### 2019 Summary of Public Comments Received and Responses by AHFA

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<tr>
<td>Housing Credit QAP</td>
<td>Housing Credit QAP (I, D. Fees) -- HOME (III, D. Fees)</td>
<td>7</td>
<td>Russell Bennett/Low Income Housing Coalition of Alabama</td>
<td>LIHCA recommends that AHFA consider reducing the application fee for projects that want to develop a 100% permanent supportive housing project.</td>
<td>No changes will be made.</td>
</tr>
<tr>
<td></td>
<td>Housing Credit QAP (I,D. Fees) --- HOME (III, D. Fees)</td>
<td>7</td>
<td>Terry Mount/DSI Real Estate Partners</td>
<td>1.) Application Fees (i) A non-refundable fee…… b.) Please revise this to &quot;if any owner has three (3) or more placed in service projects&quot; in lieu of &quot;each owner has three (3) or more&quot;. The experience points in the Addendum A are based on the owner with 3 or more projects not any owners with less than 3. The extra 2500.00 is detrimental to getting new owners started.</td>
<td></td>
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<tr>
<td></td>
<td>Housing Credit QAP (I, D. Fees, (2) Missing and/or Incomplete Items... HOME (III, D. Fees, (2), Missing or Incomplete Items</td>
<td>8</td>
<td>David Morrow/ Morrow Realty</td>
<td>(2) Missing and/or Incomplete Items The fees under this section are excessive, given the application costs, and should also be limited to per document, not per occurrence as the same document may be included in the application multiple times. Please consider lowering the amount in the Required fee to $1,000 per document</td>
<td>No changes will be made.</td>
</tr>
</tbody>
</table>
| | Housing Credit QAP, (13) Site Location --- HOME (IV, C. 12.) Site Location, pg #14 | 13 | Ann Marie Rowlett/ Rowlett & Company, LLC | The Agency should consider funding both an expiring HOME project rehab and a new construction project in the same county. Expiring HOME projects are not adding any new units to the market area. As long as a project has a market study showing the need for the | Addendum A, page A-1, Allocation Selection, will be changed to add the following statement: 

...subject to the following exceptions. AHFA will allocate Housing Credits to 2 projects in the same county or city only if both projects |

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<td>units this should be allowed. Since expiring HOME rehabs outscore most all new construction projects and so many HOME loans are maturing, new construction is going to be stifled by the rehab projects.</td>
<td>score high enough to be funded, are otherwise eligible to be funded under this QAP (Or HOME Action Plan), and one of the projects being considered has all of the following attributes at the time of application: (i) has received a HOME Loan from AHFA, (ii) has at least 85% occupancy, and (iii) has either (a) repaid the HOME Loan in full, or (b) has a fully executed commitment with AHFA for a 15-year extension of the debt evidenced by the outstanding HOME loan.</td>
</tr>
<tr>
<td></td>
<td>Housing Credit QAP (II, G. (2) Nine-Percent Credit, (ii)</td>
<td>21</td>
<td>David Morrow/ Morrow Realty</td>
<td>Please consider deleting subparagraph (G)(2)(ii) or add “or a letter from USDA stating that the applicant appears to meet the eligibility requirements for the transfer/assumption of an existing USDA Rural Development 515 loan” at the end of subparagraph (G)(2)(ii). All rehabs require a basis boost in order to be financially feasible.</td>
<td>No changes will be made.</td>
</tr>
<tr>
<td></td>
<td>Housing Credit QAP (II, G. (3) Ownership Entity &amp; Project Housing Credit Cap</td>
<td>21</td>
<td>Jason Freeman/ Gateway Development Corporation</td>
<td>(3) We would like to see a change in the way the AHFA existing HOME Loan Projects are treated. There are more of these projects being funded each year. We would like to see these funded deals be excluded from the Owner Tax Credit Cap limits.</td>
<td>No changes will be made.</td>
</tr>
<tr>
<td>HOME Action Plan</td>
<td>HOME (III, G. Loan Structure)</td>
<td>10</td>
<td>Russell Bennett/Low Income Housing Coalition of Alabama</td>
<td>LIHCA recommends that AHFA utilize HOME funds for activities other than new construction of residential rental housing. Reason: The federal HOME program provides for eligible activities of</td>
<td>No changes will be made.</td>
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<td>homeowner rehabilitation, homebuyer programs, and rental subsidies. Rehabilitation activities are often used by local governments and nonprofits to stabilize communities and address health and safety issues in dilapidated homes. Rehabilitation is a key principle of smart growth strategies and better utilizes existing infrastructure and services. Affordable homeownership is another activity typically supported with HOME funds. It not only helps families obtain homeownership, it also supports the local tax base and stabilizes marginal communities. By expanding the state’s HOME eligible activities, funds could be used to stabilize and improve blighted communities through rehabilitation, address health and safety issues of lower income homeowners, and create more decent and safe housing opportunities for individuals with low incomes.</td>
<td>low-income household and utilizes loans to promote the production of affordable housing in an effort to meet the needs as identified in the State’s Consolidated Plan. In addition to this, AHFA has other affordable programs that have helped more than 70,000 families purchase homes. Funds available through the programs at AHFA, local governments and non-profits together help to stabilize and improve communities by creating more decent and safe housing opportunities for individuals throughout the state.</td>
</tr>
<tr>
<td>HOME (IV, C., 9.) Applications submitted in other Jurisdictions</td>
<td>14</td>
<td>David Morrow/ Morrow Realty</td>
<td>(9.) We request AHFA consider state HOME loan applications from any applicant (not just CHDO) on a site located in a Participating Jurisdiction if a local HOME loan commitment from the Participating Jurisdiction is included in the AHFA application. Otherwise, the resources of the PJ cannot be utilized in the development or be a benefit to AHFA by using less state HOME or tax credit resources. This would allow for more combined funding sources and allow PJs</td>
<td>No changes will be made.</td>
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<td>to spend their HOME funds on adding new housing rather than on a few houses or supplementing other operating agency budgets so that housing is actually built.</td>
<td></td>
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<tr>
<td>HOME (IV, E. (iii.) (v.)</td>
<td></td>
<td>17-18</td>
<td>Russell Bennett/Low Income Housing Coalition of Alabama</td>
<td>LIHCA recommends that AHFA not penalize projects that have higher than average per unit costs if the proposed project is incorporating green building techniques above and beyond the requirements of the QAP. Green building materials or techniques may have a higher per unit cost, which impacts the overall project cost. Given that Alabama could benefit from more projects that incorporate green building, we ask that AHFA not disincentivize developers from incorporating green building into their projects.</td>
<td>No changes will be made.</td>
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<tr>
<td>Reasonableness of Project Costs</td>
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**A – Point Scoring System**

| Introductory Paragraph | A-1          | Jason Freeman/ Gateway Development Corporation | AHFA should reconsider their policy of funding only one deal per county. If an existing AHFA project is selected for funding in a County, AHFA should also consider funding a new construction project in the same County if the Market supports. | Addendum A, page A-1, Allocation Selection, will be changed to add the following statement: ...subject to the following exceptions. AHFA will allocate Housing Credits to 2 projects in the same county or city only if both projects score high enough to be funded, are otherwise eligible to be funded under this QAP (Or HOME Action Plan), and one of the projects being considered has all of the following attributes at the time of application: (i) has |               |
| Introductory Paragraph     | A-1          | David Morrow/ Morrow Realty                     | Please consider changing your policy to allow an allocation of funds to up to two projects per county in the case where one of the projects is a rehab. Market studies for both new construction and rehab |                                                                                                                                                                                                              |               |

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<td>Introductory Paragraph</td>
<td>A-1</td>
<td></td>
<td>Butch Richardson/ Olympia Construction, Inc.</td>
<td>AHFA should reconsider the policy of funding only one project per county when one of the projects is a rehab. There are a lot of older properties in Alabama and many HOME loans are maturing now. Many of these are small. Almost half of the funded applications in 2018 were rehabs. Rehabs have a point advantage. A 24-unit rehab could easily prevent any new units being added in a county where there is strong need for units, even the state's fastest growing and neediest areas.</td>
<td>received a HOME Loan from AHFA, (ii) has at least 85% occupancy, and (iii) has either (a) repaid the HOME Loan in full, or (b) has a fully executed commitment with AHFA for a 15-year extension of the debt evidenced by the outstanding HOME loan.</td>
</tr>
<tr>
<td>Introductory Paragraph</td>
<td>A-1</td>
<td></td>
<td>Sandy Franks/ Mobile Housing Board</td>
<td>Distribution of Housing Credits - Recommendation: We recommend that AHFA provide for an allocation of up to two projects per county for Jefferson, Mobile and Madison Counties. We understand the desire to distribute Housing Credits throughout the state; however, the major metropolitan areas have a much greater need for affordable housing due to population, age of affordable housing, and metropolitan growth rates. The affordable housing stock in urban areas is very old and unsafe and has a high demand with high</td>
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<td>Introductory Paragraph</td>
<td>A-1</td>
<td>A-1</td>
<td>Amon Martin / Pennrose, LLC</td>
<td>Distribution of Housing Credits - We appreciate AHFA's desire and efforts to distribute Housing Credits throughout the state; however, we also realize that the major metropolitan areas have a much greater need for affordable housing due to population, age of affordable housing, and metropolitan growth rates. The affordable housing stock in the larger cities is very old and unsafe and has a high demand with high waiting lists with a growing population rate. We recommend that AHFA provide for an allocation for up to two projects per county for Jefferson, Mobile and Madison Counties.</td>
<td></td>
</tr>
<tr>
<td>Tie-Breaker #3</td>
<td>A-2</td>
<td>A-2</td>
<td>Thomas N. Ward / CRN Development, LLC</td>
<td>Would like to see tie breaker 3 remove. This tie breaker has caused developers to concentrate in these counties that has not had a deal in 5 years. It also has caused developers to have to pay above average land cost. This tie breaker should be replaced with sites located in opportunity zones.</td>
<td></td>
</tr>
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</table>
| Tie-Breaker #4              | A-2               | A-2    | David Morrow / Morrow Realty | Tie breaker 4 - Priority given to fewest amount of missing and/or incomplete items. Please consider removing this tie breaker. Determining missing or incomplete items can be subjective, inconsistent and/or changing year to year depending on the | Tie-breaker #4 will be removed.  
In addition, Tie-breaker # 5b and #7 will be removed from this section in the Plan. |

