Aging Affordable Rental Housing in Tennessee & the Need for Preservation

Tennessee Housing Development Agency

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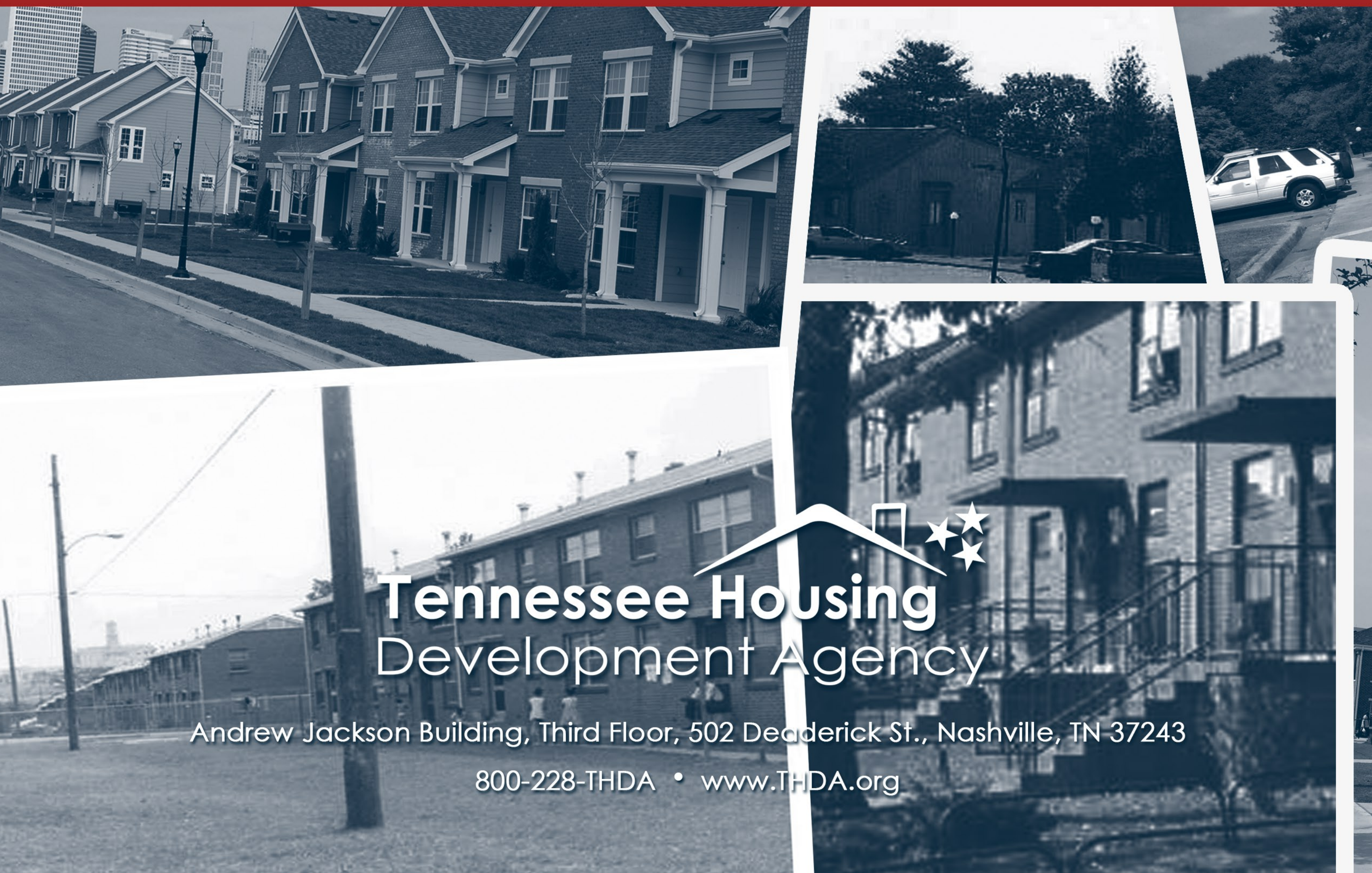

Tennessee Housing Development Agency

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Executive Summary

Affordable housing is a critical part of Tennessee's social safety net for low income families. However, the majority of affordable housing properties were built more than 15 years ago. Deeply subsidized housing properties in Tennessee, such as project based Section 8 properties, USDA properties and public housing largely were built more than 30 years ago and have significant deferred maintenance due to reductions in funding for those programs in recent years. The Low Income Housing Tax Credit (LIHTC) program is the only federal housing program that has not faced significant budget cuts in recent years- increasing its significance as a funding source for the preservation of existing affordable properties (including those with prior LIHTC allocations).

However, at the same time that existing affordable properties are in need of renovation or recapitilization, the overall demand for rental housing and need for new production also is increasing. The challenge is how to find adequate funds to preserve the existing affordable housing stock, which is needed to house the lowest income Tennesseans, while also meeting the increasing demand for new affordable housing development.

The purpose of this report is to describe the age and physical condition of existing affordable rental housing properties in Tennessee, along with other risk factors for loss of affordable units, such as rental assistance contract expiration dates, to guide future discussions around affordable housing preservation in Tennessee.

The report would not be possible without the assistance of THDA staff in the Multifamily and Project Based Contract Administration divisions and Charmaine McNeilly of the Public Affairs division. Additional thanks also goes to the USDA (Nashville) Tennessee State Office staff and the Office of Public Housing in Memphis, Tennessee for providing reports, information and feedback on their programs.

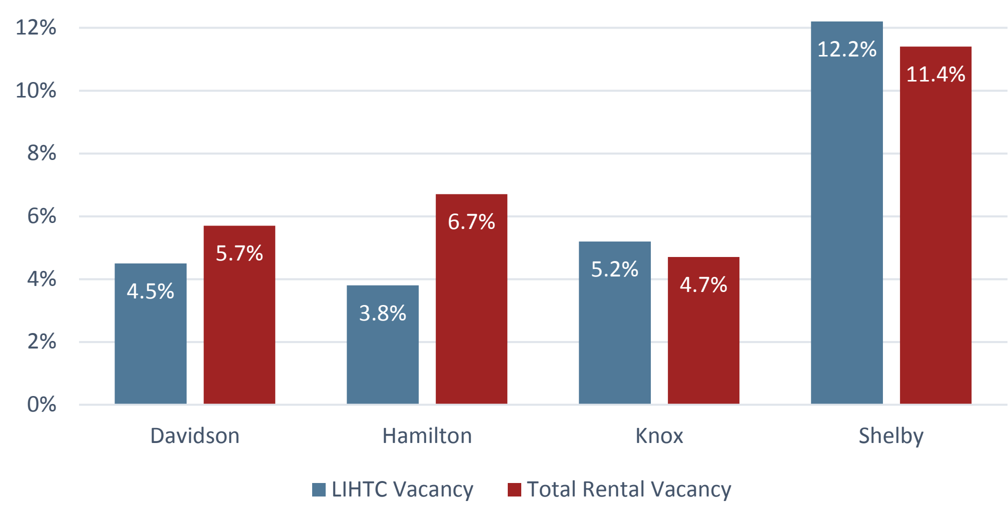
Why Preserve Existing Affordable Rental Housing?

According to Harvard's 2015 State of the Nation's Housing Report, if rental demand continues at the current rate, the 2010s will be a historically high decade of renters. The study attributes the increase in renters to a number of demographic trends, some but not all, related to the continuing effects of the recent recession. In 2014, there was not a single county in the United States where an individual earning the federal minimum wage ($15,080 annually) could afford a one or two bedroom market-rate apartment[1]. Rents and home prices exceed income growth in most areas, which has led to a steady rise in the number of renters at different income levels unable to afford housing across the United States.

While the lack of rental housing affordable to the lowest income renters worsens each year in many areas, the need for rental units affordable at higher income levels is also increasing. Thus, households with higher income sometimes rent units that would otherwise be affordable for lower income renters- exacerbating housing shortages at the lower income ranges. Many rental markets, particularly in urban areas, are simply not meeting the demand for creating rental units at various price points.

Cities in the south where population growth has been high in recent years are facing a particular shortage of affordable options at differing income levels, and the shortage is likely to worsen with continuing Congressional cuts to almost every federal housing program. Figure 1 below shows the overall rental vacancy and vacancy in Low Income Housing Tax Credit (LIHTC) properties in the major metro counties in Tennessee in 2013. The graph illustrates both low overall rental vacancy and affordable rental housing vacancy. Among the major metros, only Memphis has a higher than ten percent rental or LIHTC vacancy rate, and this may relate to the lower average income of renters in the county rather than showing an excess of rental units for the population. While the overall rental vacancy rate increased in Hamilton and Knox Counties in 2014, it decreased further in Davidson, dropping to 3.7 percent, and also dropped to 10.4 percent in Shelby County[2].

Figure 1: 2013 Overall Rental Vacancy & LIHTC Vacancy, Major Metros



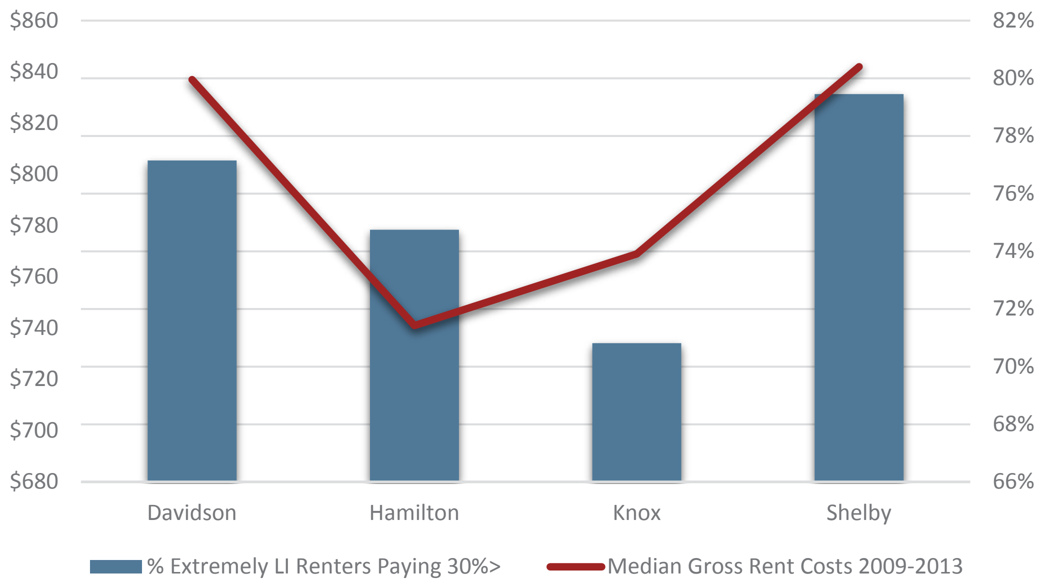
Sources: Internal THDA LIHTC vacancy report; U.S. Bureau of Census, American Community Survey (2013)

1 See Arnold et al, NLIHC Out of Reach 2014 and Harvard's State of the Nation's Housing report 2015 for information on housing costs and income.

2 US Census Bureau's American Community Survey (ACS), one year estimates, 2013 and 2014

Looking at the most recent five year estimate (2009-2013) of the U.S. Census Bureau American Community Survey (ACS), 46 percent of Tennessee renters paid more than 30 percent of their household income for gross rent (rent and utilities). Seventy two percent of extremely low income Tennessee renters (those earning $20,000 or less annually) paid more than 30 percent of their income for housing costs[3]. The housing affordability problem is most acute in major metro counties, and especially in the two largest metros (Davidson and Shelby Counties), with 77 percent of extremely low income renters spending more than 30 percent of their income for housing costs in Davidson County (Nashville) and 79 percent in Shelby County (Memphis). Additionally, median gross rent continues to rise in most of the major metros. From 2013 to 2014, the median gross rent rose more than $30 per month in Davidson and Hamilton Counties, and $23 in Shelby County (median gross rent dropped slightly in Knox County) (ACS, 2013 and 2014 estimates).

