

property, or an intangible asset, which is not an integral part of a DC Zone business.

(5) Related party transactions

The term “qualified capital gain” shall not include any gain attributable, directly or indirectly, in whole or in part, to a transaction with a related person. For purposes of this paragraph, persons are related to each other if such persons are described in section 267(b) or 707(b)(1).

(f) Certain other rules to apply

Rules similar to the rules of subsections (g), (h), (i)(2), and (j) of section 1202 shall apply for purposes of this section.

(g) Sales and exchanges of interests in partnerships and S corporations which are DC Zone businesses

In the case of the sale or exchange of an interest in a partnership, or of stock in an S corporation, which was a DC Zone business during substantially all of the period the taxpayer held such interest or stock, the amount of qualified capital gain shall be determined without regard to—

- (1) any gain which is attributable to real property, or an intangible asset, which is not an integral part of a DC Zone business, and
- (2) any gain attributable to periods before January 1, 1998, or after December 31, 2016.

(Added Pub. L. 105-34, title VII, §701(a), Aug. 5, 1997, 111 Stat. 864; amended Pub. L. 105-206, title VI, §6008(c), July 22, 1998, 112 Stat. 811; Pub. L. 106-554, §1(a)(7) [title I, §§116(b)(5), 164(b)], Dec. 21, 2000, 114 Stat. 2763, 2763A-603, 2763A-625; Pub. L. 108-311, title III, §310(c)(1)-(2)(B), Oct. 4, 2004, 118 Stat. 1180; Pub. L. 109-432, div. A, title I, §110(c)(1)-(2)(B), Dec. 20, 2006, 120 Stat. 2940; Pub. L. 110-343, div. C, title III, §322(c)(1), (2)(A), (B), Oct. 3, 2008, 122 Stat. 3874; Pub. L. 111-312, title VII, §754(c), Dec. 17, 2010, 124 Stat. 3321.)

AMENDMENTS

2010—Subsec. (b). Pub. L. 111-312, §754(c)(1), substituted “2012” for “2010” wherever appearing.
 Subsec. (e)(2). Pub. L. 111-312, §754(c)(2)(A), substituted “2016” for “2014” in heading and text.
 Subsec. (g)(2). Pub. L. 111-312, §754(c)(2)(B), substituted “2016” for “2014”.
 2008—Subsec. (b). Pub. L. 110-343, §322(c)(1), substituted “2010” for “2008” wherever appearing.
 Subsec. (e)(2). Pub. L. 110-343, §322(c)(2)(A), substituted “2014” for “2012” in heading and text.
 Subsec. (g)(2). Pub. L. 110-343, §322(c)(2)(B), substituted “2014” for “2012”.
 2006—Subsec. (b). Pub. L. 109-432, §110(c)(1), substituted “2008” for “2006” wherever appearing.
 Subsec. (e)(2). Pub. L. 109-432, §110(c)(2)(A), substituted “2012” for “2010” in heading and text.
 Subsec. (g)(2). Pub. L. 109-432, §110(c)(2)(B), substituted “2012” for “2010”.
 2004—Subsec. (b). Pub. L. 108-311, §310(c)(1), substituted “2006” for “2004” wherever appearing.
 Subsec. (e)(2). Pub. L. 108-311, §310(c)(2)(A), substituted “2010” for “2008” in heading and text.
 Subsec. (g)(2). Pub. L. 108-311, §310(c)(2)(B), substituted “2010” for “2008”.
 2000—Subsec. (b). Pub. L. 106-554, §1(a)(7) [title I, §164(b)(1)], substituted “2004” for “2003” wherever appearing.
 Subsec. (c). Pub. L. 106-554, §1(a)(7) [title I, §116(b)(5)], substituted “section 1397C” for “section 1397B” in introductory provisions and in par. (2).

Subsec. (e)(2). Pub. L. 106-554, §1(a)(7) [title I, §164(b)(2)], substituted “2008” for “2007” in heading and text.

Subsec. (g)(2). Pub. L. 106-554, §1(a)(7) [title I, §164(b)(2)], substituted “2008” for “2007”.

1998—Subsec. (b)(5). Pub. L. 105-206, §6008(c)(1), added par. (5).

Subsec. (b)(6). Pub. L. 105-206, §6008(c)(2), substituted “(4)(A)(i) or (ii)” for “(4)(A)(ii)”.

