



# Federal Register

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**Friday,  
September 22, 2000**

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**Part III**

## **Department of Housing and Urban Development**

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**Statutorily Mandated Designation of  
Difficult Development Areas for Section  
42 of the Internal Revenue Code of 1986;  
Notice**

**DEPARTMENT OF HOUSING AND  
URBAN DEVELOPMENT**

[Docket No. FR-4401-N-04]

**Statutorily Mandated Designation of  
Difficult Development Areas 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" for purposes of the Low-Income Housing Tax Credit ("LIHTC") under section 42 of the Internal Revenue Code of 1986 ("the Code"). The United States Department of Housing and Urban Development ("HUD") makes new Difficult Development Area designations annually.

**FOR FURTHER INFORMATION CONTACT:** For questions on how areas are designated and on geographic definitions: Steven Ehrlich, 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 Steven\_R\_Ehrlich@hud.gov. For specific legal questions pertaining to section 42 and this notice: 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. 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 HUD User at (800) 245-2691 for a small fee to cover duplication and mailing costs.

*Copies Available Electronically:* This notice and additional information about Difficult Development Areas and Qualified Census Tracts are available electronically on the Internet (World Wide Web) at <http://www.huduser.org/datasets/qct.html>.

**SUPPLEMENTARY INFORMATION:**

**This Document**

The designations of Difficult Development Areas in this notice are based on fiscal year ("FY") 2000 Fair Market Rents ("FMRs"), FY 2000 income limits and 1990 census population counts as explained below. The corrected designations of Qualified Census Tracts published on May 1, 1995 (60 FR 21246), as amended by the supplemental designations of Qualified

Census tracts published on June 25, 1998 (63 FR 34748), December 9, 1998 (63 FR 68115) and September 15, 1999 (64 FR 50233) are not affected by this notice.

**Background**

The U.S. Treasury Department and the Internal Revenue Service ("IRS") 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 by section 42(d)(5)(C) of the Code.

In order to assist in understanding HUD's mandated designation of Difficult Development Areas 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. States may carry forward unused or returned credit derived from the credit ceiling 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. Besides Section 42 credits derived from the credit ceiling, States may also provide Section 42 credits to owners of buildings based upon the percentage of certain building costs financed by tax-exempt bond proceeds. Credits provided under the tax-exempt bond "volume cap" do not reduce the credit available from the credit ceiling.

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 cost of acquiring certain 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 of residential units 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.

Section 42 of the Code 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. 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.

### Explanation of HUD Designation Methodology

#### A. 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. 99-04 on June 30, 1999, with the exceptions described in section C., below. The basis for these comparisons was the FY 2000 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 2000 two-bedroom FMR and the FY 2000 four-person VLIL. The numerator of the ratio was the area's FY 2000 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.

#### B. 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.

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 may be a minimal overrun of the cap. 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.

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

As stated in OMB Bulletin 99-04 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 Berkeley 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, 2000. In the case of a building described in section 42(h)(4)(B) of the Code, the list is effective if the bonds are issued and the building is placed in service after December 31, 2000. The corrected designations of Qualified Census Tracts published on May 1, 1995 (60 FR 21246), as amended by the supplemental designations of Qualified Census tracts published on June 25, 1998 (63 FR 34748), December 9, 1998 (63 FR 68115), and September 15, 1999 (64 FR 50233) 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 section 42(h)(4)(B) of the Code. The examples are equally applicable to Qualified Census Tract designations.

(Case A) Project "A" is located in a newly-designated 2001 Difficult Development Area. Bonds are issued for Project "A" on November 1, 2000, and Project "A" is placed in service March 1, 2001. Project "A" IS NOT eligible for

the increase in basis otherwise accorded a project in this location because the bonds were issued BEFORE January 1, 2001.

(Case B) Project "B" is located in a newly-designated 2001 Difficult Development Area. Project "B" is placed in service November 15, 2000. The bonds which will support the permanent financing of Project "B" are issued January 15, 2001. 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 January 1, 2001.

