

Report on the Use of the LIHTC Program

1987-2000

*Tennessee Housing Development Agency
Division of Research, Planning & Technical Services
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This report presents a study completed on the Low-Income Housing Tax Credit (LIHTC) program by the Research, Planning, and Technical Services Division of Tennessee Housing Development Agency. Information on the background, guidelines, and policies of the program is presented first, followed by the results of our in-depth look at the program's activities and the areas it serves.

The LIHTC program is a unique program that encourages private capital to be directed towards the construction or rehabilitation of affordable rental units. The program is important because typically, private developers are inclined to direct their efforts toward higher income individuals and families. Offering developers a dollar-for-dollar reduction of federal income tax liability provides incentive for them to concentrate some of their efforts in developing affordable rental housing. Without this program, the need for affordable rental housing might otherwise be neglected and there may not be as many affordable housing units available. By developing and maintaining low-income rental housing, property owners can reduce their federal tax liability for 10 years. States are allocated tax credits based on a per capita figure, which is updated annually. Tennessee has the authority to issue approximately \$10 million in tax credits each year.

The LIHTC program is also unique in that it does not provide tenants with rental subsidies, but offers qualified tenants the opportunity to lease a unit at below market rates. Rent limits for tax credit units are based on area median income levels and number of bedrooms in the unit, and are set annually by the U.S. Department of Housing and Urban Development (HUD).

LIHTC properties must remain in low-income use for at least 15 years, and low-income tenants are protected against eviction or large rent increases for an additional 3 years after the 15-year period. Low-Income use is satisfied by one of the following conditions:

- 20% of units are rent restricted and occupied by households with incomes no greater than 50% of area median gross income

OR

- 40% of units are rent restricted and occupied by households with incomes no greater than 60% of area median gross income

In addition to the general goal of the program, each state develops a Qualified Allocation Plan (QAP) outlining the state's individual goals and objectives of the LIHTC program. Two objectives listed in Tennessee's QAP that closely relate to this study are:

1. Make rental units affordable to households with as low an income as possible and for the longest time period possible.
2. Encourage the construction or rehabilitation of rental units in the areas of Tennessee with the greatest need for affordable housing.

The study initiated by Tennessee Housing Development Agency was completed in two main segments.

PART I

This segment of the study focuses on the developments placed in service from 1987 to 2000. Its goals are as follows:

1. Show the progression of the LITHC program from 1987-2000.
2. Provide details about properties developed by the LIHTC program.
3. Determine how the program's activities have changed over time.
4. Provide information on how the program has served the three grand divisions of Tennessee.

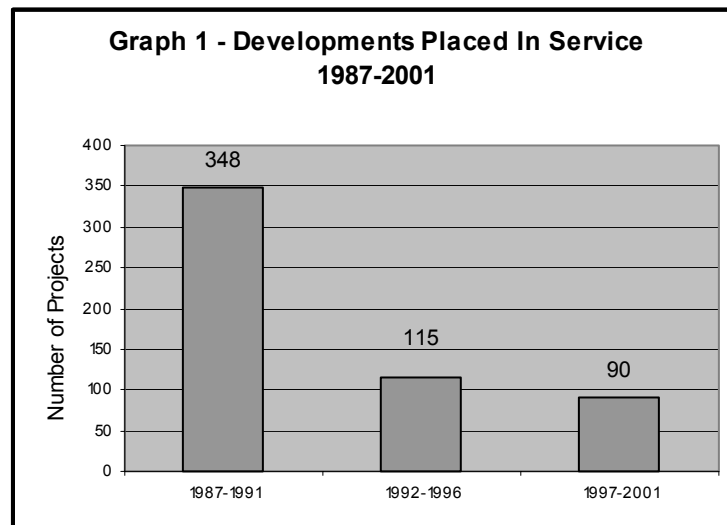
DATA SOURCES AND INFORMATION

This portion of the study was completed using a database maintained by HUD and located at huduser.org. Data from the Tennessee Housing Development Agency was used to cross reference data obtained from HUD. To allow for comparisons to be made on how the program has changed over time, we grouped program years together into three time periods: 1987-1991, 1992-1996, and 1997-2001. For the sake of simplicity, these time periods are called Period 1 (1987-1991), Period 2 (1992-1996), and Period 3 (1997-2001) in this report. Specifics of all properties and units can be viewed in Appendix 1, which shows characteristics by grand division.

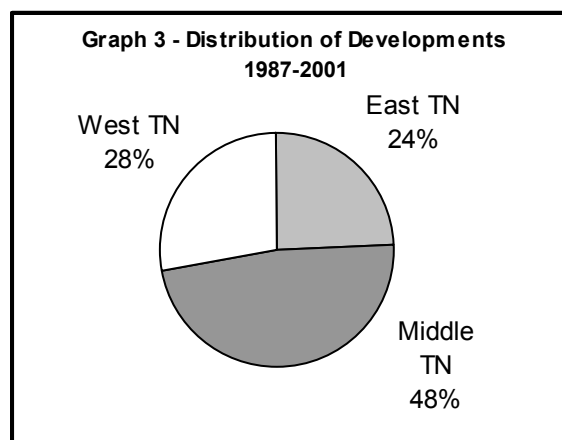
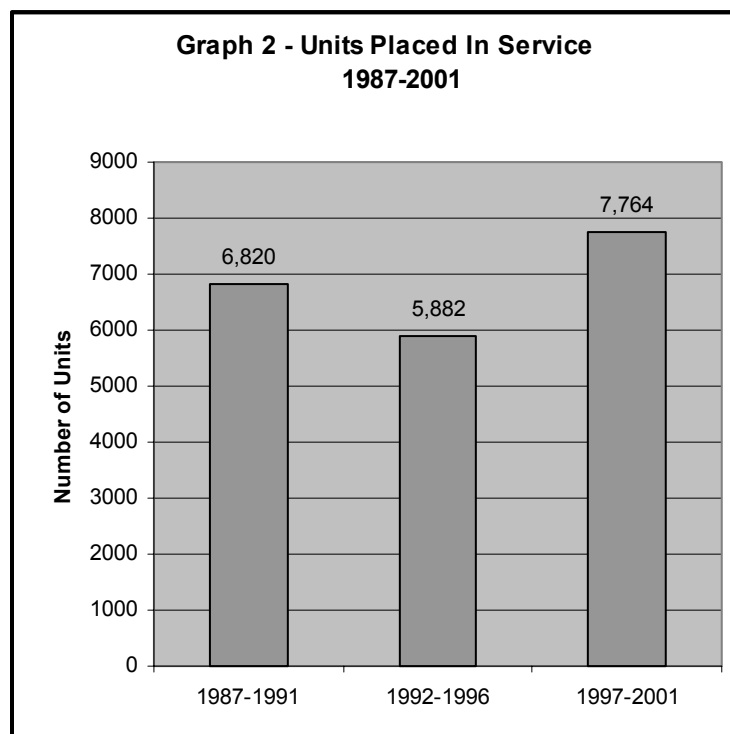
FINDINGS

Distribution of Properties and Units

Between 1987-2001 there were 553 LIHTC properties placed in service in Tennessee (see Graph 1) and a total of 20,466 units were completed through the program. The



majority of developments (63%) were placed in service during Period 1 of the program, followed by 21% placed in service during Period 2. Though Period 3 has the lowest number of developments placed in service of all time periods, a greater number of units were placed in service during this time (see Graph 2). This indicates that, on average, larger developments were being placed in service than those that were completed in the early years of the program. Average development size increased from 19.6 units in Period 1, to 51.1 units in Period 2, to 86.3 units in Period 3, and the average development size for the entire time period was 37 units. As far as geographic distribution, 48% of all properties placed in service were in Middle Tennessee, followed by 28% in West Tennessee, and 24% in East Tennessee (see Graph 3). Unit distribution follows the same pattern as development distribution, in regard to grand divisions.



Allocations and Dollars Per Unit

Of all allocations placed in service from 1987-2001, 50% of the allocations were in Middle Tennessee, followed by 28% in East Tennessee, and 22% in West Tennessee.

