

# DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR-4401-N-01]

## Statutorily Mandated Designation of Difficult Development Areas, and Supplemental Designation of Qualified Census Tracts, for Section 42 of the Internal Revenue Code of 1986

AGENCY: Office of the Secretary, HUD.

ACTION: Notice.

**SUMMARY:** This document designates "Difficult Development Areas" and supplemental "Qualified Census Tracts" for purposes of the Low-Income Housing Tax Credit ("LIHTC") under section 42 of the Internal Revenue Code of 1986. The United States Department of Housing and Urban Development ("HUD") makes new Difficult Development Area designations annually and makes supplemental designations of Qualified Census Tracts at this time because of recent legislation. The corrected designations of "Qualified Census Tracts" under section 42 of the Internal Revenue Code published May 1, 1995 (60 FR 21246), as amended by the supplemental designations of "Qualified Census Tracts" under section 42 of the Internal Revenue Code published June 25, 1998 (63 FR 34748), are not affected by this Notice.

### FOR FURTHER INFORMATION CONTACT:

With questions on how areas are designated and on geographic definitions, Kurt G. Usowski, Economist, Division of Economic Development and Public Finance, Office of Policy Development and Research, Department of Housing and Urban Development, 451 Seventh Street, S.W., Washington, D.C. 20410, telephone (202) 708-0426, e-mail Kurt\_G\_Usowski@hud.gov. With specific legal questions pertaining to section 42 and this notice, Chris Wilson, Attorney, Office of the Chief Counsel, Pass Throughs and Special Industries Branch 5, Internal Revenue Service, 1111 Constitution Ave, N.W., Washington, DC, 20244, telephone (202) 622-3040, fax (202) 622-4779; or Harold J. Gross, Senior Tax Attorney, Office of the General Counsel, Department of Housing and Urban Development, 451 Seventh Street, S.W., Washington, D.C. 20410, telephone (202) 708-3260, e-mail JERRY\_GROSS@hud.gov. For questions about the "HUBZones" program, Michael P. McHale, Assistant Administrator for Procurement Policy, Office of Government Contracting, Suite 8800, Small Business Administration, 409 Third Street, S.W., Washington,

D.C. 20416, telephone (202) 205-6731, fax (202) 205-7324, e-mail michael.mchale@sba.gov. A text telephone is available for persons with hearing or speech impairments at (202) 708-9300. (These are not toll-free telephone numbers.) Additional copies of this notice are available through HUDUSER at (800) 245-2691 for a small fee to cover duplication and mailing costs.

**COPIES AVAILABLE ELECTRONICALLY:** This notice is available electronically on the Internet (World Wide Web) at <http://www.huduser.org/> under the heading "Data Available from HUDUser."

### SUPPLEMENTARY INFORMATION:

#### This Document

The designations of Difficult Development Areas in this document are based on FY 1998 Fair Market Rents ("FMRs"), FY 1998 income limits and 1990 census population counts as explained below. Section 508(c) of the Quality Housing and Work Responsibility Act of 1998 (Pub. L. 105-276, approved October 21, 1998) requires HUD to treat certain areas differently in making Difficult Development Area designations than they had been treated in past designations. The designations of Qualified Census Tracts in newly designated metropolitan areas and the nonmetropolitan parts of States affected by the most recent metropolitan area designation and for the U.S. Territories of the Virgin Islands, American Samoa, Guam, Northern Marianas Islands, and Palau, are made necessary by the recently enacted "HUBZones" provisions of the Small Business Reauthorization Act of 1997, which incorporate section 42 Qualified Census Tracts by reference. These designations are made based on 1990 Census data.

#### Background

The U.S. Treasury Department and the Internal Revenue Service thereof are authorized to interpret and enforce the provisions of the Internal Revenue Code of 1986 (the "Code"), including the Low-Income Housing Tax Credit ("LIHTC") found at section 42 of the Code (26 U.S.C. 42) as amended. The Secretary of HUD is required to designate Difficult Development Areas and Qualified Census Tracts by section 42(d)(5)(C) of the Code.

In order to assist in understanding HUD's mandated designation of Difficult Development Areas and Qualified Census Tracts for use in administering section 42 of the Code, a summary of section 42 is provided. The following summary does not purport to

bind the Treasury or the IRS in any way, nor does it purport to bind HUD as HUD has no authority to interpret or administer the Code, except in those instances where it has a specific delegation.

### Summary of Low Income Housing Tax Credit

The LIHTC is a tax incentive intended to increase the availability of low income housing. Section 42 provides an income tax credit to owners of newly constructed or substantially rehabilitated low-income rental housing projects. The dollar amount of the LIHTC available for allocation by each state (the "credit ceiling") is limited by population. Each state is allocated credit based on \$1.25 per resident. Also, states may carry forward unused or returned credit for one year; if not used by then, credit goes into a national pool to be allocated to states as additional credit. State and local housing agencies allocate the state's credit ceiling among low-income housing buildings whose owners have applied for the credit.