(Case C) Project "C" is located in an area which is a Difficult Development Area in 2000, but IS NOT a Difficult Development Area in 2001. Bonds are issued for Project "C" on October 30, 2000, but Project "C" is not placed in service until March 30, 2001. Project "C" is eligible for the increase in basis available to projects located in 2000 Difficult Development Areas because the first of the two events necessary for triggering the effective date for buildings described in section 42(h)(4)(B) of the Code (the two events being bonds issued and buildings placed in service) took place on October 30, 2000, a time when project "C" was located in a Difficult Development Area.

#### Findings and Certifications

##### *Environmental Impact*

In accordance with 24 CFR 50.19(c)(6) of the Department's 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. Therefore, this notice is categorically excluded from the requirements of the National Environmental Policy Act (42 U.S.C. 4321 *et seq.*).

##### *Regulatory Flexibility Act*

The Secretary, in accordance with the Regulatory Flexibility Act (5 U.S.C. 605(b)), has reviewed and approved this notice and in so doing certifies that this notice will not have a significant economic impact on a substantial number of small entities. The notice involves the designation of "Difficult Development Areas" 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 small entities.

Executive Order 13132, Federalism Executive Order 13132 (entitled "Federalism") prohibits, to the extent practicable and permitted by law, an agency from promulgating policies that have federalism implications and either impose substantial direct compliance costs on State and local governments and are not required by statute, or preempt State law, unless the relevant requirements of section 6 of the Executive Order are met. This notice does not have federalism implications and does not impose substantial direct compliance costs on State and local governments or preempt State law within the meaning of the Executive Order.

Dated: September 15, 2000.

**Andrew Cuomo,**  
*Secretary.*

**BILLING CODE 4210-62-P**

2001 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	LOS ANGELES-LONG BEACH, CA Los Angeles County	MERCED, CA Merced County	SALINAS, CA Monterey County
	SAN DIEGO, CA San Diego County	SAN FRANCISCO, CA San Francisco County San Mateo County	SAN JOSE, CA Santa Clara 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	SANTA ROSA, CA Sonoma County	VALLEJO-FAIRFIELD-NAPA, CA Napa County Solano County
FL	MIAMI, FL Dade County	PUNTA GORDA, FL Charlotte County		

2001 Internal Revenue Code Section 42(d)(5)(C) Metropolitan Difficult Development Areas

BOSTON, MA-NH	
<p><b>MA</b>                      BARNSTABLE-YARMOUTH, MA                      Barnstable city                      Brewster town                      Chatham town                      Dennis town                      Eastham town                      Harwich town                      Mashpee town                      Orleans town                      Sandwich town                      Yarmouth town</p>	<p>Bedford town                      Belmont town                      Boxborough town                      Burlington town                      Cambridge city                      Carlisle town                      Concord town                      Everett city                      Framingham town                      Holliston town                      Hopkinton town                      Hudson town                      Lexington town                      Lincoln town                      Littleton town                      Manchester-by-the-Sea                      Marblehead town                      Middleton town                      Nahant town                      Newbury town                      Newburyport city                      Peabody city                      Rockport town                      Rowley town                      Salem city                      Salisbury town                      Saugus town                      Swampscott town                      Topsfield town                      Wrentham town                      Acton town                      Arlington town                      Ashland town                      Ayer town</p>
<p>Waltham city                      Watertown city                      Wayland town                      Weston town                      Wilmington town                      Winchester town                      Woburn city                      Bellingham town                      Braintree town                      Brookline town                      Canton town                      Cohasset town                      Dedham town                      Dover town                      Foxborough town                      Franklin city                      Holbrook town                      Medfield town                      Medway town                      Millis town                      Milton town                      Needham town                      Norfolk town                      Norwood town                      Plainville town                      Quincy city                      Randolph town                      Sharon town                      Stoughton town                      Walpole town                      Wellesley town                      Westwood town</p>	<p>Weymouth town                      Wrentham town                      Carver town                      Duxbury town                      Hanover town                      Hingham town                      Hull town                      Kingson town                      Marshfield town                      Norwell town                      Pembroke town                      Plymouth town                      Rockland town                      Scituate town                      Wareham town                      Boston city                      Chelsea city                      Revere city                      Winthrop town                      Berlin town                      Blackstone town                      Bolton town                      Harvard town                      Hopedale town                      Lancaster town                      Mendon town                      Milford town                      Millville town                      Southborough town                      Upton town                      Seabrook town, NH                      South Hampton town, NH</p>
<p><b>NH</b>                      PORTSMOUTH-ROCHESTER, NH-ME                      Brentwood town                      East Kingston town                      Epping town                      Exeter town                      Greenland town                      Hampton town                      Hampton Falls town                      Kensington town                      New Castle town                      Newfields town                      Newington town                      Newmarket town</p>	<p>North Hampton town                      Portsmouth city                      Rye town                      Strafford town                      Barrington town                      Dover city                      Durham town                      Farmington town                      Lee town                      Madbury town                      Milton town                      Rochester city</p>
<p><b>NJ</b>                      ATLANTIC-CAPE MAY, NJ                      Atlantic County                      Cape May County</p>	<p>MONMOUTH-OCEAN, NJ                      Monmouth County                      Ocean County</p>
<p><b>NJ</b>                      VINELAND-MILLVILLE-BRIDGETON, NJ                      Cumberland County</p>	<p>Rollinsford town                      Somersworth city                      Berwick town, ME                      Eliot town, ME                      Kittery town, ME                      South Berwick town, ME                      York town, ME</p>