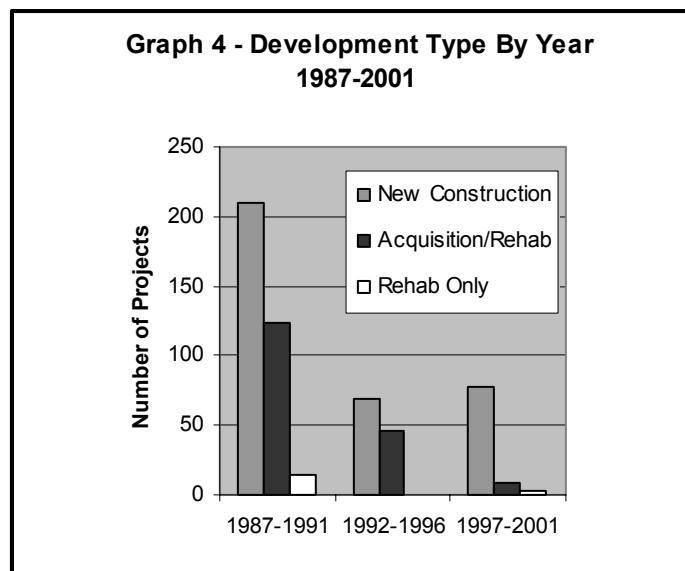
Average dollars per unit among grand divisions were as follows:

East Tennessee	\$2,531
Middle Tennessee	\$2,955
West Tennessee	\$1,910

Development Type

Overall, new construction is the most common activity for LIHTC properties, followed by acquisition/rehabilitation (see Graph 4). The breakdown of activity type of developments among grand divisions was as follows:

East Tennessee	60% New construction 35% Acquisition/rehabilitation 5% Rehabilitation
Middle Tennessee	78% New construction 22% Acquisition/Rehabilitation
West Tennessee	48% New construction 46% Acquisition/rehabilitation 6% Rehabilitation



Middle Tennessee had the highest average dollars per unit, but also completed significantly more new construction. To further explore if these two factors are linked, we analyzed the breakdown of average dollars per unit for each activity type. They were as follows:

New construction	\$3,181
Acquisition/Rehabilitation	\$1,367
Rehabilitation	\$1,695

These figures show that new construction does in fact have a higher average dollars per unit amount than the other types of activity.

Credit Type

The most common credit percentage received by developments was 70% credit, indicating that these developments were rehabilitation or new construction, with no federal subsidies. The next most common credit type was 30%, followed by properties receiving both types of credit.

Non-profit Sponsorship

The percent of properties with a non-profit sponsor was quite low. In Period 1 no properties had a non-profit sponsor, and in Period 2, less than one percent had a non-profit sponsor. However, in Period 3, 14% of properties had a non-profit sponsor.

IRS Section 42 requires that 10% of a state's allocation be set-aside for non-profit organizations. This has remained constant throughout the program's existence. Note however, that although the requirement mandates that 10% of the funds be set-aside for non-profits, this does not necessarily mean they will be allocated. For instance, if there were no qualifying applicants with a non-profit sponsor in a given year, this would result in no non-profit sponsored developments being funded that allocation year.

FmHA Section 515 Loans

The percent of properties using FmHA Section 515 loans (Rural Housing subsidies) was the highest in Period 1 (17%), decreased in Period 29 (7%), and increased again in Period 3 (13%). Rural housing subsidy policies have changed over the years, as in recent years, participants must compete for rural housing loans nationally.

PART II

This segment of our study focuses on areas the LIHTC program has served from 1990 to 2000. Note that the time period for this segment is different than the time period in the previous segment. This is because this segment utilizes census data to explore where LIHTC properties are placed. The LIHTC program actually began in 1987, but as the Census Bureau conducts censuses once a decade, the 1990 Census yields the closest approximation. This segment examines census tracts, which are stratified by economic and social factors, to determine if there have been varying levels and types of activities among them. Its goals are as follows:

1. Describe census tracts served by the LIHTC program. This involves examining economic and social characteristics of census tracts in 1990, the closest census year to the start of the program. We include characteristics of tracts where LIHTC properties are located as well as characteristics of tracts that have no LIHTC properties for comparison purposes.
2. Evaluate the activities of the LIHTC program to determine if there are any differences within activity among tracts, based on social and/or economic characteristics. This involves evaluating the number of units completed in tracts, as well as the type and amount of activities completed.
3. Assess the impact of the LIHTC program in tracts served by analyzing differences in variables from 1990 to 2000. This includes determining how the program has increased the number of affordable housing units in tracts. Direct causality between conditions and the LIHTC program cannot be determined, due to the numerous variables affecting economic and housing related conditions. It can be stated, however, that the changes in Tennessee's housing conditions can be partly ascribed to the activities of the LIHTC program.

DATA SOURCES

The 1990 Census served as our baseline data, as it represents conditions in Tennessee during the early years of the LIHTC program. We chose to examine data at the census tract level for several reasons.

- Census tracts are the smallest unit for which information is available.
- Census tracts are fairly small subdivisions of a county and are composed of neighborhoods that are similar in social and economic conditions.
- Tract boundaries are designed to remain permanent over a period of time so that researchers are able to compare tracts from census to census.

Census tract boundaries do sometimes change from one census to the next. For example, if the population of a tract grew significantly from 1990 to 2000, that tract may be split into two or more tracts in the 2000 census. Likewise, two or more tracts in 1990 could be combined into one tract in 2000. Situations like these meant that we had to develop a

system for making 1990 and 2000 tracts comparable. To do this, we developed what we termed a “tract equivalent” for each census tract.

If one tract in 1990 split into two or more tracts in 2000, they were combined and received identification of the 1990 tract number. Conversely, if two or more 1990 tracts combined into one 2000 tract, each of the 1990 tracts would be identified as the equivalent 2000 tract number.

If less than 10% of any tract was combined with another tract, then we ignored this change; we treated the newly defined tract as if its boundaries remained the same from 1990 to 2000. Also, if there were 10 or fewer occupied rental units in a tract, we did not include that tract in the study.

FINDINGS

We stratified the Tennessee rental markets into clusters of neighborhoods that vary markedly on the socio-economic continuum from the most affluent and growing communities on the one end of the scale to the highly depressed and declining communities on the other. This gives us an analytical framework within which to view the LIHTC program activities. First, we describe how the volume and mix of the LIHTC activities have varied on this continuum (see Exhibit 5). Second, we examine the distribution of all new rental construction activities during the ten-year period also within this continuum (see Exhibit 6). Third, we assess the gaps in these construction activities, if any, which the LIHTC program might have attempted to fill (see Exhibit 7).

As one evaluates the LIHTC program activities as described above, it is worth bearing in mind the dual roles that the program plays. On the one hand, the LIHTC program may develop housing in deteriorated neighborhoods in order to enhance the livability in those areas. On the other hand, the program may also develop affordable homes in better neighborhoods primarily to provide opportunities for the residents of distressed areas to move to better and safer living elsewhere. In both cases, the developments of safer and affordable homes are valuable accomplishments. While doing so, if the program tends to meet the rental housing needs of communities and population segments that are of least interest to private developers, these accomplishments must receive additional marks. The following analysis attempts to assess these gains attributable to the Tennessee LIHTC program.

The variables used in stratifying the census tracts in this study and their categorization are listed below.

1. Poverty Level: Families are identified as below poverty if their income falls below the federally defined thresholds 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.