Subsec. (c). Pub. L. 105-206, §6008(c)(3), struck out “entity which is an” before “enterprise zone” in introductory provisions.

Subsec. (d)(2). Pub. L. 105-206, §6008(c)(4), inserted “as determined on the basis of the 1990 census” after “percent”.

EFFECTIVE DATE OF 2010 AMENDMENT

Amendment by Pub. L. 111-312 applicable to property acquired or substantially improved after Dec. 31, 2009, see section 754(e)(3) of Pub. L. 111-312, set out as a note under section 1400 of this title.

EFFECTIVE DATE OF 2008 AMENDMENT

Pub. L. 110-343, div. C, title III, §322(c)(3), Oct. 3, 2008, 122 Stat. 3874, provided that:

“(A) EXTENSION.—The amendments made by paragraph (1) [amending this section] shall apply to acquisitions after December 31, 2007.

“(B) CONFORMING AMENDMENTS.—The amendments made by paragraph (2) [amending this section and section 1400F of this title] shall take effect on the date of the enactment of this Act [Oct. 3, 2008].”

EFFECTIVE DATE OF 2006 AMENDMENT

Pub. L. 109-432, div. A, title I, §110(c)(3), Dec. 20, 2006, 120 Stat. 2940, provided that:

“(A) EXTENSION.—The amendments made by paragraph (1) [amending this section] shall apply to acquisitions after December 31, 2005.

“(B) CONFORMING AMENDMENTS.—The amendments made by paragraph (2) [amending this section and section 1400F of this title] shall take effect on the date of the enactment of this Act [Dec. 20, 2006].”

EFFECTIVE DATE OF 2004 AMENDMENT

Amendment by Pub. L. 108-311 effective Jan. 1, 2004, see section 310(e)(1) of Pub. L. 108-311, set out as a note under section 1400 of this title.

EFFECTIVE DATE OF 2000 AMENDMENT

Amendment by section 1(a)(7) [title I, §116(b)(5)] of Pub. L. 106-554 applicable to qualified empowerment zone assets acquired after Dec. 21, 2000, see section 1(a)(7) [title I, §116(c)] of Pub. L. 106-554, set out as a note under section 1016 of this title.

EFFECTIVE DATE OF 1998 AMENDMENT

Amendment by Pub. L. 105-206 effective, except as otherwise provided, as if included in the provisions of the Taxpayer Relief Act of 1997, Pub. L. 105-34, to which such amendment relates, see section 6024 of Pub. L. 105-206, set out as a note under section 1 of this title.

§ 1400C. First-time homebuyer credit for District of Columbia

(a) Allowance of credit

In the case of an individual who is a first-time homebuyer of a principal residence in the District of Columbia during any taxable year, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to so much of the purchase price of the residence as does not exceed \$5,000.

(b) Limitation based on modified adjusted gross income

(1) In general

The amount allowable as a credit under subsection (a) (determined without regard to this

subsection and subsection (d) for the taxable year shall be reduced (but not below zero) by the amount which bears the same ratio to the credit so allowable as—

(A) the excess (if any) of—

- (i) the taxpayer's modified adjusted gross income for such taxable year, over
- (ii) \$70,000 (\$110,000 in the case of a joint return), bears to

(B) \$20,000.

(2) Modified adjusted gross income

For purposes of paragraph (1), the term “modified adjusted gross income” means the adjusted gross income of the taxpayer for the taxable year increased by any amount excluded from gross income under section 911, 931, or 933.

(c) First-time homebuyer

For purposes of this section—

(1) In general

The term “first-time homebuyer” means any individual if such individual (and if married, such individual's spouse) had no present ownership interest in a principal residence in the District of Columbia during the 1-year period ending on the date of the purchase of the principal residence to which this section applies.

(2) One-time only

If an individual is treated as a first-time homebuyer with respect to any principal residence, such individual may not be treated as a first-time homebuyer with respect to any other principal residence.

(3) Principal residence

The term “principal residence” has the same meaning as when used in section 121.

(d) Carryforward of unused credit

If the credit allowable under subsection (a) exceeds the limitation imposed by section 26(a) for such taxable year reduced by the sum of the credits allowable under subpart A of part IV of subchapter A (other than this section and section 25D), such excess shall be carried to the succeeding taxable year and added to the credit allowable under subsection (a) for such taxable year.