2001 Internal Revenue Code Section 42(d)(5)(C) Metropolitan Difficult Development Areas

NY	DUTCHESS COUNTY, NY Dutchess County	NASSAU-SUFFOLK, NY Nassau County Suffolk County	NEW YORK, NY Bronx County Kings County	New York County Putnam County	Queens County Richmond County	Rockland County Westchester County
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.	Mayaguez Municipio Sabana Grande Mu. San German Mun.	SAN JUAN-BAYAMON, PR Aguas Buenas Mu. Barceloneta Mun. Bayamon Mun. Caroanas Mun. Carolina Municipio San Juan Mun. Toa Alta Municipio Toa Baja Mun. Trujillo Alto Mun. Vega Alta Mun. Vega Baja Mun. Yabucoa Municipio	Corozal Municipio Dorado Municipio Fajardo Municipio Florida Municipio Guaynabo Municipio Humacao Municipio Juncos Municipio Las Piedras Mun. Loiza Municipio Luquillo Municipio Manati Municipio Morovis Municipio Naguabo Municipio Naranjito Municipio Rio Grande Municipio
TX	BROWNSVILLE-HARLINGEN-SAN BENITO, TX Cameron County		EL PASO, TX El Paso County		LAREDO, TX Webb County	
WA	BELLINGHAM, WA Whatcom County	RICHLAND-KENNEWICK-PASCO, WA Benton County Franklin County	YAKAMA, WA Yakima County			

2001 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	COUNTY OR COUNTY EQUIVALENT
PI	PACIFIC ISLANDS				
AK	ALEUTIANS EAST BOROUGH	BETHEL CENSUS AREA	DILLINGHAM CENSUS AREA	FAIRBANKS NORTH STAR BOROUGH	
	HAINES BOROUGH	JUNEAU BOROUGH	KENAI PENINSULA BOROUGH	KETCHIKAN GATEWAY BOROUGH	
	KODIAK ISLAND BOROUGH	LAKE AND PENINSULA BOROUGH	MATANUSKA-SUSITNA BOROUGH	NOME CENSUS AREA	
	NORTH SLOPE BOROUGH	NORTHWEST ARCTIC BOROUGH	PRINCE OF WALES-OUTER KETCHIKAN CENSUS AREA	SITKA BOROUGH	
AZ	VALDEZ-CORDOVA CENSUS AREA	WADE HAMPTON CENSUS AREA	WRANGELL-PETERSBURG CENSUS AREA	YUKON-KOYUKUK CENSUS AREA	
	APACHE COUNTY	COCHISE COUNTY	GILA COUNTY	GRAHAM COUNTY	
	LA PAZ COUNTY	NAVAJO COUNTY	SANTA CRUZ COUNTY	YAVAPAI COUNTY	
AR	BAXTER COUNTY	DREW 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	LASSEN 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	
CO	ARCHULETA COUNTY	GARFIELD COUNTY	GRAND COUNTY	LA PLATA COUNTY	
	MONTROSE COUNTY	PARK COUNTY	PITKIN COUNTY	SAN MIGUEL COUNTY	
CT	LITCHFIELD COUNTY (part) Canaan town Kent town Litchfield town Colebrook town Comwall town Goshen town	Norfolk town North Canaan town Salisbury town Sharon town Torrington town Warren town	MIDDLESEX COUNTY (part) Chester town Deep River town Essex town Westbrook town	NEW LONDON COUNTY (part) Lyme town Voluntown town	
	TOLLAND COUNTY (part) Union town		WINDHAM COUNTY (part) Brooklyn town Eastford town Hampton town Killingly town Pomfret town	Putnam town Scotland town Sterling town Woodstock town	
DE	SUSSEX COUNTY				
FL	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 COUNTY	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	WAKULLA COUNTY	
	WASHINGTON COUNTY				
GA	BUTTS COUNTY				
HI	HAWAII COUNTY	KAUAI COUNTY	MAUI COUNTY		
ID	BONNER COUNTY	KOOTENAI COUNTY			