The credit allocated to a building is based on the cost of units placed in service as low-income units under certain minimum occupancy and maximum rent criteria. In general, a building must meet one of two thresholds to be eligible for the LIHTC: either 20 percent of units must be rent-restricted and occupied by tenants with incomes no higher than 50 percent of the Area Median Gross Income ("AMGI"), or 40 percent of units must be rent restricted and occupied by tenants with incomes no higher than 60 percent of AMGI. The term "rent-restricted" means that gross rent, including an allowance for utilities, cannot exceed 30 percent of the tenant's imputed income limitation (i.e., 50 percent or 60 percent of AMGI). The rent and occupancy thresholds remain in effect for at least 15 years, and building owners are required to enter into agreements to maintain the low income character of the building for at least an additional 15 years.

The LIHTC reduces income tax liability dollar for dollar. It is taken annually for a term of ten years and is intended to yield a present value of either (1) 70 percent of the "qualified basis" for new construction or substantial rehabilitation expenditures that are not federally subsidized (i.e., financed with tax-exempt bonds or below-market federal loans), or (2) 30 percent of the qualified basis for the acquisition of existing projects or projects that are federally subsidized. The actual credit rates are adjusted monthly for projects placed in service

after 1987 under procedures specified in section 42. Individuals can use the credit up to a deduction equivalent of \$25,000. This equals \$9,900 at the 39.6 percent maximum marginal tax rate. Individuals cannot use the credit against the alternative minimum tax. Corporations, other than S or personal service corporations, can use the credit against ordinary income tax. They cannot use the credit against the alternative minimum tax. These corporations can also deduct the losses from the project.

The qualified basis represents the product of the "applicable fraction" of the building and the "eligible basis" of the building. The applicable fraction is based on the number of low income units in the building as a percentage of the total number of units, or based on the floor space of low income units as a percentage of the total floor space in the building. The eligible basis is the adjusted basis attributable to acquisition, rehabilitation, or new construction costs (depending on the type of LIHTC involved). These costs include amounts chargeable to capital account incurred prior to the end of the first taxable year in which the qualified low income building is placed in service or, at the election of the taxpayer, the end of the succeeding taxable year. In the case of buildings located in designated Qualified Census Tracts or designated Difficult Development Areas, eligible basis can be increased up to 130 percent of what it would otherwise be. This means that the available credit also can be increased by up to 30 percent. For example, if the 70 percent credit is available, it effectively could be increased up to 91 percent.

Under section 42(d)(5)(C) of the Code, a Qualified Census Tract is any census tract (or equivalent geographic area defined by the Bureau of the Census) in which at least 50 percent of households have an income less than 60 percent of the AMGI. There is a limit on the amount of Qualified Census Tracts in any Metropolitan Statistical Area ("MSA") or Primary Metropolitan Statistical Area ("PMSA") that may be designated to receive an increase in eligible basis: all of the designated census tracts within a given MSA/PMSA may not together contain more than 20 percent of the total population of the MSA/PMSA. For purposes of HUD designations of Qualified Census Tracts, all non-metropolitan areas in a state are treated as if they constituted a single metropolitan area.

Section 42 defines a Difficult Development Area as any area designated by the Secretary of HUD as an area that has high construction, land,

and utility costs relative to the AMGI. Again, limits apply. All designated Difficult Development Areas in MSAs/PMSAs may not contain more than 20 percent of the aggregate population of all MSAs/PMSAs, and all designated areas not in metropolitan areas may not contain more than 20 percent of the aggregate population of all non-metropolitan counties.

In the last general designation of Qualified Census Tracts published May 1, 1995 (60 FR 21246), no tract designations were made in the U.S. Territories of the Virgin Islands, American Samoa, Guam, Northern Marianas Islands, and Palau, because they were all designated "Difficult Development Areas" under section 42 of the Internal Revenue Code—making the designation of Qualified Census Tract superfluous. HUD is again designating the U.S. Territories of the Virgin Islands, American Samoa, Guam, Northern Marianas Islands, and Palau, as Difficult Development Areas and expects them to maintain their eligibility for designation for the foreseeable future. However, the recently enacted "HUBZones" provisions of the Small Business Reauthorization Act of 1997 (111 Stat. 2627) incorporate section 42 Qualified Census Tracts by reference, making it necessary to revise the designation of Qualified Census Tracts to ensure legal compliance with this new program. The following changes in MSA/PMSA definitions were made after HUD's last designation of Qualified Census Tracts.

New MSA (MSA No.)	Component counties
Missoula, MT MSA (5140) .....	Missoula County, MT.