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<td>Tie-Breaker #4</td>
<td>A-2</td>
<td></td>
<td>Butch Richardson/ Olympia Construction, Inc.</td>
<td>Tie breaker number 4 should be eliminated. This tie breaker reverts back to missing and/or incomplete items. Missing or incomplete items can be a subjective determination and not necessarily consistent. We have compared Apps that have a particular form filled out in identical manner and one was considered not complete yet no mention of any needed clarification in the other. Third party reports are especially open to such subjective scrutiny.</td>
<td></td>
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<tr>
<td>Tie-Breaker #5</td>
<td>A-2</td>
<td></td>
<td>David Morrow/ Morrow Realty</td>
<td>Tie breaker 5.b. - Responsible Owner who has not requested a third extension. Please consider removing this tie breaker. This tie breaker results in a disadvantage to both HOME projects and rehab projects with existing HUD or USDA financing. AHFA environmental clearance is routinely delayed on HOME projects and that is predominantly outside the control of applicant. The final underwriting and approval process for projects involving the assumption of existing HUD and USDA loans takes time per their regulations and outside the control of applicant.</td>
<td>Tie-breaker #5b will be removed. In addition, Tie-breaker # 4 and #7 will be removed from this section in the Plan.</td>
</tr>
<tr>
<td>Tie-Breaker #5</td>
<td>A-2</td>
<td></td>
<td>Sam Johnston/ Arbour Valley Development</td>
<td>Tie Breaker 5.b. – for projects involving HUD, such as FHA financing, the underwriting and approval process is inherently slow and largely outside the control of applicants. This tie breaker</td>
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<td>A-3</td>
<td>Allan Rappuhn/ The Gateway Companies :: Gary Hall (Dave Truitt)/AAHA</td>
<td>disadvantages applicants with prior developments involving HUD. We recommend that AHFA eliminate this tie breaker so that everyone is on an equal playing field.</td>
<td>From Clubhouse/Community Building/Community Room bullet, replace “cooking facilities” with “microwave.”</td>
<td></td>
</tr>
<tr>
<td>A. 1.) (i.) (a.)…Point Amenities</td>
<td>A-3</td>
<td>Rory L. McKean/ McKean &amp; Associates, Architects, LLC</td>
<td>Cooking Facilities are noted as a requirement. Define &quot;cooking facilities&quot;. Building Codes classify the Community Building as a commercial building. If surface cooking is performed (cooktop or range) in the Community Building, most cities would require a commercial type range hood with fire suppression, the possible installation of a grease trap on the sewer system, etc. The cost to provide this equipment, and plumbing could be $10,000 to $20,000 or more. A microwave oven and/or a residential wall oven does not require any of the above noted additional equipment. Suggest &quot;cooking facilities&quot; be just a microwave or a microwave/residential wall oven combination due to the increased costs for real &quot;cooking facilities&quot;. If the intent is to really have the ability to do &quot;surface&quot; cooking, provide a 3-point</td>
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<td>A-3</td>
<td>Rory L. McKean/ McKean &amp; Associates</td>
<td>Amenities to install real &quot;cooking facilities&quot;. That point item could require a small commercial type range with a fire suppression range hood. The cost for these two items would be approximately $10,000 to $15,000, depending on the requirements of the local building department.</td>
<td>Make the “cooking facilities” at the Community Building as a 3-point amenity as noted above.</td>
<td>No changes will be made.</td>
</tr>
<tr>
<td>A. 1.) (i.)  (a.)…Point Amenities</td>
<td>A-3</td>
<td>David Morrow/ Morrow Realty</td>
<td>- Exterior Security Package and Unit Security Package Employing an outside service provider to test the security system on a monthly basis will increase maintenance expense to an already tight operating budget. We suggest allowing onsite maintenance to perform and document the tests as part of their monthly unit inspections in order to keep maintenance costs down.</td>
<td>The additional requirement for documentation of testing and monitoring from a service provider will be removed from this section in the Plan as it pertains to Exterior Security Package and Unit Security Package.</td>
<td></td>
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<tr>
<td>A. 1.) (i.)  (a.)…Point Amenities</td>
<td>A-3</td>
<td>Allan Rappuhn/The Gateway Companies :: Gary Hall (Dave Truitt)/ AAHA</td>
<td>To 4-point Playground bullet, add: three play activities similar to PlaygroundEquipment.com’s Sunset Harbor.</td>
<td>No changes will be made.</td>
<td></td>
</tr>
<tr>
<td>A. 1.) (i.)  (a.)…Point Amenities</td>
<td>A-3</td>
<td>Allan Rappuhn/The Gateway Companies :: Gary Hall (Dave Truitt)/AAHA</td>
<td>To 4-point Outdoor Fitness Activity Area; add: three activities similar to GameTime model 8645.</td>
<td>No changes will be made.</td>
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<td><strong>Point Amenities</strong></td>
<td>A-4</td>
<td>Allan Rappuhn/The Gateway Companies: Gary Hall (Dave Truitt)/AAHA</td>
<td>To 4 point Covered Picnic Pavilion bullet, change statement in parentheses to: (Minimum of 2 tables with attached bench seating and 2 grills and permanent roof structure, constructed in accordance with Addendum C Section III.A.3.b.xiii (p. C-9). Picnic tables to be similar to Playtime model 28016. Grills to be similar to Playtime model Deluxe #60 Waist Hi.</td>
<td>The “retractable cover” requirement will be removed from this section on the Plan. The Covered Picnic Pavilion will be required to have a permanent cover.</td>
</tr>
<tr>
<td>A. 1.) (i.) (a.)…</td>
<td><strong>Point Amenities</strong></td>
<td>A-4</td>
<td>Rory L. McKean/McKean &amp; Associates, Architects, LLC</td>
<td>Allow a swimming pool to be a 4-point amenity.</td>
<td>No changes will be made.</td>
</tr>
<tr>
<td>A. 1.) (i.) (a.)…</td>
<td><strong>Point Amenities</strong></td>
<td>A-4</td>
<td>Allan Rappuhn/The Gateway Companies: Gary Hall (Dave Truitt)/AAHA</td>
<td>To 3 point Splash Center bullet, change to: Splash Center(at least 500 square feet) which includes at a minimum a spray zone and pad and three above ground water features, similar to Spray and Play's &quot;Dolphin.&quot; <a href="http://www.sprayandplay.com/sphtm/dolphin.htm">http://www.sprayandplay.com/sphtm/dolphin.htm</a></td>
<td>The requirement that “3 above-ground water features” will be added to this section in the Plan as it pertains to the Splash Center.</td>
</tr>
<tr>
<td>A. 1.) (i.) (a.)…</td>
<td><strong>Point Amenities</strong></td>
<td>A-4</td>
<td>Allan Rappuhn/The Gateway Companies: Gary Hall (Dave Truitt)/AAHA</td>
<td>To 3-point Exercise/Fitness room with equipment bullet, add: Treadmills should be similar to Sole F63; elliptical trainers should be similar to Sole E25; stationary bicycles should be similar to Nordic Trac VR21.</td>
<td>The requirement that the exercise/fitness room “be no less than 144 square feet” will be added to this section in the Plan.</td>
</tr>
<tr>
<td>A. 1.) (i.) (a.)…</td>
<td><strong>Point Amenities</strong></td>
<td>A-4</td>
<td>Allan Rappuhn/The Gateway Companies: Gary Hall (Dave Truitt)/AAHA</td>
<td>To 3 point Cover bus stop shelter bullet, add: Shelter dimensions for elderly projects to be minimum 6' wide by 12' long. Shelter dimensions for family projects to be minimum 8' wide by 16’ long. Bench seating to be similar to GameTime Arlington Model UF9116: 2</td>
<td>The requirement that the covered bus stop shelter be a “minimum of 6’ wide by 12’ long with 2 fixed bench seating underneath same cover” will be added to this section in the Plan.</td>
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<td>A-4</td>
<td>Rory L. McKeen/ McKean &amp; Associates, Architects, LLC</td>
<td>benches for senior bus stop, four benches for family bus stop. Shelter construction must meet the same requirements as set forth in Addendum C Section III.A.3.b.xiii (p. C-9).</td>
<td>No changes will be made.</td>
<td></td>
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<tr>
<td>A. 1.) (i.)  (a.)…Point Amenities</td>
<td>A-4</td>
<td>Rory L. McKeen/ McKean &amp; Associates, Architects, LLC</td>
<td>Add a Furnished Arts &amp; Crafts/Activity Center as a 3 point amenity. Minimum room size would be 200 square feet equipped with a handicap accessible sink, storage, work table and seating, and a TV with the capability to broadcast instructional videos. This space could be used on elderly projects as well as family projects.</td>
<td>No changes will be made.</td>
<td></td>
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<td>A. 1.) (i.)  (a.)…Point Amenities</td>
<td>A-4</td>
<td>Allan Rappuhn/The Gateway Companies :: Gary Hall (Dave Truitt)/AAHA</td>
<td>To 2 point Picnic area with grills bullet, add: Picnic tables to be similar to Playtime model 28016. Grills to be similar to Playtime model Deluxe #60 Waist Hi. Picnic area to be located on 4&quot; concrete slab that provides access to all accessories in accordance with ADA.</td>
<td>The requirement that the picnic area with grills be a “minimum of 168 square feet of concrete slab for each picnic table” will be added to this section in the Plan.</td>
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<td></td>
<td></td>
<td>Allan Rappuhn/The Gateway Companies :: Gary Hall (Dave Truitt)/AAHA</td>
<td>To 2-point Storm doors bullet, add: Storm doors to be aluminum construction, similar to Larson Model no. 350-04.</td>
<td>The requirement that the storm door “must be of aluminum construction” will be added to this section in the Plan.</td>
</tr>
<tr>
<td>A. 1.) (i.) (a.)…<em>Point Amenities</em></td>
<td></td>
<td></td>
<td>Allan Rappuhn/The Gateway Companies :: Gary Hall (Dave Truitt)/AAHA</td>
<td>To 2 point Attached bike rack bullet, add: Rack must be permanently installed on concrete pad adjacent to sidewalk, oriented in such a way that sidewalk traffic is not impeded. Acceptable products include Park It product no. 7ZT7089 or similar.</td>
<td>The requirement that the bike rack be “permanently installed on concrete in such a way that sidewalk traffic is not impeded” will be added to this section in the Plan.</td>
</tr>
<tr>
<td>A. 1.) (i.) (a.)…<em>Point Amenities</em></td>
<td></td>
<td></td>
<td>Allan Rappuhn/The Gateway Companies :: Gary Hall (Dave Truitt)/AAHA</td>
<td>To 2 point Gazebo bullet, add: 16′ x 16′ square is the minimum gazebo size. Construction to be in accordance with Addendum C Section III.A.3.b.xiii. Gazebos and picnic shelters shall have table(s) with attached bench seating. Picnic tables to be similar to Playtime model 28016.</td>
<td>The requirement that the gazebo be a “minimum 16′ by 16′,” will be added to this section in the Plan.</td>
</tr>
</tbody>
</table>
| A. 1.) (i.) (a.)…*Point Amenities* | | | Rory L. McKean/ McKean & Associates, Architects, LLC | Allow a 2 point amenity for Flooring Upgrade from the FHA minimum standards as follows:  
  a) Hard Tile such as porcelain or ceremic is installed in all areas where FHA minimum carpet or resilient flooring would be installed  
  or | No changes will be made. |

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### Plan Section: A. 1.) (i.) (a.)…Point Amenities

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<td>David Morrow/ Morrow Realty</td>
<td>Emergency Pull Cords are a good amenity but should not be required to be monitored as AHFA developments are not assisted living. There is also liability attached to making them monitored so we request that the current language stay as-is. If it or another amenity gets deleted, please consider adding perimeter fencing on all sides except entrance as a project amenity under (A)(1)(i)(a).</td>
<td>No changes will be made.</td>
</tr>
<tr>
<td>Terry Mount/DSI Real Estate Partners</td>
<td>3 point Amenities 1st. Pls omit the Access Gate - these are a subject of concern with local authorities in regard to access and response time. Gates may be installed subject to the needs of the community and in coordination with local authorities. They should not simply be a way for points. The requirement that the access gate “must be closed during specific times at night” will be removed from this section in the Plan.</td>
<td>No changes will be made.</td>
</tr>
<tr>
<td>Terry Mount/DSI Real Estate Partners</td>
<td>2 point Amenities 1st. Pls omit the basketball court. These become a detriment to the community due to use by non residents and vandalism that occurs such as ripped nets and bent rims. These also provide areas of congregation of older teenagers &amp; young adults. 2nd Pls omit the Emergency Pull Chord/Call Button. As these are not</td>
<td>No changes will be made.</td>
</tr>
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<td>monitored, the potential liability is upsetting to insurance companies.</td>
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<td>3rd May the car wash station be coin operated. It may have occurred on properties in the past that owners subsidized car wash businesses.</td>
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</table>
| A. 1.) Project Characteristics | A-5 |        | Rory L. McKean/ McKean & Associates, Architects, LLC | Energy Star rated LED lighting in the kitchen:  
Change the wording to the following "Energy Star rated LED lighting in the kitchen. Lighting must be equivalent in lumens to a 4 ft fluorescent type fixture.  
(Note this would insure the fixture(s) installed provide adequate light coverage that was the intent of a 4 ft fluorescent type fixture.) | No changes will be made. |
| A. 1.) Project Characteristics | A-5 |        | Ann Marie Rowlett/ Rowlett & Company, LLC | The Agency should consider adding perimeter fencing as a point amenity item.                                                                                                                                           | No changes will be made. |
| A. 1.) Project Characteristics | A-5 |        | Terry Mount/DSI Real Estate Partners | Types of Construction - Extra Amenities  
- All deals submitted max out the Extra Amenities Category. Why not simply omit and list as Required Amenities. There could be several choices within Reqd Amenities to allow for family or senior and 1 or multistory.  
4 points Amenities - Clubhouse/Community Bldg/Community Room. | In the 4 Point Amenities section of the Plan, the term “Cooking facilities” will be removed and allow for the kitchen to have at a minimum (refrigeration/freezer, cabinets and a sink with counter space. |

