

Ralph M. Perrey, Executive Director



## **Physical Needs Assessment Guidance for 9% Competitive Low Income Housing Tax Credits**

Last Updated: January 27, 2026

The Physical Needs Assessment (PNA) is required at Initial Application submission for all developments proposing adaptive reuse, preservation, or rehabilitation submitted for potential award of 9% Competitive Housing Credits administered through THDA. The purpose of the PNA is to provide a property description, document the existing condition of the development, to identify existing building code and program violations, identify immediate physical needs and to estimate capital needs over the long term. The requirements are listed below:

1. In addition to the PNA provider's estimate of costs for immediate capital needs, the PNA must also include the Developer's Proposed Scope of Work, provided by the Developer, if not submitted directly by the developer. The Developer's Proposed Scope of Work must show all costs to be incurred prior to the property placing in service, including all costs for items related to eligibility, threshold items, or points claimed in the application, and all costs to address the immediate physical needs identified in the PNA.
2. The PNA must be prepared by a qualified independent party from members of the development team or Related Parties as defined in the Qualified Allocation Plan (QAP) and include **Exhibit A-PNA** identifying the applicable page number the information is located within the report. The PNA Analyst must clearly indicate that THDA can rely on the accuracy of the report.



Andrew Jackson Building Third Floor

502 Deaderick St. | Nashville, TN 37243

THDA.org | (615) 815-2200 | Toll Free: 800-228-THDA



THDA is an equal opportunity, equal access, affirmative action employer.

3. The PNA must be **no more than six (6) months old** at the time of the Initial Application submission in THOMAS, including the onsite visit date.
4. The PNA onsite review must include at least 25% of the units as the sample size containing all vacant and down units, one unit in each building, one of each unit configuration type, one of each type of accessible unit (if applicable), and all other community/common areas.
5. A Property Useful Life Table must be included and provide an estimate at a specific point in time the condition of the property's systems and components by assessing the current state of each component or system without regard to the year the property was built or the system or component was installed. Any item that is determined to have an Estimated Remaining Life of 15 years or less must be documented in the Estimated Scope of Work or the anticipated Replacement of Capital Needs Schedule as well as the Property Useful Life Table. Items that have an Estimated Remaining Life of 15 years or less are documented on the anticipated Replacement of Capital Needs Schedule must include an explanation as to why it will not be included in the Estimated Scope of Work to be completed prior to the property placing in service.
6. It is recognized that the Property Useful Life Table represents one judgment of the expected life of the various components, however having all PNA consultants using Fannie Mae's Estimated Useful Life Table provides a useful and consistent standard for all evaluators to use.
7. The completed Property Useful Life Table must be included in the Executive Summary section of the PNA. In completing the Property Useful Life Table, the PNA consultant should use the following definitions:



Andrew Jackson Building Third Floor

502 Deaderick St. | Nashville, TN 37243

THDA.org | (615) 815-2200 | Toll Free: 800-228-THDA



THDA is an equal opportunity, equal access, affirmative action employer.

- a. "EUL" is the average Estimated Useful Life for the specified system/component, as set forth on Fannie Mae's Estimated Useful Life (EUL) Reference Table.
  - b. "Effective Age" is the Effective Age of the specified system or component based on the PNA consultant's assessment of the condition of the system or component.
  - c. "RUL" is the Remaining Useful Life of the specified system or component based on the EUL minus the Effective Age.
  - d. "RUL: EUL Ratio" is the ratio of RUL for the specified system or component divided by the EUL for the specified system or component.
8. The PNA also must describe in the Property Useful Life Table the condition of the following items as Good, Fair, or Poor:
  - a. Site Systems and Conditions-Foundation, Windows, Exterior Walls, Roofing, Exterior Doors, and Elevators (if applicable)
  - b. Exterior Site Improvements- Landscaping, Irrigation, Grading/Storm Water Drainage, Lightning, Parking Lots, Sidewalks, Mailboxes, Property Sign, Retaining Walls, Fencing, Exterior Stairs, Exterior Railings, Site Amenities, Gutters and Downspouts, Soffits and Trims, and Refuse Collection Area(s)
  - c. Interior Elements-Cabinets, Countertops, Interior Doors, Floor Underlayment, Floor Finishes, Wall Finishes, Ceilings, Bathroom Vanities, Bathtubs/Showers, Tub/Shower Surround, Heating and Air Conditioning Systems, Plumbing, Waste/Vent Piping, Appliances, Sprinklers, Electrical, Wiring, Panels/Breakers, and Life Safety.
9. The PNA should include Immediate Capital Needs and Replacement for Capital Needs Schedule that emphasizes all systems/components with no RUL and those with EUL less than THDA's requirement of fifteen (15) years, all deferred maintenance, and repairs or



Andrew Jackson Building Third Floor

502 Deaderick St. | Nashville, TN 37243

THDA.org | (615) 815-2200 | Toll Free: 800-228-THDA



THDA is an equal opportunity, equal access, affirmative action employer.

replacements involving significant expense or outside contracting. The items noted in the Immediate Capital Needs and the Replacement for Capital Needs Schedule should correspond to the Property Useful Life Table.