### Explanation of HUD Designation Methodology

#### A. Qualified Census Tracts

In developing this revised list of LIHTC Qualified Census Tracts, HUD used 1990 Census data and the MSA/PMSA definitions established by the Office of Management and Budget ("OMB") in OMB Bulletin No. 98-06 on June 23, 1998. Beginning with the 1990 census, tract-level data are available for the entire country. Generally, in metropolitan areas these geographic divisions are called census tracts while in most non-metropolitan areas the equivalent nomenclature is Block Numbering Area ("BNA"). BNAs are treated as census tracts for the purposes of this Notice.

The LIHTC Qualified Census Tracts were determined as follows:

1. A census tract must have 50% of its households with incomes below 60% of the AMGI to be eligible. HUD has defined 60% of AMGI as 120% of HUD's Very Low Income Limits (VLILs), which are based on 50% of area median family income, adjusted for high cost and low income areas. The 1994 income estimates were then deflated to 1989 dollars, so they would match the 1990 Census income data.

2. For each census tract, the percentage of households below the 60% income standard was determined by (a) calculating the average household size of the census tract, (b) applying the income standard after adjusting it to match the average household size, and (c) calculating the number of households with incomes below the income standard.

3. Qualified Census Tracts are those in which 50% or more of the households are income eligible and the population of all census tracts that satisfy this criterion does not exceed 20% of the total population of the respective area.

4. In areas where more than 20% of the population qualifies, census tracts are ordered from the highest percentage of eligible households to the lowest. Starting with the highest percentage, census tracts are included until the 20% limit is exceeded. If a census tract is excluded because it raises the percentage above 20%, then subsequent census tracts are considered to determine if a census tract with a smaller population could be included without exceeding the 20% limit.

#### B. Difficult Development Areas

In developing the list of Difficult Development Areas, HUD compared incomes with housing costs. HUD used 1990 Census data and the MSA/PMSA definitions as published by the Office of Management and Budget in OMB Bulletin No. 98-06 on June 23, 1998, with the exceptions described in section C., below. The basis for these comparisons was the fiscal year ("FY") 1998 HUD income limits for Very Low Income Households and Fair Market Rents ("FMRs") used for the section 8 Housing Assistance Payments Program. The procedure used in making these calculations follows:

1. For each MSA/PMSA and each non-metropolitan county, a ratio was calculated. This calculation used the FY 1998 two-bedroom FMR and the FY 1998 four-person VLIL. The numerator of the ratio was the area's FY 1998 FMR. The denominator of the ratio was the monthly LIHTC income-based rent limit calculated as  $\frac{1}{12}$  of 30 percent of 120 percent of the area's VLIL (where 120

percent of the VLIL was rounded to the nearest \$50 and not allowed to exceed 80 percent of the AMGI in areas where the VLIL is adjusted upward from its 50 percent of AMGI base).

2. The ratios of the FMR to the LIHTC income-based rent limit were arrayed in descending order, separately, for MSAs/PMSAs and for non-metropolitan counties.

3. The Difficult Development Areas are those with the highest ratios cumulative to 20 percent of the 1990 population of all metropolitan areas and of all non-metropolitan counties.

#### *C. Application of Population Caps to Difficult Development Area Determinations*

In identifying Difficult Development Areas and Qualified Census Tracts, HUD applied various caps, or limitations, as noted above. The cumulative population of metropolitan Difficult Development Areas cannot exceed 20 percent of the cumulative population of all metropolitan areas and the cumulative population of nonmetropolitan Difficult Development Areas cannot exceed 20 percent of the cumulative population of all nonmetropolitan counties.

For Qualified Census Tracts, section 42(d)(5)(C)(ii)(II) of the Code specifies that the population of designated census tracts within a metropolitan area cannot exceed 20% of the population of that metropolitan area. Similarly, for census tracts/block numbering areas (BNAs) located outside metropolitan areas, the population of designated census tracts/BNAs cannot exceed 20% of the population of the non-metropolitan counties in a State or equivalent area.

In applying these caps, HUD established procedures to deal with how to treat small overruns of the caps. The remainder of this section explains the procedure. In general, HUD stops selecting areas when it is impossible to choose another area without exceeding the applicable cap. The only exceptions to this policy are when the next eligible excluded area contains either a large absolute population or a large percentage of the total population, or the next excluded area's ranking ratio as described above was identical (to four decimal places) to the last area selected, and its inclusion resulted in only a minor overrun of the cap. Thus for both the designated metropolitan and nonmetropolitan Difficult Development Areas there are minimal overruns of the caps. HUD believes the designation of these additional areas is consistent with the intent of the legislation. Some latitude is justifiable because it is impossible to determine whether the 20

percent cap has been exceeded, as long as the apparent excess is small, due to measurement error. Despite the care and effort involved in a decennial census, it is recognized by the Census Bureau, and all users of the data, that the population counts for a given area and for the entire country are not precise. The extent of the measurement error is unknown. Thus, there can be errors in both the numerator and denominator of the ratio of populations used in applying a 20 percent cap. In circumstances where a strict application of a 20 percent cap results in an anomalous situation, recognition of the unavoidable imprecision in the census data justifies accepting small variances above the 20 percent limit.

