

Mail Stop 4561

September 13, 2006

Via U.S. Mail and Fax (502) 426-4994

Mr. Gregory A. Wells
Chief Financial Officer
NTS Realty Capital, Inc.
10172 Linn Station Rd
Louisville, KY 40223

**RE: NTS Realty Holdings Limited Partnership
Form 10-K for the fiscal year ended December 31, 2005
Filed April 3, 2006
File No. 1-32389**

Dear Mr. Wells:

We have reviewed the above referenced filing and have the following comment. In our comment, we ask you to provide us with information so we may better understand your disclosure. After reviewing this information, we may raise additional comments.

Please understand that the purpose of our review process is to assist you in your compliance with the applicable disclosure requirements and to enhance the overall disclosure in your filings. We look forward to working with you in these respects. We welcome any questions you may have about our comment or on any other aspect of our review. Feel free to call us at the telephone numbers listed at the end of this letter.

Merger/Settlement Charge, page 104

1. Please tell us why you accrued a \$2.9 million charge related to this settlement in 2004. This appears to be an arrangement between the owners with no direct effect on the company. You also disclose that this is an estimate related to the settlement. Please tell us how you arrived at this estimate and whether this could result in future charges. We may have further comment

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As appropriate, please respond to this comment within 10 business days or tell us when you will provide us with a response. Please understand that we may have additional comments after reviewing your response to our comment.

We urge all persons who are responsible for the accuracy and adequacy of the disclosure in the filings to be certain that they have provided all information required under the Securities Exchange Act of 1934 and that they have provided all information investors require for an informed investment decision. Since the company and its management are in possession of all facts relating to a company's disclosure, they are responsible for the accuracy and adequacy of the disclosures they have made.

In connection with responding to our comment, please provide, in writing, a statement from the company acknowledging that

- the company is responsible for the adequacy and accuracy of the disclosure in the filings;
- staff comments or changes to disclosure in response to staff comments do not foreclose the Commission from taking any action with respect to the filings; and
- the company may not assert staff comments as a defense in any proceeding initiated by the Commission or any person under the federal securities laws of the United States.

In addition, please be advised that the Division of Enforcement has access to all information you provide to the staff of the Division of Corporation Finance in our review of your filings or in response to our comments on your filings.

You may contact William Demarest, Staff Accountant, at (202) 551-3432 or me at (202) 551-3486 with any questions.

Sincerely,

Daniel L. Gordon
Branch Chief