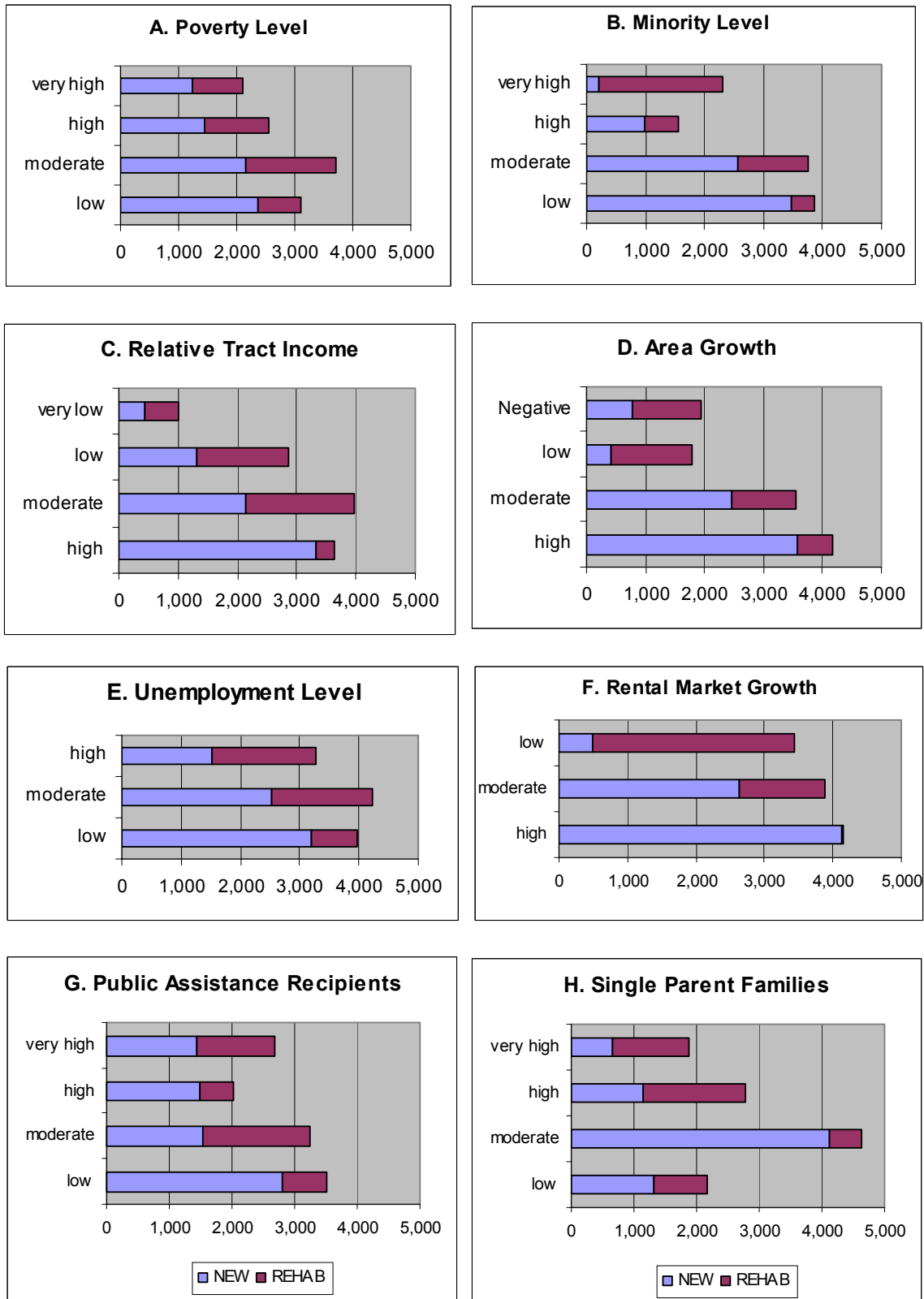
2. **Minority Concentration:** Proportion of householders belonging to any group other than non-Hispanic White.
3. **Relative Tract Income Level:** Ratio of median tract income to its county median income.
4. **Area Growth:** Percent increase or decrease (from 1990 to 2000) in the number of households living in an area.
5. **Unemployment Level:** The ratio of the unemployed in search of a job to the total labor force.
6. **Rental Market Growth:** Percent increase or decrease (from 1990 to 2000) in the number of renter households in an area.
7. **Public Assistance Level:** Percent of households receiving public assistance, including general assistance and Temporary Assistance to Needy Families (TANF). Separate payments received for hospital or other medical care are excluded, as are Supplemental Security Income (SSI) and housing subsidies.
8. **Single Parent Family Prevalence:** Percent of resident families in a tract headed by a single person.

The Volume and Mix of LIHTC Activities (see Graphs in Exhibit 5)

In general, one expects new construction to be the preferred choice in growing and affluent areas, while the rehabilitation of existing aging rental stock would be preferred in areas that are stagnant and distressed. As expected, we observe this inverse correlation between these two LIHTC activities in relation to many of the variables shown in Exhibit 5. The following findings are noteworthy:

- New construction activities decline rapidly in areas with higher minority concentration. Much of the new construction occurs in White non-Hispanic areas. This finding requires further investigation in order to understand its underlying programmatic reasons (Section B).
- Both types of activities are very rare in areas where the tract median incomes are below half (classified on the graph as “very low”) of the respective county median income. These areas may possibly be too blighted for revitalization and redevelopment (Section C).
- The Tax Credit program seldom does rehabilitation in areas marked by rapid growth in renter households. However, it is most frequently chosen in areas where the renter market is stagnant (Section F).

Exhibit 5 - 1990-2000 LIHTC Units by Program Mix and Tract Characteristics



New Construction in the Overall Rental Market (see Graphs in Exhibit 6).

The volume of Tax Credit new construction closely follows the same patterns that we see in the total new construction activities in the state. New construction in the overall market is extremely rare in high minority and very low-income tracts (Sections B and C). Areas characterized by high levels of income, employment, and growth are mostly targeted for new rental construction. Does the share of LIHTC units in this overall scenario of new rental construction reflect an attempt by this program to rectify this bias? This question is answered in the following section.

LIHTC Share of All New Rental Construction in Tennessee (see Graphs in Exhibit 7).

One of our more significant findings has to do with the LIHTC share of the overall new construction related to the income levels of the tracts. LIHTC units can claim a much larger share of all new units built in areas characterized by low-income, high unemployment, high public assistance, etc. Also conspicuous is the absence of this negative correlation in relation to levels of minority concentration.

Our analysis thus far supports the generalization that the Tax Credit program not only claims a larger share of new rental construction, but also extends relatively more rehabilitation activities in highly distressed areas. How do these LIHTC activities impact the rental markets in these areas of significant poverty and economic decline?

Impact of LIHTC Program on Distressed Areas of the Rental Market (see Graphs in Exhibit 8).

The decade of the 1990s witnessed a moderate growth in the overall rental market. The areas with some LIHTC activity realized an increase of 14 percent in their renter households compared to 13 percent in areas with no LIHTC activity. This must tempt anyone to conclude that the impact of the program is insignificant overall. But our conclusions will be quite different if we focus exclusively on highly distressed areas (see Exhibit 8). In the absence of any LIHTC activity, the areas that are found to be highly distressed based on any of the eight stratification variables, experienced levels of decline in their number of rental households, ranging from 5 to 14 percent. In contrast, in areas where LIHTC activities did occur, this declining trend is either greatly diminished or reversed.

The second part of this study has illustrated fruitful ways of combining program data with available small-area census tabulations. A forthcoming special tabulation of 2000 census sponsored by HUD may provide additional details at the census tract level. This new release may include many useful data, for example, income levels based on HUD-adjusted area median income and affordability levels of housing units. We are awaiting this data with the hope to revisit some of the issues addressed by this study after the release.

Exhibit 6 - 1990-2000 New Rental Units Constructed in Tennessee by Census Tract Characteristics

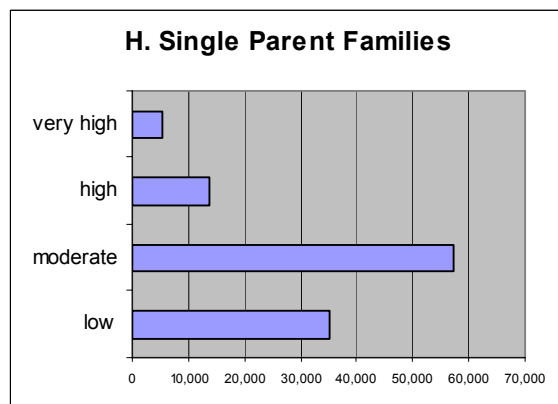
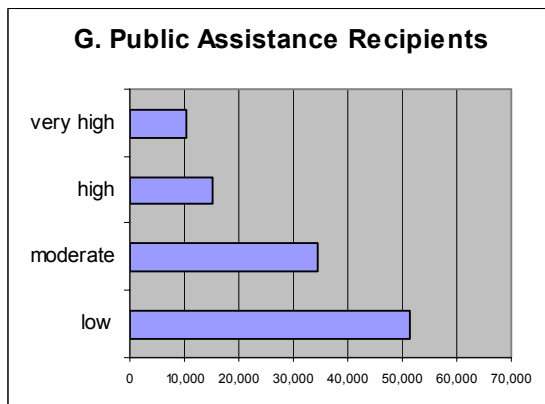
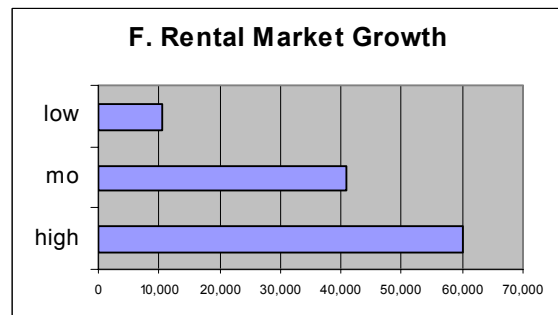
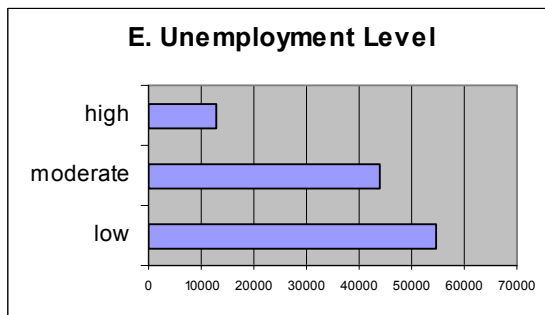
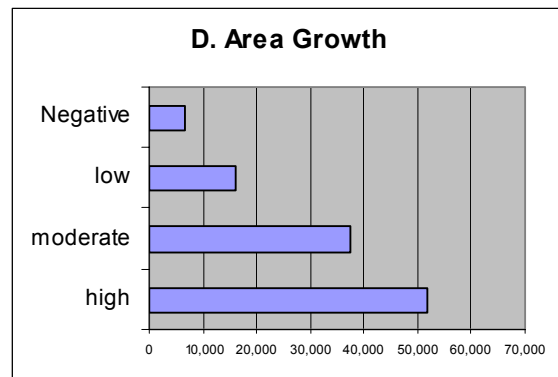
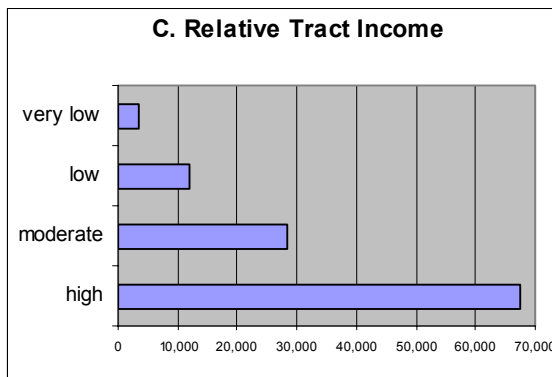
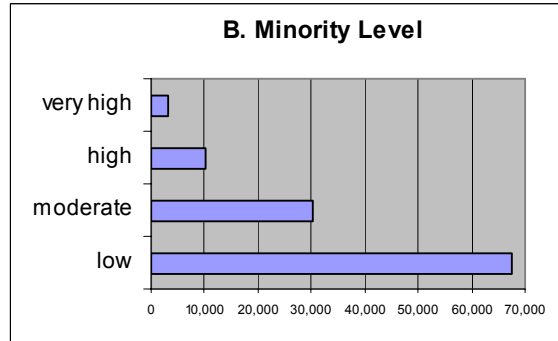
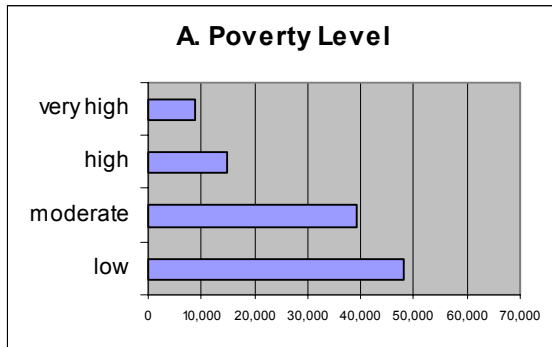