#### *D. Exceptions to OMB Definitions of MSAs/PMSAs and Other Geographic Matters*

As stated in OMB Bulletin 98-06 defining metropolitan areas:

OMB establishes and maintains the definitions of the [Metropolitan Areas] solely for statistical purposes \* \* \* OMB does not take into account or attempt to anticipate any nonstatistical uses that may be made of the definitions \* \* \* We recognize that some legislation specifies the use of metropolitan areas for programmatic purposes, including allocating Federal funds.

HUD makes exceptions to OMB definitions in calculating FMRs by deleting counties from metropolitan areas whose OMB definitions are determined by HUD to be larger than their housing market areas.

The following counties are assigned their own FMRs and VLILs and evaluated as if they were separate metropolitan areas for purposes of designating Difficult Development Areas.

#### *Metropolitan Area and Counties Deleted*

Chicago, IL: DeKalb, Grundy, and Kendall Counties.

Cincinnati-Hamilton, OH-KY-IN: Brown County, Ohio; Gallatin, Grant, and Pendleton Counties, Kentucky; and Ohio County, Indiana.

Dallas, TX: Henderson County. Flagstaff, AZ-UT: Kane County, Utah. New Orleans, LA: St. James Parish. Washington, DC-MD-VA-WV: Clarke, Culpeper, King George, and Warren Counties, Virginia; and Berkely and Jefferson Counties, West Virginia.

Affected MSAs/PMSAs are assigned the indicator "(part)" in the list of Metropolitan Difficult Development Areas. Any of the excluded counties designated as difficult development areas separately from their metropolitan areas are designated by the county name.

Finally, in the New England states (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont) OMB defines MSAs/PMSAs according to county subdivisions or Minor Civil Divisions ("MCDs") rather than county boundaries. Thus, when a New England county is designated as a Nonmetropolitan Difficult Development Area, only that part of the county (the group of MCDs) not included in any MSA/PMSA is the Nonmetropolitan Difficult Development Area. Affected counties are assigned the indicator "(part)" in the list of Nonmetropolitan Difficult Development Areas.

For the convenience of readers of this notice, the geographic definitions of designated Metropolitan Difficult Development Areas and the MCDs included in Nonmetropolitan Difficult Development Areas in the New England states are included in the list of Difficult Development Areas.

#### **Future Designations**

Difficult Development Areas are designated annually as updated income and FMR data become available. Qualified Census Tracts will not be redesignated until data from the 2000 census become available unless changes in MSA/PMSA definitions are made by OMB in the interim.

#### **Effective Date**

The list of Difficult Development Areas and the supplemental list of Qualified Census Tracts is effective for allocations of credit made after December 31, 1998. In the case of a building described in Internal Revenue Code section 42(h)(4)(B), the list is effective if the bonds are issued and the building is placed in service after December 31, 1998. The corrected designations of Qualified Census Tracts published May 1, 1995, at 60 FR 21246, as amended by the supplemental designation of Qualified Census tracts published June 25, 1998, at 63 FR 34748, are not affected by this Notice.

#### **Interpretive Examples for Effective Date**

For the convenience of readers of this Notice, interpretive examples are provided below to illustrate the consequences of the effective date in areas that gain or lose Difficult Development Area status with respect to projects described in Internal Revenue Code section 42(h)(4)(B). The examples are equally applicable to Qualified Census Tract designations.

(Case A) Project "A" is located in a newly-designated 1999 Difficult Development Area. Bonds are issued for Project "A" on November 1, 1998, but Project "A" is placed in service March

1, 1999. Project "A" IS NOT eligible for the increase in basis otherwise accorded a project in this location because the bonds were issued BEFORE December 31, 1999.

(Case B) Project "B" is located in a newly-designated 1999 Difficult Development Area. Project "B" is placed in service November 15, 1998. The bonds which will support the permanent financing of Project "B" are issued January 15, 1999. Project "B" IS NOT eligible for the increase in basis otherwise accorded a project in this location because the project was placed in service BEFORE December 31, 1998.

(Case C) Project "C" is located in an area which is a Difficult Development Area in 1998, but IS NOT a Difficult Development Area in 1999. Bonds are issued for Project "C" on October 30, 1998, but Project "C" is not placed in service until March 30, 1999. Project "C" is eligible for the increase in basis available to projects located in 1998 Difficult Development Areas because both events (bonds issued and project placed in service) have occurred AFTER December 31, 1997.

#### **Other Matters**

##### *Environmental Impact*

In accordance with 40 CFR 1508.4 of the CEQ regulations and 24 CFR 50.19(c)(6) of the HUD regulations, the policies and procedures contained in this notice provide for the establishment of fiscal requirements or procedures which do not constitute a development decision that affects the physical condition of specific project areas or building sites and therefore, are categorically excluded from the requirements of the National Environmental Policy Act, except for extraordinary circumstances, and no FONSI is required.