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<td>1st. Pls leave kitchen requirements as are. Do not add &quot;cooking facilities&quot; as there be very negative effects. It could change the occupancy classification of the Community Room as well as bring the review of the &quot;kitchen&quot; area under the local health departments. This could result in commercial cooking equipment and commercial hoods w/ fire ext systems. Local health department approvals could add additional time to approval processes and commercial equipment costs add to project budgets that are already under pressure.</td>
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<td>2nd. Pls lower the requirement of 1 washer and 1 dryer per 25 units. Commercial laundry services will not serve our property any more due to the high number of residents having their own laundry equipment. Recommend up to 42 units have 1 washer and dryer. 42 to 56 have 2. As it is, a 42 unit property would req 2 of each and a 56 unit, 3 of each.</td>
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<td>3rd. Pls omit the points for the washer and dryer being provided in the units. AGAIN, most residents have their own washers and dryers. Providing washers and dryers drive up operating costs as additional appliances that have to be maintained and replaced.</td>
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<tr>
<td>A. 1.) Project Characteristics</td>
<td>A-5</td>
<td></td>
<td>Russell Bennett/Low Income Housing Coalition of Alabama</td>
<td>LIHCA applauds and appreciates the energy and water conservation incentives in the QAP. We recommend that AHFA further incentivize developers to incorporate additional design elements that support green practices and/or healthy living, which could include additional points (10 point maximum instead of 8 point maximum) for projects that can achieve a certification from Enterprise’s Green Criteria, LEED, or other green building certification.</td>
<td>No changes will be made.</td>
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<tr>
<td>(iii.) Rent Affordability (a.)</td>
<td></td>
<td>A-5</td>
<td>David Morrow/Morrow Realty</td>
<td>(a)(1) New Funds Please consider adding CDFI (Community Development Financial Institutions) funds and capital magnet funds to the list of AHFA-approved sources of new funds as this is a widely used source for affordable housing.</td>
<td>Capital Magnet Funds grants will be added as an AHFA approved source of New funds in this section of the Plan.</td>
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<td>New Funds</td>
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<td>Jason Freeman/Gateway Development Corporation :: Thomas N. Ward/</td>
<td>(iii), (a.), (1.) Would like to see CDFI Fund (The Community Development Financial Institutions Fund), part of the US Department of the Treasury approved as a New Funds in the Rent Affordability section. This fund is for underserved communities for quality, affordable and credible financial services. (See attachment)</td>
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<td>CRN Development</td>
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<td>(iii.) Rent Affordability (a.)</td>
<td></td>
<td>A-5</td>
<td>Joseph Raines/ United Bank</td>
<td>Request that Capital Magnet Fund grants, awarded by the U.S. Treasury's Community Development Financial Institutions Fund, be included in the list of funding sources eligible for application.</td>
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<td>New Funds</td>
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<td>iii.) Rent Affordability (a.)</td>
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<td>Joseph Raines/ United Bank</td>
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<td>iii.) Rent Affordability (a.) New Funds</td>
<td>A-5</td>
<td>Sandy Franks/ Mobile Housing Board</td>
<td>New Funds- Recommendation: We recommend AHFA consider additional financing sources from Public Housing Authorities (PHAs) such as Program Income as a qualified source. PHAs may have additional sources of financing to contribute to preserving or creating affordable housing. The financing can be structured as favorable construction/</td>
<td>No changes will be made.</td>
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<tr>
<td>iii.) Rent Affordability (a.) New Funds</td>
<td>A-5</td>
<td>Sandy Franks/ Mobile Housing Board</td>
<td>New Funds - Recommendation: We recommend that AHFA treat PHA funds (Capital Funds and RHFF) equally as the New Funds in Section (1). We appreciate AHFA's desire to reward projects that leverage new funds from Public Housing Authorities (PHA): Capital Fund Program (Capital Funds) and HUD Replacement Housing Factor Funds (RHFF). These sources are favorable financing that are contributed and are structured nearly identical to the favorable financing sources in Section (a) New Funds (1). However, there is a higher threshold of PHA funds required in order to achieve a comparable score to the new funds in Section (1). This is unfair to the PHAs. Capital Funds and RHFF funds can be used to leverage additional resources to the project nearly identical to the New Funds in Section (1). We do not understand why PHA sources are held to a higher threshold and are treated differently, as it relates to scoring thresholds, than the New Funds in Section (1).</td>
<td>No changes will be made.</td>
<td></td>
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<tr>
<td>iii.) Rent Affordability (a.) New Funds</td>
<td>A-5</td>
<td>Lori Harris/ Norstar Development USA, L.P.</td>
<td>Section (iii.)(a)(2) New Funds – This section awards points to projects with new funds committed.</td>
<td>No changes will be made.</td>
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<td>Issue: The draft QAP places public housing authorities at a disadvantage by discounting the points associated with Capital Fund Program and Replacement Housing Fund Program. To maximize the points in this section an applicant must request, and the housing authority must identify and commit more than $30,001 per unit in CFP or RHF. An unintended consequence may be that applicants submit projects including fewer units in an effort to be most competitive. This could result in projects with more tax credit subsidy than required and fewer affordable housing units than otherwise could be supported with the same resources. By taking Capital Fund Program and Replacement Housing Factor funds out of the general New Funds category and providing only up to 3 points for Capital Funds and Replacement Housing Factor Funds, the scoring places a higher burden on public housing authorities. These two sources are a housing authority’s primary source of funds to replace/rehab their aging affordable housing stock. Recommendation: Add CFP and RHF funds back into the New Funds scoring category, increase the amount per unit in this section, and increase overall points to 8.</td>
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<td>iii.) Rent Affordability (a.) New Funds</td>
<td>Amon Martin/ Pennrose, LLC</td>
<td><strong>New Funds:</strong> We appreciate AHFA's desire to reward projects that leverage other public resources along with the LIHTCs. In order to leverage more public funds to the projects, we recommend AHFA consider additional financing sources from Public Housing Authorities (PHAs) such as Program Income as a qualified source. PHAs may have additional sources of financing to contribute to preserving or creating affordable housing. The financing can be structured as favorable construction/permenant loan (i.e. below market interest rate, cash flow payment only, etc.) or Grant, and provide additional leveraging in addition to the sources currently listed.</td>
<td>No changes will be made.</td>
</tr>
<tr>
<td>iii.) Rent Affordability (a.) New Funds</td>
<td>Amon Martin/ Pennrose LLC</td>
<td><strong>New Funds:</strong> We appreciate AHFA's desire to reward projects that leverage new funds from Public Housing Authorities (PHA): Capital Fund Program (Capital Funds) and HUD Replacement Housing Factor Funds (RHFF). These sources are favorable financing that are contributed and are structured nearly identical to the favorable financing sources in Section (a) New Funds (1). However, there is a higher threshold of PHA funds required in order to achieve a comparable score to the new funds in Section (1). This is unfair to the PHAs. Capital Funds and RHFF funds can be used to leverage</td>
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<td>iii.) Rent Affordability (a.) New Funds</td>
<td>Evette Hester/ Montgomery Housing Authority</td>
<td>additional resources to the project nearly identical to the New Funds in Section (1). We do not understand why PHA sources are held to a higher threshold and are treated differently, as it relates to scoring thresholds, then the New Funds in Section (1). We recommend that AHFA treat PHA funds (Capital Funds and RHFF) equally as the New Funds in Section (1).</td>
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<tr>
<td>iii.) Rent Affordability (a.) New Funds</td>
<td>Evette Hester/ Montgomery Housing Authority</td>
<td>Section (iii.) Rent Affordability (a). New Funds (1) and (2)</td>
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<td>Comment: The draft QAP creates a significant inconsistency between the new funds listed in subsection (1) and subsection (2). The funds listed in subsection (2) are the Capital Fund Program and HUD Replacement Housing Factor Funds, the primary resources available to housing authorities for development purposes.</td>
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<td>The inconsistencies between subsection (1) and (2) are of concern as follows:</td>
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<td>- the maximum points available under subsection (1) is 5 points whereas the maximum points available under subsection (2) is only 3 points. This inconsistency devalues the Capital and Replacement Housing Factor Funds in comparison to other federal and non-federal funds listed in the prior section</td>
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and disproportionately impacts projects that include housing authority federal funds; and

- the per unit funding required for maximum points under subsection (1) requires $16,001+ per unit whereas the per unit funding for maximum points under subsection (2) requires $30,001+ per unit.

The required Capital Funds and/or Replacement Housing Factor Funds for maximum points is nearly double the other federal funding under subsection (1). This per unit inconsistency further impacts the ability for housing authority transactions to score well and competitively.

AFHA and Public Housing Authorities in the State of Alabama have similar missions, which is to provide affordable housing to low income families. Therefore, MHA is convinced that it is absolutely essential that AHFA give a housing authority's limited federal resources the same weight in the scoring process as any other source of new funds (typically federal funds).

Recommendation: Accordingly, the Montgomery Housing Authority strongly urges AHFA to revisit this section and
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<td>realign both the point scoring system and the minimum amounts to be consistent between subsections (1) and (2) to create a fair and level playing field for all new sources of funds.</td>
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<td>iii.) Rent Affordability (2.)</td>
<td>A-6</td>
<td></td>
<td>Chris Hall/ Tuscaloosa Housing Authority</td>
<td>Public housing Sales Proceeds should receive points comparable to public housing Capital Funds and Replacement Housing Factor Funds. See attached letter from Mayor Walter Maddox. Section (A)(1)(iii)(2) should be restored and amended to include Sales Proceeds as a scoring component. (see attached letter)</td>
<td>Language will be added to allow Public Housing Sales Proceeds to receive points in this section of the Plan</td>
</tr>
<tr>
<td>iii.) Rent Affordability (2.)</td>
<td>A-6</td>
<td></td>
<td>Willie B. McMahand Jr./Anniston Housing Authority</td>
<td>Capital Funds and Replacement Housing Factor Funds should continue to receive points. Section (A)(1)(iii)(2) should not be deleted. See attached letter from Mayor Jack Draper. (see attachment)</td>
<td>No changes will be made. Capital Funds and Replacement Housing Factor Funds will continue to receive points in this section of the Plan.</td>
</tr>
<tr>
<td>iii.) Rent Affordability (2.)</td>
<td>A-6</td>
<td></td>
<td>Eddie Lowe/Mayor – Phenix City</td>
<td>Capital Funds and Replacement Housing Factor Funds should continue to receive points. Section (A)(1)(iii)(2) should not be deleted. See attached letter from Mayor Eddie Lowe. (see attachment)</td>
<td></td>
</tr>
<tr>
<td>(iii.) Rent Affordability, (b.) Existing Funds</td>
<td>A-6</td>
<td></td>
<td>David Morrow/ Morrow Realty</td>
<td>(b) Existing Funds The $10,000 minimum threshold for USDA 515 loans under this section is too high. Older RD properties that are generally more in need of rehab have lower principal balances due to the age of their loans. Very few RD properties meet the $30,001 threshold. Please consider revising the scoring tier as follows: 5 points - $20,001 or more per unit</td>
<td>No changes will be made.</td>
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<td>(iii.) Rent Affordability. (b.) Existing Funds</td>
<td>A-6</td>
<td></td>
<td>Michael Hellier/Gulf Coast Housing Partnership</td>
<td>1)-iv-Rent Affordability: 2 or 3 points for assumption of a 515 loan is too high. This is not a &quot;cash&quot; subsidy that can be used to pay costs related to the redevelopment of a property but simply a paper transaction. Subsidy points allotted for assumption of an existing loan if given at all should be minimal.</td>
<td>No changes will be made.</td>
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</table>
| (iii.) Rent Affordability. (c.) Rental/Operating Subsidies | A-6 | Sandy Franks/ Mobile Housing Board | Rental/Operating Subsidies - Recommendation: We recommend reducing the requirement for HUD commitment for rental/operating subsidy to 25% of a project. These subsidies allow a project to target units at lower incomes thresholds. The threshold for a HUD commitment of rental/operating subsidy (75% of units) is considerably higher than USDA Rural Developments (25% of units). The requirement for 75% of a project to have a HUD commitment of rental/operating subsidy creates a concentration of poverty. Over the last few years, HUD has been working to reduce the concentration of subsidized housing. Also, while HUD rental/operating subsidies are key and critical tools to creating and preserving affordable housing, these are very scarce and limited resources. Concentrating over 25% to one project reduces the impact that a HUD Commitment of | Rental/Operating Subsidies from HUD will be changed to read:  
“HUD commitment must be for at least 50% of the total proposed units to receive the points.” |
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| iii.) Rent Affordability, (c.) Rental/Operating Subsidies | A-6               |        | Lori Harris/Norstar Development USA, L.P. | rental/operating subsidy can make to preserving and creating new affordable housing projects and is at risk of violating HUD’s Fair Housing requirements. Section (iii.) (c.) Rental/Operating Subsidies – Under this section, points are awarded for projects with rental/operating subsidy from USDA Rural Development (25% of units) or HUD (75% of units).  