2001 IRC Section 42(d)(5)(C) Nonmetropolitan Difficult Development Areas

	HARLAN COUNTY	KNOX COUNTY	LAUREL COUNTY
LA	NATCHITOCHE PARISH	WEST FELICIANA PARISH	
ME	ANDROSCOGGIN COUNTY (part) Durham town Leeds town Livermore town Livermore Falls town Minot town	AROSTOOK COUNTY	CUMBERLAND COUNTY (part) Baldwin town Bridgton town Brunswick town Harpeswell town Harrison town
	HANCOCK COUNTY	KENNEBEC COUNTY	LINCOLN COUNTY
	OXFORD COUNTY	PISCATAQUIS COUNTY	SOMERSET 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 Dixmont 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. Newport town Passadumkeag town Patten town Plymouth town Prentiss plantation Seboeis plantation Springfield town Stacyville town Steleson town Trombly unorg. Webster plantation Whitney unorg. Winn town Woodville town	YORK COUNTY (part) Acton town Alfred town Arundel town Biddeford city Cornish town Dayton town Kennebunk town Kennebunkport town Lebanon town Limerick town Lyman town Newfield town North Berwick town Ogunquit town Parsonsfield town Saco city Sanford town Shapleigh town Waterboro town Wells town
	WASHINGTON COUNTY	WASHINGTON COUNTY	WASHINGTON COUNTY
MA	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
	HAMPDEN COUNTY (part) Blandford town Brimfield town Chester town	HAMPSHIRE COUNTY (part) Chesterfield town Cummington town Goshen town Middlefield town	WORCESTER COUNTY (part) Athol town Hardwick town Hubbardston town Petersham town
MS	ISSAQUEENA COUNTY	LAFAYETTE COUNTY	WASHINGTON COUNTY