##### *Regulatory Flexibility Act*

In accordance with 5 U.S.C. section 605(b) (the Regulatory Flexibility Act), the undersigned hereby certifies that this notice does not have a significant economic impact on a substantial number of small entities. The notice involves the designation of "Difficult Development Areas" and "Qualified Census Tracts" as required by section 42 of the Code, as amended, for use by political subdivisions of the States in allocating the LIHTC. This notice places no new requirements on the States, their

political subdivisions, or the applicants for the credit. This notice also details the technical methodology used in making such designations.

##### *Executive Order 12612, Federalism*

The General Counsel, as the Designated Official under section 6(a) of Executive Order 12612, Federalism, has determined that the policies contained in this notice will not have any substantial direct effects on States or their political subdivisions, or the relationship between the Federal government and the States, or on the distribution of power and responsibilities among the various levels of government. As a result, the notice is not subject to review under the order. The notice merely designates "Difficult Development Areas" as required under section 42 of the Internal Revenue Code, as amended, for the use by political subdivisions of the States in allocating the LIHTC. The notice also details the technical methodology used in making such designations.

Dated: October 29, 1998.

**Andrew M. Cuomo,**  
*Secretary.*

BILLING CODE 4210-32-P

## 1999 IRC Section 42(d)(5)(C) Nonmetropolitan Difficult Development Areas

STATE	COUNTY OR COUNTY EQUIVALENT	COUNTY OR COUNTY EQUIVALENT	COUNTY OR COUNTY EQUIVALENT	COUNTY OR COUNTY EQUIVALENT
AK	BETHEL CENSUS AREA	DILLINGHAM CENSUS AREA	FAIRBANKS NORTH STAR BOROUGH	HAINES BOROUGH
	JUNEAU BOROUGH	KETCHIKAN GATEWAY BOROUGH	KODIAK ISLAND BOROUGH	LAKE AND PENINSULA BOROUGH
	NOME CENSUS AREA	NORTH SLOPE BOROUGH	NORTHWEST ARCTIC BOROUGH	PRINCE OF WALES-OUTER KETCHIKAN CENSUS AREA
	SITKA BOROUGH	WADE HAMPTON CENSUS AREA	WRANGELL-PETERSBURG CENSUS AREA	YUKON-KOYUKUK CENSUS AREA
AR	BAXTER COUNTY	DREW COUNTY		
AZ	APACHE COUNTY	COCHISE COUNTY	GILA COUNTY	GRAHAM COUNTY
	LA PAZ COUNTY	NAVAJO COUNTY	SANTA CRUZ COUNTY	YAVAPAI COUNTY
CA	ALPINE COUNTY	AMADOR COUNTY	CALAVERAS COUNTY	COLUSA COUNTY
	DEL NORTE COUNTY	GLENN COUNTY	HUMBOLDT COUNTY	IMPERIAL COUNTY
	INYO COUNTY	KINGS COUNTY	LAKE COUNTY	MARIPOSA COUNTY
	MENDOCINO COUNTY	MODOC COUNTY	MONO COUNTY	NEVADA COUNTY
	PLUMAS COUNTY	SAN BENITO COUNTY	SIERRA COUNTY	SISKIYOU COUNTY
	TEHAMA COUNTY	TRINITY COUNTY	TUOLUMNE COUNTY	
	ARCHULETA COUNTY	GARFIELD COUNTY	LA PLATA COUNTY	PARK COUNTY
	PITKIN COUNTY	SAN MIGUEL COUNTY	SUMMIT COUNTY	
CT	LITCHFIELD COUNTY (part) Canaan town Kent town Litchfield town Cornwall town Goshen town	Norfolk town North Canaan town Salisbury town	MIDDLESEX COUNTY (part) Chester town Deep River town Essex town Westbrook town	NEW LONDON COUNTY (part) Lyme town Voluntown town
DE	SUSSEX COUNTY			
FL	BAKER COUNTY	CALHOUN COUNTY	CITRUS COUNTY	COLUMBIA COUNTY
	DESOTO COUNTY	DIXIE COUNTY	FRANKLIN COUNTY	GILCHRIST COUNTY
	GLADES COUNTY	GULF COUNTY	HAMILTON COUNTY	HARDEE COUNTY
	HENDRY COUNTY	HIGHLANDS COUNTY	HOLMES COU	INDIAN RIVER COUNTY
	JACKSON COUNTY	JEFFERSON COUNTY	LAFAYETTE COUNTY	LEVY COUNTY
	LIBERTY COUNTY	MADISON COUNTY	MONROE COUNTY	OKEECHOBEE COUNTY
	PUTNAM COUNTY	SUMTER COUNTY	SUWANNEE COUNTY	TAYLOR COUNTY
	UNION COUNTY	WAKULLA COUNTY	WALTON COUNTY	WASHINGTON COUNTY
GA	BUTTS COUNTY	DAWSON COUNTY		
HI	HAWAII COUNTY	KAUAI COUNTY	MAUI COUNTY	
ID	BONNER COUNTY	KOOTENAI COUNTY		
KY	HARLAN COUNTY	KNOX COUNTY	LAUREL COUNTY	
LA	INCHITICHES PARISH	ST. MARY PARISH	VERNON PARISH	WEST FELICIANA PARISH