(e) Special rules

For purposes of this section—

(1) Allocation of dollar limitation

(A) Married individuals filing separately

In the case of a married individual filing a separate return, subsection (a) shall be applied by substituting “\$2,500” for “\$5,000”.

(B) Other taxpayers

If 2 or more individuals who are not married purchase a principal residence, the amount of the credit allowed under subsection (a) shall be allocated among such individuals in such manner as the Secretary may prescribe, except that the total amount of the credits allowed to all such individuals shall not exceed \$5,000.

(2) Purchase

(A) In general

The term “purchase” means any acquisition, but only if—

(i) the property is not acquired from a person whose relationship to the person acquiring it would result in the disallowance of losses under section 267 or 707(b) (but, in applying section 267(b) and (c) for purposes of this section, paragraph (4) of section 267(c) shall be treated as providing that the family of an individual shall include only his spouse, ancestors, and lineal descendants), and

(ii) the basis of the property in the hands of the person acquiring it is not determined—

(I) in whole or in part by reference to the adjusted basis of such property in the hands of the person from whom acquired, or

(II) under section 1014(a) (relating to property acquired from a decedent).

(B) Construction

A residence which is constructed by the taxpayer shall be treated as purchased by the taxpayer on the date the taxpayer first occupies such residence.

(3) Purchase price

The term “purchase price” means the adjusted basis of the principal residence on the date such residence is purchased.

(4) Coordination with national first-time homebuyers credit

No credit shall be allowed under this section to any taxpayer with respect to the purchase of a residence after December 31, 2008, if a credit under section 36 is allowable to such taxpayer (or the taxpayer's spouse) with respect to such purchase.

(f) Reporting

If the Secretary requires information reporting under section 6045 by a person described in subsection (e)(2) thereof to verify the eligibility of taxpayers for the credit allowable by this section, the exception provided by section 6045(e)(5) shall not apply.

(g) Credit treated as nonrefundable personal credit

For purposes of this title, the credit allowed by this section shall be treated as a credit allowable under subpart A of part IV of subchapter A of this chapter.

(h) Basis adjustment

For purposes of this subtitle, if a credit is allowed under this section with respect to the purchase of any residence, the basis of such residence shall be reduced by the amount of the credit so allowed.

(i) Application of section

This section shall apply to property purchased after August 4, 1997, and before January 1, 2012. (Added Pub. L. 105-34, title VII, §701(a), Aug. 5, 1997, 111 Stat. 867; amended Pub. L. 105-206, title VI, §6008(d)(1)–(5), July 22, 1998, 112 Stat. 811, 812; Pub. L. 106-170, title V, §510, Dec. 17, 1999, 113 Stat. 1924; Pub. L. 106-554, §1(a)(7) [title I, §163], Dec. 21, 2000, 114 Stat. 2763, 2763A-625; Pub. L. 107-16, title II, §§201(b)(2)(H), 202(f)(2)(C), title VI, §618(b)(2)(E), June 7, 2001, 115 Stat. 46, 49, 108;

Pub. L. 107-147, title IV, §417(23)(B), Mar. 9, 2002, 116 Stat. 57; Pub. L. 108-311, title III, §310(d), Oct. 4, 2004, 118 Stat. 1180; Pub. L. 109-58, title XIII, §1335(b)(3), Aug. 8, 2005, 119 Stat. 1036; Pub. L. 109-135, title IV, §402(i)(3)(F), (4), Dec. 21, 2005, 119 Stat. 2614, 2615; Pub. L. 109-432, div. A, title I, §110(d)(1), Dec. 20, 2006, 120 Stat. 2940; Pub. L. 110-343, div. B, title II, §205(d)(1)(E), div. C, title III, §322(d)(1), Oct. 3, 2008, 122 Stat. 3839, 3874; Pub. L. 111-5, div. B, title I, §§1004(b)(6), 1006(d)(1), 1142(b)(1)(F), 1144(b)(1)(F), Feb. 17, 2009, 123 Stat. 314, 316, 330, 332; Pub. L. 111-92, §11(i), Nov. 6, 2009, 123 Stat. 2991; Pub. L. 111-148, title X, §10909(b)(2)(M), (c), Mar. 23, 2010, 124 Stat. 1023; Pub. L. 111-312, title I, §101(b)(1), title VII, §754(d), Dec. 17, 2010, 124 Stat. 3298, 3322; Pub. L. 112-240, title I, §104(c)(2)(L), Jan. 2, 2013, 126 Stat. 2322.)