Issue: To achieve these points, a HUD-supported project must commit rental subsidy to at least 75% of the units in a property. An unintended consequence of this is the possible (re)concentration of poverty, on a site where a former public housing development was demolished as a part of a greater neighborhood plan with input from PHA, city and local partners. Often these plans include the new construction of mixed-income housing.  

“For any given number or percentage of poor families in a society, a more concentrated residential pattern of the poor will result in more poor adults living in dangerous neighborhoods with less access to information about jobs. More poor children will grow up with fewer employed role models and attend schools, that, on average, function at far lower levels than those of the middle class. Physical and mental health of the poor...” |
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<td>will also suffer.  While the exact extent of these effects is debated, few would dispute that there are costs to the poor of living in economically devastated ghetto or barrio neighborhoods with good schools, rather than middle-class or better neighborhoods with good schools, good connections to the labor market, and other public amenities (p.1 “Concentration of Poverty in the New Millennium,” Jargowsky, Paul A. Report by the Century Foundation and Rutgers Center for Urban Research and Education). This excerpt from the article’s introduction summarizes dangers of concentrating poverty in neighborhoods. Further the ability to leverage first mortgage debt is likely to be reduced if 75% of the units are ACC or Section 8. This is due to the fact that the operating subsidy plus the tenant-paid rent (which is no more than 30% of their adjusted household income) typically does not cover the full cost of operating the unit and does not leave sufficient cash flow to support much (if any) debt. A Consequence of incentivizing the concentration of operating subsidies in a single project is likely to result in less private debt being leveraged in these LIHTC developments which may translate to fewer affordable units being constructed in the State.</td>
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### 2019 Summary of Public Comments Received and Responses by AHFA

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<td><strong>Recommendation:</strong> Allow up to 1 point for projects that have operating subsidies for 10% of units, and 2 points for projects that have operating subsidies for up to 25% of the total units.</td>
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<tr>
<td>iii.) Rent</td>
<td></td>
<td>A-6</td>
<td>Amon Martin/ Penrose, LLC</td>
<td><strong>Rental/Operating Subsidies:</strong> We appreciate AHFA’s intent to award points to projects that have rental/operating subsidies. These subsidies allow a project to target units at lower incomes thresholds. The threshold for a HUD commitment of rental/operating subsidy (75% of units) is considerably higher than USDA Rural Developments (25% of units). The requirement for 75% of a project to have a HUD commitment of rental/operating subsidy creates a concentration of poverty. Our attorneys have identified concerns regarding the implications of forcing 75% of a project to be subsidized with rental/operating subsidy. This requirement could create and violate HUD’s Fair Housing requirements. As you know, over the last few years, HUD has been working to reduce the concentration of subsidized housing. We highly recommend reducing the requirement for HUD commitment for rental/operating subsidy to 25% of a project. Also, while HUD rental/operating subsidies are key and critical tools to creating and preserving affordable housing, these are very scarce and limited resources. Concentrating</td>
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<td>iii.) Rent</td>
<td>A-6</td>
<td>Evette Hester/</td>
<td>over 25% to one project reduces the impact that a HUD Commitment of rental/operating subsidy can make to preserving and creating new affordable housing projects.</td>
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<td></td>
<td>Affordability. (c.) Rental/Operating Subsidies</td>
<td></td>
<td>Montgomery Housing Authority</td>
<td>Comment: The draft QAP awards 2 points for at least 25% of the total proposed units to have a commitment of USDA Rural Development rental/operating subsidy or at least 75% of the total proposed units to have a commitment of HUD rental/operating subsidy. This language encourages the concentration of poverty with developments comprised of at least 75% HUD public housing and/or project based Section 8 subsidized units in the new affordable communities, precisely the opposite of the goal of the Department of Housing and Urban Development (HUD) to deconcentrate poverty.</td>
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<td>In 2013 the Center for Urban Research and Education (CURE) at Rutgers University - Camden released a groundbreaking report that revealed since 2000, concentrated poverty has increased by 50 percent with more than 11 million Americans now residing in neighborhoods where at least two in every five households live below the poverty line.</td>
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<td>poverty line. As a result, CURE was awarded a $218,378 grant to examine the determinants of the concentration of poverty - and the extent to which the poor are isolated in high-poverty neighborhoods - with an emphasis on the role of public policies that shape metropolitan growth and development.</td>
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<td>According to CURE Director, Paul Jargowsky, &quot;the study is especially critical given the mounting evidence showing the dramatic, negative impacts of concentrated poverty on a number of socioeconomic factors, such as employment, healthcare, education and crime. These factors then create a cyclical effect, contributing back to even more poverty.&quot;</td>
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<td><a href="https://cure.camden.rutgers.edu/research/determinants-of-concentration-of-poverty">https://cure.camden.rutgers.edu/research/determinants-of-concentration-of-poverty</a></td>
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<td>The Montgomery Housing Authority is committed to the deconcentration of poverty and creating new vibrant affordable housing communities that include families with a broader range of mixed-incomes.</td>
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<td>Recommendation: Revise the point scoring in this section to allow up to 1 point for projects that have rental/operating subsidies of any kind for at least 10% of the total units and up to 2</td>
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<tr>
<td>iii.) Rent Affordability, (c.) Rental/Operating Subsidies</td>
<td>A-6</td>
<td></td>
<td>Randal “Morgan” Smith/ BREC Development</td>
<td>Regarding “Rental/Operating Subsidies” – HUD 75% of total proposed units. Is this specifically for project based section 8 or can we use a commitment from an administrator that receives funds from HUD – such as an entity that needs to house veterans, homeless individuals, persons living with HIV, etc.?</td>
<td>This is an application question. AHFA will take application-specific questions once the 2019 Multifamily Funding Application is available.</td>
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<tr>
<td>(iv.) Tenant Needs</td>
<td>A-7</td>
<td></td>
<td>Russell Bennett/Low Income Housing Coalition of Alabama</td>
<td>LIHCA recommends that AHFA incentivize developers to provide a portion of the units in all developments as permanent supportive housing by including selection criteria points in the QAP to projects that integrate a percentage of permanent supportive housing units. Reason: Vulnerable populations, including those living with mental illness and/or substance abuse, HIV/AIDS, those experiencing homelessness, and survivors of domestic violence, tend to be marginalized from mainstream housing resources and often need supportive services to maintain housing stability. Permanent supportive housing not only seeks to house these populations, but provides supportive services to ensure housing stability. Developers could partner with local</td>
<td>No changes will be made.</td>
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|              | (v.) Project Type | A-7    | David Morrow/ Morrow Realty | (A)(1)(v)(a) HOME rehabs Under the current scoring system, it is nearly impossible to compete with applicants seeking to extend or repay AHFA HOME loans. We note that all five applications submitted in the 2018 application cycle meeting this criteria were allocated funds, with four of them receiving the highest scores in the cycle. This will only increase as more eligible projects apply if the current scoring system stays in place. We recommend that AHFA do the following:
1. Reduce the maximum number of points under this section to 5 points to level the playing field with new construction projects who receive the maximum points in (a)(1)(iii)(a)(1).
2. Cap the eligible points under this section to the top three highest scoring projects that meet this criteria. | Addendum A, page A-1. Allocation Selection, will be changed to add the following statement:
...subject to the following exceptions. AHFA will allocate Housing Credits to 2 projects in the same county or city only if both projects score high enough to be funded, are otherwise eligible to be funded under this QAP (Or HOME Action Plan), and one of the projects being considered has all of the following attributes at the time of application: (i) has received a HOME Loan from AHFA, (ii) has at least 85% occupancy, and (iii) has either (a) repaid the HOME Loan in full, or (b) has a fully executed commitment with AHFA for a 15-year extension of the debt evidenced by the outstanding HOME loan. |
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<td>3. Require prospective HOME rehab applicants to file their paydown and extension application with AHFA at least 120 days prior to the LIHTC application due date and distribute notice to the development community or post on the AHFA website at least 90 days prior to the LIHTC application due date a list of all owners of expiring HOME loan projects that have notified AHFA that they intend to repay or pay down 30% or more of their existing HOME loans and seek an extension. Developers need to know this information well in advance in order to evaluate potential application sites.</td>
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<td>(v.) Project Type</td>
<td>A-7</td>
<td>Michael Hellier/Gulf Coast Housing Partnership</td>
<td>1)-vii-Project Type: Points should not be awarded for paying off an existing HOME loan. This is an owner commitment similar to a compliance commitment and owners should not be rewarded an incentive for doing what they committed to do. Indeed, it should be a &quot;negative action&quot; or a loss of compliance points if a loan is not paid off by the maturity date. In addition, paying off of a loan for an existing project does in no way make it a &quot;better&quot; project as compared to other submittals. We understand there may be other issues of concern to the Agency that are driving these points. As an alternative if necessary, a set-aside similar to the...</td>
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**CHDO could be established in which these properties could compete. However, these applications should not roll to the general pool affecting other applications. The individual applicants would have the choice to compete in the set-aside or the general pool.**