## 1999 IRC Section 42(d)(5)(C) Nonmetropolitan Difficult Development Areas

STATE	COUNTY OR COUNTY EQUIVALENT	COUNTY OR COUNTY EQUIVALENT	COUNTY OR COUNTY EQUIVALENT	COUNTY OR COUNTY EQUIVALENT
ME	ANDROSCOGGIN COUNTY (part) Durham town Leeds town Livermore town	AROOSTOOK COUNTY	CUMBERLAND COUNTY (part) Baldwin town Bridgton town Brunswick town Harpwell town Harrison town	FRANKLIN COUNTY
	HANCOCK COUNTY	KNOX COUNTY	LINCOLN COUNTY	OXFORD COUNTY
	PISCATAQUIS COUNTY	SAGADAHOE COUNTY	SOMERSET COUNTY	WASHINGTON COUNTY
	PENOBSCOT COUNTY (part) Alton town Argyle unorg. Bradford town Bradley town Burlington town Carmel town Carroll plantation Charleston town Chester town Clifton town Corinna town Corinth town Dexter town Dirmont town	Lagrange town Lakeville town Lee town Levant town Lincoln town Lowell town Mattawamkeag town Maxfield town Medway town Millinocket town Mount Chase town Newburgh town North Penobscot unorg. Kingman unorg.	WALDO COUNTY (part) Belfast city Belmont town Brooks town Burnham town Frankfort town Freedom town Islesboro town Jackson town Knox town Liberty town Lincolnton town Monroe town Montville town	YORK COUNTY (part) Action town Alfred town Arundel town Biddford city Cornish town Dayton town Kennebunk town Kennebunkport town Lebanon town Limerick town Lymann town Newfield town North Berwick town Ogunquit town Parsonsfield town Saco city Sanford town Shapleigh town Waterboro town Wells town
	BARNSTABLE COUNTY (part) Bourne town Falmouth town Provincetown town	DUKES COUNTY	FRANKLIN COUNTY (part) Ashfield town Bernardston town Buckland town Charlemont town Colrain town Conway town Deerfield town	FRANKLIN COUNTY Leyden town Monroe town Montague town New Salem town Northfield town Orange town Whately town
MA	HAMPDEN COUNTY (part) Blandford town Brimfield town Chester town	HAMPSHIRE COUNTY (part) Chesterfield town Cummington town Goshen town Middlefield town	NANTUCKET COUNTY	WORCESTER COUNTY (part) Athol town Hardwick town Hubbardston town Petersham town
	COAHOMA COUNTY	ISSAQUENA COUNTY	LAFAYETTE COUNTY	WASHINGTON COUNTY
	GALLATIN COUNTY			
	DOUGLAS COUNTY			
	BELKNAP COUNTY	CARROLL COUNTY	CHESHIRE COUNTY	GRAFTON COUNTY
NH	HILLSBOROUGH COUNTY (part) Antrim town Bennington town Deering town Frances town Greenfield town Hancock town Hillsborough town	MERRIMACK COUNTY (part) Andover town Boscawen town Bow town Bradford town Canterbury town Chichester town Concord city	MERRIMACK COUNTY (part) Danbury town Dunbarton town Epsom town Franklin city Henniker town Hill town	ROCKINGHAM COUNTY (part) Deerfield town Northwood town Nottingham town
	STRAFFORD COUNTY (part) Middleton town New Durham town	SULLIVAN COUNTY		