Exhibit 7 - LIHTC Share of 1990-2000 New Rental Construction by Census Tract Characteristics

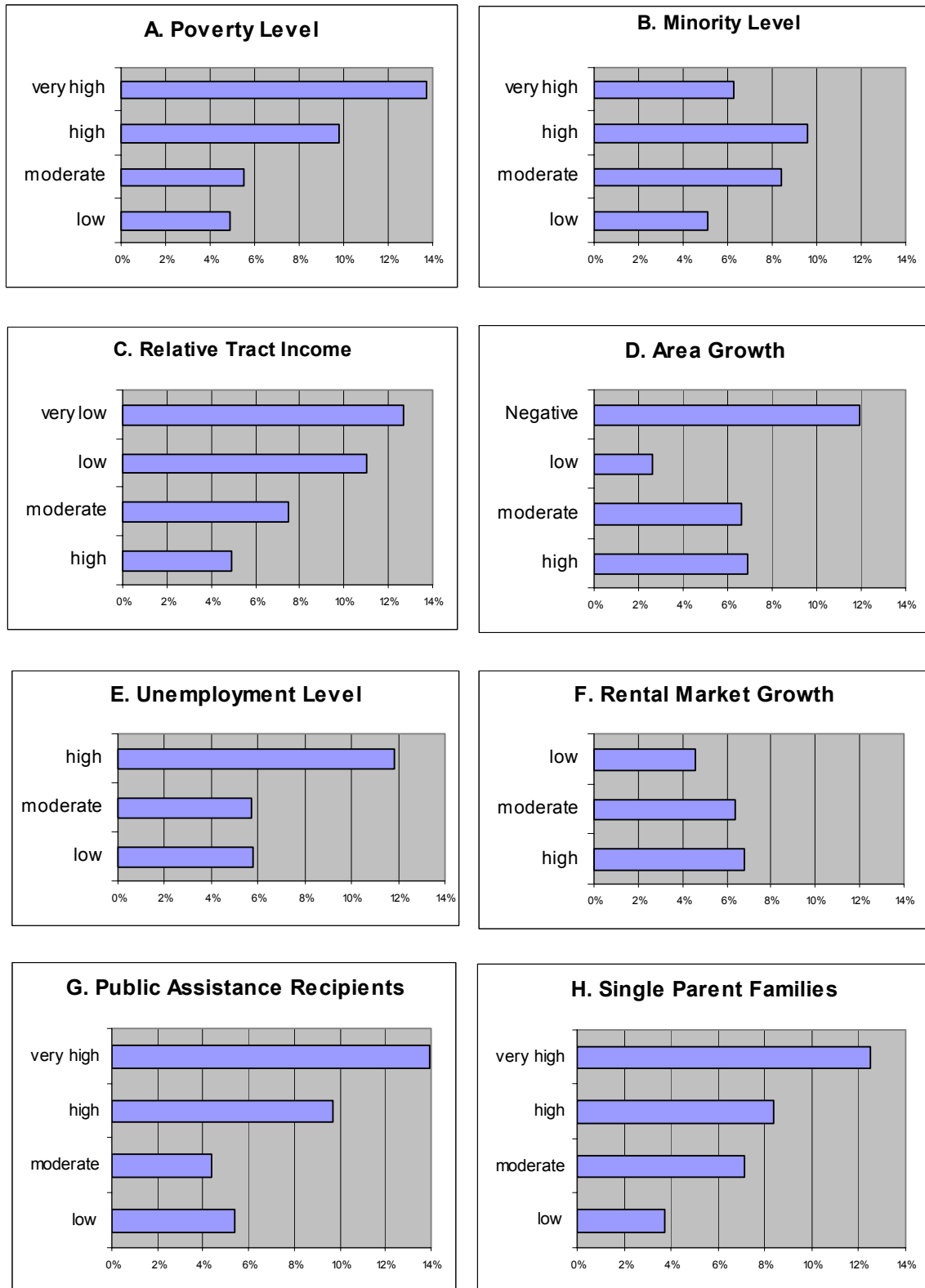
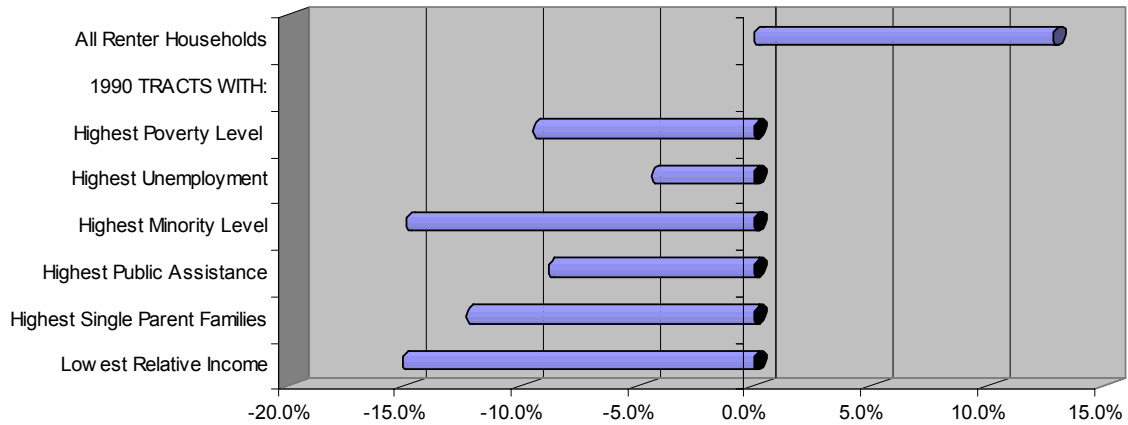
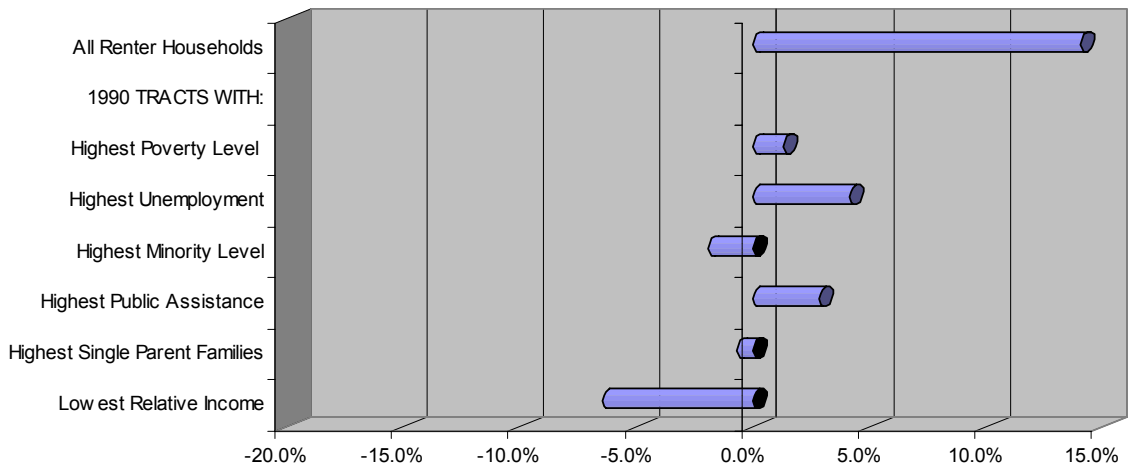