Figure 2: Median Gross Rent & Extremely Low Income Renters* Paying 30% of Income or More Toward Gross Rent (Major Metro Counties)



*Source: American Community Survey, 5 year estimate, 2009-2013; *Households Earning $20,000 or Less*

Affordable housing developments with deep rental subsidies (public housing, Section 8) and rental properties with units set aside at lower rent levels but without direct rental subsidy (LIHTC), are a critical piece of Tennessee's social safety net for low income families. However, among the affordable rental housing programs, only the LIHTC program has not faced severe funding cuts in recent years. Federal funding for the new construction of rental housing where the rent is subsidized based on income has become essentially extinct.

Funding for the maintenance or rehabilitation of existing subsidized housing has declined substantially in the past 10 years as well, leading to large backlogs of repairs in existing affordable or subsidized properties, which place properties at risk of conversion to market level rents or closure. In 2010, HUD public housing developments were projected to have almost $26 billion in deferred maintenance and repairs[4]. At around the same time, United States Department of Agriculture Rural Development (USDA RD) multifamily (515) properties faced $3.2 billion in estimated rehabilitation needs[5].

3 Historically, housing expenses that exceed 30 percent of household income are considered to create a housing affordability problem. The United States Housing Act of 1937 set the 30 percent threshold as the standard a household can pay for housing costs before the household is considered "cost burdened".

4 See Finkel et al (Abt Associates), 2010.

5 See Lancaster Pollard, October 2, 2007.

Older project based affordable rental units may be lost to market conversion (and lose affordability) when the HUD or USDA mortgage is paid off or when an owner decides not to renew their expiring contract; or the property may be lost to physical decline. The National Housing Trust estimates that over the next five years, 650,000 units covered by project-based Section 8 contracts will expire. As of 2008, 11,000 USDA RD 515 properties with almost 300,000 units nationally were at risk of prepayment[6]. Due to prepayments, foreclosures and loan maturities, currently, less than 450,000 affordable rental units remain in the USDA 515 program nationally[7].

With the reduction of direct federal funding to support preservation or new construction of subsidized rental housing, the need to access other sources of funds to preserve the existing network of affordable housing has shifted to state administered federally funded programs, like the LIHTC, and to state and locally funded programs, such as housing trust funds. States and localities need to invest in or encourage preservation of the existing network of affordable housing because its' preservation is critical to keep up with renter demand at lower income levels. Additionally, HUD reports that preservation costs are between 30 and 50 percent less than constructing new affordable units[8].

This report describes the age, and where available, physical condition of existing affordable housing developments in Tennessee; contract expiration dates for HUD project based properties and loan maturity dates for USDA RD 515 properties (as a measure of risk for market conversion), along with the use of the LIHTC as a method of preservation and competing interests for the credit. The information may be used to guide future discussions and policy decisions on affordable housing preservation in Tennessee.

6 See Housing Assistance Council, August 2008

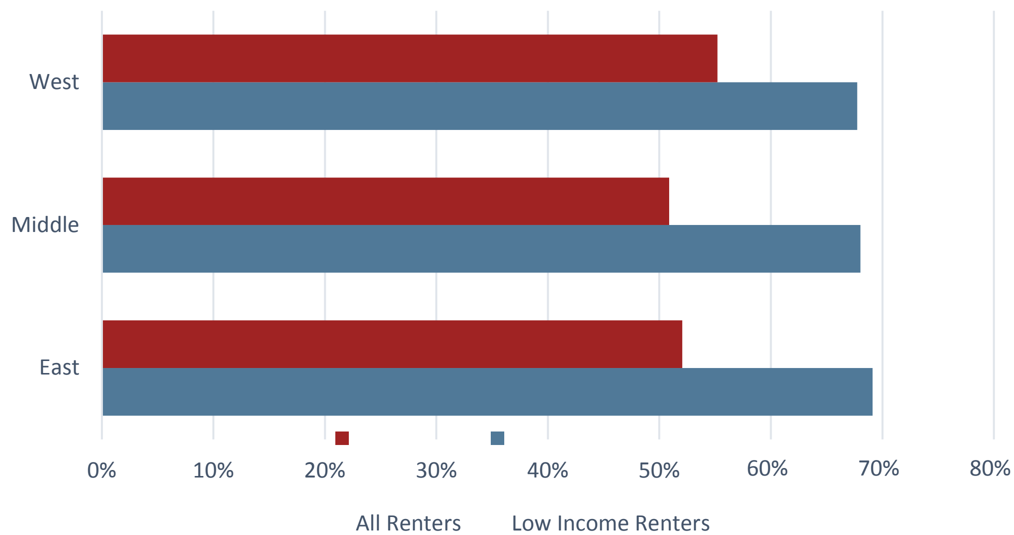
7 See National Housing Law Project, October 2, 2015

8 HUD, Evidence Matters, Summer 2013

Age of Renter Occupied Housing in Tennessee

The majority of all Tennessee renters, regardless of income level, live in units that were built more than 30 years ago. On average more than 50 percent of Tennessee renters occupy housing that was originally built prior to 1979, regardless of where the county is located within the state. West Tennessee has a slightly higher average percentage of renters occupying older housing (55 percent) than other regional areas. Statewide, low income renters (earning less than 80 percent of average monthly income) are more likely to occupy older housing than other renters. Approximately 68 percent of all renters occupying older housing in each regional area are low income renters[9]. Data is not available to determine whether older properties have been moderately or substantially rehabilitated. It is possible that some of the older properties where renters reside are in newer condition due to rehabilitation over time.

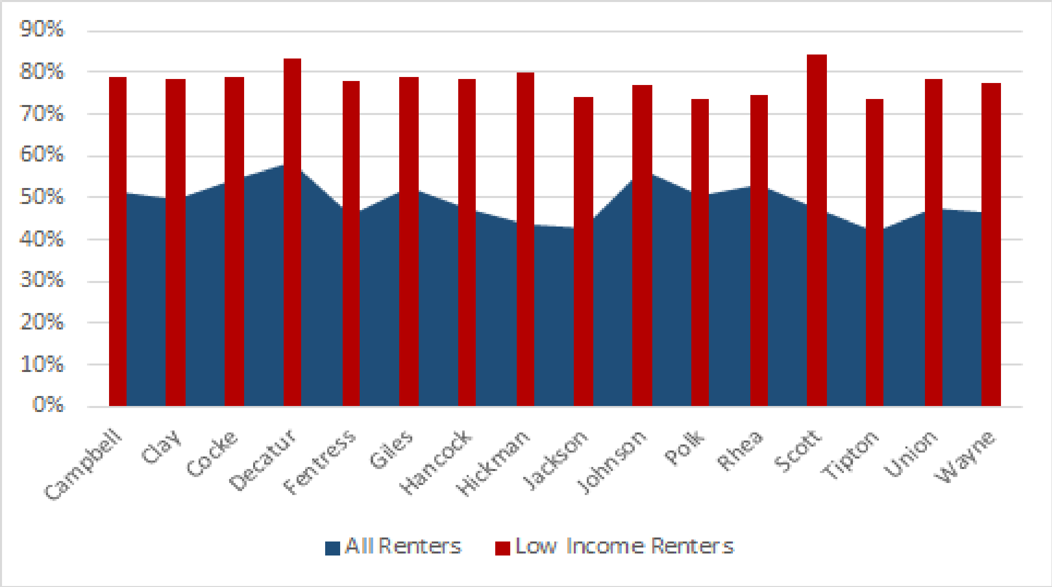
Figure 3: Tennessee Renters Living in Housing Built before 1980 by Region



Source: Comprehensive Housing Affordable Strategy (CHAS), 2008-2012

9 Comprehensive Housing Affordability Strategy, 2008-2012

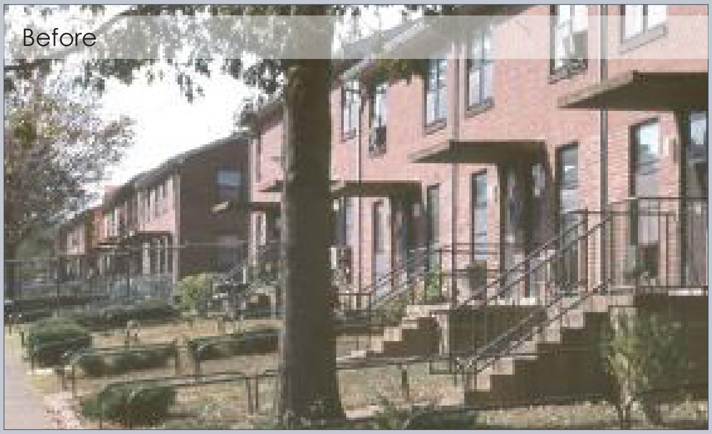
Figure 4: Counties with a High Percentage of Low Income Households among All Renters Living in Older Housing Built before 1980



Source: Comprehensive Housing Affordability Strategy (2008-2012)

The highest percentage of all renters residing in older housing (built before 1980) is in Moore and Sequatchie counties (69 percent), followed by Humphreys (68 percent) and Obion (67 percent). The lowest percentage of renters occupying older housing is in Williamson and Sevier Counties (30 percent), followed by Rutherford (33 percent) and Montgomery (37 percent). Low income renters are a high percentage of those living in older housing across the state as shown in Figure 3 above. This situation is more severe in some rural counties where 75 percent or more of low income renters live in older housing (see Figure 4).

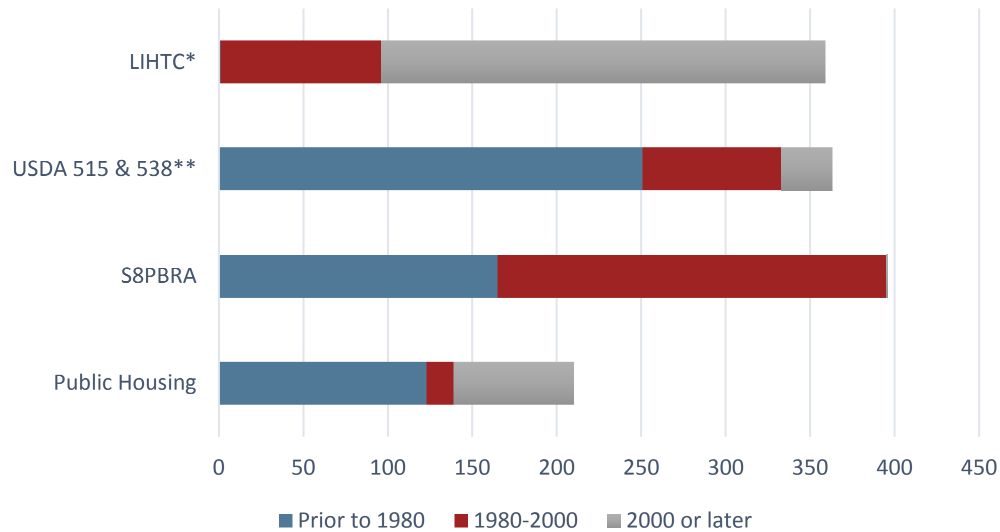
John Henry Hale Apartments - Nashville, TN



Age & Physical Condition of Affordable Rental Housing in Tennessee

Across Tennessee, a considerable percentage of deeply subsidized rental housing was built before 1980, and the vast majority was built before 2000 (is at least fifteen years old). Affordable but not necessarily deeply subsidized properties, such as LIHTC, are aging but have a larger share of newer built units. See Figure 5 below for a breakout of the age of affordable housing properties by program.

Figure 5: Age of Active Affordable Housing Properties in Tennessee



Sources: Internal THDA records, data provided by the Tennessee USDA RD office, National Housing Preservation database, Department of Housing & Urban Development (HUD).

