

Ralph M. Perrey, Executive Director



## THDA Appraisal Guidelines

Last Updated January 26, 2026

All applicants claiming acquisition and/or land costs must submit an appraisal on the THDA provided templates. Both templates will be utilized in the Competitive Low Income Housing Tax Credit and Multifamily Tax-Exempt Bond Authority programs. See the guidance below regarding the two types of appraisals required with Initial Application submissions:



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502 Deaderick St. | Nashville, TN 37243

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## Land and Building Appraisals

For Initial Applications proposing adaptive reuse, preservation, rehabilitation, or requesting acquisition Low Income Housing Tax Credits for five or more units, an “as is” rent restricted market rate appraisal (the “Appraisal”) not including Low Income Housing Tax Credits benefits must be included with the Initial Application. The requirements are listed below:

1. The Appraisal must be performed by a Certified General Appraiser licensed in Tennessee and prepared in accordance with the requirements of **these THDA Appraisal Guidelines**. The Appraisal must use the appropriate THDA Appraisal Template and include content acceptable to THDA.
2. The Appraiser must clearly indicate that THDA can rely on the accuracy of the report.
3. THDA expects the comparable sites to be reasonably close to the proposed development. Any comparable site exceeding 100 miles will require the appraiser to provide a reasonable explanation in the report.
4. The Appraisal cannot be based solely or largely on a cost approach to value but must also consider market and income approaches to value. If the development is proposed for scattered sites, the scattered sites must be appraised as a single rental development, using appraisal methodology appropriate for rental property as described here.
5. The appraisal must clearly show the **“As Is” and Prospective Restricted and Market Values** as listed on the Executive Summary in the Land and Building Templates provided by THDA.
6. The acquisition cost utilized in the calculation for Low Income Housing Tax Credits purposes shall not exceed the **lesser** of the purchase price or the As Is Restricted appraised value.



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7. The Appraisal must be less than **six months** old at the time of submission.
8. Applicants claiming land and building costs should use the most current Land and Building Template located on the THOMAS Documents page.
9. If the template is **not** utilized, THDA will issue findings in either a Cure or Evaluation Notice.
10. Appraisers should utilize the proper template and fill it out in its entirety, remarks like see report are unacceptable and will be a finding in the review process. Any exceptions to not completing the document in its entirety will require approval from the MP Allocation Manager.
  - a. In the event of any unusual circumstance the appraiser should provide explanations rather than N/A notations in the applicable template.
11. Applicants utilizing USDA Section 515 that are applying for 4% Noncompetitive LIHTC only, may be allowed to include a portion of Interest Credit Subsidy.
12. Applicants that intend to combine more than development into one application must provide separate Land and Building templates for each development and complete the Multiple Development Value of Conclusions sheet in the template provided by THDA. At THDA's discretion, the applicant **may be advised** to submit the applications under separate applications. Applicants are advised to discuss the proposed development with THDA prior to submission.



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## Land Appraisals

For all other Initial Applications that include land cost, a land appraisal (the “Land Appraisal”) must be included with the Initial Application. The Land Appraisal must use the appropriate THDA Appraisal Template and include the content acceptable to THDA. The requirements are listed below:

1. The Land Appraisal must be performed by a Certified General Appraiser licensed in Tennessee and prepared in accordance with the requirements of **THDA Appraisal Guidelines**.
2. The Appraiser must clearly indicate that THDA can rely on the accuracy of the report.
3. THDA expects the comparable sites to be reasonably close to the proposed development. Any comparable site exceeding 100 miles will require the appraiser to provide a reasonable explanation in the report.
4. If the development is proposed for scattered sites, the scattered sites must be appraised as a single rental development, using appraisal methodology appropriate for rental property.
5. The land cost utilized in the calculation for Tax Credit purposes shall not exceed the **lesser** of the purchase price or the appraised value.
6. Appraisers must utilize the proper template and fill it out in its entirety, remarks like see report are unacceptable and will be a finding in the review process. Any exceptions to not completing the document in its entirety will require approval from the MP Allocation Manager.
  - a. In the event of any unusual circumstance the appraiser should provide explanations rather than N/A notations in the applicable template.



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7. Applicants claiming land cost only should use the most current Land Template located on the THOMAS Documents page.
8. If the template is **not** utilized, THDA will issue findings in either a Cure or Evaluation Notice.
9. The Land Appraisal must be less than **six months** old at the time of submission.

#### **Not Including Land or Building Costs in LIHTC Calculation of Credit**

If the applicant does **not** include land or building costs in the initial application submission, upload a letter in the Appraisal folder stating that no land or building costs are being claimed.

#### **Identity of Interests**

THDA will not accept cost certifications, market studies, physical needs assessments and appraisals prepared by parties THDA has determined are not independent.



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