Exhibit 8 - 1990-2000 Net Renter Household Growth in Blighted Tracts

Census Tracts with No LIHTC Activity



Census Tracts with Some LIHTC Activity



Appendix 1

**LIHTC Project Characteristics
by Grand Division 1987-2001**

	East TN	Middle TN	West TN	Total
Number of Projects	135	263	155	553
Number of Units	5,058	8,900	6,508	20,466
CONSTRUCTION TYPE				
New Construction	82	205	70	357
Acquisition/Rehab	47	58	74	179
Rehab Only	6		11	17
CREDIT TYPE				
No information	2		6	8
30 Percent	61	64	52	177
70 Percent	57	180	70	307
Both	15	19	27	61
FMHA Section 515 Loan Used	73	76	56	205
Tax-Exempt Bond Used	3	1	3	7

**LIHTC Unit Characteristics
by Grand Division 1987-2001**

	East TN	Middle TN	West TN	Total
Distribution of Projects				
0-10 Units	35	137	77	249
11-20 Units	12	14	13	39
21-50 Units	61	62	35	158
51-99 Units	22	16	9	47
100+ Units	5	34	21	60
Distribution of Units by Number of Bedrooms				
One Bedroom	1,170	1,996	1,758	5,464
Two Bedrooms	2,203	3,861	3,802	9,866
Three Bedrooms	797	2,488	590	3,875
Four+ Bedrooms	106	211	161	478
Unit Size Unknown	120	344	178	642

LIHTC Project Characteristics By Year 1987-2001

	Year Placed In Service			
	1987-1991	1992-1996	1997-2001	1987-2001
Number of Projects	348	115	90	553
Number of Units	6,820	5,882	7,764	20,466
CONSTRUCTION TYPE				
New Construction	210	69	78	357
Acquisition/Rehab	124	46	9	179
Rehab Only	14		3	17
CREDIT TYPE				
No information	5	3		8
30 Percent	120	41	16	177
70 Percent	189	46	72	307
Both	34	25	2	61
FMHA Section 515 Loan Used	97	37	71	205
Tax-Exempt Bond Used	2	3	2	7

LIHTC Unit Characteristics By Year 1987-2001

	Year Placed In Service			
	1987-1991	1992-1996	1997-2001	1987-2001
Distribution of Projects				
1-10 Units	211	37	1	249
11-20 Units	23	10	6	39
21-50 Units	96	40	22	158
51-99 Units	8	4	35	47
100+ Units	10	24	26	60
Distribution of Units by Number of Bedrooms				
Efficiency	96	35	10	141
One Bedroom	2,324	1,955	1,185	5,464
Two Bedrooms	3,337	2,567	3,962	9,866
Three Bedrooms	471	1,221	2,183	3,875
Four+ Bedrooms	54	8	416	478
Unit Size Unknown	538	96	8	642

Appendix 2

**Tennessee Rental Markets in 1990 & 2000 and LIHTC Activities
by Poverty Level in 1990**

	CENSUS TRACT POVERTY LEVEL IN 1990			
	10% or less	11%-20%	21%-30%	31% or more
1990 RENTAL MARKET PROFILE:				
Number of Renter Households	178,929	209,923	106,312	98,102
Median Gross Rent	\$450	\$335	\$297	\$245
Median Household Income	\$36,559	\$23,638	\$18,270	\$12,165
Rent Burden (Rent over 30% of Income)	28.40%	30.60%	35.40%	43.50%
Rental Vacancy Rate	10.70%	9.10%	9.20%	9.60%
Rental Units Built Before 1980	63.00%	75.40%	78.00%	77.30%
Total Rental Units Built: 1990-2000	48,129	39,418	14,840	9,012
LIHTC ACTIVITY PROFILE: 1990-2000				
LIHTC New Units Built	2,371	2,168	1,457	1,236
LIHTC Units Rehabilitated	745	1,541	1,091	863
LIHTC Share of All Rental Units Built	4.90%	5.50%	9.80%	13.70%
LIHTC Activity Mix: New Units	76.00%	58.40%	57.10%	58.80%
LIHTC Activity Mix: Rehab Units	23.90%	41.50%	42.80%	41.10%
2000 RENTAL MARKET PROFILE:				
Number of Renter Households	217,498	244,276	116,261	93,409
Median Gross Rent	\$639	\$474	\$414	\$371
Median Household Income	\$51,424	\$34,510	\$27,084	\$19,331
Rent Burden (Rent over 30% of Income)	39.20%	36.40%	37.50%	38.20%
Rental Vacancy Rate	6.80%	8.90%	9.00%	9.30%

**Tennessee Rental Markets in 1990 & 2000 and LIHTC Activities
by Minority Concentrations in 1990**

	CENSUS TRACT MINORITY CONCENTRATION IN 1990			
	10% or less	11%-30%	31%-70%	71% or more
RENTAL MARKET PROFILE:				
Number of Renter Households	278,582	155,999	84,611	74,074
Median Gross Rent	\$354	\$376	\$334	\$285
Median Household Income	\$27,624	\$27,329	\$21,947	\$16,132
Rent Burden (Rent over 30% of Income)	28.40%	32.40%	38.60%	44.80%
Rental Vacancy Rate	9.00%	10.30%	9.90%	10.70%
Rental Units Built Before 1980	71.10%	69.90%	76.30%	78.10%
Total Rental Units Built 1990-2000	67,664	30,198	10,301	3,236
LIHTC ACTIVITY PROFILE: 1990-2000				
LIHTC New Units Built	3,477	2,558	993	204
LIHTC Units Rehabilitated	382	1,206	561	2,091
LIHTC Share of All Rental Units Built	5.10%	8.40%	9.60%	6.30%
LIHTC Activity Mix: New Units	90.10%	67.90%	63.80%	8.80%
LIHTC Activity Mix: Rehab Units	9.80%	32.00%	36.10%	91.10%
2000 RENTAL MARKET PROFILE:				
Number of Renter Households	338,097	177,447	88,516	67,384
Median Gross Rent	\$509	\$542	\$474	\$407
Median Household Income	\$40,042	\$40,024	\$34,177	\$23,138
Rent Burden (Rent over 30% of Income)	36.70%	39.50%	38.20%	37.20%
Rental Vacancy Rate	8.60%	8.10%	7.90%	7.90%

**Tennessee Rental Markets in 1990 & 2000 and LIHTC Activity
by Public Assistance Recipients 1990**

	CENSUS TRACT LEVEL OF PUBLIC ASSISTANCE RECIPIENTS IN 1990			
	Less than 5%	5-10%	10-15%	15% or more
RENTAL MARKET PROFILE:				
Number of Renter Households	208,789	173,448	97,254	113,775
Median Gross Rent	\$440	\$333	\$301	\$242
Median Household Income	\$35,272	\$24,150	\$19,514	\$14,151
Rent Burden (Rent over 30% of Income)	30.00%	30.80%	34.00%	40.70%
Rental Vacancy Rate	10.90%	9.10%	9.00%	8.90%
Rental Units Built Before 1980	63.50%	76.40%	78.00%	78.10%
Total Rental Units Built 1990-2000	51,437	34,570	15,101	10,291
LIHTC ACTIVITY PROFILE: 1990-2000				
LIHTC New Units Built	2,795	1,530	1,476	1,431
LIHTC Units Rehabilitated	720	1,712	555	1,253
LIHTC Share of All Rental Units Built	5.40%	4.40%	9.70%	13.90%
LIHTC Activity Mix: New Units	79.50%	47.10%	72.60%	53.30%
LIHTC Activity Mix: Rehab Units	20.40%	52.80%	27.30%	46.60%
2000 RENTAL MARKET PROFILE:				
Number of Renter Households	247,447	204,338	109,682	109,977
Median Gross Rent	\$626	\$478	\$420	\$356
Median Household Income	\$49,833	\$35,668	\$29,003	\$21,507
Rent Burden (Rent over 30% of Income)	39.80%	36.90%	36.40%	36.20%
Rental Vacancy Rate	7.10%	9.00%	9.20%	8.80%