**LIHTC includes actively monitored new construction properties only. Where a property is included in the S8PBRA, USDA or public housing count and also has LIHTC, it is excluded from the LIHTC count. **Some USDA properties have both 515 & 538 loans. These properties are counted only once in the total.*

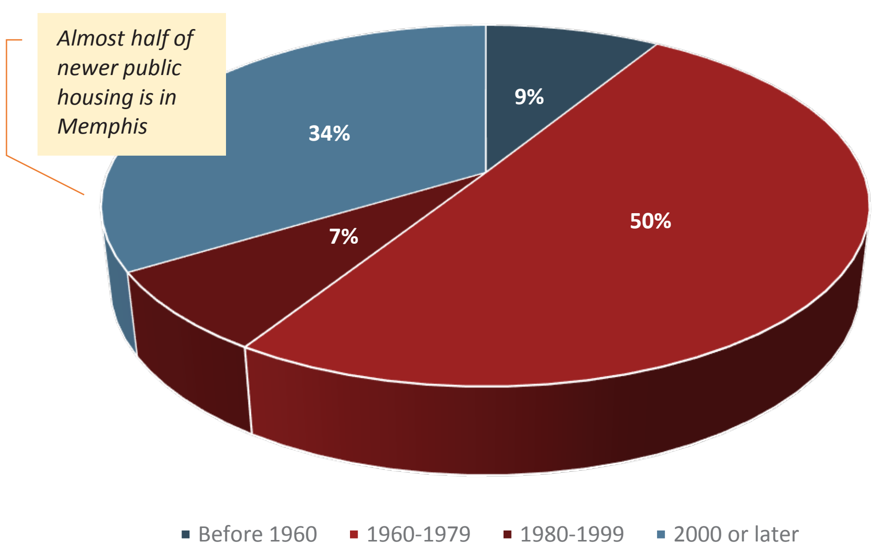
Age, Condition and Risk Status of Public Housing Developments

Public housing, funded by the Department of Housing and Urban Development (HUD) and administered by local public housing agencies (PHAs), is the oldest federal low income housing development program. The estimated real estate value of public housing nationally is between $90 billion and $145 billion[10], illustrating its value as a government asset worth preserving. The vast majority of occupied public housing units in the U.S. were built before 1980 (39 percent were built after 1970; 36 percent were built from 1950 through 1969; and 25 percent were built prior to 1950[11]).

Public housing has two continuing sources of funding: The operating fund, which is designed to pay the difference between the rents that tenants pay and operating costs, and the capital fund, which pays for the cost of renovation and significant repair/ replacement. Funding for both sources has declined over the past 15 years, losing 25 percent of the inflation-adjusted value since 2001. In recent years, Congress often has provided less than 90 percent of the operating subsidies that PHAs need to cover the difference in the rents tenants are allowed to pay under federal formulas and actual operating costs[12].

In Tennessee as of April 2015, 205 public housing developments with more than 38,000 units were active in 82 cities (67 counties)[13]. Although a smaller percentage of public housing developments in Tennessee were built prior to 1980 compared to the national average, the majority of Tennessee public housing developments (59 percent) are at least 30 years old, with nine percent built prior to 1960.

Figure 6: Age of Tennessee Public Housing Properties



Source: Department of Housing & Urban Development (HUD) Low Rent Inventory Report

10 Smetak, 2014.

11 HUD Policy Development & Research, Spring 1995.

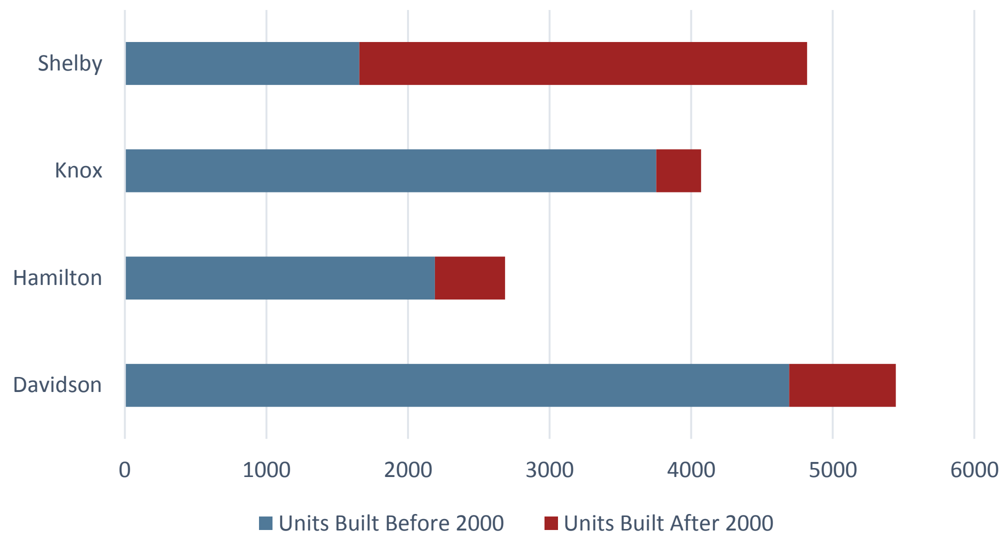
12 Fischer, November 7, 2014

13 A low rent inventory report dated 4/13/2015 was obtained from the Memphis HUD Tennessee HUB office for the public housing analysis. The number of properties included in the report was based upon the development number. Each development number was considered as one development. It is possible that a large, multi-phase development is divided into more than one development number, and thus, the number of total properties could be slightly overrepresented here. The date of funding availability (DOFA) was used as a proxy for the year built. Where the report showed no units in a development number and/or was listed as the cost center, it was omitted from the count.

For many reasons, including funding reductions for ongoing maintenance, PHAs have demolished or removed more than 200,000 public housing units nationally since the mid-1990s[14]. Some housing agencies redeveloped aging public housing through participation in the Hope VI program. However, after 1996, PHAS were not required to replace demolished low rent units "one for one,"[15] due to concerns that replacing public housing units in the same location might promote poverty concentration and affect the financial value of the new properties. Thus, most Hope VI developments contain a number of market rate units not affordable to extremely low income households. Of the 149,000 public housing units demolished from 1992 to 2006 across the nation, only 49,000 were replaced with new units, while 57,000 demolished units were replaced with vouchers and 43,000 were not replaced at all. Overall, while HOPE VI resulted in better quality housing, it also resulted in a net loss of deeply subsidized housing units affordable for very low-income households[16].

When looking at the age of public housing across the state and excluding Memphis/Shelby County, where the most significant public housing demolition and redevelopment has occurred, only seven percent of units were built 2000 or later. 78 percent of public housing units (outside of Shelby County) were built prior to 1980. See Figure 7 below for a comparison of the age of public housing units in counties that include a major metro city.

Figure 7: Age of Public Housing Units, Major Metro Counties



Source: HUD Low Rent Inventory Report

The city of Memphis (Shelby County) has the largest percentage of newer public housing in the state with more than 3,000 units or 70 percent of the city's public housing units built or substantially renovated after the year 2000, many through the Hope VI program (often combined with LIHTC funding). The vast majority of the newer developments in Memphis were placed in service after 2005. Less than 1,500 of the public housing units in Memphis (or 30 percent) were built prior to 2000. However, because most of the units within Hope VI public housing developments were redeveloped as mixed income, not all of the units continue to serve the lowest income renters.

14 See Fischer, November 7, 2014 for national estimates. Specific information for Tennessee demolitions/dispositions was not available as of the publishing date of this report. The information may be included in future reports.

15 Congressional Budget Office, H.R. 5814, 2010.

16 See both Susan Popkin, et al. May 2004 & Saard and Staub, January 30, 2008. Information on demolition and replacement numbers in Tennessee were not available at the time this report was published. The information has been requested from HUD and will be included in future updates to this report.

Hope VI grants were replaced by the Choice Neighborhood Program after 2010, which funds fewer grants for housing development than Hope VI. The Choice grants are divided into "planning" grants, which fund the development of local community revitalization plans, and "implementation" grants for localities that already have a comprehensive planning process and are ready for implementation. Two Tennessee PHAs have received planning grants (Jackson and Kingsport). Only one PHA, Memphis, was recently awarded an implementation grant totaling $29,750,000 to redevelop the last remaining traditional public housing development,[17] Foote Homes, as part of the South City Plan. According to the City of Memphis, "the South City Plan will transform 420 distressed public housing units in Foote Homes into 712 senior and family apartments throughout the greater neighborhood[18]."

Legends Park - Memphis, TN

18 In addition to Foote Homes, Memphis Housing Authority has several elderly/disabled designated properties that were originally built in the 1970s.

17 See HUD Choice Neighborhoods website, http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/programs/ph/cn, and City of Memphis press release, September 28, 2015.

Physical Condition of Public Housing

As of 2010, about 90 percent of public housing units met or exceeded HUD standards for decent, safe housing nationally (34 percent scored excellent with 56 percent standard and 11 percent substandard)[19]. At the same time, however, as a result of decreasing funding for capital needs and other factors, public housing properties have accumulated substantial renovation/repair needs. A HUD commissioned study in 2010 estimated total unmet capital needs at almost $26 billion[20].

In the HUD programs, a passing physical inspection score under the Real Estate Assessment Center (REAC) regulations is 60, but properties scoring between 60 and 80 are subject to annual, rather than bi-annual inspections[21]. The average REAC score for the 131 public housing developments included in the most recently published HUD physical inspection report for Tennessee is 89. Only five properties scored below 60, and 23 below 80[22]. The majority (84 properties) scored 90 or above. No significant correlation between age of the property and REAC score was found, as well as no significant variation in the average scores by region or urbanicity. The average score for properties built before 1980 was only four points lower than the average score for properties built after 2000.

The purpose of the REAC inspection is to ensure the property is decent, safe, sanitary and in good repair. Thus, it would appear that the vast majority of public housing properties in Tennessee have been well maintained and are in decent condition and repair despite their advanced age, at least by the standards governed by REAC. A 2014 survey of Tennessee PHAs conducted by THDA and related to interest in participation in the Rental Assistance Demonstration (RAD) program showed that many PHAs are spending down their reserve accounts to keep their properties to the minimum acceptable physical standards, but the agencies fear the physical condition of the older properties will decline as reserve accounts are spent down and not replenished.

19 Fischer, November 7, 2014

20 Abt Associates, November 24, 2010.

21 The REAC score is just one part of the total PHAS score for public housing agencies—30 of the possible 100 points. If a property scores less than 60 percent of the 30 points for physical condition, it is considered "sub-standard for physical condition". The REAC physical inspection report generates scores for each of the five REAC physical inspection areas: site, building exterior, building systems, common areas (if present), and units. REAC combines the weights and inspection data to compute an overall score for the property with 100 being the best possible score (a weighted average of the area scores minus deductions for H & S deficiencies).

22 The scores in this analysis were derived from the HUD User, Public Housing Physical Inspection Scores Web report. The REAC letter score (a,b,c), which represents if a health and safety condition or life threatening condition exists, was missing and not available for inclusion in this analysis. The date range for inspections in this report is 2013 to 2014. Every public housing development is not included in the most recent report. Properties that score higher than an 80 are inspected only every 3 years.

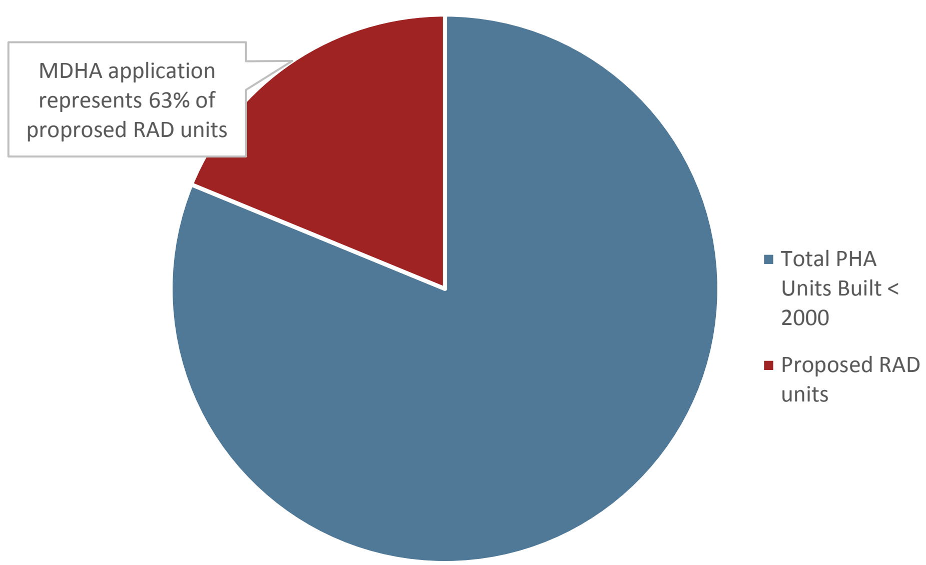
Rental Assistance Demonstration (RAD) as Preservation

In 2012, HUD introduced the Rental Assistance Demonstration (RAD) program as the preferred method to redevelop aging public housing. RAD is designed to convert public housing properties to long-term Section 8 rental assistance contracts. PHAs may undergo recapitalization and conversion of subsidy without preservation or rehabilitation activities. However, given the age of the public housing stock and level of capital needs, it is likely many PHAs will include preservation or rehab activities in projects selected for RAD. RAD requires public housing agencies to leverage public and private debt and equity. The 2014 PHA survey (referenced above) showed that more than 90 percent of Tennessee PHAs (on the RAD waiting list at that time) believed the use of either four or nine percent tax credits would be necessary to raise the capital needed to redevelop their public housing units and successfully convert through RAD.