AMENDMENTS

2013—Subsec. (d). Pub. L. 112-240 amended subsec. (d) generally. Prior to amendment, subsec. (d) related to carryforward of unused credit with a rule for years in which all personal credits allowed against regular and alternative minimum tax and a rule for other years.

2010—Subsec. (d)(2). Pub. L. 111-148, §10909(b)(2)(M), (c), as amended by Pub. L. 111-312, §101(b)(1), temporarily struck out “23,” after “this section and sections”. See Effective and Termination Dates of 2010 Amendment note below.

Subsec. (i). Pub. L. 111-312, §754(d), substituted “2012” for “2010”.

2009—Subsec. (d)(2). Pub. L. 111-5, §1144(b)(1)(F), substituted “30, and 30B” for “and 30”.

Pub. L. 111-5, §1142(b)(1)(F), which directed the substitution of “25D, and 30” for “and 25D”, was executed by making the substitution for “25D”, to reflect the probable intent of Congress and the amendment by Pub. L. 110-343, §205(d)(1)(E). See 2008 Amendment note below.

Pub. L. 111-5, §1004(b)(6), inserted “25A(i),” after “24.”

Subsec. (e)(4). Pub. L. 111-92 struck out “and before December 1, 2009,” after “December 31, 2008.”

Pub. L. 111-5, §1006(d)(1), added par. (4).

2008—Subsec. (d)(2). Pub. L. 110-343, §205(d)(1)(E), substituted “25D, and 30D” for “and 25D”.

Subsec. (i). Pub. L. 110-343, §322(d)(1), substituted “2010” for “2008”.

2006—Subsec. (i). Pub. L. 109-432 substituted “2008” for “2006”.

2005—Subsec. (d). Pub. L. 109-135, §402(i)(3)(F), amended heading and text of subsec. (d) generally. Prior to amendment, text read as follows: “If the credit allowable under subsection (a) exceeds the limitation imposed by section 26(a) for such taxable year reduced by the sum of the credits allowable under subpart A of part IV of subchapter A (other than this section and sections 23, 24, and 25B), such excess shall be carried to the succeeding taxable year and added to the credit allowable under subsection (a) for such taxable year.”

Pub. L. 109-58, §1335(b)(3), which directed amendment of subsec. (d) by substituting “this section and section 25D” for “this section”, was repealed by Pub. L. 109-135, §402(i)(4). See Effective and Termination Dates of 2005 Amendments notes below.

2004—Subsec. (i). Pub. L. 108-311 substituted “2006” for “2004”.

2002—Subsec. (d). Pub. L. 107-147 amended directory language of Pub. L. 107-16, §618(b)(2)(E). See 2001 Amendment note below.

2001—Subsec. (d). Pub. L. 107-16, §618(b)(2)(E), as amended by Pub. L. 107-147, substituted “, 24, and 25B” for “and 24”.

Pub. L. 107-16, §202(f)(2)(C), substituted “sections 23 and 24” for “section 24”.

Pub. L. 107-16, §201(b)(2)(H), inserted “and section 24” after “this section”.

2000—Subsec. (i). Pub. L. 106-554 substituted “2004” for “2002”.

1999—Subsec. (i). Pub. L. 106-170 substituted “2002” for “2001”.

1998—Subsec. (b)(1). Pub. L. 105-206, §6008(d)(1), inserted “and subsection (d)” after “this subsection” in introductory provisions.

Subsec. (c)(1). Pub. L. 105-206, §6008(d)(2), reenacted heading without change and amended text generally. Prior to amendment, text read as follows: “The term ‘first-time homebuyer’ has the same meaning as when used in section 72(t)(8)(D)(i), except that ‘principal residence in the District of Columbia during the 1-year period’ shall be substituted for ‘principal residence during the 2-year period’ in subclause (I) thereof.”

Subsec. (e)(2)(B). Pub. L. 105-206, §6008(d)(3), inserted “on the date the taxpayer first occupies such residence” before the period at end.