**Tennessee Rental Markets in 1990 & 2000 and LIHTC Activities
by Single Parent Households 1990**

	CENSUS TRACT LEVELS OF SINGLE PARENT HH IN 1990			
	Less than 5%	5-10%	10-15%	15% or more
RENTAL MARKET PROFILE:				
Number of Renter Households	148,696	267,708	84,364	92,498
Median Gross Rent	\$375	\$359	\$334	\$287
Median Household Income	\$31,143	\$25,520	\$21,477	\$16,489
Rent Burden (Rent over 30% of Income)	27.90%	30.50%	37.50%	43.80%
Rental Vacancy Rate	8.80%	9.90%	9.50%	10.50%
Rental Units Built Before 1980	73.50%	69.40%	73.80%	78.10%
Total Rental Units Built 1990-2000	35,312	57,218	13,661	5,208
LIHTC ACTIVITY PROFILE: 1990-2000				
LIHTC New Units Built	1,319	4,110	1,149	654
LIHTC Units Rehabilitated	846	533	1,642	1,219
LIHTC Share of All Rental Units Built	3.70%	7.10%	8.40%	12.50%
LIHTC Activity Mix: New Units	60.90%	88.50%	41.10%	34.90%
LIHTC Activity Mix: Rehab Units	39.00%	11.40%	58.80%	65.00%
2000 RENTAL MARKET PROFILE:				
Number of Renter Households	178,967	312,600	93,434	86,443
Median Gross Rent	\$554	\$509	\$472	\$406
Median Household Income	\$45,685	\$37,042	\$31,086	\$23,309
Rent Burden (Rent over 30% of Income)	36.90%	37.60%	40.10%	37.30%
Rental Vacancy Rate	8.50%	8.40%	7.90%	8.20%

Rental Markets in 1990 & 2000 and LIHTC Activities
by Growth in Rental Households 1990-2000

	GROWTH IN RENTAL HOUSEHOLDS		
	0-9%	10-29%	30% or more
1990 RENTAL MARKET PROFILE:			
Number of Renter Households	264,716	221,107	107,443
Median Gross Rent	\$337	\$344	\$383
Median Household Income	\$24,150	\$25,177	\$30,546
Rent Burden (Rent over 30% of Income)	37.40%	29.90%	28.10%
Rental Vacancy Rate	9.30%	9.50%	11.00%
Rental Units Built Before 1980	80.60%	68.60%	60.30%
Total Rental Units Built: 1990-2000	10,444	40,761	60,194
LIHTC ACTIVITY PROFILE: 1990-2000			
LIHTC New Units Built	487	2,624	4,121
LIHTC Units Rehabilitated	2,954	1,250	36
LIHTC Share of All Rental Units Built	4.60%	6.40%	6.80%
LIHTC Activity Mix: New Units	14.10%	67.70%	99.00%
LIHTC Activity Mix: Rehab Units	85.80%	32.20%	1.00%
2000 RENTAL MARKET PROFILE:			
Number of Renter Households	257,727	251,494	162,223
Median Gross Rent	\$472	\$485	\$580
Median Household Income	\$34,284	\$36,632	\$45,369
Rent Burden (Rent over 30% of Income)	35.50%	35.30%	48.10%
Rental Vacancy Rate	8.10%	8.60%	8.30%

Rental Markets in 1990 & 2000 and LIHTC Activities
by Growth in Total Households 1990-2000

		INCREASE IN TOTAL HOUSEHOLDS			
		Negative growth	0-9%	10-29%	30% or more
1990 RENTAL MARKET PROFILE:					
Number of Renter Households		150,362	165,319	170,970	106,615
Median Gross Rent		\$306	\$368	\$341	\$390
Median Household Income		\$19,263	\$25,569	\$25,797	\$31,446
Rent Burden (Rent over 30% of Income)		40.50%	34.00%	29.20%	26.70%
Rental Vacancy Rate		8.90%	9.60%	9.90%	10.50%
Rental Units Built Before 1980		77.00%	75.10%	71.00%	64.20%
Total Rental Units Built: 1990-2000		6,538	15,954	37,276	51,631
LIHTC ACTIVITY PROFILE: 1990-2000					
LIHTC New Units Built		784	421	2,461	3,566
LIHTC Units Rehabilitated		1,164	1,371	1,091	614
LIHTC Share of All Rental Units Built		11.90%	2.60%	6.60%	6.90%
LIHTC Activity Mix: New Units		40.20%	23.40%	69.20%	85.30%
LIHTC Activity Mix: Rehab Units		59.70%	76.50%	30.70%	14.60%
2000 RENTAL MARKET PROFILE:					
Number of Renter Households		134,716	174,912	203,532	158,284
Median Gross Rent		\$432	\$505	\$483	\$586
Median Household Income		\$26,928	\$34,960	\$36,472	\$47,309
Rent Burden (Rent over 30% of Income)		34.70%	36.30%	37.30%	44.80%
Rental Vacancy Rate		9.00%	7.90%	8.30%	8.20%

Tennessee Rental Markets 1990 & 2000 and LIHTC Activities
by Unemployment Rate 1990

		CENSUS TRACT UNEMPLOYMENT LEVEL IN 1990		
		Less than 5 %	5 to 10%	10% or more
RENTAL MARKET PROFILE:				
Number of Renter Households		219,886	249,234	124,146
Median Gross Rent		\$420	\$324	\$269
Median Household Income		\$33,841	\$22,811	\$15,852
Rent Burden (Rent over 30% of Income)		29.70%	32.00%	40.70%
Rental Vacancy Rate		10.30%	9.00%	9.90%
Rental Units Built Before 1980		65.60%	75.70%	78.10%
Total Rental Units Built 1990-2000		54,657	43,954	12,788
LIHTC ACTIVITY PROFILE: 1990-2000				
LIHTC New Units Built		3,185	2,531	1,516
LIHTC Units Rehabilitated		775	1,700	1,765
LIHTC Share of All Rental Units Built		5.80%	5.70%	11.80%
LIHTC Activity Mix: New Units		80.40%	59.80%	46.20%
LIHTC Activity Mix: Rehab Units		19.50%	40.10%	53.70%
2000 RENTAL MARKET PROFILE:				
Number of Renter Households		262,908	285,106	123,430
Median Gross Rent		\$605	\$457	\$392
Median Household Income		\$48,355	\$33,464	\$24,218
Rent Burden (Rent over 30% of Income)		39.90%	36.20%	37.00%
Rental Vacancy Rate		7.40%	8.80%	9.10%

**Rental Markets 1990 & 2000 and LIHTC Activities
by Grand Division**

		Grand Division		
		East TN	Middle TN	West TN
1990 RENTAL MARKET PROFILE:				
Number of Renter Households		205,158	208,521	179,587
Median Gross Rent		\$318	\$376	\$350
Median Household Income		\$24,630	\$27,731	\$26,060
Rent Burden (Rent over 30% of Income)		31.40%	32.10%	35.60%
Rental Vacancy Rate		9.40%	10.40%	9.10%
Rental Units Built Before 1980		74.40%	70.70%	72.10%
Total Rental Units Built: 1990-2000		38,260	47,475	25,664
LIHTC ACTIVITY PROFILE: 1990-2000				
LIHTC New Units Built		1,586	4,703	943
LIHTC Units Rehabilitated		657	883	2,700
LIHTC Share of All Rental Units Built		4.10%	9.90%	3.60%
LIHTC Activity Mix: New Units		70.70%	84.10%	25.80%
LIHTC Activity Mix: Rehab Units		29.20%	15.80%	74.10%
2000 RENTAL MARKET PROFILE:				
Number of Renter Households		235,141	248,498	187,805
Median Gross Rent		\$448	\$548	\$511
Median Household Income		\$35,167	\$41,476	\$39,208
Rent Burden (Rent over 30% of Income)		36.50%	39.50%	37.00%
Rental Vacancy Rate		9.90%	7.30%	7.70%

Tennessee Rental Markets 1990 & 2000 and LIHTC Activity
by Relative Tract to County Median Income

