

**CITIZEN PARTICIPATION PROCESS**  
**Summary of Public Comments with AHFA Responses to**  
**2017 National Housing Trust Fund Allocation Plan**

As part of the Citizen Participation Process, notices of the Public Hearing and the 30-day public commenting period for the 2017 National Housing Trust Fund Allocation Plan (HTF) for the State of Alabama, and Amendments to the One-Year Annual Action Plan were published in the Birmingham, Huntsville, Mobile, and Montgomery newspapers. The Alabama Housing Finance Authority (AHFA) emailed more than 1,228 notices of the draft Plans' availability to interested parties, requesting that they present oral comments at the Public Hearing held on March 29, 2017 at 9 a.m., CST, at Alabama Center for Commerce, 7<sup>th</sup> Floor Auditorium, at 401 Adams Avenue, Montgomery, Alabama 36104, or submit written comments regarding the proposed Plans by April 28, 2017. During the designated commenting period, AHFA received comments from three (3) individuals and organizations that comprised of ten (10) total comments. AHFA has prepared formal responses to these comments and has decided to make no changes to the 2017 HTF Plan. Please see the attached Summary of Public Comments and AHFA Responses. The Plans will be available for review in their entirety at the following AHFA website link:

<http://www.ahfa.com/multifamily/allocation-application-information/current-year-allocation-plans>

AHFA wishes to thank the individuals and organizations who provided comments during the commenting period. As the administrator of the HTF plan, AHFA's goal is to develop written criteria that will provide funds to develop new construction of decent, safe and sanitary rental housing for Extremely Low Income populations (ELI) with an initial preference for ELI homeless or transitioning veterans located primarily in underserved rural areas. In attempting to reach varied needs and population types across the state, our greatest challenge is to develop a fair and balanced allocating methodology with the intent to ensure that all applications will have a fair chance of competing during each cycle for funding.

The following is a summary all comments received, with AHFA responses. Due to the recent nature of the HTF plan, AHFA has decided that no changes will be made to the 2017 HTF plan. A detailed summary of all comments received during the commenting period along with responses by AHFA can be found in their entirety at the following AHFA website link:

<http://www.ahfa.com/multifamily/allocation-application-information/current-year-allocation-plans>

**Attached:**

1. Summary of Public Comments Received and Responses by AHFA

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<b>Plan Section</b>	<b>Section Reference</b>	<b>Page #</b>	<b>Commenter Name/ Company</b>	<b>Comments Received</b>	<b>AHFA Response</b>
<b>Draft 2017 HTF</b>	B. Development of AHFA's Use and Allocation of Housing Trust Funds	2	Russell L. Bennett/Low Income Housing Coalition of Alabama	LIHCA recommends that AHFA include acquisition and rehabilitation in addition to new construction as eligible activities under the National Housing Trust Fund. <i>Reason: Alabama has a significant number of existing vacant units, both single-and multifamily that are in need of repairs. Allowing grantees to acquire and rehabilitate properties for affordable rental housing will not only work towards AHFA's goal of creating housing opportunities for individuals and families that are homeless or at risk of homelessness, but will also retain existing housing inventory and eliminate blight.</i>	Due to time constraints and the complexity of HUD required rehabilitation standards, the 2017 Housing Trust Funds (HTF) will be used to develop new construction of decent, safe and sanitary rental housing.
<b>Draft 2017 HTF</b>	B. Development of AHFA's Use and Allocation of Housing Trust Funds	2	Russell L. Bennett/Low Income Housing Coalition of Alabama	LIHCA recommends that AHFA consider other vulnerable populations, such as homeless families and those that are chronically homeless, for a preference in addition to veterans. <i>Reason: There is a national initiative to end veterans' homelessness. Given this, many veterans have access to the Veterans Affairs Supportive Housing (VASH) vouchers which provide a rental subsidy for veterans to access permanent housing. Other vulnerable populations, such as homeless families and those that are chronically homeless, do not have vouchers specific to them and also need a rental subsidy to access permanent housing.</i>	In keeping with the 2013 Presidential initiative to end homelessness among military veterans, AHFA intends to target underserved ELI populations in the state, with an initial preference for veterans who are homeless and/or at risk of homelessness.