Subsec. (e)(3). Pub. L. 105-206, §6008(d)(4), substituted “on the date such residence is purchased.” for “on the date of acquisition (within the meaning of section 72(t)(8)(D)(iii)).”

Subsec. (i). Pub. L. 105-206, §6008(d)(5), substituted “Application of section” for “Termination” in heading and amended text generally. Prior to amendment, text read as follows: “This section shall not apply to any property purchased after December 31, 2000.”

EFFECTIVE DATE OF 2013 AMENDMENT

Amendment by Pub. L. 112-240 applicable to taxable years beginning after Dec. 31, 2011, see section 104(d) of Pub. L. 112-240, set out as a note under section 23 of this title.

EFFECTIVE AND TERMINATION DATES OF 2010 AMENDMENT

Amendment by section 754(d) of Pub. L. 111-312 applicable to homes purchased after Dec. 31, 2009, see section 754(e)(4) of Pub. L. 111-312, set out as a note under section 1400 of this title.

Amendment by Pub. L. 111-148 terminated applicable to taxable years beginning after Dec. 31, 2011, and section is amended to read as if such amendment had never been enacted, see section 10909(c) of Pub. L. 111-148, set out as a note under section 1 of this title.

Amendment by Pub. L. 111-148 applicable to taxable years beginning after Dec. 31, 2009, see section 10909(d) of Pub. L. 111-148, set out as a note under section 1 of this title.

EFFECTIVE DATE OF 2009 AMENDMENT

Amendment by Pub. L. 111-92 applicable to residences purchased after Nov. 30, 2009, see section 11(j)(2) of Pub. L. 111-92, set out as a note under section 36 of this title.

Amendment by section 1004(b)(6) of Pub. L. 111-5 applicable to taxable years beginning after Dec. 31, 2008, see section 1004(d) of Pub. L. 111-5, set out as an Effective and Termination Dates of 2009 Amendment note under section 24 of this title.

Amendment by section 1006(d)(1) of Pub. L. 111-5 applicable to residences purchased after Dec. 31, 2008, see section 1006(f) of Pub. L. 111-5, set out as a note under section 36 of this title.

Amendment by section 1142(b)(1)(F) of Pub. L. 111-5 applicable to vehicles acquired after Feb. 17, 2009, see section 1142(c) of Pub. L. 111-5, set out as an Effective and Termination Dates of 2009 Amendment note under section 24 of this title.

Amendment by section 1144(b)(1)(F) of Pub. L. 111-5 applicable to taxable years beginning after Dec. 31, 2008, see section 1144(c) of Pub. L. 111-5, set out as an Effective and Termination Dates of 2009 Amendment note under section 24 of this title.

EFFECTIVE DATE OF 2008 AMENDMENT

Amendment by section 205(d)(1)(E) of Pub. L. 110-343 applicable to taxable years beginning after Dec. 31, 2008, see section 205(e) of Pub. L. 110-343, set out as an Effective and Termination Dates of 2008 Amendment note under section 24 of this title.

Pub. L. 110-343, div. C, title III, §322(d)(2), Oct. 3, 2008, 122 Stat. 3874, provided that: “The amendment made by this subsection [amending this section] shall apply to property purchased after December 31, 2007.”

EFFECTIVE DATE OF 2006 AMENDMENT

Pub. L. 109-432, div. A, title I, §110(d)(2), Dec. 20, 2006, 120 Stat. 2940, provided that: “The amendment made by this subsection [amending this section] shall apply to property purchased after December 31, 2005.”

EFFECTIVE AND TERMINATION DATES OF 2005 AMENDMENT

Amendment by section 402(i)(3)(F) of Pub. L. 109-135 subject to title IX of the Economic Growth and Tax Relief Reconciliation Act of 2001, Pub. L. 107-16, §901, in the same manner as the provisions of such Act to which such amendment relates, see section 402(i)(3)(H) of Pub. L. 109-135, set out as a note under section 23 of this title. Title IX of Pub. L. 107-16 was repealed by Pub. L. 112-240, title I, §101(a)(1), Jan. 2, 2013, 126 Stat. 2315.

The Internal Revenue Code of 1986 to be applied and administered as if the amendments made by section 1135(b)(1)–(3) of Pub. L. 109-58 had never been enacted, see section 402(i)(4) of Pub. L. 109-135, set out as a note under section 23 of this title.