		RELATIVE TRACT TO COUNTY INCOME 1990			
		Less than 50%	50-80%	80-100%	Over 100%
1990 RENTAL MARKET PROFILE:					
Number of Renter Households		66,778	120,205	159,599	246,684
Median Gross Rent		\$234	\$320	\$331	\$404
Median Household Income		\$9,859	\$17,812	\$21,873	\$32,253
Rent Burden (Rent over 30% of Income)		46.00%	39.00%	30.90%	27.80%
Rental Vacancy Rate		9.60%	9.80%	9.10%	9.90%
Rental Units Built Before 1980		77.10%	82.30%	74.00%	65.40%
Total Rental Units Built: 1990-2000		3,410	11,986	28,477	67,526
LIHTC ACTIVITY PROFILE: 1990-2000					
LIHTC New Units Built		435	1,325	2,141	3,331
LIHTC Units Rehabilitated		572	1,544	1,830	294
LIHTC Share of All Rental Units Built		12.70%	11.00%	7.50%	4.90%
LIHTC Activity Mix: New Units		43.10%	46.10%	53.90%	91.80%
LIHTC Activity Mix: Rehab Units		56.80%	53.80%	46.00%	8.10%
2000 RENTAL MARKET PROFILE:					
Number of Renter Households		58,938	127,391	182,225	302,890
Median Gross Rent		\$352	\$446	\$471	\$575
Median Household Income		\$15,704	\$26,457	\$32,793	\$45,581
Rent Burden (Rent over 30% of Income)		36.90%	39.60%	36.00%	38.10%
Rental Vacancy Rate		9.60%	8.60%	8.50%	7.80%

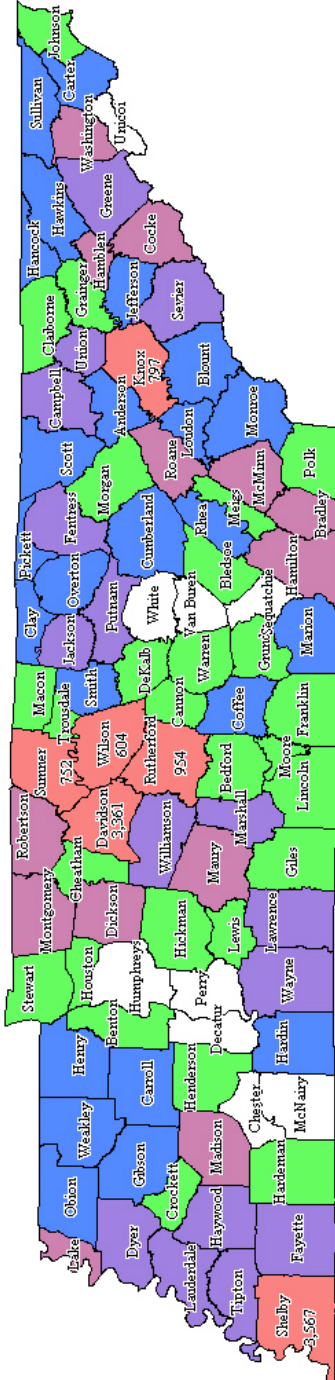
Tennessee Rental Markets 1990 & 2000 and LIHTC Activities
by MSA

		MSA							
		Chattanooga	Clarksville	Jackson	Knoxville	Memphis	Nashville	Non-Metro	Tri-Cities
1990 RENTAL MARKET PROFILE:									
Number of Renter Households		42,090	13,360	11,279	73,327	128,860	138,225	150,021	36,104
Median Gross Rent		\$355	\$370	\$314	\$337	\$378	\$414	\$277	\$302
Median Household Income		\$27,376	\$26,122	\$23,885	\$26,870	\$28,939	\$31,473	\$21,210	\$23,878
Rent Burden (Rent over 30% of Income)		33.40%	31.10%	32.00%	33.10%	38.10%	34.30%	27.80%	30.90%
Rental Vacancy Rate		12.60%	9.60%	9.40%	8.90%	9.80%	11.40%	8.10%	6.70%
Rental Units Built Before 1980		74.30%	64.10%	73.00%	73.20%	71.10%	69.30%	75.20%	76.90%
Total Rental Units Built: 1990-2000		4,983	5,576	2,349	13,518	16,655	29,964	31,887	6,467
LIHTC ACTIVITY PROFILE: 1990-2000									
LIHTC New Units Built		81	132	96	547	345	3,786	2,183	62
LIHTC Units Rehabilitated		337	0	52	42	2,644	803	208	154
LIHTC Share of All Rental Units Built		1.60%	2.30%	4.00%	4.00%	2.00%	12.60%	6.80%	0.90%
LIHTC Activity Mix: New Units		19.30%	100.00%	64.80%	92.80%	11.50%	82.50%	91.30%	28.70%
LIHTC Activity Mix: Rehab Units		80.60%	0.00%	35.10%	7.10%	88.40%	17.40%	8.60%	71.20%
2000 RENTAL MARKET PROFILE:									
Number of Renter Households		44,536	17,645	13,022	82,964	131,293	163,142	177,026	41,816
Median Gross Rent		\$502	\$545	\$490	\$480	\$553	\$601	\$402	\$419
Median Household Income		\$39,824	\$39,419	\$37,951	\$38,837	\$43,262	\$46,672	\$31,463	\$32,618
Rent Burden (Rent over 30% of Income)		35.20%	40.60%	40.90%	38.40%	38.30%	41.60%	33.80%	36.70%
Rental Vacancy Rate		8.60%	4.70%	8.90%	10.70%	6.90%	6.70%	9.50%	10.20%

**Tennessee Rental Markets in 1990 & 2000 and LIHTC Activities
by Qualified Census Tracts**

	LIHTC ACTIVITY			
	No LIHTC Activity		Some LIHTC Activity	
	CENSUS TRACT TYPE		CENSUS TRACT TYPE	
	Not Qualified	Qualified for Extra Credit	Not Qualified	Qualified for Extra Credit
1990 RENTAL MARKET PROFILE:				
Number of Renter Households	366,169	50,929	130,042	46,126
Median Gross Rent	\$373	\$242	\$347	\$272
Households below Poverty Level in 1990	12.4%	47.4%	16.2%	37.9%
Median Household Income	\$28,278	\$10,744	\$24,321	\$12,748
Rent Burden (Rent over 30% of Income)	29.6%	45.4%	33.4%	44.2%
Rental Vacancy Rate	9.5%	9.0%	10.3%	10.0%
Rental Units Built Before 1980	71.3%	77.7%	71.0%	79.5%
Total Rental Units Built: 1990-2000	75,659	1,910	28,387	5,443
LIHTC ACTIVITY PROFILE: 1990-2000				
LIHTC New Units Built	.	.	6,058	1,174
LIHTC Units Rehabilitated	.	.	3,617	623
LIHTC Share of All Rental Units Built	.	.	21.30%	21.50%
LIHTC Activity Mix: New Units	.	.	62.6%	65.3%
LIHTC Activity Mix: Rehab Units	.	.	37.3%	34.6%
2000 RENTAL MARKET PROFILE:				
Number of Renter Households	426,024	44,505	153,980	46,935
Median Gross Rent	\$531	\$358	\$498	\$398
Households below Poverty Level in 2000	12.0%	60.9%	16.4%	43.7%
Median Household Income	\$41,152	\$16,477	\$35,413	\$19,885
Rent Burden (Rent over 30% of Income)	36.4%	35.8%	40.5%	42.4%
Rental Vacancy Rate	8.3%	9.3%	7.9%	8.6%