10. The PNA must also include a discussion of known building codes and health/life safety violations as well as any upgraded energy efficiency requirements as required by local codes, QAP, and THDA Minimum Design Standards.
11. The PNA consultant is not expected to assume liability for compliance with accessibility regulations during design or post rehabilitation. The consultant is expected to identify potentially costly barriers to required property accessibility, i.e., changes in grade for accessible routes or parking and unit framing changes for required clearances. The PNA must identify major violations of the Americans with Disabilities Act and The Fair Housing Act where these standards are applicable to the existing property.
12. The PNA consultant must note any suspected environmental hazards seen during the inspection.
13. The Developer's Scope of Work must also be included with the PNA. The Developer's Proposed Scope of Work must include these considerations as well as future property marketability, sustainability, and energy efficiency which will add to the residential quality of life. The Developer's Scope of Work must include materials, quantities, unit costs and total costs for each material. The Developer's Proposed Scope of Work must be based on:
  - a. Immediate Capital Needs and Replacement for Capital Needs Schedule of the applicable components for a period of at least fifteen (15) years from the required placed in-service date:



Andrew Jackson Building Third Floor

502 Deaderick St. | Nashville, TN 37243

THDA.org | (615) 815-2200 | Toll Free: 800-228-THDA



THDA is an equal opportunity, equal access, affirmative action employer.

- b. All applicable threshold and scoring upgrades as indicated in the Initial Application, applicable QAP.
- c. All costs that will be incurred in bringing the property into compliance with federal, state and local accessibility regulations.
- d. If the actual cost reflected in THOMAS on the Hard Costs line is different than the Developer's Proposed Scope of work, the owner must supply an Actual Scope of Work that is in line with the hard cost line item shown in THOMAS.
- e. This document should be clearly labeled "Developers Scope of Work" and will be uploaded by the applicant in the PNA folder in THOMAS.



Andrew Jackson Building Third Floor  
502 Deaderick St. | Nashville, TN 37243

THDA.org | (615) 815-2200 | Toll Free: 800-228-THDA



THDA is an equal opportunity, equal access, affirmative action employer.

## Exhibit A-PNA Physical Needs Assessment Checklist

1. Introduction-Page Number \_\_\_\_\_
2. Executive Summary- Page Number \_\_\_\_\_
  - a. General Narrative of the Property
    - i. Site Components- Page Number \_\_\_\_\_
    - ii. Architectural Components- Page Number \_\_\_\_\_
    - iii. Mechanical/Electrical/Plumbing Components- Page Number \_\_\_\_\_
    - iv. Dwelling Unit Components- Page Number \_\_\_\_\_
    - v. Zoning- Page Number \_\_\_\_\_
    - vi. Building Code Violations- Page Number \_\_\_\_\_
  - b. Property Useful Life Table- Page Number \_\_\_\_\_
  - c. Description of Existing Condition- Page Number \_\_\_\_\_
  - d. Major Capital Needs/Rehabilitation Hard Costs- Page Number \_\_\_\_\_
  - e. Immediate Capital Needs- Page Number \_\_\_\_\_
  - f. Total Capital Needs Costs- Page Number \_\_\_\_\_
  - g. Total Capital Needs Costs Per Unit- Page Number \_\_\_\_\_
  - h. Identity of Interest Statement- Page Number \_\_\_\_\_
3. Physical Inspection and Scope of Work- Page Number \_\_\_\_\_
  - a. List of units inspected to determine scope of work- Page Number \_\_\_\_\_
  - b. Immediate Deficiencies- Page Number \_\_\_\_\_
  - c. Replacement of Capital Needs Schedule- Page Number \_\_\_\_\_
  - d. Corrective Actions for all Deficiencies- Page Number \_\_\_\_\_
  - e. Color Photos of Exterior and Interior of Property- Page Number \_\_\_\_\_
  - f. Fire and Code Enforcement Verification- Page Number \_\_\_\_\_



Andrew Jackson Building Third Floor

502 Deaderick St. | Nashville, TN 37243

THDA.org | (615) 815-2200 | Toll Free: 800-228-THDA



THDA is an equal opportunity, equal access, affirmative action employer.

4. PNA Completed by:

- a. Print Name:
- b. Title:
- c. Date:
- d. Signature:



Andrew Jackson Building Third Floor  
502 Deaderick St. | Nashville, TN 37243

THDA.org | (615) 815-2200 | Toll Free: 800-228-THDA



THDA is an equal opportunity, equal access, affirmative action employer.