To date, three Tennessee PHAs, the Franklin Housing Authority, the Metropolitan Development and Housing Agency (MDHA-Nashville) and the Knoxville Community Development Corporation (KCDC), have received an LIHTC allocation for a property with a RAD reservation. The Franklin allocation, awarded in 2014, will create 64 units in a new development being completed in several phases. A prior phase of the same development was awarded LIHTC credits in 2011, along with a THDA Housing Trust Fund grant, to create 48 units of housing for seniors.

The LIHTC allocation awarded to MDHA in the 2015 allocation round will substantially rehabilitate more than 265 units previously redeveloped (demolished and newly built) in 2005 through the Hope VI program. KCDC's award, also received through the 2015 allocation, will help build the first phase of a senior housing development, which is part of the Five Points Community Master Plan for redevelopment. Twelve Tennessee PHAs have either received RAD reservations (including the three listed above); are working through the process with HUD to receive the Commitment to enter into a Housing Assistance Payment Contract (CHAP) or are still on the waiting list. MDHA has the largest pending application, which includes the vast majority of the city's public housing developments in a "portfolio" application.

Figure 8: Percentage of PHA Units Built before 2000 with RAD Application



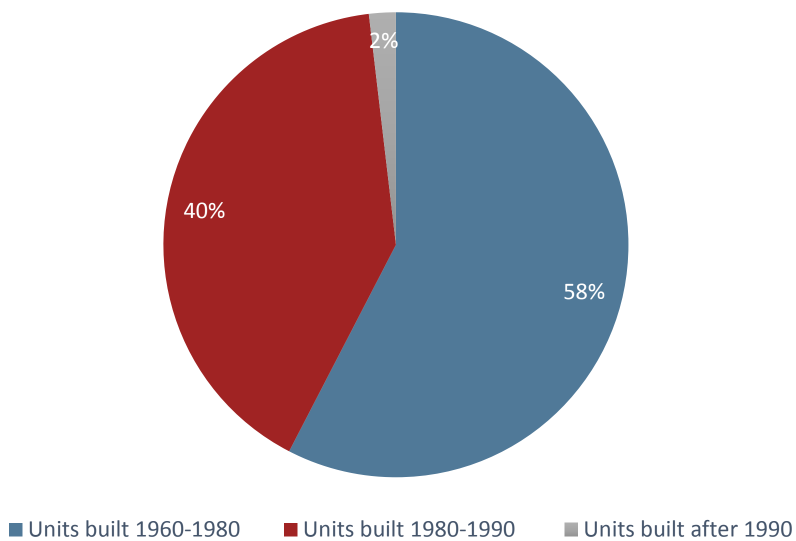
Source: HUD Low Rent Inventory Report & RAD Wait List Report

Age, Condition & Risk Status of Section 8 Project Based Rental Housing

HUD's Section 8 Project Based Rental Assistance (PBRA) contracts were originally linked with HUD loan programs offering below market interest rate loans and subsidies for the new construction or substantial rehabilitation of properties. The original contracts usually had terms of 20 to 40 years (with appropriated budget authority). In 1983, the authority to issue Section 8 Housing Assistance Payments (HAP) contracts attached to the development or redevelopment of new units was repealed by Congress, but funding for the renewal of contracts for existing developments continued. The Multifamily Assisted Housing Reform and Affordability (MAHRA) Act was enacted in 1997 (amended in 2000), and governs HAP contract renewal. After the 2000 MAHRA amendments, HUD entered into performance based contracting for the monitoring of the PBRA contracts, often with state entities.

THDA is the contract administrator for Tennessee PBRA developments (excluding all Section 811 and Section 202/Capital Advance properties). Given the shift away from development or rehabilitation in HUD's project based programs during the 1980s, it is not surprising that most Section 8 PBRA developments in Tennessee were built prior to 1990, with only two percent of the units initially occupied or constructed after 1990[23] (see Figure 9).

Figure 9: Initial Occupancy Date (Year Built) for Section 8 PBRA Properties



Source: THDA Internal Report

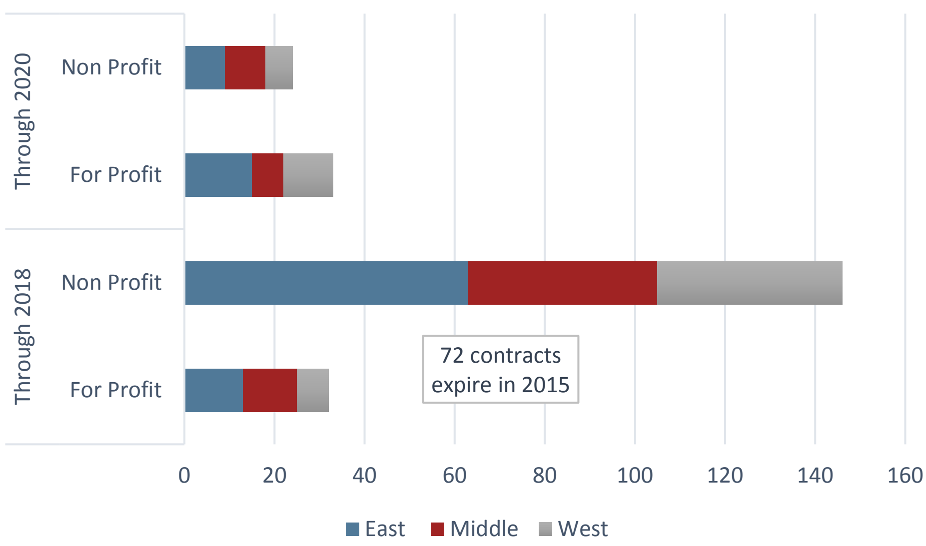
23 Initial occupancy or year built information for Tennessee was available only for those Section 8 properties within the THDA's performance based contract portfolio, which includes the traditional PBRA and Section 202 properties (excludes Section 811 and Section 202 Capital Advance properties). Some Tennessee PBRA properties are not included in this component of the analysis.

Contract Expiration as a Risk Measure for Loss of Affordable Units

In the late 1990s, many HUD Section 8 PBRA developments reached the expiration date of their original HAP Contract and had the opportunity to renew or "opt out" of the program. Fortunately, many owners did not choose to opt out at that time and renewed their HAP contracts —keeping their units affordable. As these new contracts expire over time, owners again may choose not to sign a new contract or opt out of the program, enabling them to increase rents to market levels or convert units for sale at market rate, and thereby rendering apartments unaffordable to lower income tenants[24]. Alternately, owners may sign a new HAP contract and continue the affordability of the property. PBRA contracts may be renewed in one, five, or twenty year increments after the initial contract expires. In Tennessee, the five year term is most common. However, funding for contract renewals is provided on an annual basis, placing the program at risk of funding reductions each year.

Since 2001, 54 properties (2,117 units) within the THDA portfolio in Tennessee (PBRA and Section 202/8) have been terminated or opted out from the Section 8 PBRA program, which represents 13 percent of properties and seven percent of units under THDA monitoring[25]. Figures 10 and 11 show the number of properties and units under contracts that will expire in the next five years (by the end of 2020). This information was obtained through the National Housing Preservation Database (NHPD), which includes PBRA, Section 202 and Section 811 properties (properties within THDA's portfolio and those overseen directly by HUD). Figure 10 shows contract expiration by "for profit" and "non-profit" ownership entity. Non-profit owners are mission driven and thus may be less motivated to exit the program due to economic or market factors (i.e. property value increases).

Figure 10: HUD PBRA Properties with Expiring Contracts in Next 5 years by Region



Source: National Housing Preservation Database (PBRA, Section 202 and Section 811 Programs)

24 Owners must give tenants one year advance notice of an intent to opt out. Most tenants will receive tenant based, enhanced vouchers that enable them to remain in their current unit or move to an affordable unit in the private market (granted an affordable unit is available). Enhanced vouchers may exceed the PHA's ordinary payment standard (used for regular Housing Choice Vouchers), as long as the rent is reasonable and comparable with market properties.

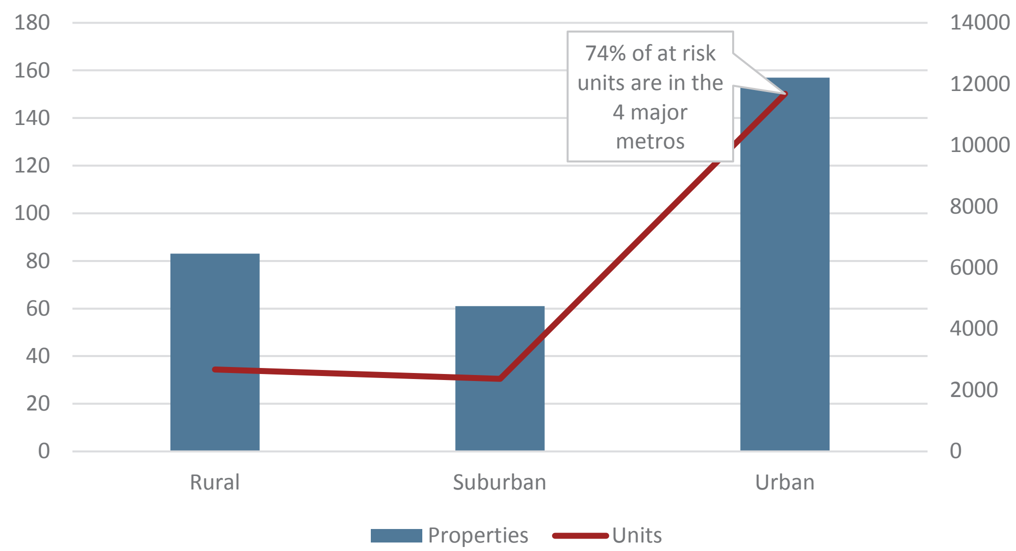
25 The number of contracts that expired during the same time frame outside of the THDA portfolio is not known.

The overall picture of PBRA contract expiration statewide through 2025, and the expiration by urbanicity are illustrated below in Figures 11 and 12. When looking at the total number of units that may be at risk for conversion or loss from the affordable housing stock in the next three to five years, 33 percent (10,953 units) of total PBRA units are at risk by the end of the fifth year. A large percentage of properties with contracts expiring in the next ten years are located in urban areas, with an especially large percentage in the four major metros.