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Draft 2017 HTF	C. General Housing Trust Fund Requirements – 2)Applicant Capacity	2	Evette Hester/Montgomery Housing Authority	<p><i>Certain applicants, such as public housing authorities may be subject to procurement requirements, including public bidding of the general contractor. AHFA, in the current National HTF Allocation Plan, requests that the general contractor be identified as part of the demonstration of the applicant capacity. While other team members may be procured in advance of the application, a general contractor can typically only hold a bid for 90 days. Despite the restrictions outlined above, these applicants can ensure appropriate general contractor capacity and experience if the bid process includes minimum qualifications for the general contractor. We request that AHFA provide minimum qualifications for general contractors so that the public agencies that are required to publicly bid for general contractors can satisfy this capacity requirement. We also request that AHFA allow the applicant to submit the general Contractor’s qualifications to AHFA for approval within 90 days of notice of award of funding.</i></p>	<p>All owners must certify that any General Contractor selected by the applicant/owner must be licensed by the State of Alabama, and certify their compliance with the applicable bid laws.</p> <p>General Contractor information must be submitted at time of application and the selection of the General Contractor must have been in accordance with applicable competitive bid laws of the State of Alabama and/or federal and local jurisdictions.</p>

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Draft 2017 HTF	D. Eligible Activities	3	Michael Hellier/Gulf Coast Housing Partnership	Allow for rehabilitation projects so as not to exclude historic preservation projects and preservation of existing subsidized housing.	Due to time constraints and the complexity of the HUD required rehabilitation standards, the 2017 Housing Trust Funds (HTF) will be used to develop new construction of decent, safe and sanitary rental housing.



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<b>Draft 2017 HTF</b>	I. AHFA Housing Priorities and Scoring Criteria – 1) Points Gained a. Geographic Diversity	6	Michael Hellier/Gulf Coast Housing Partnership	Eliminate the Geographic Diversity priority that awards points to projects in rural areas. Housing should be located in area of opportunity that contain the needed services and amenities for the population AHFA is trying to serve through this funding.	AHFA’s geographic distribution priorities must be consistent with State’s certification that it will affirmatively further fair housing and any applicable Analysis of Impediments. A demographic analysis performed for the first Consolidated Plan (and still true today) concluded, “that a significant number of individuals in all parts of the state are in need of housing assistance. Those with the greatest needs are predictably, concentrated at the lowest levels of the income hierarchy, wherein the housing cost burden is also the most severe. The largest numbers relative to housing needs are found in the state’s most populous urban and metropolitan counties, but the greatest concentration of need is observed in the rural counties located in the southern portion of the state, the Black Belt in particular.”

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Draft 2017 HTF	I. AHFA Housing Priorities and Scoring Criteria – 1). Points Gained c. Rental Assistance	6	Evette Hester/Montgomery Housing Authority	<p>Please confirm that Public Housing operating subsidy is included as an eligible source of federal funds for rental assistance in this category since it is very similar in nature to project based vouchers or tenant based vouchers.</p> <p><i>We note that the scoring of 25 points requires that rental assistance is “secured”. Each Public Housing Authority has the authority to develop new public housing units up to a maximum number established by HUD known as a “Faircloth Limit” in accordance with Section 9(g)(3) of the United States Housing Act of 1937. The Faircloth Amendment states that the Department cannot fund the construction or operation of new public housing units with Capital or Operating funds if the construction of those units would result in a net increase in the number of units the PHA owned, assisted or operated as of October 1, 1999. We request that AHFA confirm that evidence of capacity to develop new public housing units will satisfy the criteria of “secured” for this scoring item.</i></p> <p><b>We request that the language in this section include reference to “public housing operating subsidies” to capture this federal rental assistance that is similar to the noted project-based voucher.</b></p>	<p>AHFA will award points in this category for applicants that can provide evidence that they have secured federal, state, or local funds to reduce the burden of rental payments so that rents are affordable to extremely low-income families. No changes will be made.</p>