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<tr>
<td>(v.) Project Type (a.)</td>
<td>A-7</td>
<td>Fred Bennett/The Bennett Group</td>
<td>CHDO could be established in which these properties could compete. However, these applications should not roll to the general pool affecting other applications. The individual applicants would have the choice to compete in the set-aside or the general pool.</td>
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<td>submitted an expiring HOME project. We have an excellent site there, so we looked to see what expiring HOME projects might potentially be coming up next year in that county, and found three. So we've made the call to look elsewhere for 2019. &gt;&gt;&gt; We are not alone in doing this analysis, and we're afraid this will lead most of the state's developers to be focusing on just the very few counties available that have no potential higher scoring competitor on the horizon. Crowding multiple developers in the same county/market looking for sites is wasteful and unproductive, and likely to shrink the pool of fundable applications dramatically. &gt;&gt;&gt; A potential partial fix would be for AHFA to provide public notice when owners of expiring HOME projects have notified the agency of intent to pay down 30% of their existing HOME loan and seek the 15-year extension. We understand this probably occurs on a &quot;rolling basis,&quot; but it would be good information. Then developers could decide if they want to take the risk of competing with a potential expiring HOME project, or not.</td>
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<tr>
<td>(v.) Project Type</td>
<td>(a.)</td>
<td>A-7</td>
<td>Sam Johnston/ Arbour Valley Development</td>
<td>A.1.)(v.)(a) - We implore AHFA to re-assess how it handles acq/rehab applicants seeking to extend (or re-pay) AFHA HOME loans. Under the draft scoring scheme, it’s almost impossible to compete with applicants seeking to extend AHFA HOME loans. In 2018, five eligible applicants sought to extend AHFA HOME loans and all five were awarded credits; four of five applications were the highest scoring in the cycle. Co-mingling these acq/rehab applications with the general pool comes at a cost. First, the acq/rehab applications cannibalize new construction projects that add incremental housing stock to the market. Second, there appears to be no cap on how many deals can be awarded—in other words, there is no cap on the amount of new housing stock being cannibalized. We suggest that AFHA establish a separate set aside for applicants seeking to extend AHFA HOME loans. In that way, new construction developments competing in the same county are not perfunctorily deemed less desirable and discarded. In addition, a cap on resources devoted to AHFA HOME loan extensions can easily be established thru a set aside.</td>
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<tr>
<td>(v.) Project Type (a.)</td>
<td>A-7</td>
<td>Lori Harris/Norstar Development USA, L.P.</td>
<td>As an alternative to a set aside, AHFA could set a cap (similar to the CHDO cap) on resources going to AHFA HOME loan extensions and allow two developments per county should one of the awards involve an AHFA HOME loan extension.</td>
<td>No changes will be made.</td>
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<td>(v.) Project Type (a.)</td>
<td>A-7</td>
<td>Ann Marie Rowlett/Rowlett &amp; Company, LLC</td>
<td>Section (v.) (a.) Project Type – This section provides an undue advantage to previous participants in the HOME program (which is available to projects with 56 or less units). Issue: While it is recognized that the repayment of outstanding HOME loans provides additional resources for affordable housing development, awarding points in the QAP disadvantages projects that have never before, and are not currently seeking HOME funds. Project sponsors who have not utilized the HOME Program are not eligible to secure the associated points. Recommendation: It is recommended that the points associated with this section are decreased to 4 points, if not eliminated altogether, so as to not to further exacerbate this inequality.</td>
<td>No changes will be made.</td>
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<td>(v.) Project Type (b.)</td>
<td>A-7</td>
<td>Lori Harris/Norstar Development USA, L.P.</td>
<td>Section (v.)(b.) Project Type – This section provides an undue advantage to rehabilitation projects. Issue: While historic preservation is an important policy goal and the use of historic preservation tax credits increases the resources available for affordable housing development, it further increases the disparity between rehab and new construction projects. Four points for this section creates an unfair advantage for rehab projects. Recommendation: It is recommended that the points for this subsection are decreased to one (1) point.</td>
<td>No changes will be made.</td>
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<tr>
<td>(v.) Project Type (c.)</td>
<td>A-7</td>
<td>Lori Harris/Norstar Development USA, L.P.</td>
<td>Section (v.)(c.) Project Type – In this section, one (2) point is set aside for the rehab or replacement of previously existing multifamily housing. Issue—Point Compensation: An implementation plan that includes neighborhood revitalization and the replacement of previously existing multifamily housing requires extensive coordination. One (1) point is not adequate in consideration of the importance of the neighborhood initiative, and one (1) point does not reflect the complexities associated with the coordination of multi-year commitments from multiple local agencies.</td>
<td>No changes will be made.</td>
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<tr>
<td>(v.) Project Type (c.)</td>
<td>A-7</td>
<td></td>
<td>Sandy Franks/ Mobile Housing Board</td>
<td>Recommendation: It is recommended that the points awarded for this subsection be increased from 1 point to 4 points. An increase in scoring could be justified to compensate for the increased complexity in neighborhood revitalization and the replacement of previously existing multifamily housing.</td>
<td>The “same site” requirement will be removed from this section in the Plan.</td>
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<td>(v.) Project Type (c.)</td>
<td>A-7</td>
<td></td>
<td>Lori Harris/Norstar Development USA, L.P.</td>
<td>Section (v.)(c.) Project Type – Under section (c.) of this scoring criteria, replacement of previously existing multifamily housing, defined as “multifamily housing that has been demolished and cleared for the construction of new replacement housing on the same site” receive 1 point.</td>
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<td>Issue—Realistic timing: Since the replacement includes 9% LIHTC, the process for replacing the previously existing multifamily housing can take years because of the competitive nature of the housing credit as well as the once yearly application cycle. The definition does not recognize the reality of the time necessary for put together the resources to develop large scale, multiphase site. Many former public housing sites were large developments, with hundreds of units. Recommendation: It is recommended that the time frame is eliminated from this scoring section reflecting the lengthy time frame for the implementation of neighborhood revitalization. Instead, the applicant should show that the previous multifamily housing site was removed to construct new housing on the same site. The intended result – replacing previously existing multifamily housing with new multifamily housing – does not change if a slightly longer timeframe is required. Multi-year projects are still important and supported by city and local agencies, even if the timeline is delayed due to funding timelines and other community commitments.</td>
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<td>(v.) Project Type (c.)</td>
<td>A-7</td>
<td>Evette Hester/ Montgomery Housing Authority</td>
<td>Section (v.) Project Type (c.) Comment: The draft QAP currently provides 1 point for the replacement of</td>
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<td>(v.) Project Type (c.)</td>
<td>A-7</td>
<td>Amon Martin/ Pennrose, LLC</td>
<td>Project Type (c) - Due to the stringent requirements of both HUD's Site and Neighborhood Standards and AHFA's scoring to get affordable housing in higher AMI census tracts, we recommend the removal of the requirement that replacement housing be on the same site. As PHAs work to replace PHA developments with mixed-income</td>
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Previously existing multifamily housing that has been demolished and cleared within the last 5 years.

Due to 1) the highly competitive nature of the 9% low income housing tax credit application process, 2) the size of many previously existing multifamily housing developments, and 3) the multi-phase approach to redevelopment of these sites, it simply has not been feasible to complete the demolition and redevelopment process within a 5 year timeframe.

Recommendation: The Montgomery Housing Authority urges AHFA to eliminate the timeframe from this criteria for the replacement of multifamily housing on a previously existing multifamily housing site, while maintaining the points associated with developing multifamily housing on a previously existing multifamily housing site.