Figure 11: Tennessee HUD PBRA Properties & Contracts Expiring by 2025

Source: National Housing Preservation Database (PBRA, Section 202 and Section 811 Programs)

Figure 12: At Risk Properties through 2025 by Urbanicity

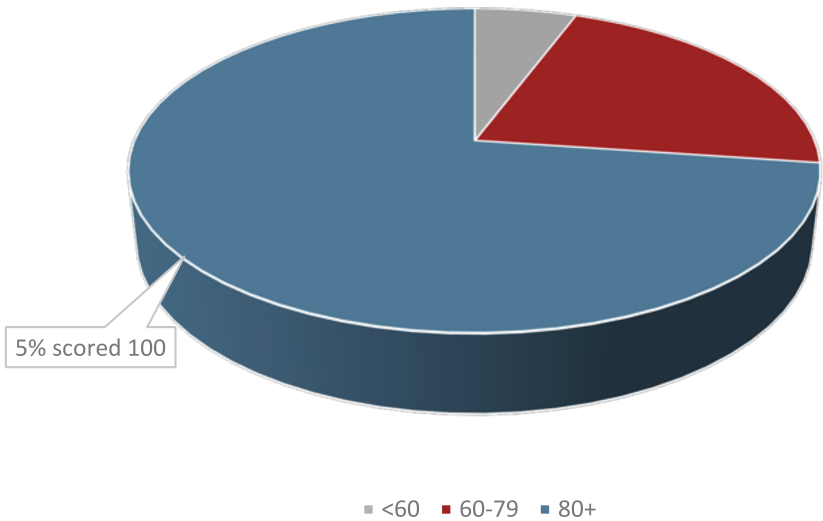


Source: National Housing Preservation Database (PBRA, Section 202 and Section 811 Programs)

Physical Condition of Section 8 PBRA Properties

When looking at all Section 8 PBRA properties included in the most recently published HUD physical inspection report, 83 percent scored 80 or higher[26]. Five percent received a perfect score of 100. The age of the property seems to have no correlation with REAC score. Properties initially occupied (or constructed) before 1980 had, on average, the same REAC score as those initially occupied after 1980. Similar to public housing, the Section 8 portfolio in Tennessee appears to be in relatively good physical condition at least by the REAC standards.

Figure 13: Physical Inspection Scores (REAC), Section 8 Multifamily Properties



Source: HUD Multifamily Physical Inspection Scores 2015

26 See footnote 21 & 22 above for a detailed explanation of REAC scoring. The scores in this analysis were derived from the HUD User, Multifamily Physical Inspection Scores Web report, http://www.huduser.gov/portal/datasets/pis.html. For HUD multifamily properties, the ratings for individual indicators in REAC are weighted and the results added to obtain the overall score with 100 being the best possible score. Multifamily properties scoring below 60 receive structured administrative oversight from HUD. It is possible that not every Section 8 project based property in Tennessee is present in the reprot available online or is included in the physical condition analysis presented here. The date range for inspections in the report used is 2013 to early 2015.

Age, Condition and Risk Status of Tennessee USDA Rural Development (RD) Properties

The USDA RD Section 515 program (Rural Rental Housing Direct Loans) has provided direct mortgage loans to develop rental housing for moderate to very low income households living in rural communities since 1963. Housing financed by Section 515 is affordable because the loans are for long terms (30 years, amortized for 50 years) with a very low interest rate (typically 1 percent). The Section 515 program often is combined with USDA's rent subsidy program, allowing many residents to pay no more than 30 percent of their income for housing. In some cases, rather than the USDA rent subsidy, 515 projects use HUD's Section 8 project based assistance. The USDA rent subsidy contracts work very similar to the Section 8 PBRA subsidy described above and typically renew annually. Approximately 65 percent of Tennessee USDA Section 515 properties have rental subsidy contracts making those units affordable to the lowest income households[27]. Since the mid-1990s, funding for Section 515 loans has been significantly reduced, with most of the funding since that time used for repair, rehabilitation and maintenance, rather than building new units. At the same time, significant numbers of existing Section 515 loans are reaching maturity (payoff) dates, enabling owners the opportunity to convert the units to market rents.

The USDA 538 program (Multi-Family Housing Guaranteed Loan Program) was created by Congress in 1996 and allows USDA to guarantee the loans of private lenders, which in turn allows properties to establish affordable rents (households must be within 115 percent of the AMI). The Section 538 program may be used to renovate existing Section 515 properties or other multifamily properties or to construct new units. USDA 515 and 538 loans often are combined with tax credits to achieve the necessary funding to develop or rehab affordable properties.

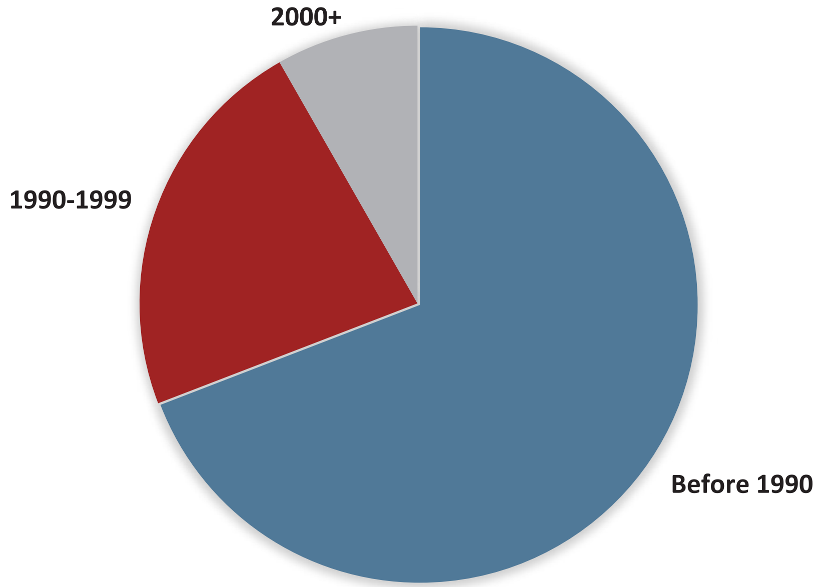
According to USDA, about 70 percent of the units in its $11.9 billion Section 515 national portfolio are over 15 years old[28]. In Tennessee, almost 70 percent of the 341 USDA Section 515 properties were built prior to 1990 or are 25 years or older as of 2015. Figure 14 shows the age of properties in the Tennessee USDA portfolio. There are 45 properties with USDA Section 538 loans in the current portfolio. About half of the properties were newly built in the 2000s, and about half are Section 515 properties with Section 538 loans for substantial renovation. All but three properties with Section 538 loans also received an LIHTC allocation for either construction or rehabilitation or both over time. Twenty USDA Section 515 properties built in the 1980s or early 1990s combined USDA Section 538 loans and LIHTC credits for rehabilitation activities in the 2000s[29]. See Figure 15 for a regional breakdown of rehabilitation activity in the Section 515 program.

27 Information provided by the Nashville USDA RD office.

28 Housing Assistance Council, 2008.

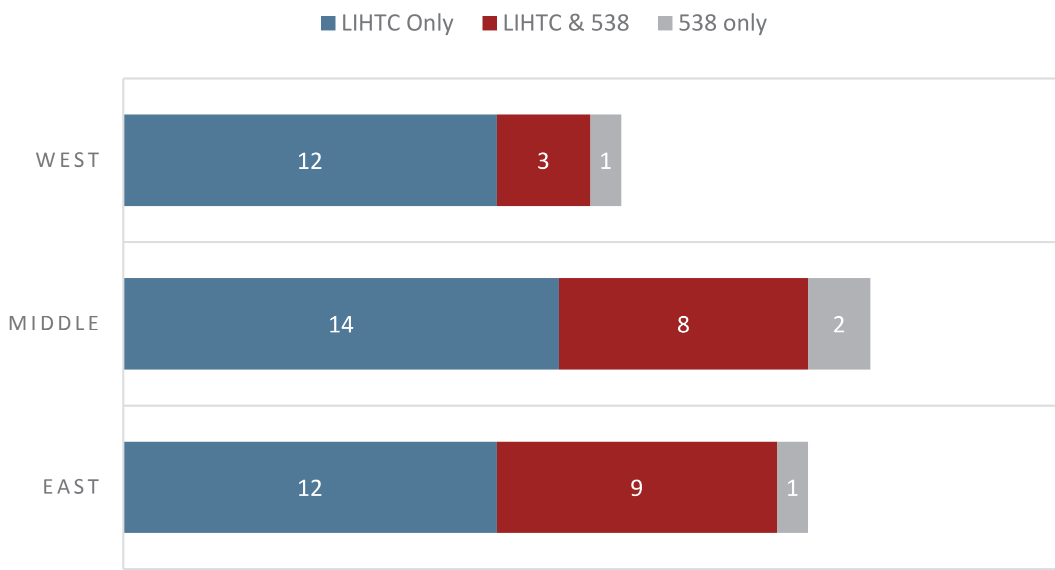
29 A report of properties (515 and 538) was obtained from the USDA RD Tennessee state office for this analysis. The reports provided by USDA provided a year built proxy ("date of operation") for the 515 properties, but no year built or proxy for the Section 538 properties. However, a significant percent of USDA 515 and 538 funded properties also have LIHTC funds (more often 4% credits than 9% credits). The LIHTC information combined with property tax assessor's information was used to determine the age of 538 funded properties.

Figure 14: Age of Tennessee USDA 515 & 538 Multifamily Properties



Source: Report provided by Nashville USDA RD Office. Properties with both Section 515 & 538 loans are unduplicated and only included once by the date a property was newly built.

Figure 15: Substantially Rehabilitated USDA Section 515 properties by Funding & Region

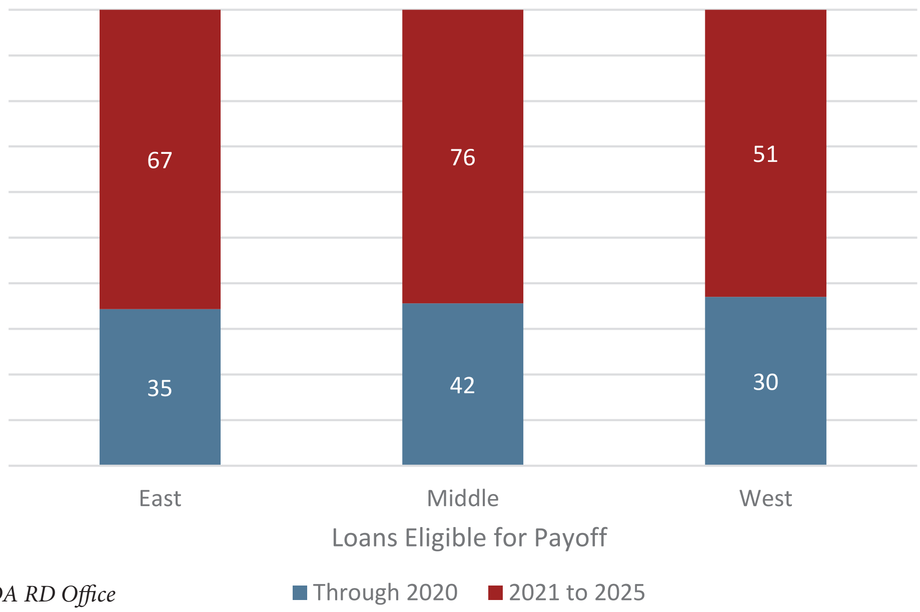


Source: THDA Internal Reports & Report provided by the Nashville USDA RD Office.

Loan Payoff Dates as a Risk Measure for Loss of Affordable Housing

When reviewing the loan payoff date for Tennessee USDA Section 515 properties, on average 36 percent will reach loan payoff dates by the end of 2020 or in the next five years. As discussed above, the loan payoff does not necessarily mean the property will convert to market rents, but it is used here as an indicator of risk for the loss of affordable units. Figure 16 shows the number of properties with loan pay offs through 2025 by region.

Figure 16: USDA 515 Properties at Risk of Conversion by Loan Payoff Date



Source: Nashville USDA RD Office

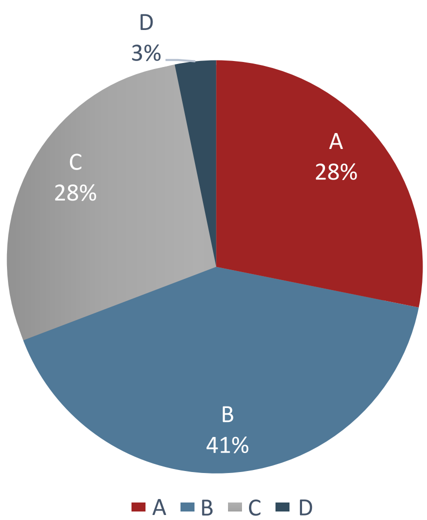
Maple Hills - Chattanooga, TN

Physical Condition (Property Classification) of USDA properties

Existing Section 515 properties have accumulated considerable deferred maintenance needs. Similar to public housing, few properties seem to have immediate life/safety issues, but many USDA properties lack sufficient reserves or cash flow to perform repairs and adequate maintenance. Many properties still have outstanding debt balances on their loans, and some owners lack the resources and/or incentives to maintain and upgrade properties[30].

