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OMB Revises MSAs, Creates New Definitions: Micropolitan Statistical Areas and Combined Statistical Areas

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The country now has 49 new metropolitan areas, according to the Office of Management and Budget (OMB). The agency published new definitions for the country's metropolitan and micropolitan statistical areas on June 6, 2003, ending three years of debate. The release also contained metropolitan divisions, combined statistical areas, New England city and town areas, New England city and town divisions, and combined New England city and town areas.

The new definitions are based on the results of the 2000 Census. There are 935 total metropolitan areas, including the 49 newly defined areas, 565 micropolitan areas, and 116 combined statistical areas. The micropolitan areas are a new statistical area that OMB anticipates will be used similarly to metropolitan areas in presenting data.

Metropolitan and micropolitan areas are used for statistical purposes by many federal agencies. They are built on local counties or county-equivalents, such as an independent city. A metropolitan area must have at least one urban area with a population of 50,000 or more. The urban core must exert an economic influence on the surrounding territory. This is measured by commuting patterns. A micropolitan area has a similar definition, with economic ties to a small urban center with a population between 10,000 and 49,999. The new standards identify a "principal city" at the core of each metropolitan and micropolitan area. This term replaces "central city," which was used in previous standards and encompassed both incorporated places and census designated places (CDPs).

With the new classifications, 93 percent of the nation's population is included in either a metropolitan area (83 percent) or a micropolitan area (10 percent). Previously, only 80 percent of the population was included in these areas. The country now has 3,142 counties, of which 1,090 are in a metropolitan area and 674 are in a micropolitan area. Since many counties contain both urban

and rural areas, OMB cautions other agencies to avoid identifying a county as urban simply because it is located within a designed metro or micro area.

The significance of these changes is yet to be determined. The Census Bureau will not have statistical information available for the new areas until the end of the year. Other federal agencies have been directed to use these new definitions for their statistical data. This includes HUD and its income definitions for both the Section 8 and Low-Income Housing Tax Credit (LIHTC) program.

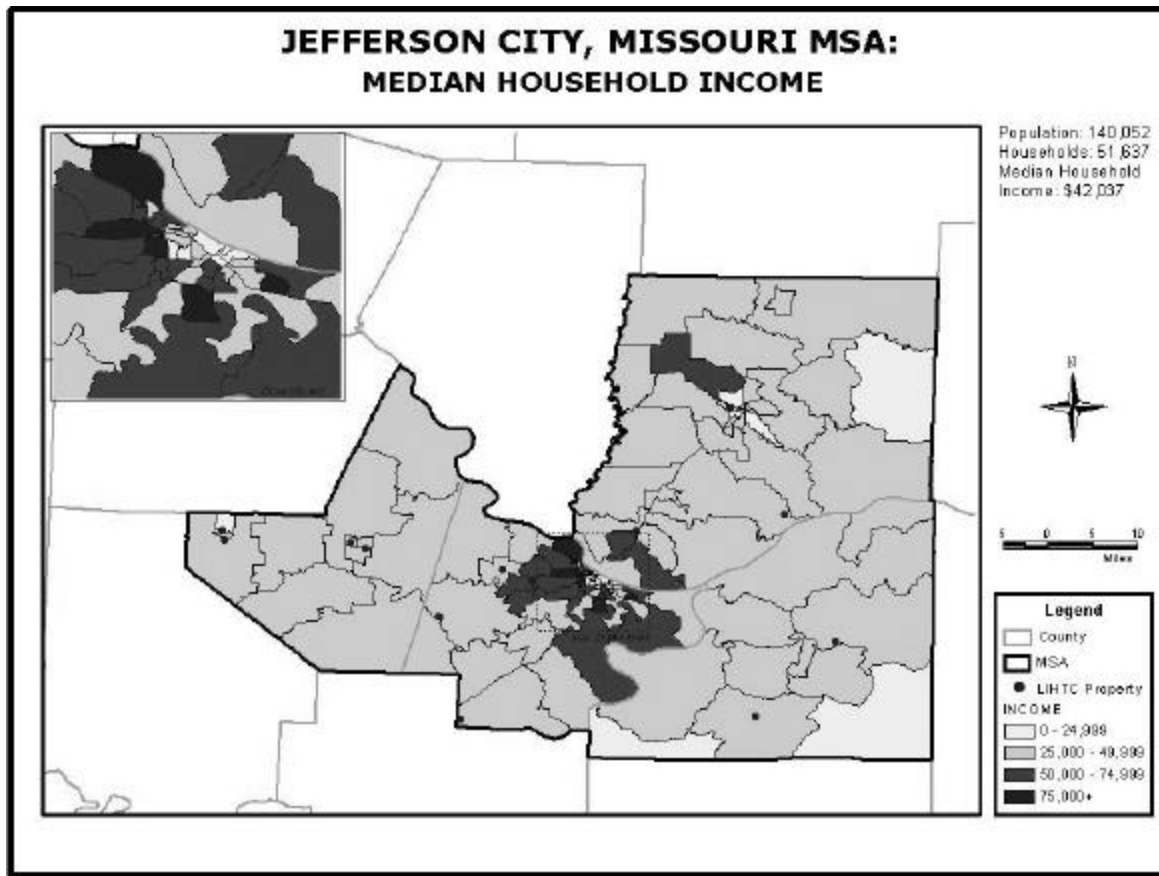
The map on the next page illustrates the effect these newly defined metropolitan areas will have for LIHTC developers. The map shows the newly defined Jefferson City, Mo. MSA. It contains Callaway, Cole, Moniteau and Osage counties. Current HUD income limits are based on the area median income (AMI) of the individual counties. However, in a metropolitan area, the combined AMI is used. The four counties that comprise the new MSA have a 2002 AMI ranging from \$49,100 to \$62,800. The result will be that the AMI will be lowered in some counties and raised in others. Ultimately, this will affect the maximum allowable rents for the existing and future properties within the MSA. The existing properties are also illustrated on the map.