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<td>(vi.) (a.) (1.)</td>
<td>Neighborhood</td>
<td>A-8</td>
<td>Terry Mount/DSI Real</td>
<td>(vi.) Location (a) Points Gained for Site Selection (1) Neighborhood Services - This list of services seems to be based on folks living in affordable housing not having transportation. This is a fallacy as can be proven by visiting almost any project. Senior properties may have fewer residents that drive but they do have friends and family members that take them. Many seniors would have a difficult time walking 1 or 2 miles any way. Suggest that neighborhood services be added that have the ability to improve life quality such as Parks, Libraries, Colleges or Universities.</td>
<td>No changes will be made.</td>
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| (2). Census Tract     | Location          | A-8    | Ann Marie Rowlett/Rowlett & Company, LLC | The Agency should consider adding another layer to the scoring for Census Tract Location: 1pt 80%-90%, 2pts 90%-100% and 3pts for over 100%.                                                                                          | Changes will be made in this section of the Plan to add another layer to the scoring criteria for Census Tract Location as follows:  
1 point – 80% to less than 90%  
2 points – 90% to less than 100%  
3 points – 100% or more |
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<td>(2). Census Tract Location</td>
<td>A-8</td>
<td>Casey Craven/ Prestwick Companies</td>
<td>Please consider using the census data from the previous year vs the new data that's released just before applications are due. For example, we could use the 2018 Census Tract and Median Family Income List forms released January of 2018 for the 2019 application cycle. Or, give the applicant the choice of using the newly released census data or the previous years’. The release of this data is so close to the application deadline that it’s very likely a site could fall below the 80%/100% thresholds, and thus out of the points category, after considerable time and resources have been spent on 3rd party reports, rezoning, and application preparation. Since the county data is updated annually, but the census data is still from 2010, it's not affecting accuracy, but only giving firm guidance in the pursuit of sites located in higher income census tracts.</td>
<td>No changes will be made in this section of the Plan. Please be aware that 2010 Census Tract Data is used and compared to the current Annual Median Income list published by HUD.</td>
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<tr>
<td>2. Applicant Characteristics (iv).</td>
<td>A-10</td>
<td>Jason Freeman/ Gateway Development Corporation :: Thomas N. Ward, CRN Development, LLC</td>
<td>2.),(iv), Would like to see the 1 point for AHFA-Approved CHDO's removed. This has created an unfair advantage for the one group. They already have the advantage by receiving the first 15% of HOME funds. There is no reason that they should receive that point.</td>
<td>The one (1) point for being an AHFA-approved CHDO applicant applying for Housing Credits combined with HOME that has attended AHFA’s 2019 CHDO Workshop will be removed.</td>
<td></td>
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<tbody>
<tr>
<td>Addendum B, Application Completeness Requirements</td>
<td>B-2</td>
<td></td>
<td>Russell Griebel/United Consulting</td>
<td>5 business day response time. Please consider expanding this to 10 business days. Please consider including the consultant on the request for information.</td>
<td>No changes will be made.</td>
</tr>
<tr>
<td>Addendum B, ApplicationCompleteness Requirements</td>
<td>B-3</td>
<td></td>
<td>Russell Griebel/United Consulting</td>
<td>&quot;Unrestricted residential use&quot; is defined at 335-15-1-.02(ccc). Such allows for institutional or engineering controls to be used to address certain conditions. However, the QAP indicates &quot;AHFA will not accept any proposed future institutional or engineering controls on the proposed site other than a prohibition on the use of groundwater for potable or irrigation purposes....&quot; Such language does not allow for properties to be eligible where mitigation of the potential vapor intrusion pathway is warranted. Vapor mitigation measures are often considered to be engineering controls. The vapor pathway is often addressed via a system similar to a radon mitigation system. Radon mitigation is required (depending on the zone) in the QAP, which can be considered an engineering control. Please consider updating this section to read &quot;AHFA will not accept any proposed future institutional or engineering controls on the proposed site other than a prohibition on the use of groundwater for potable or irrigation purposes in instances where the water is supplied by a utility.&quot;) AHFA does not intend to change its current policy to allow any other exceptions to the requirement that projects be appropriate for unrestricted residential use.</td>
<td>AHFA will revise the language in Addendum B to clarify that it only accepts projects that &quot;are appropriate for unrestricted residential use (as defined by ADEM under Alabama Administrative Code regulation 335-15-1.02(ccc), with the sole exception that AHFA will permit the use of an institutional control prohibiting the use of groundwater for potable or irrigation purposes in instances where the water is supplied by a utility).” AHFA does not intend to change its current policy to allow any other exceptions to the requirement that projects be appropriate for unrestricted residential use.</td>
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<tbody>
<tr>
<td>Addendum B,</td>
<td>“Choice -Limiting</td>
<td>B-4</td>
<td>Russell Griebel/</td>
<td>installation of a vapor mitigation system to address the potential vapor intrusion pathway.”</td>
<td>No changes will be made.</td>
</tr>
<tr>
<td>“Choice -Limiting Activities” and Other Activities Prohibited</td>
<td>thru B-5</td>
<td></td>
<td>United Consulting</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Addendum B-1</td>
<td>AHFA Requirements, #7</td>
<td>B-1-</td>
<td>Russell Griebel/</td>
<td>Choice Limiting Activities. Often times there is not sufficient time to complete the needed geotechnical exploration from the time the environmental clearance is provided until closing. Provided there are no critical habitats/species, etc., please consider a variance to allow for such engineering needs.</td>
<td>No changes will be made.</td>
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<td></td>
<td></td>
<td>1</td>
<td>United Consulting</td>
<td>Item 7 states &quot;..... The results and EP’s analysis of the database search must be described in the text of the Phase I ESA report and include a sufficiently detailed rationale for why each facility listed in the database search .....&quot; For clarification, as verbally indicated by AHFA at the Environmental Meeting on 7/20/18, by &quot;each&quot; it was not intended that &quot;each&quot; facility in a database must be discussed individually, but there must be language that support such for facilities for not being an recognized environmental condition. For instance, if there is a hydraulic barrier (i.e. a flowing stream) between the applicants site and 30 regulated facilities or if the facilities were not in the sites watershed, then such could be described holistically vs. describing each facility.</td>
<td>No changes will be made.</td>
</tr>
<tr>
<td>Addendum B-1, AHFA</td>
<td>B-1-2</td>
<td>Russell Griebel/</td>
<td>Lead Based Paint &quot;.......If any structures are planned to be demolished,</td>
<td>AHFA will revise Addendum B regarding lead requirements to read as follows:</td>
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<td>Requirements, 8. b. Lead-Based Paint (“LBP”) Testing:</td>
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<td>it is acceptable to provide a plan for abatement via demolition, appropriate characterization of waste prior to disposal, and post-demolition clearance report in lieu of a LBP testing report. This wording is unclear, please clarify. Also, please explain when lead in soil testing is or is not required.</td>
<td>Lead-Based Paint (“LBP”) Testing: For all buildings built prior to 1978, a LBP testing report must be included in the Phase I ESA. AHFA requires the Phase I ESA include a statement that all LBP will be completely abated (eliminated) by a licensed LBP contractor. If funded, the plan for LBP abatement will be required. If any structures are planned to be demolished, in lieu of a LBP testing report, it is acceptable to provide a plan for abatement via demolition that includes the appropriate management and disposal of waste in accordance with applicable solid waste regulations and the preparation of any required post-demolition clearance report compliant with applicable state, federal, and local regulations. A list of licensed LBP contractors can be obtained from the Alabama Department of Public Health (“ADPH”) at <a href="http://www.adph.org">www.adph.org</a>. Lead-Based Paint standards: US Department of HUD “Guidelines for the Evaluation and Control of Lead Paint Hazards in Housing”: Chapter 7 of <a href="https://portal.hud.gov/hudportal/HUD?src=/program_offices/healthy_homes/lbp/hudguidelines">https://portal.hud.gov/hudportal/HUD?src=/program_offices/healthy_homes/lbp/hudguidelines</a></td>
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<tr>
<td>Addendum B-1, AHFA Requirements, 9. a. Radon</td>
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<td>Radon - For rehab projects, as discussed at the 7/20/18 Environmental Meeting, we understand that radon testing is required regardless of the property's radon zone. Please include such clarifying language.</td>
<td>AHFA will revise Addendum B regarding radon requirements to read as follows: Radon: ADPH lists the following counties as being located in zone 1 (highest level): Calhoun, Clay, Cleburne, Colbert, Coosa,</td>
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<td></td>
<td>Addendum B-1, AHFA Requirements, 9. b. Wetlands</td>
<td>B-1-2 thru B-1-3</td>
<td>David Morrow/ Morrow Realty</td>
<td>Wetland delineation studies or assessment reports field work completed no later than 180 days prior to application. Typically, developers do not select a potential site prior to AHFA's publication of the final QAP and HOME Plan in order to determine if the development scoring will be competitive. For the 2018 cycle, AHFA published the final documents on 9/6/2017 and applications were due 2/1/2018 which is a little less than 5 months after the final plans were posted. In order to meet the 180 day delineation requirement, the delineation field work would have had to be completed roughly 35 days prior to posting of the final plans. Please consider changing the 180 day requirement to 60 days in order to give developers time to</td>
<td>The intent of the proposed language was to ensure that wetland delineation studies are not older than 180 days when submitted to AHFA. AHFA will revise the language in Addendum B regarding the timing of preparation of delineation studies to read as follows: “Any wetland delineation studies or assessment reports prepared for the project site or adjoining properties must be submitted with the application and the field work completed within 180 days prior to application submittal.”</td>
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<td>Dana Tilton/Bhate Associates</td>
<td>Can a deeded public right-of-way cross a stream or wetland to access the applicant’s site even if the right-of-way has not been constructed?</td>
<td>This appears to be a question related to specific project location or proposed application and not a comment on the Draft 2019 Housing Credit Qualified Allocation Plan and HOME Action Plan. AHFA will not provide a response.</td>
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<tr>
<td></td>
<td>Addendum B-1, 9.</td>
<td>B-1-2</td>
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<td></td>
<td>b. Wetlands</td>
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<td></td>
<td>Russell Griebel/</td>
<td>Wetlands &quot;........If on any portion of the site (including integral offsite development areas) any evidence of wetlands, streams, lakes or other water bodies (a) are suspected to be present or (b) are depicted on the topographic map, NWI map, or soils map for the site, a Jurisdictional Determination (JD) from the U.S. Army Corps of Engineers will be required....&quot; Per the USACE, for an area to be classified as a wetland, the area must exhibit characteristics that satisfy criteria within the following three parameters: a dominance of wetland vegetation; physical evidence of wetland hydrology; and indications of hydric soils. Reading the requirements, as one example, one could interpret this as meaning that if a soils map for a property lists soils, or a component thereof (regardless of size or percent), as hydric, then a JD must be obtained because such could be construed as &quot;any evidence.&quot;</td>
<td>AHFA will revise Addendum B regarding wetland requirements to read as follows: Wetlands: No portion of the site may contain wetlands, streams, lakes, or other water bodies (which also includes waters of the United States) including any integral offsite development areas (e.g., offsite areas required for ingress, egress, or parking). For purposes of the Phase I ESA Report, wetlands, streams, lakes, and other water bodies are defined according to the U.S. Army Corps of Engineers Wetlands Delineation Manual (1987) and related guidance documents. The Phase I report must include a United States Fish &amp; Wildlife Service (“USFWS”) National Wetlands Inventory (NWI) Map with site boundaries clearly marked and consistent with the boundaries on all other figures. The EP must also field verify to confirm whether or not the site contains wetlands, streams, lakes or other water bodies, including both jurisdictional “waters of the United States” and non-jurisdictional waters and wetlands. If on any portion of the site (including integral offsite development areas) any evidence of</td>
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<td></td>
<td>B-1-2 thru B-1-3</td>
<td></td>
<td>United Consulting</td>
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<td></td>
<td>Addendum B-1, 9.</td>
<td>B-1-2</td>
<td>Mike Summy/ARM, LLC</td>
<td>Does the presence of hydric soils (on the soil survey) require a Wetland JD automatically?</td>
<td></td>
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<tr>
<td></td>
<td>b. Wetlands</td>
<td>thru B-1-3</td>
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<td>Addendum B-1, 9. c. Floodplains (100 year (zones A or V), 500 year (zone B))</td>
<td>B-1-3</td>
<td>Dana Tilton/Bhate Associates</td>
<td>Based on our previous experience, it appears that deeded public rights-of-way for yet to be constructed roads required to access the site are not considered integral off-site development areas for purposes of floodplain impact, Is this still correct?</td>
<td>This appears to be a question related to specific project location or proposed application and not a comment on the Draft 2019 Housing Credit Qualified Allocation Plan and HOME Action Plan. AHFA will not provide a response.</td>
<td></td>
</tr>
<tr>
<td>Addendum B-1, 9. d. Noise Abatement &amp; Control</td>
<td>B-1-3</td>
<td>Russell Griebel/United Consulting</td>
<td>Noise. Please clarify what the noise requirements are for Tax Credit applications.</td>
<td>AHFA will revise Addendum B regarding noise requirements to read as follows: Noise Abatement &amp; Control: The Phase I ESA must include (1) a completed HUD “Noise (EA) - Partner Worksheet” found at: <a href="https://www.hudexchange.info/programs/environmental-review/noise-abatement-and-control/">https://www.hudexchange.info/programs/environmental-review/noise-abatement-and-control/</a>; and (2) a completed HUD “Day/Night Noise Level Calculator” assessment found at: <a href="https://www.hudexchange.info/resource/2830/day-night-noise-level-assessment-tool/">https://www.hudexchange.info/resource/2830/day-night-noise-level-assessment-tool/</a> . The noise level assessment must answer the following questions:</td>
<td></td>
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<tr>
<td>Addendum B-1, 9. d. Noise Abatement &amp; Control</td>
<td>B-1-3</td>
<td>Mike Summy/ARM, LLC</td>
<td>Would requiring noise to be below accepted levels for ALL portions of the site restrict the possibility having any sites near a major roadway? For example, no sites could be close to a major highway since the access road would exceed noise levels.</td>
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<tr>
<td>Addendum B-1, 9. d. Noise Abatement &amp; Control</td>
<td>B-1-3 thru B-1-4</td>
<td>Kevin Strumpler/Geotechnical and Environmental Consultants, Inc.</td>
<td>Due to AHFA's more stringent than HUD exterior noise policy, please consider providing additional guidance on noise mitigation, or clarification to your noise policy. Outside noise mitigation, following HUD guidelines, generally involves the use of barriers to block the line of site, to the subject property, from offsite noise sources. Due to barrier design/construction restraints, property setbacks, topography, etc. there will necessarily be a portion of the subject property, between the barrier and the edge of the property, that will exceed acceptable noise levels, thereby not meet your threshold. This needs to be clarified, so that appropriate mitigation can be applied.</td>
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<tr>
<td>Addendum B-1, AHFA Requirements, 10. Aboveground Storage Tanks</td>
<td>B-1-4</td>
<td>Russell Grieben/United Consulting</td>
<td>ASTs - &quot;The EP must certify that the distance of ASTs to the perimeter of the project site has been field-verified.&quot; The EP can field verify the location of the ASTs, then use a tool like GoogleEarth to measure the distance from the observed</td>
<td></td>
<td>AHFA will revise the referenced language in Addendum B to read as follows: The EP must certify that the EP field-verified the distance of the ASTs to the perimeter of the project site.</td>
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<tr>
<td>Addendum B-1, REQUIREMENTS FOR EVERY PHASE II ESA SUBMITTED TO AHFA 1.</td>
<td>B-1-6</td>
<td>Dana Tilton/Bhate Associates</td>
<td>AST to the boundary of the Project Site. By &quot;certify the distance,&quot; is better accuracy being required, like the use of a Registered Land Surveyor or GPS with a certain accuracy range? Or was what was intended more like &quot;The EP must certify that the location of the AST has been field-verified.&quot;</td>
<td>This appears to be a question related to specific project location or proposed application and not a comment on the Draft 2019 Housing Credit Qualified Allocation Plan and HOME Action Plan. AHFA will not provide a response.</td>
<td></td>
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<tr>
<td>Addendum B-2 Engagement Letter</td>
<td>B-2-1</td>
<td>Dana Tilton/Bhate Associates</td>
<td>In areas of the state where PFOAs or similar compounds are a concern, but no regulatory limits have been established, how should the EP demonstrate that the project is appropriate for unrestricted residential use?</td>
<td>AHFA will delete the language in Paragraph 4 of the Addendum B-2 regarding the “Terms and Conditions Section of the Engagement Letter”.</td>
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<tr>
<td>Addendum B-2 Engagement Letter</td>
<td>B-2-1 thru B-2-2</td>
<td>Russell Griebel/ United Consulting</td>
<td>We are told by our insurance provider that no insurance company can list an additional insured on a Professional Liability Policy. Please provide an acceptable alternative for this situation.</td>
<td>AHFA will revise the referenced language of the Engagement Letter to read as follows: Our Firm understands that it shall provide a copy of its Insurance Certificate or Accord demonstrating that it satisfies the AHFA Insurance Requirements and listing or scheduling AHFA as an additional insured for the Comprehensive General Liability and Property Damage insurance policies.</td>
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<td>C – Design Quality Standards &amp; Construction Manual</td>
<td>III., A., 3.) b. Other Exterior Standards, i.</td>
<td>C-8</td>
<td>Rory L. McKean, McKean &amp; Associates, Architects, LLC</td>
<td>Other Exterior Standards, i: Add the following sentence: “Exterior light fixtures at apartment unit entry doors at apartment buildings with enclosed, heated and cooled corridors are not required when the corridor lighting remains on all the time.”</td>
<td>The following sentence will be added to this section on the Plan: “Exterior light fixtures at apartment unit entry doors at apartment buildings with enclosed, heated and cooled corridors are not required when the corridor lighting remains on all the time.”</td>
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<td>III., A., 4.) c. Kitchen Spaces: ii.</td>
<td>C-9</td>
<td>Rory L. McKean, McKean &amp; Associates, Architects, LLC</td>
<td>Kitchen spaces, ii: There are problems with finding a good location to install the 5 lb fire extinguisher in the Kitchen. Many times there are no walls that allow installation without obstructing cabinet doors or have the extinguisher installed in the Dining Areas. Suggest one of the following changes: 1) Delete requirement for the fire extinguishers. They are not required by code and fire protection cannisters are being installed as per the QAP. 2) Change to a 2-1/2 lb extinguisher which will allow it to be installed in a cabinet better. A 5 lb extinguisher is too big to effectively install in a cabinet. A 2-1/2 lb extinguisher is more typical for residential use.</td>
<td>This section in the plan will be changed to require that each unit be equipped with a 2.5lb. ABC rated dry chemical fire extinguisher readily accessible in the kitchen and mounted to accommodate handicapped accessible height in accessible units.</td>
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<td>3) Allow extinguisher to be installed in a location adjacent to the Kitchen (not the Dining Area) such as a Laundry Room. The tenant will know where it is located. Consider the 2-1/2 extinguisher for this option too.</td>
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<td>III., A., 5.)</td>
<td>C-11</td>
<td>Rory L. McKean/ McKean &amp; Associates, Architects, LLC</td>
<td>Plumbing and Mechanical Equipment, d.: Suggest not requiring insulated walls around Mechanical Closets. This is not very effective because of the noise through the return air grilles or full louvered doors that may be used for return air. If insulation is desired, only require it at walls that separate the Mechanical Closet from Bedrooms.</td>
<td>No changes will be made.</td>
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<td>V., B., 2.) Other Exterior Standards, j.</td>
<td>C-19</td>
<td>Russell Bennett/Low Income Housing Coalition of Alabama</td>
<td>LIHCA recommends that AHFA consider other building materials besides concrete (such as pervious pavers) for sidewalks which could reduce the impact of storm water runoff.</td>
<td>No changes will be made.</td>
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<td>V., B., 4.)</td>
<td>C-21</td>
<td>Rory L. McKeen/ McKeen &amp; Associates, Architects, LLC</td>
<td>Rehabilitation, 4.c.: Suggest not requiring insulated walls around existing mechanical closets due to the high costs to remove and replace drywall to install the insulation.</td>
<td>This requirement will be removed in this section of the Plan.</td>
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<td>General Comments</td>
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<td></td>
<td>General Comment</td>
<td>NA</td>
<td>David Morrow/ Morrow Realty</td>
<td>In order to allocate more affordable housing developments, we recommend that AHFA limit the amount of tax credits awarded to a single project to a maximum amount of $900,000 or a higher amount below the current $1.2 million, regardless of the basis boost. We request AFHA institute caps on the types of projects (family, elderly, rehab, new) or size of projects (smaller projects have higher costs per unit and need more credits). We recommend the following sliding scale: (i) 24-31 units $650,000 (rehab) (ii) 32 to 40 units $700,000 (iii) 41 to 48 units $800,000 (iv) 49 units and above $900,000</td>
<td>No changes will be made.</td>
</tr>
<tr>
<td></td>
<td>General Comment</td>
<td>NA</td>
<td>David Morrow/ Morrow Realty</td>
<td>Any and all construction or rehabilitation underwriting cost guidelines, particularly construction costs, should be disclosed in the QAP if there are any thresholds or limits that developers need to fall within. Currently, there is a cost reasonableness tests for eligibility and/or allowable credits or HOME funds, but no one</td>
<td>No changes will be made.</td>
</tr>
</tbody>
</table>

