties Aged 20+	Properties Aged 15-20 Years	Properties Aged 10-15 Years	Addi. Credits Rehab	Total Aged 10-20+ Years	Total Properties 1987-2012	% Aged
Madison	3	3	5		11	37	30%
Marion	1	0	0		1	2	50%
Marshall	2	1	1		4	6	67%
Maury	2	2	1		5	7	71%
McMinn	1	1	1		3	4	75%
McNairy		0	0		0	1	0%
Meigs	1	0	0		1	1	100%
Monroe	2	0	0		2	3	67%
Montgomery	0	1	4		5	11	45%
Moore	2	0	0		2	2	100%
Morgan	1	0	1		2	2	100%
Obion	3	0	0		3	7	43%
Overton	3	0	0		3	4	75%
Pickett	3	0	0		3	3	100%
Polk	0	1	0		1	1	100%
Putnam	4	0	3		7	9	78%
Rhea	1	1	1		3	3	100%
Roane	3	1	1		5	7	71%
Robertson	4	3	1		8	8	100%
Rutherford	5	6	0		11	25	44%
Scott	2	0	1		3	3	100%
Sequatchie	0	0	1		1	1	100%
Sevier	1	2	0		3	8	38%
Shelby	15	17	32	1	63	129	49%
Smith	2	0	1		3	3	100%
Stewart	1	0	0		1	1	100%
Sullivan	1	0	5		6	19	32%
Sumner	5	6	2	1	12	19	63%
Tipton	4	1	3		8	8	100%
Trousdale	1	0	0		1	1	100%
Unicoi	0	0	1		1	1	100%
Union	3	0	1		4	4	100%
Van Buren	0	0	0		0	1	0%
Warren	1	0	0		1	3	33%
Washington	3	0	4		7	15	47%
Wayne	2	1	0		3	3	100%
Weakley	2	0	1		3	6	50%
White	0	0	0		0	1	0%
Williamson	1	1	0		2	4	50%
Wilson	1	4	3		8	35	23%
Grand Total	**206**	**98**	**159**	**8**	**455**	**869**	**52%**

*Only properties with 4 or more units are included. Age of property is based on allocation year.

Tennessee Housing
Development Agency

Andrew Jackson Building Third Floor, 502 Deaderick St., Nashville, TN 37243-0900
twitter.com/TN_Housing_Dev - facebook.com/TNHousing
800-228-THDA - www.THDA.org