Although the full effect of these newly-defined areas is unknown as of yet, federal agencies are working to implement the new standards. The result, however, will most likely be minor as counties that were independent now will be merged into MSAs. The impact will be further diminished by the fact that many of the newly formed MSAs consist of only one county or equivalent jurisdiction. It is still unknown whether the new micropolitan areas, which are also primarily one county or city, will affect HUD's housing programs. The new MSAs and included counties and equivalent entities are listed in the following table. ❖

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OMB Revises MSAs

(continued from page one)



Source: Novogradac & Company LLP, 07/03

New Metropolitan Area	Included Counties and Equivalent Entities	New Metropolitan Area	Included Counties and Equivalent Entities
Ames, IA	Story	Kingston, NY	Ulster
Bend, OR	Deschutes	Lebanon, PA	Lebanon
Blacksburg-Christiansburg-Radford, VA	Giles, Montgomery, Plaski, Radford City	Lewiston, ID-WA	Nez Perce, ID and Asotin, WA
Bowling Green, KY	Edmonson, Warren	Logan, UT-ID	Franklin, ID and Cache, UT
Brunswick, GA	Brantley, Glynn, McIntosh	Longview-Kelso, WA	Cowlitz
Carson City, NV	Carson City	Madero, CA	Monroe
Cleveland, TN	Bradley, Polk	Michigan City-La Porte, IN	La Porte
Coeur d'Alene, ID	Kootenai	Monroe, MI	Monroe
Columbus, IN	Batholomew	Morgantown, WV	Monongalia, Preston
Dalton, GA	Murray, Whitfield	Morristown, TN	Grainger, Hamblers, Jefferson
Danville, IL	Pittsylvania, Danville City	Mount Vernon-Anacortes, WA	Skagit
El Centro, CA	Imperial	Ocean City, NJ	Cape May
Elizabethtown, KY	Hardin, Larue	Prescott, AZ	Yavapai
Fairbanks, AK	Fairbanks, North Star Burrough	Rome, GA	Floyd
Fajardo, PR	Ceiba, Fajardo, and Luquillo Municipios	St. George, UT	Washington
Farmington, NM	San Juan	Salisbury, MD	Somerset, Wicomico
Fond du Lac, WI	Fond do Lac	Sandusky, OH	Erie
Gainesville, GA	Hall	San German-Cabo Rojo, PR	Caba Rojo, Lajas, Sabana Grande, and San German Municipios
Guyama, PR	Arroyo, Guayama, and Patillas Municipios	Valdosta, GA	Brooks, Echols, Lanier, Lowndes
Hanford-Corcoran, CA	Kings	Vero Beach, FL	Indian River
Harrisonburg, VA	Rockingham, Harrisonburg City	Wenatchee, WA	Chelan, Douglas
Hinesville, FL-Stewart, GA	Liberty, Long	Winchester, VA	Frederick and Winchester City, VA and Hampshire, WV
Hot Springs, AK	Garland	Yauco, PR	Guanica, Guayanilla, Penuelas, and Yauco Municipios
Idaho Falls, ID	Bonneville, Jefferson		
Ithaca, NY	Tompkins		
Jefferson City, MO	Callaway, Cole, Moniteau, Osage		

Source: Novogradac & Company LLP, 07/03