1987 - 2000 LIGHT



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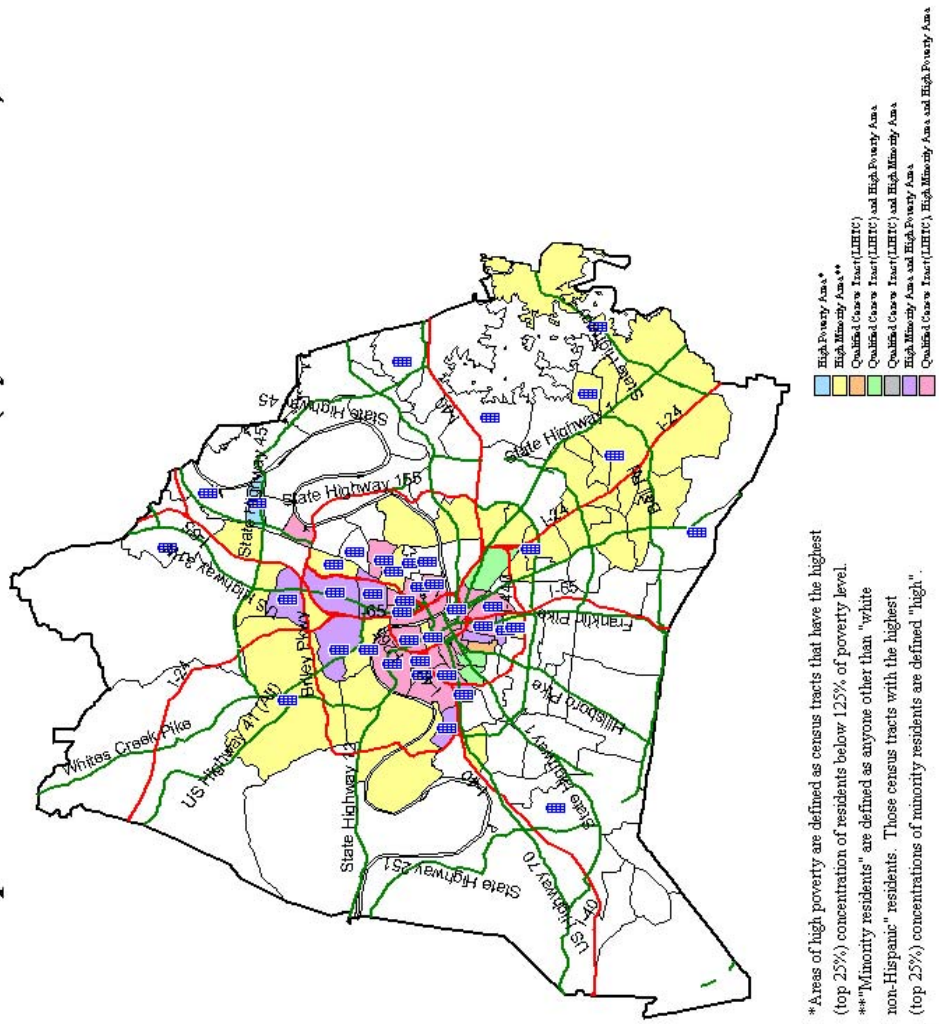
1987 - 2000 Shelby County



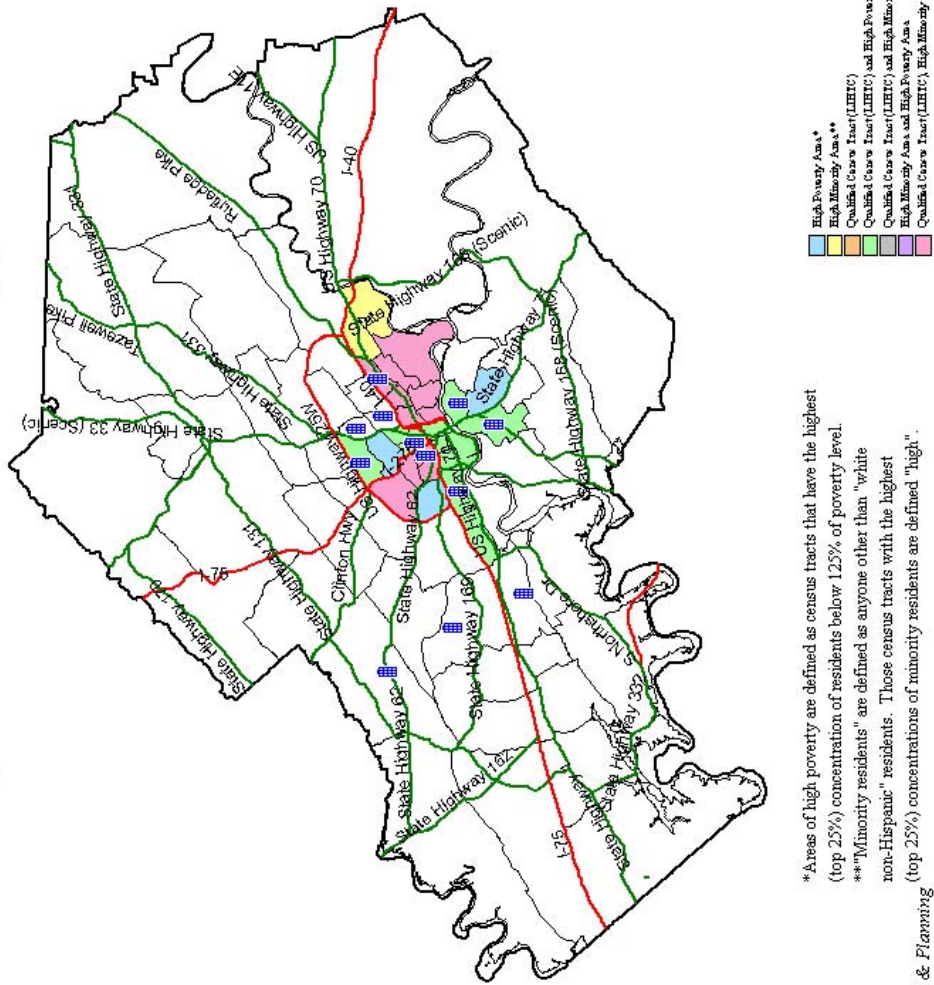
*Areas of high poverty are defined as census tracts that have the highest (top 25%) concentration of residents below 125% of poverty level.

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1987 - 2000 Davidson County Areas of High Poverty and/or Minority Concentrations 128 LIHTC Properties Placed in Service (by Census Tract)



1987 - 2000 Knox County Areas of High Poverty and/or Minority Concentrations 20 LIHTC Properties Placed in Service (by Census Tract)

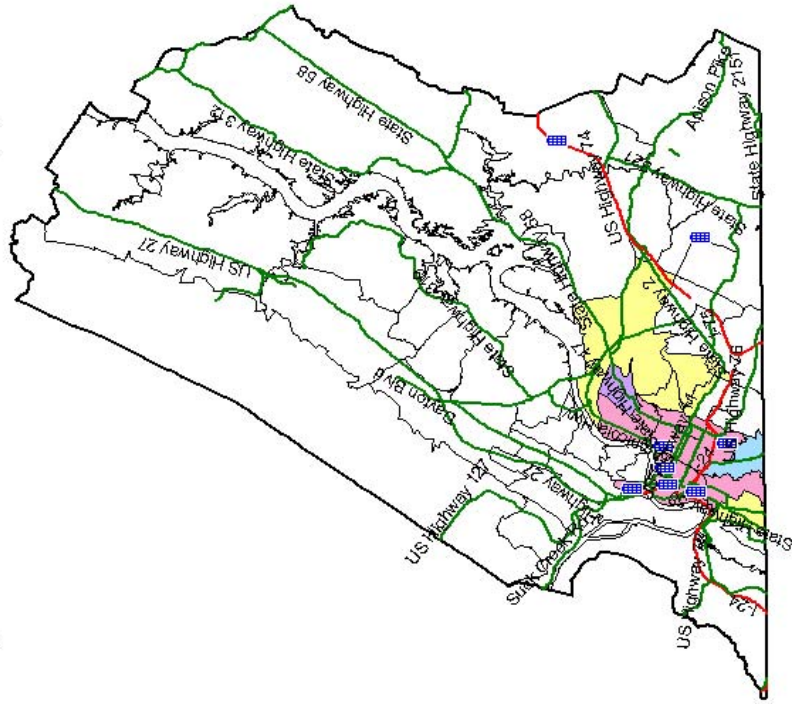


* Areas of high poverty are defined as census tracts that have the highest (top 25%) concentration of residents below 125% of poverty level.
 *** "Minority residents" are defined as anyone other than "white non-Hispanic" residents. Those census tracts with the highest (top 25%) concentrations of minority residents are defined "high".

- High Poverty Area*
- High Minority Area**
- Qualified Census Tract (LIHTC)
- Qualified Census Tract (LIHTC) and High Poverty Area
- Qualified Census Tract (LIHTC) and High Minority Area
- High Minority Area and High Poverty Area
- Qualified Census Tract (LIHTC), High Minority Area and High Poverty Area

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1987 - 2000 Hamilton County Areas of High Poverty and/or Minority Concentrations 11 LIHTC Properties Placed in Service (by Census Tract)



High Poverty Area*
High Minority Area**
Qualified Census Tract (LIHTC)
Qualified Census Tract (LIHTC) and High Poverty Area
Qualified Census Tract (LIHTC) and High Minority Area
High Poverty Area and High Minority Area
Qualified Census Tract (LIHTC), High Minority Area, and High Poverty Area

* Areas of high poverty are defined as census tracts that have the highest (top 25%) concentration of residents below 125% of poverty level.
** "Minority residents" are defined as anyone other than "white non-Hispanic" residents. Those census tracts with the highest (top 25%) concentrations of minority residents are defined "high".

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