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Draft 2017 HTF	I. AHFA Housing Priorities and Scoring Criteria – 1). Points Gained e. Leveraging	7	Evette Hester/Montgomery Housing Authority	<p><i>The leveraging of non-federal funds is certainly an important criterion in preserving limited federal resources and combining both federal and non-federal sources to maximize the impact for affordable housing.</i></p> <p><i>We appreciate that AHFA wants to award additional points to proposals that maximize non-federal sources. And we acknowledge that the ability to demonstrate higher leverage should be awarded more points than proposals that demonstrate lower leverage. However, we note that the amounts set forth in this section for non-federal sources appear to be quite high. In some cases, the targeted leverage amounts are more than double the amount that HUD allows for the development of affordable housing under other federal programs.</i></p> <p><i>For example, the maximum total development costs allowed by HUD for a 1 bedroom row house type unit located in Montgomery, AL is \$154,209 in accordance with the 2017 TDC Cost Limits set forth in the link below.</i></p> <p><i>However, to be eligible for the maximum point score, a row house in Montgomery would need to demonstrate \$350,001 in non-federal leverage to obtain the maximum 25 points available in this criterion.</i></p> <p><i>We are concerned that this point scoring is not achievable. To maintain a fair and consistent approach in the leveraging of</i></p>	Sources of funds may include, but are not limited to, value of donated land, funds for purchase of land, construction financing, permanent financing, furnishings and operating subsidies. No changes will be made.

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				<p><i>non-federal funds with the affordable housing total development cost limits, we request that AHFA consider reducing the amounts shown on a per unit basis significantly.</i></p> <p><i>We request that the highest point category (25 points) be for projects that leverage at least \$175,001 or more per unit. We request that the middle point category (15 points) be for projects that leverage between \$100,000 to \$175,000 per unit. We request that the lowest point category (10 points) be for projects that leverage between \$50,000 to \$100,000 per unit.</i></p> <p><i>For more information on the entire State of Alabama, please see the Region IV – Southeast data shown on pages 23 and 24 thereof.</i></p> <p><i><a href="https://portal.hud.gov/hudportal/documents/huddoc?id=tdecs_2017.pdf">https://portal.hud.gov/hudportal/documents/huddoc?id=tdecs_2017.pdf</a></i></p>	



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<b>Draft 2017 HTF</b>	I. AHFA Housing Priorities and Scoring Criteria – 1). Points Gained e. Leveraging	7	Michael Hellier/Gulf Coast Housing Partnership	The funding per unit ranges in the leveraging section seem to be incorrect. This section implies that a 60-unit development would have to secure \$21,000,060 (350,001 x 60) in funding to earn 25 points.	Sources of funds may include, but are not limited to, value of donated land, funds for purchase of land, construction financing, permanent financing, furnishings and operating subsidies. No changes will be made.
<b>Draft 2017 HTF</b>	I. AHFA Housing Priorities and Scoring Criteria – 1). Points Gained f. Limitation on Beneficiaries or Preferences	7	Evette Hester/Montgomery Housing Authority	<i>We are concerned that, as a public housing authority, we may not inquire as to an applicant's disability or any mental illness. We would be in violation of the Fair Housing requirements.</i> We request that the points be awarded for targeting the rental housing need for ELI Veterans with incomes at or below the poverty line (whichever is greater).	The HTF plan provides a funding priority for targeting the rental housing needs for ELI veterans who are homeless (or at risk of homeless or suffer from mental illness with incomes at or below the poverty line (whichever is greater). Applicants should not attempt to violate any Fair Housing requirements. No additional changes will be made.
<b>Draft 2017 HTF</b>	K. Compliance with HTF Regulations	8	Evette Hester/Montgomery Housing Authority	This section contains three bullet points. We would appreciate clarification on this section.	Program Guidelines can be found at: 24 CFR Part 93



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				<p>Please clarify what are the relevant program guidelines for tenants of HTF assisted development.</p> <p>Please clarify whether HTF assistance is limited to households earning 30% AMI or less (extremely-low income).</p> <p><i>If HTF assistance is not limited to 30% AMI or less, please clarify the number of units that must be assisted and please clarify the AMI's associated with each group identified: extremely low-income, very low-income, moderate income, and above moderate income.</i></p> <p><i>Please clarify whether there is a restriction as to how much of a residents income can be used for rent payments.</i></p>	
<b>Draft 2017 HTF</b>	General Comment	NA	Michael Hellier/Gulf Coast Housing Partnership	<p>What percentage of residential units need to be set-aside for ELI households? The Allocation Plan seems to imply that 100% of the units must be set-aside for ELI households. If so, we recommend requiring at least 20% of the units be set-aside as a threshold requirement, and incentivizing deeper targeting by providing points in the scoring criteria section.</p>	<p>There is no prohibition against mixed income developments. It is incentivized through the preference for non-federal subsidies.</p>