## 1999 IRC Section 42(d)(5)(C) Nonmetropolitan Difficult Development Areas

STATE	COUNTY OR COUNTY EQUIVALENT	COUNTY OR COUNTY EQUIVALENT	COUNTY OR COUNTY EQUIVALENT	COUNTY OR COUNTY EQUIVALENT
NM	CATRON COUNTY	CHAVES COUNTY	CIBOLA COUNTY	DEBACA COUNTY
	GRANT COUNTY	GUADALUPE COUNTY	HARDING COUNTY	LINCOLN COUNTY
	LUNA COUNTY	MCKINLEY COUNTY	MORA COUNTY	QUAY COUNTY
	RIO ARriba COUNTY	SAN MIGUEL COUNTY	SIERRA COUNTY	TAOS COUNTY
	UNION COUNTY			
NY	ALLEGANY COUNTY	CATTARAUGUS COUNTY	CHENANGO COUNTY	CLINTON COUNTY
	COLUMBIA COUNTY	CORTLAND COUNTY	DELAWARE COUNTY	ESSEX COUNTY
	FRANKLIN COUNTY	FULTON COUNTY	GREENE COUNTY	HAMILTON COUNTY
	JEFFERSON COUNTY	LEWIS COUNTY	SCHUYLER COUNTY	ST. LAWRENCE COUNTY
	STEUBEN COUNTY	SULLIVAN COUNTY	TOMPKINS COUNTY	ULSTER COUNTY
	YATES COUNTY			
NC	CAMDEN COUNTY	DARE COUNTY	WATAUGA COUNTY	
OR	BAKER COUNTY	CLATSOP COUNTY	COOS COUNTY	CROOK COUNTY
	CURRY COUNTY	DESCHUTES COUNTY	DOUGLAS COUNTY	GRANT COUNTY
	HARNEY COUNTY	HOOD RIVER COUNTY	JEFFERSON COUNTY	JOSEPHINE COUNTY
	KLAMATH COUNTY	LAKE COUNTY	LINCOLN COUNTY	LINN COUNTY
	MALHEUR COUNTY	SHERMAN COUNTY	TILLAMOOK COUNTY	UMATILLA COUNTY
	UNION COUNTY	WALLOWA COUNTY	WASCO COUNTY	WHEELER COUNTY
PA	MONROE COUNTY	NORTHUMBERLAND COUNTY	UNION COUNTY	WAYNE COUNTY
PI	PACIFIC ISLANDS			
PR	All			
RI	NEWPORT COUNTY (part) Middleton town Newport city	WASHINGTON COUNTY (part) New Shoreham town		
SD	BUTTE COUNTY	LAWRENCE COUNTY	MEADE COUNTY	
TX	ARANSAS COUNTY	CAMP COUNTY	HUDSPETH COUNTY	KIMBLE COUNTY
	LLANO COUNTY	REAGAN COUNTY	VAL VERDE COUNTY	WALKER COUNTY
UT	DAGGETT COUNTY	IRON COUNTY	WASHINGTON COUNTY	
VT	ADDISON COUNTY	BENNINGTON COUNTY	CHITTENDEN COUNTY (part) Bolton town Buels gore Huntington town	LAMOILLE COUNTY
	ORANGE COUNTY	RUTLAND COUNTY	WASHINGTON COUNTY	WINDHAM COUNTY
	WINDSOR COUNTY			
VI	ST. CROIX	ST. JOHNS/ST. THOMAS		
VA	CAROLINE COUNTY	WESTMORELAND COUNTY		

## 1999 IRC Section 42(d)(5)(C) Nonmetropolitan Difficult Development Areas

STATE	COUNTY OR COUNTY EQUIVALENT	COUNTY OR COUNTY EQUIVALENT	COUNTY OR COUNTY EQUIVALENT	COUNTY OR COUNTY EQUIVALENT
WA	ADAMS COUNTY	CHELAN COUNTY	CLALLAM COUNTY	COLUMBIA COUNTY
	FERRY COUNTY	GARFIELD COUNTY	GRANT COUNTY	GRAYS HARBOR COUNTY
	JEFFERSON COUNTY	KITTITAS COUNTY	Klickitat County	LEWIS COUNTY
	LINCOLN COUNTY	MASON COUNTY	OKANOGAN COUNTY	PACIFIC COUNTY
	PEND OREILLE COUNTY	SAN JUAN COUNTY	SKAGIT COUNTY	SKAMANIA COUNTY
	STEVENS COUNTY	WAHIAKUM COUNTY		
	BARBOUR COUNTY	BOONE COUNTY	BRAXTON COUNTY	CALHOUN COUNTY
	CLAY COUNTY	DODDRIDGE COUNTY	FAYETTE COUNTY	GILMER COUNTY
WV	LINCOLN COUNTY	LOGAN COUNTY	MCDOWELL COUNTY	MINGO COUNTY
	MONROE COUNTY	NICHOLAS COUNTY	POCAHONTAS COUNTY	PRESTON COUNTY
	RANDOLPH COUNTY	ROANE COUNTY	SUMMERS COUNTY	TUCKER COUNTY
	UPSHUR COUNTY	WEBSTER COUNTY	WIRT COUNTY	WYOMING COUNTY