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### 2019 Summary of Public Comments Received and Responses by AHFA

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<th>AHFA Response</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>knows what there are. Developers cannot make informed decisions before spending large sums of predevelopment costs if they do not know the project will qualify or have sufficient resources to be feasible.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>We request AHFA to consider specifying construction hard cost and development cost limits in the QAP, as is done in the QAPs of many other Southeast U.S. state agencies, based on the building design type (detached/semi-detached, row house, walk up, elevator), number of bedrooms, and geographic location of the proposed property by using the yearly published Total Development Cost (TDC) Limits document by MSA on the HUD PIH Office of Capital Improvements website. This can be converted to a per unit limit and/or per square foot limit. Each county in the state can be grouped to the most similar geographic MSA, whether small or large. See &quot;What's Hot&quot; column on the right of the HUD PIH Office of Capital Improvements website: <a href="https://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/programs/ph/capfund">https://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/programs/ph/capfund</a> for the HUD 2017 Unit Total Development Cost Limits document.</td>
<td></td>
</tr>
<tr>
<td>General Comment</td>
<td>NA</td>
<td>David Morrow/ Morrow Realty</td>
<td>All fees paid to AHFA should be allowable as development costs. A line</td>
<td>No changes will be made.</td>
<td></td>
</tr>
</tbody>
</table>

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</thead>
<tbody>
<tr>
<td>General Comment</td>
<td>NA</td>
<td></td>
<td>Monique Wilson/ American Heart Association</td>
<td>Low Socioeconomic Status families and individuals tend to be unhealthier because they don’t have the means to allocate towards preventative health. From high unemployment, low educational attainment, poor to no healthy food. AHFA encourages and promotes healthy living and tenant quality of life. AHFA requires that the owner provide at least five tenant services of their choice to promote healthy living and tenant quality of life, including providing services such as blood pressure screening, CPR.</td>
<td>AHFA encourages and promotes healthy living and tenant quality of life. AHFA requires that the owner provide at least five tenant services of their choice to promote healthy living and tenant quality of life, including providing services such as blood pressure screening, CPR.</td>
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<td>options, and little in the way of preventative health services, residents of many housing communities have lower life expectancy than sub-Saharan Africa. Higher rates of poverty and fewer resources often result in dynamics that prevent families from meeting other basic needs such as proper nutrition and quality health care. Thus, residents of public housing and affordable multifamily housing suffer disproportionately from chronic illnesses such as diabetes, hypertension, and obesity. Low-income zip codes have 25% fewer chain supermarkets and 1.3 times as many convenience stores compared to middle income zip-codes. And therefore, stores and restaurants selling unhealthy food greatly outnumber markets with fresh produce or restaurants with nutritious food in some communities. Opportunities for residents to exercise, walk, or bike may be limited, and some neighborhoods are unsafe for children to play outside. That is why increasingly, public health partners like the AHA are joining with housing communities to forge systemic changes that can address the needs of people beyond traditional health settings.</td>
<td>and first aid training, promoting nutrition and healthy eating, budget counseling and various other quality of life services. This has been a part of the application process for quite some time. A change will be made to include this requirement in the Plans.</td>
</tr>
</tbody>
</table>
The American Heart Association believes that everyone deserves an optimal and just opportunity to be healthy, giving special attention to the needs of those at greatest risk of poor health, based on their social conditions. The AHA and other public health organizations across the state want to assure that affordable housing residents have access to an environment that promotes health.

The AHA would like to propose that applicants be allowed to receive points under the Housing Credit Qualified Allocation Plan for implementing a Healthy Living Program to engage residents at risk of and/or currently living with heart disease, stroke, high blood pressure, diabetes, high cholesterol, obesity related illnesses and their caregivers. In order to receive points the applicant must submit a one page Healthy Living Education Plan, Marketing Plan, List of Service Providers in the area and an Executed MOU with a local health organization.

The AHA will work with other public health partners across the state to develop a comprehensive listing of local agencies that provide healthy living services to residents.

(see attachments)
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</tr>
</thead>
<tbody>
<tr>
<td>General Comment</td>
<td>NA</td>
<td>NA</td>
<td>Russell Bennett/Low Income Housing Coalition of Alabama</td>
<td>LIHCA applauds and appreciates the point incentives for getting larger families, households with disabilities and/or experiencing homelessness, and we hope that AHFA continues to incentivize developers to serve populations such as those listed in the QAP.</td>
<td>Thank you for your comment.</td>
</tr>
<tr>
<td>General Comment</td>
<td>NA</td>
<td>NA</td>
<td>Casey Craven/Prestwick Companies</td>
<td>Please consider creating a set aside allocation of funds for acquisition/rehab deals. The scoring is currently set up to heavily favor the acquisition/rehab deals which leaves much fewer credits for new construction developments. By creating a set aside, AHFA has the ability to also cap the funds available for acq/rehabs and thus even the playing field for new construction developments. We also suggest that acquisition/rehab credit awards don’t count against a new construction deal in the same county. This will prevent acq/rehab from stifling new construction development in areas that may not have been awarded a deal in many years.</td>
<td>No changes will be made. Addendum A, page A-1, Allocation Selection, will be changed to add the following statement: ...subject to the following exceptions. AHFA will allocate Housing Credits to 2 projects in the same county or city only if both projects score high enough to be funded, are otherwise eligible to be funded under this QAP (Or HOME Action Plan), and one of the projects being considered has all of the following attributes at the time of application: (i) has received a HOME Loan from AHFA, (ii) has at least 85% occupancy, and (iii) has either (a) repaid the HOME Loan in full, or (b) has a fully executed commitment with AHFA for a 15-year extension of the debt evidenced by the outstanding HOME loan.</td>
</tr>
</tbody>
</table>
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</tr>
</thead>
<tbody>
<tr>
<td>General Comment</td>
<td>NA</td>
<td>NA</td>
<td>Dian Torres/ Pennrose Properties</td>
<td>We respectfully request a modification to the disclosure requirements with respect to the identification of all members or partners or an Owner/Applicant so that only those shareholders having voting rights and control of a private corporation, who is a member or partner, directly or indirectly, of the Owner/Applicant, need be disclosed in the LIHTC Application Tab 13. As an example, one of the indirect members of our organizational structure, who will always be a part of all our LIHTC Applications, is a corporation with numerous shareholders who possess only an economic interest, with no voting or control rights whatsoever over the corporation. This corporation does have voting shareholders who do control the corporation for which we will identify for Credit Authorization in our LIHTC Applications. Please consider this modification only requiring the identification of shareholders who have voting rights and control over a private corporation that is a member, directly or indirectly, of the Owner/Applicant. Thank you.</td>
<td>No changes will be made.</td>
</tr>
</tbody>
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THE CDFI FUND

EMPOWERING UNDERSERVED COMMUNITIES

Thomas N. Ward/CRN Development
"Community Development Financial Institutions Funds (CDFI)"

(see comment page 16)
BE PART of the community

OVERVIEW

The Community Development Financial Institutions Fund (CDFI Fund), part of the U.S. Department of the Treasury, plays a unique and important role in generating economic growth in America. By fostering the creation and expanding the capacity of community-based financial institutions that specialize in providing affordable credit, capital, and financial services, the CDFI Fund builds businesses, creates jobs, and revitalizes neighborhoods.

HISTORY

Community Development Financial Institutions—or CDFIs—emerged in response to a lack of access to responsible and affordable credit and capital in minority and economically distressed communities. The CDFI “movement” took shape in the 1970s with the passage of the Community Reinvestment Act, which encourages financial institutions to meet the needs of all sectors of the communities they serve. Amid growing concerns about the social consequences of investment decisions made by the financial services industry on the nation’s low-income communities, early CDFIs began filling a niche by providing capital and credit in areas that are often difficult for traditional financial institutions to serve.

Since its inception in 1994, the CDFI Fund has built a nation-wide network of CDFIs committed to ensuring that underserved communities have access to quality, affordable, and credible financial services. Over time, the CDFI Fund has leveraged more sophisticated financial mechanisms, such as tax credits, to further support community development.