2001 IRC Section 42(d)(5)(C) Nonmetropolitan Difficult Development Areas

MT	BEAVERHEAD COUNTY	BIG HORN COUNTY	BLAINE COUNTY	BROADWATER COUNTY		
	CARBON COUNTY	CARTER COUNTY	CHOUTEAU COUNTY	CLUSTER COUNTY		
	DANIELS COUNTY	DEER LODGE COUNTY	FERGUS COUNTY	GALLATIN COUNTY		
	GARFIELD COUNTY	GLACIER COUNTY	GOLDEN VALLEY COUNTY	GRANITE COUNTY		
	JUDITH BASIN COUNTY	LAKE COUNTY	LINCOLN COUNTY	MADISON COUNTY		
	MCCONE COUNTY	MEAGHER COUNTY	MINERAL COUNTY	MUSSELSHELL COUNTY		
	PARK COUNTY	PETROLEUM COUNTY	PHILLIPS COUNTY	POWDER RIVER COUNTY		
	POWELL COUNTY	PRAIRIE COUNTY	RAVALLI COUNTY	RICHLAND COUNTY		
	ROOSEVELT COUNTY	SANDERS COUNTY	SHERIDAN COUNTY	TETON COUNTY		
	TREASURE COUNTY	VALLEY COUNTY	WHEATLAND COUNTY	WIBAUX COUNTY		
	NC	WATAUGA COUNTY				
	NH	BELKNAP COUNTY	CARROLL COUNTY	CHESHIRE COUNTY	GRAFTON COUNTY	
		HILLSBOROUGH COUNTY (part) Antrim town Lyndeborough town New Boston town Peterborough town Deering town Francestown town Greenfield town Hancock town Hillsborough town	MERRIMACK COUNTY (part) Andover town Boscawen town Bow town Bradford town Canterbury town Chichester town Concord city	Danbury town Dunbarton town Epsom town Franklin city Henniker town Hill town	Pittsfield town Salisbury town Sutton town Warner town Webster town Wilnot town	ROCKINGHAM COUNTY (part) Deerfield town Northwood town
		STRAFFORD COUNTY (part) Middleton town New Durham town	SULLIVAN COUNTY			
		NV	DOUGLAS COUNTY			
NM		CATRON COUNTY	CIBOLA COUNTY	CURRY COUNTY	DEBACA COUNTY	
		GRANT COUNTY	GUADALUPE COUNTY	HARDING COUNTY	LINCOLN COUNTY	
		LUNA COUNTY	MCKINLEY COUNTY	MORA COUNTY	QUAY COUNTY	
		RIO ARRIBA COUNTY	ROOSEVELT COUNTY	SAN JUAN COUNTY	SAN MIGUEL COUNTY	
		SIERRA COUNTY	TAOS COUNTY	UNION COUNTY		
NY		CLINTON COUNTY	COLUMBIA COUNTY	CORTLAND COUNTY	ESSEX COUNTY	
		GREENE COUNTY	HAMILTON COUNTY	JEFFERSON COUNTY	SCHUYLER COUNTY	
		SULLIVAN COUNTY	TOMPKINS COUNTY	ULSTER COUNTY		

2001 IRC Section 42(d)(5)(C) Nonmetropolitan Difficult Development Areas

OR	BAKER COUNTY	CLATSOP COUNTY	COOS COUNTY	CROOK COUNTY
	CURRY COUNTY	DESCHUTES COUNTY	DOUGLAS COUNTY	GILLIAM COUNTY
	GRANT COUNTY	HARNEY COUNTY	HOOD RIVER COUNTY	JEFFERSON COUNTY
	JOSEPHINE COUNTY	KLAMATH COUNTY	LAKE COUNTY	LINCOLN COUNTY
	LINN COUNTY	MALHEUR COUNTY	MORROW COUNTY	SHERMAN COUNTY
	TILLAMOOK COUNTY	UMATILLA COUNTY	UNION COUNTY	WALLOWA COUNTY
	WASCO COUNTY	WHEELER COUNTY		
	MONROE COUNTY	NORTHUMBERLAND COUNTY	UNION COUNTY	WAYNE COUNTY
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	
VA	CAROLINE COUNTY	WESTMORELAND COUNTY		
VI	ST. CROIX	ST. JOHN'S/ST. THOMAS		
VT	ADDISON COUNTY	BENNINGTON COUNTY	CALEDONIA COUNTY	ESSEX COUNTY
	CHITTENDEN COUNTY (part) Bolton town Buel's gore Huntington town	FRANKLIN COUNTY (part) Bakersfield town Berkshire town Enosburg town	Highgate town Montgomery town	GRAND ISLE COUNTY (part) Alburg town Isle La Motte town
	LAMOILLE COUNTY	ORANGE COUNTY	ORLEANS COUNTY	RUTLAND COUNTY
	WASHINGTON COUNTY	WINDHAM COUNTY	WINDSOR COUNTY	
	ADAMS COUNTY	ASOTIN COUNTY	CHELAN COUNTY	CLALLAM COUNTY
	COLUMBIA COUNTY	COWLITZ 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
	WHITMAN COUNTY			
	WV	RALEIGH COUNTY		