For USDA Section 515 properties, a report similar to the HUD REAC reports, where physical condition is specifically evaluated, was not available. However, information on USDA's "property classification" was available. The USDA loan servicer monitors properties in the direct loan program to ensure compliance with program requirements, such as the health and safety of the property, and assigns each property a classification. The project classification system (A-D)[31] allows USDA to focus on those projects that are truly at risk. Of greatest concern are projects that fall into the C or D classification, because these properties have unresolved financial (i.e. loan defaults) or physical condition deficiencies. Only three percent of Tennessee USDA Section 515 properties were classified "D" and are at risk of being lost to the program at this time. 28 percent were classified "C," which may place them at risk if the property does not create a work out plan for resolution of the findings. 69 percent of Tennessee properties met "A" or "B" classification, and are not at risk at this time.

Figure 17: Property Classification for Tennessee USDA 515 Properties



Source: Nashville USDA RD Office

USDA 538 properties are not direct loans, and thus, are not directly monitored by USDA in the same manner as the 515 properties (unless the property has both types of loans). However, most of the properties that were newly built with a USDA 538 loan in Tennessee are much younger than those in the 515 portfolio (built in the 2000s). All of the older properties in Tennessee with a Section 538 loan (built before 2000) also have an earlier Section 515 loan, and all but three also received an allocation of LIHTC credits for rehabilitation in the late 2000s. Thus, the USDA 538 portfolio is likely in good physical condition.

30 See Tom and Kaney, Enterprise Institute, April 2014.

31 Class D projects are in default (financial or other violations including physical) and may be lost to the program, or cause the displacement of tenants. Defaults can be monetary or non-monetary. Projects in non-monetary default are those where a Loan Servicer has notified the borrower of a violation and the borrower has not addressed the violation to the Loan Servicer's satisfaction within 60 days. Class C projects are projects with identified findings or violations where a workout plan and/or transition plan is not in place. Class B projects are projects with identified findings or violations, but the borrower is cooperating to resolve identified findings or violations through a work-out and/or transition plan. Class A projects have no unresolved findings or violations. USDA Handbook-2-3560, Chapter 9.

Low Income Housing Tax Credit (LIHTC) Program & Preservation

As funding has declined for affordable rental housing programs, the LIHTC program has developed into a key resource for the development of new and the preservation of existing affordable housing units. THDA has managed Tennessee's LIHTC program since its inception in 1987, and in recent years, has allocated approximately $14 million in credit authority each year. The LIHTC program includes both a nine percent "competitive" credit, and a four percent "non-competitive" credit that is coupled with multifamily bond authority[32].

There is no direct rental subsidy in LIHTC developments, but the maximum gross rent is limited to less than 30 percent of imputed household income based upon HUD's average median income (AMI) at 50 or 60 percent levels. 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 in LIHTC developments. Due to Tennessee QAP priorities that offer points or preference for developments affordable to the lowest income tenants, most LIHTC developments are 100 percent affordable to lower income households with a mix of rents at the 50 and 60 percent of AMI levels.

As of 2014, more than 550 LIHTC 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 within their study pool 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 "the vast majority" were still affordable.

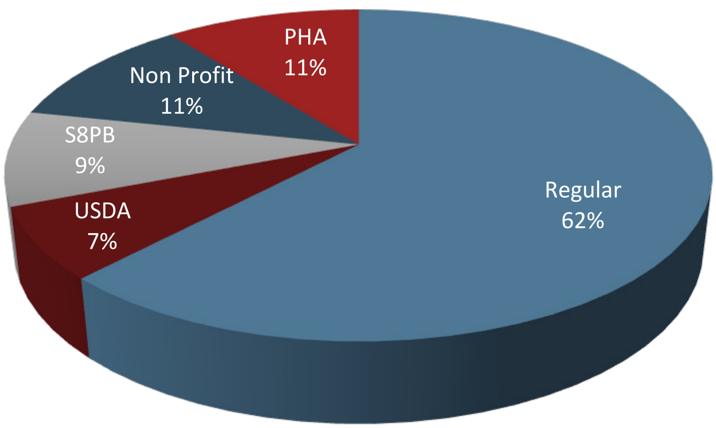
32 Properties (that do not receive bonds) can receive a maximum annual tax credit based on a rate which is generally 9% of the eligible basis for the property. The 9 percent credit is highly competitive and awarded based on criteria published annually in the federally required Qualified Allocation Plan (QAP). The 4 percent credit becomes available when a development successfully receives an allocation of bond authority. When coupled with bonds, the 4 percent credit is non-competitive, although certain threshold criteria apply, and these properties are eligible for a credit of approximately 3% to 4% annually.

LIHTC Cross Subsidization with other Affordable Rental Housing Programs

It is common for LIHTC properties to have multiple sources of funding and/or federal rental subsidy, including USDA loans and subsidies, HUD Section 8 projects based loans and subsidies, public housing/Hope VI funds, or to have what may be termed cross-subsidies[33]. Some properties have more than one source of federal funding in addition to LIHTC credits. Additionally, more than 45 percent of households residing in LIHTC properties in Tennessee receive some type of federal rental assistance to afford the already reduced rent (HUD PBRA, USDA or voucher)[34].

Figure 18 shows the percent of LIHTC allocations from the beginning of the program until 2014 by developer type. Of the total allocations in Tennessee, 38 percent involve a non-profit, PHA, Section 8 project based or USDA owner/property.

Figure 18: Ten Year Allocation by Developer Type (4% & 9% credits), 1987-2014



Source: THDA internal report
Note: When a non-profit developer was also included in the PHA, USDA or Section 8 project category, it was excluded from the non-profit count to eliminate duplicates.

Fifty-three percent of all active USDA properties with either Section 515 or 538 loans also have LIHTC funding (either 4 or 9 percent), received either when the property was newly constructed or at a later date when the property was substantially rehabilitated. Thirty-seven percent of USDA properties (both 515 & 538) received credits for new construction, while 16 percent received credits for substantial rehabilitation. The good overall physical and financial condition of the USDA portfolio (as discussed above) may relate to the infusion of revenue at a low interest rate from the Section 538 program combined with LIHTC funding to support rehabilitation activities.

Sixty-eight Section 8 project based developments[35] have received an LIHTC allocation over the history of the program (17 percent of THDA monitored properties and 13 percent of all active Section 8 developments statewide). The vast majority (89 percent) of the allocations are for rehabilitation activities.

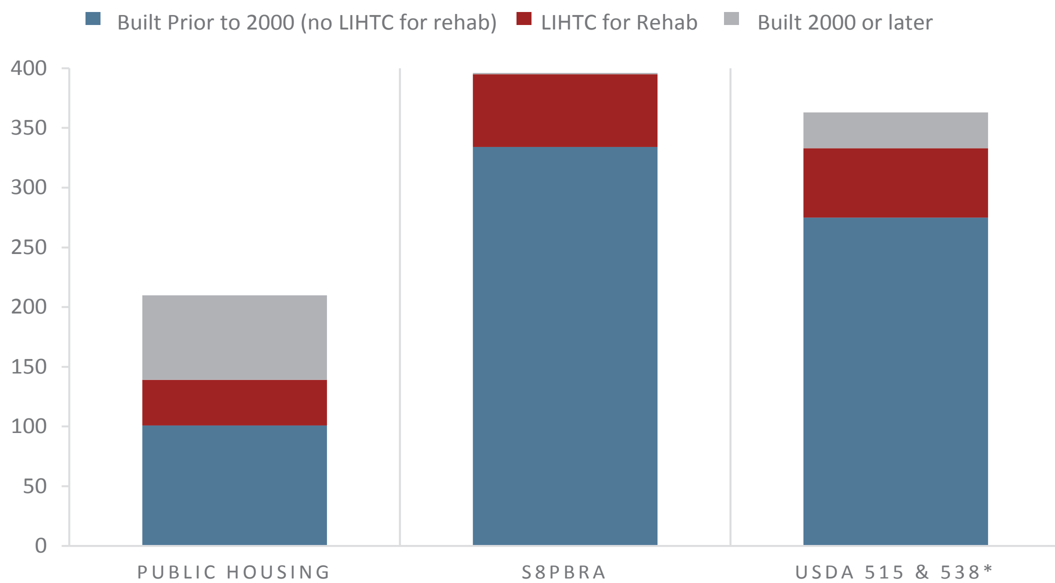
33 Where a project type was previously evaluated in this report (USDA, public housing (including Hope Vi but excluding PHA non-profit developments without operating subsidy, Section 8 project based development), it is excluded from the LIHTC charts and discussion to prevent overlap (as noted).

34 HUD LIHTC Tenant Characteristic Report for the State of Tennessee

35 This analysis is limited to the Section 8 properties within the THDA management portfolio.

Thirty-eight public housing developments have received LIHTC awards (19 percent of all developments). All but one helped fund the new construction of units after older housing was demolished. One 2015 award will provide funds for substantial rehabilitation for a development previously rebuilt through the Hope VI program. In addition to traditional public housing developments that have been redeveloped using LIHTC funds, PHAs also have developed new or substantially renovated properties with LIHTC credits outside of their existing public housing portfolio. This allows PHAs to expand their mission and provide affordable housing options to households outside the public housing program.

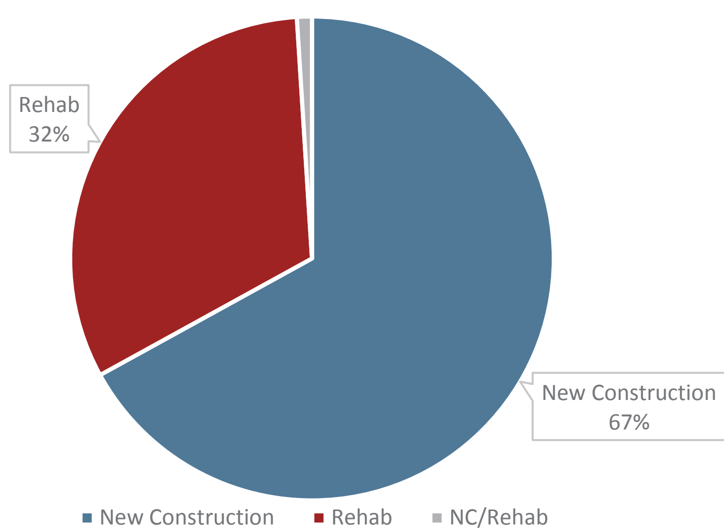
Figure 19: Affordable Properties with LIHTC for Rehabilitation



**USDA 515&538 includes only new construction properties. The chart includes only LIHTC rehabilitation funding. Older properties may have received other funds for rehabilitation not included in this graph.*

When considering development through both the nine and four percent programs in Tennessee over the history of the program, the majority of LIHTC developments with an LIHTC allocation are new construction (67 percent); with a very small percentage a combination of new construction and rehabilitation (1 percent), and the remainder rehabilitation projects, many with acquisition (32 percent).