Amendments by Pub. L. 109-135 effective as if included in the provisions of the Energy Policy Act of 2005, Pub. L. 109-58, to which they relate, except that amendment by section 402(i)(3)(F) of Pub. L. 109-135 is applicable to taxable years beginning after Dec. 31, 2005, see section 402(m) of Pub. L. 109-135, set out as a note under section 23 of this title.

Amendment by Pub. L. 109-58 applicable to property placed in service after Dec. 31, 2005, in taxable years ending after such date, see section 1335(c) of Pub. L. 109-58, set out as a note under section 23 of this title.

EFFECTIVE DATE OF 2004 AMENDMENT

Amendment by Pub. L. 108-311 effective Jan. 1, 2004, see section 310(e)(1) of Pub. L. 108-311, set out as a note under section 1400 of this title.

EFFECTIVE DATE OF 2001 AMENDMENT

Amendment by Pub. L. 107-16 inapplicable to taxable years beginning during 2004 or 2005, see section 312(b)(2) of Pub. L. 108-311, set out as a note under section 23 of this title.

Amendment by Pub. L. 107-16 inapplicable to taxable years beginning during 2002 and 2003, see section 601(b)(2) of Pub. L. 107-147, set out as a note under section 23 of this title.

Amendment by section 201(b)(2)(H) of Pub. L. 107-16 applicable to taxable years beginning after Dec. 31, 2001, see section 201(e)(2) of Pub. L. 107-16, set out as a note under section 24 of this title.

Amendment by section 202(f)(2)(C) of Pub. L. 107-16 applicable to taxable years beginning after Dec. 31, 2001, see section 202(g)(1) of Pub. L. 107-16, set out as a note under section 23 of this title.

Amendment by section 618(b)(2)(E) of Pub. L. 107-16 applicable to taxable years beginning after Dec. 31, 2001, see section 618(d) of Pub. L. 107-16, set out as a note under section 24 of this title.

EFFECTIVE DATE OF 1998 AMENDMENT

Amendment by Pub. L. 105-206 effective, except as otherwise provided, as if included in the provisions of the Taxpayer Relief Act of 1997, Pub. L. 105-34, to which such amendment relates, see section 6024 of Pub. L. 105-206, set out as a note under section 1 of this title.

Subchapter X—Renewal Communities

Part	
I.	Designation.
II.	Renewal community capital gain; renewal community business.
III.	Additional incentives.

PART I—DESIGNATION

Sec.
1400E. Designation of renewal communities.

§ 1400E. Designation of renewal communities

(a) Designation

(1) Definitions

For purposes of this title, the term “renewal community” means any area—

(A) which is nominated by 1 or more local governments and the State or States in which it is located for designation as a renewal community (hereafter in this section referred to as a “nominated area”), and

(B) which the Secretary of Housing and Urban Development designates as a renewal community, after consultation with—

(i) the Secretaries of Agriculture, Commerce, Labor, and the Treasury;¹ the Director of the Office of Management and Budget, and the Administrator of the Small Business Administration, and

(ii) in the case of an area on an Indian reservation, the Secretary of the Interior.

(2) Number of designations

(A) In general

Not more than 40 nominated areas may be designated as renewal communities.

(B) Minimum designation in rural areas

Of the areas designated under paragraph (1), at least 12 must be areas—

(i) which are within a local government jurisdiction or jurisdictions with a population of less than 50,000,

(ii) which are outside of a metropolitan statistical area (within the meaning of section 143(k)(2)(B)), or

(iii) which are determined by the Secretary of Housing and Urban Development, after consultation with the Secretary of Commerce, to be rural areas.

(3) Areas designated based on degree of poverty, etc.

(A) In general

Except as otherwise provided in this section, the nominated areas designated as renewal communities under this subsection shall be those nominated areas with the highest average ranking with respect to the criteria described in subparagraphs (B), (C), and (D) of subsection (c)(3). For purposes of the preceding sentence, an area shall be ranked within each such criterion on the basis of the amount by which the area exceeds such criterion, with the area which exceeds such criterion by the greatest amount given the highest ranking.

(B) Exception where inadequate course of action, etc.

An area shall not be designated under subparagraph (A) if the Secretary of Housing and Urban Development determines that the course of action described in subsection (d)(2) with respect to such area is inadequate.

¹ So in original. The semicolon probably should be a comma.