## 1999 Internal Revenue Code Section 42(d)(5)(C) Metropolitan Difficult Development Areas

STATE	METROPOLITAN AREA and Components	METROPOLITAN AREA and Components	METROPOLITAN AREA and Components	METROPOLITAN AREA and Components
AZ	Yuma, AZ Yuma County			
CA	Chico-Paradise, CA Butte County	Fresno, CA Fresno County	Los Angeles-Long Beach, CA Los Angeles County	Merced, CA Merced County
	Salinas, CA Monterey County	San Francisco, CA San Francisco County	San Luis Obispo-Atascadero-Paso Robles, CA San Luis Obispo County	Santa Barbara-Santa Maria-Lompoc, CA Santa Barbara County
	Santa Cruz-Watsonville, CA Santa Cruz County	San Mateo County San Mateo County		
FL	Daytona Beach, FL Flagler County	Fort Pierce-Port Lucie, FL St. Lucie County	Miami, FL Dade County	Sarasota-Bradenton, FL Manatee County
	Orlando, FL Lake County	Punta Gorda, FL Charlotte County		
HI	Orange County Honolulu, HI			
	Honolulu County			
MA	Barnstable-Yarmouth, MA Barnstable city	Boston, MA-NH Berkley town	Hudson town	Norfolk town
	Brewster town	Dighton town	Lexington town	Norwood town
	Chatham town	Mansfield town	Lincoln town	Plainville town
	Dennis town	Norton town	Salisbury town	Quincy city
	Eastham town	Taunton city	Swampscott town	Wareham town
		Amesbury town	Topsfield town	Randolph town
		Beverly city	Wenham town	Sharon town
		Danvers town	Action town	Chelsea city
		Essex town	Arlington town	Revere city
		Gloucester city	Ashland town	Winthrop town
		Hamilton town	Ayer town	Berlin town
		Ipswich town	Bedford town	Blackstone town
		Lynn city	Belmont town	Bolton town
		Lynnfield town	Boxborough town	Harvard town
		Manchester-by-the-Sea	Burlington town	Hopedale town
		Marblehead town	Cambridge city	Lancaster town
		Middleton town	Carlisle town	Mendon town
		Nahant town	Concord town	Millis town
		Newbury town	Everett city	Southborough town
		Newburyport city	Framingham town	Upton town
		Peabody city	Holliston town	Seabrook town, NH
		Rockport town	Hopkinton town	South Hampton town, NH
NC	Wilmington, NC Brunswick County			
	New Hanover County			
NJ	Atlantic-Cape May, NJ Atlantic County	Jersey City, NJ Hudson County	Monmouth-Ocean, NJ Monmouth County	Vineland-Millville-Bridgeton, NJ Cumberland County

## 1999 Internal Revenue Code Section 42(d)(5)(C) Metropolitan Difficult Development Areas

STATE	METROPOLITAN AREA and Components	METROPOLITAN AREA and Components	METROPOLITAN AREA and Components	METROPOLITAN AREA and Components
NY	Dutchess County, NY Duchess County	Nassau-Suffolk, NY Nassau County Suffolk County	New York, NY Bronx County Kings County New York County Putnam County	Newburgh, NY-PA Orange County, NY Pike County, PA
OR	Eugene-Springfield, OR Lane County	Medford-Ashland, OR Jackson County		
PA	State College, PA Centre County			
PR	Aguadilla, PR Aguada Municipio Moca Municipio	Caguas, PR Caguas Municipio Cayey Municipio Cidra Municipio	Mayaguez, PR Anasco Municipio Cabo Rojo Mun. Hormigueros Mun.	San Juan-Bayamon, PR Aguas Buenas Mu. Barceloneta Mun. Bayamon Mun. Canovanas Mun. Caroliha Municipio San Juan Mun. Humacao Municipio Toa Alta Municipio Toa Baja Mun. Trujillo Alto Mun. Vega Alta Mun. Vega Baja Mun. Yabucoa Municipio Catano Municipio Ceiba Municipio Comerio Municipio
SC	Myrtle Beach, SC Horry County			
TX	Brownsville-Harlingen-San Benito, TX Cameron County	Corpus Christi, TX Nueces County	El Paso, TX El Paso County	Laredo, TX Webb County
WA	Bellingham, WA Whatcom County	Yakima, WA Yakima County		

PACIFIC ISLANDS: NORTHERN MARIANA ISLANDS	TRACT	9501.00
COUNTY OR COUNTY EQUIVALENT	Northern Islands Municipality	9514.00
	Saipan Municipality	

ISLANDS	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT
	9501.00						
	9514.00	9515.00					

## IRS SECTION 42(D)(5)(C) NONMETROPOLITAN QUALIFIED CENSUS TRACTS (1990 DATA, MSA/PMSA DEFINITIONS JUNE 23, 1998)

PACIFIC ISLANDS: PALAU COUNTY OR COUNTY EQUIVALENT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT
Aimeliik State	9501.98													
Airai State	9701.98													
Angaur State	9501.00													
Hatobohei State	9501.00													
Kayangel State	9501.00													
Koror State	9501.00	9502.00	9503.00	9504.00	9505.00	9506.98								
Melekeok State	9601.98	9602.97												
Ngaraard State	9701.98													
Ngarchelong State	9501.98													
Ngardmau State	9601.98													
Ngatpang State	9601.98													
Ngchesar State	9501.98													
Ngeremlengui State	9701.98													
Ngiwal State	9501.98													
Peleliu State	9601.00	9602.98												
Sonsorol State	9501.00													