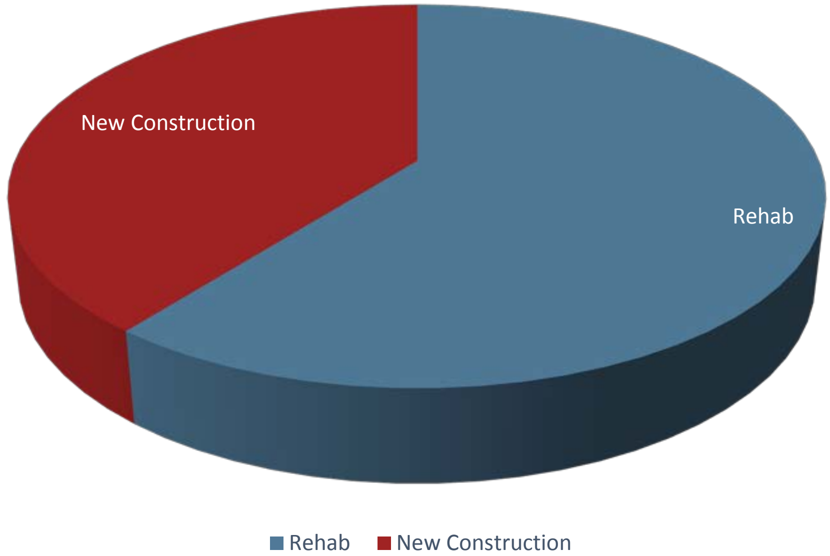
Figure 20: All LIHTC development (4 & 9%) by Type



Source: THDA internal records

The non-competitive (four percent) credit program combined with multifamily bonds historically is more often the choice for preservation than the competitive nine percent program. This is due, in part, to long term THDA policy favoring the new construction of units in the competitive process. However, the 2014 and 2015 QAPs (which govern the nine percent LIHTC program) included a preservation set aside, and in 2014, 38 percent of successful nine percent credit applicants were preservation deals (all acquisition/rehab), while in 2015, 44 percent were preservation deals (5 of 7 were acquisition/rehab). In 2014, 75 percent of successful four percent credit applications were preservation, while in 2015, 95 percent were preservation deals. The overall combined allocations in both the four and nine percent LIHTC programs are illustrated below in Figure 21.

Figure 21: 2014 & 2015 LIHTC Allocations by Type (4% & 9%)



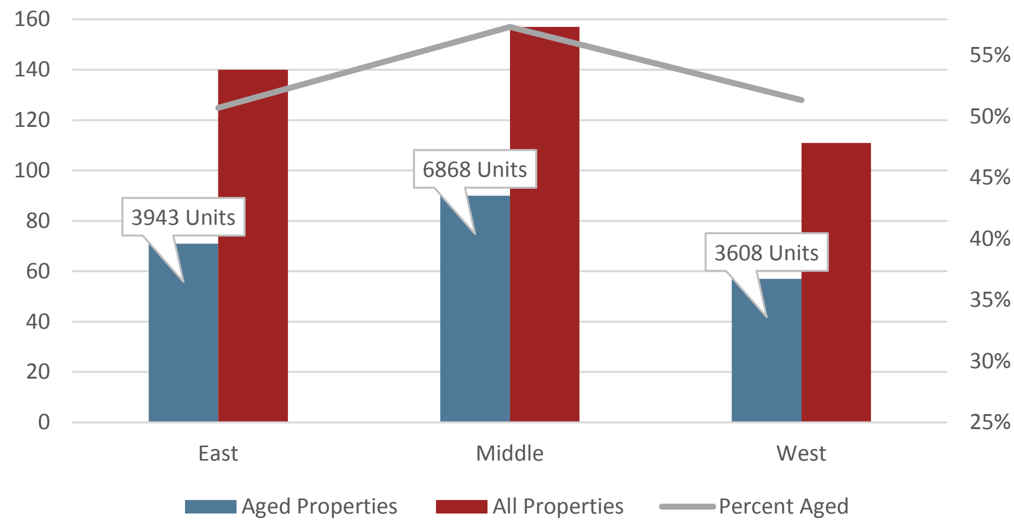
Source: THDA internal records

Kingsport West Apartments - Kingsport, TN

Age of LIHTC Properties & Recapitalization

While many active newly constructed LIHTC developments are newer than other types of affordable housing, around 50 percent statewide were built ten or more years ago. See Figure 19 below.

Figure 22: LIHTC Newly Constructed, Active Developments Built 10+ Years Ago*

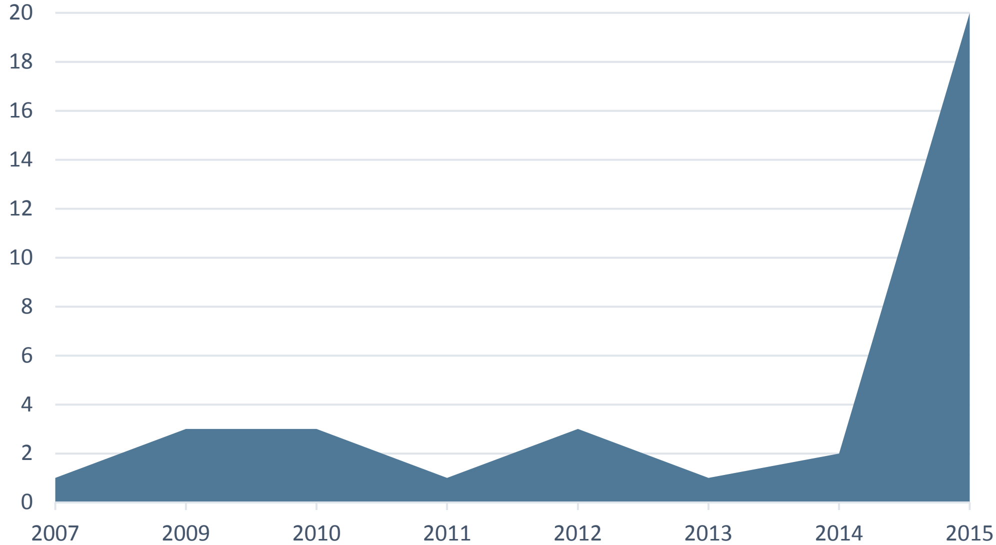


**Based upon the year the property was placed in service; not allocated. Source: THDA Internal Records*

LIHTC properties (those newly constructed and substantially rehabilitated with credits) are often recapitalized at the end of their initial 15 year monitoring period[36]. In some cases, as part of the recapitalization process, additional credits are sought for preservation purposes. To date, 34 developments have received more than one LIHTC allocation (including 2015 awards) for preservation activities, which is around three percent of all deals. However, the number is increasing each year. From 2007 to 2014, between one and three deals with prior credits (four or nine percent) were awarded additional credits for preservation. In 2015, the number of applications for preservation activities where the property previously received a credit allocation jumped to 20 (18 received four percent tax credits combined with bonds[37]). In most cases, the initial credits were awarded for new construction activities, and the second awarded for rehabilitation. However, in a few cases, a property has received more than one LITHC allocation for rehabilitation activities. The majority of properties with more than one LIHTC allocation also have USDA loans/subsidies.

36 In Tennessee, developers may apply for additional credit for an LIHTC property any time after the initial 8609 is filed. However, in the 9 percent program, the development is limited to the development cap (currently $1.1 million) for initial, existing and incremental development. In the 4 percent program, a development previously receiving an allocation of credits may apply for additional credits not before 10 years from the original allocation date has passed.
37 Not all of the 2015 4 percent LIHTC allocations with tax exempt bonds have closed as of the date of this report.

Figure 23: Properties with a Second LIHTC Allocation (4 or 9 %) for Preservation



Source: THDA internal records

Minvilla Manor - Knoxville, TN

Acquisition/Rehabilitation & Identity of Interest in the LIHTC Program

USDA Section 515 and Section 538 properties represent the largest number of LIHTC awards (70 percent) where there is an identity of interest[38] (or where the seller and buyer have an existing business or personal legal relation) in the application for acquisition/rehabilitation credits (four or nine percent). This has allowed the original owner of the properties to continue to have an ownership interest and receive both acquisition and rehabilitation credits. In all Tennessee LIHTC allocations thus far where an identity of interest exists, the ownership entity has assumed their own USDA loan or refinanced their existing mortgage through a HUD program (or is a PHA). Most of the properties offer deeply subsidized rents and serve very low income households. Section 8 project based properties represent the second largest type of development seeking acquisition/rehabilitation credits via identity of interest. Section 8 subsidized properties represent 28 percent of the LIHTC properties where identity of interest has occurred. One PHA property, which is also a Rental Assistance Demonstration (RAD) project, received acquisition/rehabilitation credits through identity of interest in 2015.

The practice of allowing identity of interest in preservation deals encourages owners of existing affordable housing, who might otherwise opt out of affordability programs to keep a property affordable. However, given limited development funds and the need to create new affordable units while also supporting the preservation of a large portfolio of existing affordable rental properties, it may be a trend that merits future policy attention. Where identity of interest is allowed to secure the more lucrative acquisition credit, it would be prudent to consider whether the planned rehabilitation per unit is substantial enough to restore the property to a condition that will sustain the property through a new affordability period. Where a property has received a prior allocation of credits and is applying for additional credits for preservation, it may be meaningful to consider whether the rehabilitation will carry the property through the debt service for outstanding loans.

38 An identity of interest relationship (as defined by HUD's Management Agent handbook (4381.5)) exists if any officer, director, board member, or authorized agent of any development team member (consultant, general contractor, attorney, management agent, seller of the land, etc.): (a) is also an officer, director, board member, or authorized agent of any other development team member; (b) has any financial interest in any other development team member's firm or corporation; (c) is a business partner of an officer, director, board member, or authorized agent of any other development team member; (d) has a family relationship through blood, marriage or adoption with an officer, director, board member, or authorized agent of any other development team member; or (e) advances any funds or items of value to the sponsor/borrower. The Housing and Economic Recovery Act (HERA) in 2008 relaxed the prior standard where two partnerships were considered to be related parties if the same entities owned more than 10 percent of the capital interests or profits in both partnerships to allow up to 50 percent shared interest.

Conclusion

It is essential to maintain the quality and availability of existing affordable rental housing, along with building new units each year at varying levels of affordability, to keep up with the growing rental housing demand at all income levels in Tennessee. The existing affordable housing stock across the state is aging with more than 70 percent of both units and properties built more than 15 years ago. When looking at deeply subsidized project based properties, the majority were built more thirty years ago. About a third of Section 8 project based contracts will expire over the next five years. Similarly, about a third of USDA Section 515 loans will reach maturity dates in the next five years. At the same time, PHAs currently have a potentially limited opportunity to redevelop aging public housing and preserve it for the lowest income households through the RAD program, which has a Congressionally-mandated cap on the number of units that may be converted nationally. The cap creates a sense of urgency to complete RAD conversions quickly.

Since the LIHTC program has not faced the severe funding cuts that other affordable housing programs have in the past ten years, it is currently at the epicenter of both new affordable housing development and preservation of existing affordable properties (including those with prior LIHTC awards). In isolation, the LIHTC program is not sufficient to meet the demand for the creation of new and preservation of existing affordable housing. Tennessee's LIHTC program is often oversubscribed by three or four applications for every award.

Sources of funding that have supported rental housing preservation in the past, such as HOME, have been drastically reduced. Tennessee's Housing Trust Fund is a limited resource ($5.18 million annually on average over past three years); not necessarily dedicated to rental development and often targeted to special housing types or populations. The National Housing Trust Fund will provide some level of new funding to states beginning in 2016 to help build new or preserve existing rental housing. Ninety percent of these funds must be spent on the production, preservation, rehabilitation, or operation of rental housing. Seventy five percent of rental housing created through the fund must be targeted toward activities that serve extremely low income households. The National Low Income Housing Coalition (NLIHC) estimates that Tennessee will receive between $3.48 and $7.1 million dependent upon the total funds that become available (estimated between $250 and 500 million)[39]. Unfortunately, the national trust fund is not expected to reach the funding levels lost through HOME funding reductions.

Other states (and cities such as Boston) are filling affordable housing preservation funding gaps with loan funds developed in cooperation with private lenders and non-profits. Sometimes these loan funds target a specific need, like the one operated in Ohio through a partnership between the Ohio Capital Corporation for Housing, the Ohio State Housing Finance Agency and the Coalition for Housing and Homelessness, which offers pre-acquisition, acquisition and bridge funding for developments with an LIHTC award that have completed the compliance period[40]. Tennessee may also benefit from a low interest multifamily loan product administered by the state housing finance agency that is targeted to the preservation of certain types of existing affordable housing.

39 See http://nlihc.org/sites/default/files/StateAllocations_2015.pdf

40 See http://ohiopreservationcompact.org/loanfund.aspx for details of the Ohio Program.

Aging, deeply subsidized properties (S8PBRA, public housing and USDA) often must recapitalize over time to afford needed maintenance and rehabilitation while preserving affordable rent levels. At least some of these properties carry a large debt load and/or have significant repair needs. Without recapitalization that includes infusions of additional grants, rent subsidies, tax credits, or very low interest loans, the lower rents simply do not cover ongoing operation and maintenance/repair costs. If existing affordable housing units deteriorate to the point that they are no longer habitable or are converted to conventional properties when contracts expire, the need for new construction of affordable housing will increase but funding likely will not rise to meet the demand. Preservation needs are present throughout the state, but each affordable housing program has varying needs in different geographic areas. Given the high need and inadequate funding levels, state and local housing agencies will need to carefully prioritize which projects to fund and ensure that preservation funding provides a depth or quality of rehabilitation that extends the life of a property as long as possible.

To assist with state and local understanding of where affordable housing is located and when that housing is at risk of no longer being available, many other states (California, Delaware, Florida, Massachusetts, Michigan, Ohio, Oregon and Texas) have developed statewide preservation databases or clearinghouses of data that provide detailed information about all the publicly financed, privately owned affordable housing to. This allows these states to work with interested developers, including city/county governments, seeking to purchase project based subsidized developments and hopefully encourage the preservation of housing affordability. It also allows states to understand the overall percentage of affordable housing that is at risk for loss each year. While this report offers an in depth look into the need for preservation in Tennessee at this point in time, a dynamic database of this nature, could offer a practical resource for guiding preservation efforts for both the agencies administering affordable housing programs and developers over time.

Appendix 1: Aging Units by County

**Acquisition/Rehab properties not included.*
*** THDA contract administration Section 8 properties.*

	LIHTC Active		S8PB		Public Housing		USDA 515 & 538		
County	**Total Units**	**Built < 2000**	**Total Units**	**Built < 2000**	**Total Units**	**Built < 2000**	**Total Units**	**Built < 2000**	**% Aged Units**
Anderson	268	0	606	606	278	278	250	178	76%
Bedford	238	0	108	108	418	368	198	140	64%
Benton	52	0	60	60	0	0	79	79	73%
Bledsoe	24	24	119	119	0	0	88	88	100%
Blount	90	0	258	258	400	400	52	52	89%
Bradley	420	356	521	521	548	548	24	24	96%
Campbell	119	0	286	286	1243	1243	205	173	92%
Cannon	42	42	0	0	100	100	114	114	100%
Carroll	75	32	40	40	296	296	64	64	91%
Carter	90	0	315	315	326	326	48	0	82%
Cheatham	96	0	0	0	0	0	83	83	46%
Chester	50	0	195	195	0	0	98	48	71%
Claiborne	44	44	30	30	0	0	111	111	100%
Clay	56	56	0	0	0	0	130	130	100%
Cocke	225	104	144	144	403	403	262	262	88%
Coffee	204	24	414	414	340	340	170	122	80%
Crockett	32	0	24	24	0	0	56	24	43%
Cumberland	263	43	66	66	645	318	175	175	52%
Davidson	4298	976	5149	4954	5446	4691	0	0	71%
Decatur	0	0	50	50	69	69	32	32	100%
DeKalb	56	0	72	72	182	182	164	108	76%
Dickson	480	286	133	133	125	125	314	250	75%
Dyer	112	0	357	357	647	647	136	136	91%
Fayette	87	64	217	217	60	60	296	273	93%
Fentress	112	72	0	0	0	0	170	170	86%
Franklin	72	24	162	162	276	248	96	96	87%
Gibson	112	16	145	145	772	542	309	309	76%
Giles	88	0	181	181	206	206	96	96	85%
Grainger	64	0	107	107	0	0	58	58	72%
Greene	210	40	284	284	325	325	362	272	78%
Grundy	24	24	20	20	110	110	100	100	100%
Hamblen	186	112	214	214	672	672	144	144	94%
Hamilton	1521	33	1483	1483	2686	2190	224	144	65%
Hancock	44	44	50	50	0	0	138	138	100%
Hardeman	0	0	47	47	119	119	180	180	100%
Hardin	112	0	50	50	62	62	244	244	76%
Hawkins	130	32	119	119	204	204	175	175	84%
Haywood	321	142	50	50	115	115	418	322	70%
Henderson	48	0	110	110	120	120	125	37	66%
Henry	160	80	244	244	196	196	124	124	89%

	LIHTC Active		S8PB		Public Housing		USDA 515 & 538		
County	**Total Units**	**Built < 2000**	**Total Units**	**Built < 2000**	**Total Units**	**Built < 2000**	**Total Units**	**Built < 2000**	**% Aged Units**
Hickman	32	0	75	75	0	0	92	92	84%
Houston	0	0	0	0	60	60	42	42	100%
Humphreys	48	0	100	100	70	70	106	106	85%
Jackson	44	44	0	0	0	0	114	114	100%
Jefferson	92	68	45	45	199	199	222	222	96%
Johnson	40	40	123	123	0	0	88	88	100%
Knox	1989	380	3015	3015	4069	3752	175	175	79%
Lake	68	68	179	179	0	0	217	217	100%
Lauderdale	199	24	145	145	265	265	335	225	70%
Lawrence	93	0	0	0	303	303	250	250	86%
Lewis	0	0	36	36	117	117	72	72	100%
Lincoln	264	32	53	53	276	268	187	147	64%
Loudon	202	24	250	250	259	259	314	176	69%
Macon	95	47	0	0	102	102	136	136	86%
Madison	850	316	515	515	941	694	0	0	66%
Marion	40	0	60	60	202	202	106	82	84%
Marshall	154	44	203	203	220	220	259	259	87%
Maury	452	252	137	137	518	518	122	122	84%
McMinn	176	176	308	308	577	577	168	168	100%
McNairy	64	0	105	105	0	0	110	110	77%
Meigs	0	0	24	24	0	0	24	24	100%
Monroe	136	40	100	100	158	158	232	184	77%
Montgomery	824	132	334	334	508	508	0	0	58%
Moore	33	33	0	0	0	0	57	57	100%
Morgan	64	0	30	30	0	0	45	45	54%
Obion	0	0	324	324	291	291	188	156	96%
Overton	0	0	98	98	66	66	81	81	100%
Perry	0	0	24	24	0	0	56	56	100%
Pickett	0	0	24	24	0	0	68	68	100%
Polk	48	48	24	24	0	0	72	72	100%
Putnam	241	0	160	160	585	554	168	168	76%
Rhea	11	11	0	0	443	443	72	72	100%
Roane	169	0	309	309	562	562	177	177	86%
Robertson	223	127	111	111	382	382	323	323	91%
Rutherford	1396	816	873	873	336	336	164	164	79%
Scott	20	0	105	105	0	0	254	234	89%
Sequatchie	64	0	50	50	0	0	116	52	44%
Sevier	384	96	97	97	245	245	116	68	60%
Shelby	5302	292	6030	6030	4818	1656	67	67	50%
Smith	0	0	0	0	70	70	172	172	100%
Stewart	0	0	17	17	0	0	101	101	100%
Sullivan	695	72	898	898	901	863	0	0	73%
Sumner	828	547	365	365	554	554	181	181	85%
Tipton	232	36	237	237	246	246	292	292	81%

	LIHTC Active		S8PB		Public Housing		USDA 515 & 538		
County	**Total Units**	**Built < 2000**	**Total Units**	**Built < 2000**	**Total Units**	**Built < 2000**	**Total Units**	**Built < 2000**	**% Aged Units**
Trousdale	0	0	0	0	34	34	32	32	100%
Unicoi	64	0	89	89	73	73	48	48	77%
Union	80	0	0	0	0	0	97	97	55%
Van Buren	0	0	25	25	0	0	57	57	100%
Warren	114	0	252	252	429	425	174	127	83%
Washington	716	168	746	746	752	752	24	24	76%
Wayne	136	136	0	0	0	0	173	173	100%
Weakley	144	0	36	36	299	299	208	112	65%
White	48	0	0	0	162	162	0	0	77%
Williamson	288	152	50	50	301	253	80	80	74%
Wilson	953	516	126	126	354	354	72	72	71%

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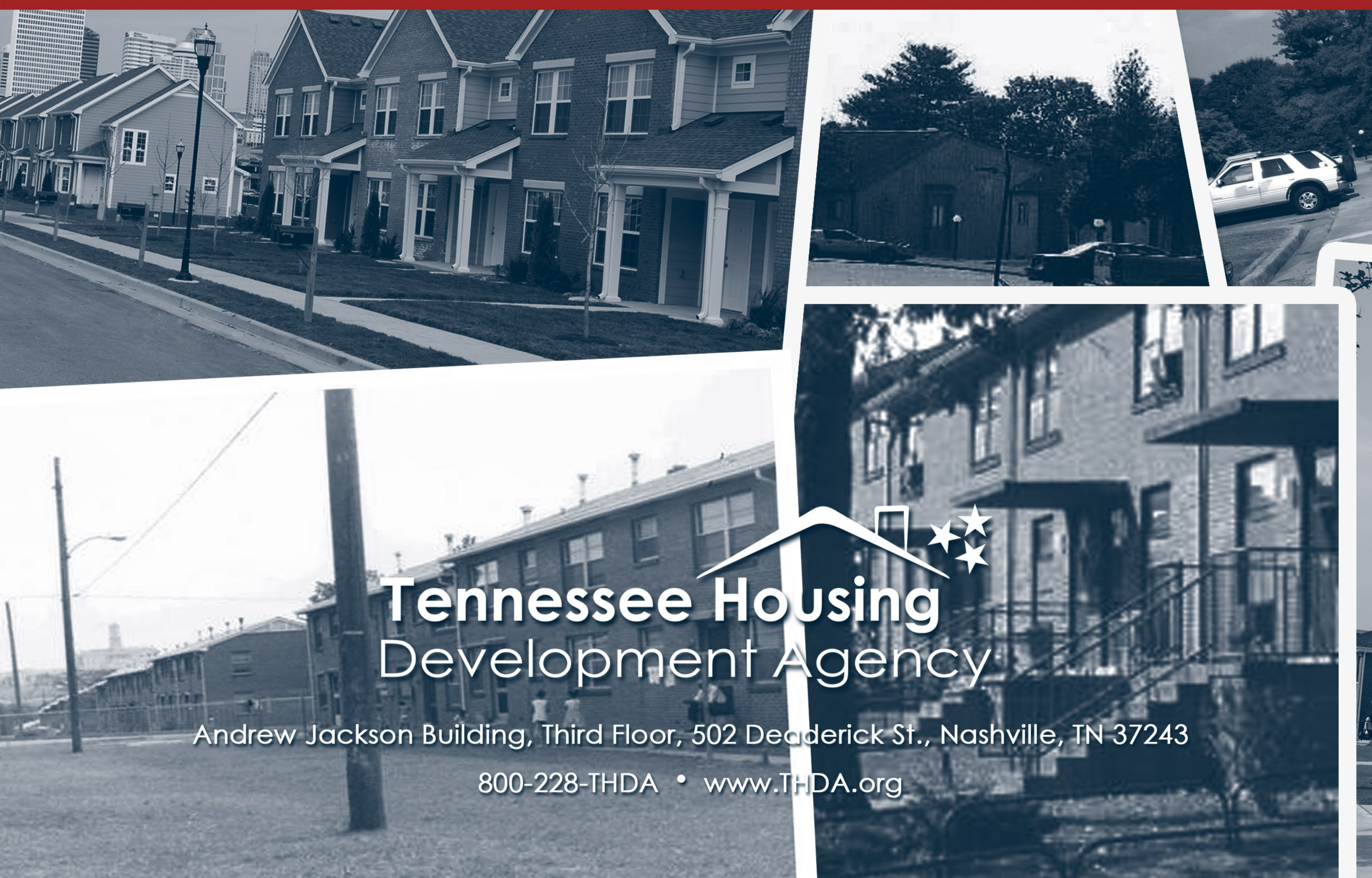

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