Today, with the CDFI Fund’s help, what started as a grassroots movement has grown into a thriving sector of the financial services industry that is meeting the needs of communities across the country. The institutions the CDFI Fund serves have enhanced their capacity, sustainability, and impact. The CDFI Fund, in turn, has evolved to meet their needs, offering new programs to further community transformation.

MODEL

The CDFI Fund supports the mission-driven financial institutions working on a local level that know their communities best. Financial institutions that become certified by the CDFI Fund are eligible to apply for the comprehensive services it offers—including monetary support and training to build organization capacity. The CDFI Fund’s model is competitive and each of its programs provides CDFIs with the flexibility to determine the best use of limited federal resources in their community.

IMPACT

Since its inception, the CDFI Fund has awarded more than $2 billion to CDFIs and allocated $60.5 billion in New Markets Tax Credits.

In fiscal year 2017 alone, CDFI Program awardees reported that they provided more than $5 billion in financing to homeowners, businesses, and commercial and residential real estate developments. These developments include the construction of community facilities in communities that might not otherwise have these amenities. In addition, CDFI Program awardees financed more than 14,700 business and microentreprise loans and provided more than 450,000 individuals with financial literacy or other training. Similarly in 2017, nearly $2.5 billion in loans and investments were made possible under the New Markets Tax Credit Program, with over 77 percent of the loans and investments made in Severely Distressed Communities. This critical financing contributed to more than 6,000 jobs and an estimated 19,000 construction-related jobs; and resulted in more than 350 affordable housing units, 8.3 million square feet of commercial real estate, and nearly 500 businesses receiving financial counseling or other services.

The result of the CDFI Fund’s work is an inclusive economy: an America where all citizens have the chance to participate in the mainstream economy. Each business financed, each job created, each home built represents a critical step in the transformation of a life, a family, and a community. The CDFI Fund’s work transforms communities and creates economic opportunity for all Americans.

You might be surprised to learn the impact of the CDFI Fund in your own community. Check out www.cdfifund.gov to learn more.
CDFI FUND PROGRAMS

The CDFI Fund makes an impact through a wide range of innovative programs. Visit www.cdfifund.gov to learn more and apply.

- CDFI Program: Provides Financial Assistance and Technical Assistance awards to certified and emerging CDFIs to sustain and expand their services and to build their technical capacity.

- Native Initiatives: Includes the Native American CDFI Assistance Program, which provides Financial Assistance and Technical Assistance awards to CDFIs serving Native communities to sustain and expand their services and to build their technical capacity; and training opportunities for Native CDFIs available as part of the CDFI Fund's Capacity Building Initiative.

- Bank Enterprise Award Program: Provides monetary awards to Federal Deposit Insurance Corporation insured banks for increasing their investments in low-income communities and/or in CDFIs.

- New Markets Tax Credit Program: Provides tax allocation authority to certified Community Development Entities (CDEs), enabling investors to claim tax credits against their federal income taxes. The CDEs, in turn, use the capital raised to make investments in low-income communities.

- Capacity Building Initiative: Provides organizations certified as CDFIs or trying to become CDFIs with access to free seminars, market research and analysis, tools, and one-on-one training to help them develop, diversify, and grow.

- CDFI Bond Guarantee Program: Guarantees the full amount of notes or bonds issued to support CDFIs that make investments for eligible community or economic development purposes. These bonds or notes support CDFI lending and investment by providing a source of long-term, patient capital.

- Capital Magnet Fund: Offers competitively awarded grants to finance affordable housing solutions for low-income people and low-income communities nationwide.

Feel free to contact us with any questions.

CDFI Fund Help Desk:
e cdfihelp@cdfi.treas.gov
p (202) 653-0421

www.cdfifund.gov
Low-income families across America experience difficulty finding affordable housing, with many spending over half of their paychecks on rent. This burden leaves little income for other necessities such as food, medical care, transportation, and savings – essential services that are often not readily available in low-income communities. The Capital Magnet Fund was created to spur investment in affordable housing and related economic development efforts that serve low-income families and low-income communities across the country.

**HOW DOES THE CAPITAL MAGNET FUND WORK?**

Through the Capital Magnet Fund, the CDFI Fund competitively awards funds to CDFIs and qualified non-profit housing organizations. These awards can be used to finance affordable housing activities, as well as related economic development activities and community service facilities, with the objective of attracting private capital to economically distressed communities, including underserved rural areas. Funding for the Capital Magnet Fund comes from allocations made by the Government-Sponsored Enterprises Fannie Mae and Freddie Mac and varies from year to year.

Joseph Raines/United Bank

"Capital Magnet Fund Grants"

*(see comment page 16)*
Capital Magnet Fund awards must be used to leverage housing and economic development investments at least ten times the size of the award amount. Award recipients are able to utilize Capital Magnet Fund awards to create financing tools such as loan loss reserves, loan funds, equity funds, risk-sharing loans, and loan guarantees. At least 70 percent of Capital Magnet Fund dollars must be used to finance affordable housing, and recipients may use up to 30 percent of funds to finance economic development activities linked to affordable housing. The CDFI Fund seeks to promote Capital Magnet Fund-financed activity in geographically diverse areas of economic distress, including metropolitan and rural areas across the United States.

IS MY ORGANIZATION ELIGIBLE?
To be eligible to apply for funds through the Capital Magnet Fund, your organization must be a certified CDFI or a non-profit organization operating with a principal purpose of developing or managing affordable housing solutions.

For additional information on eligibility, please visit the CDFI Fund’s website at www.cdfifund.gov/cmf.

CAPITAL MAGNET FUND IMPACT
From one award round in 2010, the Capital Magnet Fund has already generated nearly $1.8 billion of investment—over 20:1 leveraging—with just $80 million in awards, and created more than 13,300 affordable homes.

The most recent award round for the program was in FY 2016. These recipients project that their investments will result in approximately 17,000 affordable rental and homeownership housing units and more than $2.2 billion in private investment in affordable housing and economic development activities.

FIND OUT MORE
Visit our website: www.cdfifund.gov/cmf
Call our help desk for support: [202] 653-0421
Email us your questions: cdfihelp@cdfi.treas.gov
Awardees utilize financing tools such as loan loss reserves, loan funds, risk-sharing loans, and loan guarantees to produce eligible activities within five years with aggregate costs that are at least 10 times the size of the award amount. Each Award Recipient must use at least 70 percent of Capital Magnet Fund Award dollars to finance affordable housing, and recipients may use up to 30 percent of grant funds to finance economic development activities related to affordable housing.

The CDFI Fund seeks to promote activities in geographically diverse areas of economic distress, including metropolitan and rural areas across the United States. Awardees may finance activities in a local area, state-wide, or across several states [multi-state].

Funding for the Capital Magnet Fund comes from the Government-Sponsored Enterprises Fannie Mae and Freddie Mac and varies from year to year.

**CAPITAL MAGNET FUND HISTORY AND IMPACT:**

The fiscal year (FY) 2017 award round is the third round in the Capital Magnet Fund’s history. The inaugural round was held in FY 2010 when the Capital Magnet Fund awarded $80 million to 23 CDFIs and qualified non-profit organizations serving 38 states. From that one award round, the Capital Magnet Fund has:

- Created 13,325 affordable homes, including 11,727 affordable rental homes and 1,598 homeowner-occupied homes.
- Supported the creation of nearly 16,000 jobs.
- Generated nearly $1.8 billion in private and public leverage; $22 of investment for every $1 in Capital Magnet Fund funding.

FY 2016 Capital Magnet Fund awardees project that:

- 17,000 affordable housing units will be developed, including more than 15,000 rental units and nearly 2,000 homeownership units.
- 17,000 jobs will be created by Capital Magnet Fund-sponsored projects.
- More than $2 billion in private investment, and more than $3 billion total, will be leveraged for Capital Magnet Fund projects.
Awardees are required to leverage their awards by a minimum of 10:1, but frequently exceed that requirement. Awards will leverage an estimated $3.2 billion in public and private investment. 78% of the leverage is projected to come from private investment.

**COMMUNITIES**

41

The number of states (including the District of Columbia) that will be served by the awardees.

20%

% of awardees that plan to invest the majority of their award in non-metropolitan areas.

15%

% of awardees that plan to undertake economic development activities by financing community service facilities such as workforce development or healthcare centers.

**HOUSING**

Awardees plan to develop more than 21,000 Affordable Housing Units, including nearly 18,000 Rental Units and more than 3,000 Homeownership Units.

Combined, 91% of all Housing Units will be developed for Low-Income Families (80% of the Area Median Income or below).

- 89% of the Homeownership Units will be developed for Low-Income Families (80% of the Area Median Income or below).
- 54% of the Rental Units will be developed for Very Low-Income and Extremely Low-Income Families (50% of the Area Median Income or below).

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*Amount awarded is net of funds deducted from the amount allocated by the GSEs to administer the Capital Magnet Fund.*
<table>
<thead>
<tr>
<th>AWARD RECIPIENT NAME</th>
<th>CITY</th>
<th>STATE</th>
<th>SERVICE AREA</th>
<th>TOTAL AWARD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abode Communities</td>
<td>Los Angeles</td>
<td>CA</td>
<td>Statewide</td>
<td>$1,600,000</td>
</tr>
<tr>
<td>Appalachian Community FCU</td>
<td>Gray</td>
<td>TN</td>
<td>Multi-State</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Atlanta Neighborhood Development Partnership Inc.</td>
<td>Atlanta</td>
<td>GA</td>
<td>Local</td>
<td>$800,000</td>
</tr>
<tr>
<td>BankPlus</td>
<td>Belzoni</td>
<td>MS</td>
<td>Statewide</td>
<td>$700,000</td>
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<tr>
<td>Beneficial State Bancorp Inc.</td>
<td>Oakland</td>
<td>CA</td>
<td>Multi-State</td>
<td>$3,000,000</td>
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<tr>
<td>Boston Community Loan Fund</td>
<td>Boston</td>
<td>MA</td>
<td>Multi-State</td>
<td>$3,900,000</td>
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<tr>
<td>Century Housing Corporation</td>
<td>Culver City</td>
<td>CA</td>
<td>Local</td>
<td>$6,500,000</td>
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<td>Chicanos Por La Causa Inc. (CPLC)</td>
<td>Phoenix</td>
<td>AZ</td>
<td>Multi-State</td>
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<tr>
<td>Cinnaire Lending Corporation</td>
<td>Chicago</td>
<td>IL</td>
<td>Multi-State</td>
<td>$4,150,000</td>
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<tr>
<td>Clearinghouse Community Development Financial Institution</td>
<td>Lake Forest</td>
<td>CA</td>
<td>Multi-State</td>
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<td>Colorado Housing and Finance Authority</td>
<td>Denver</td>
<td>CO</td>
<td>Statewide</td>
<td>$7,100,000</td>
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<td>Community Development Trust LP, The</td>
<td>New York</td>
<td>NY</td>
<td>Multi-State</td>
<td>$3,600,000</td>
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<tr>
<td>Corporation for Supportive Housing</td>
<td>New York</td>
<td>NY</td>
<td>Local</td>
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<tr>
<td>Enterprise Community Loan Fund Inc.</td>
<td>Columbia</td>
<td>MD</td>
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<td>Gulf Coast Housing Partnership Inc.</td>
<td>New Orleans</td>
<td>LA</td>
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<tr>
<td>HHOC Mortgage</td>
<td>Honolulu</td>
<td>HI</td>
<td>Local</td>
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<td>Home Headquarters Inc.</td>
<td>Syracuse</td>
<td>NY</td>
<td>Local</td>
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<td>Hope Federal Credit Union</td>
<td>Jackson</td>
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<td>Kentucky Highlands Investment Corporation</td>
<td>London</td>
<td>KY</td>
<td>Local</td>
<td>$700,000</td>
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<td>Legacy Bank and Trust Company</td>
<td>Plato</td>
<td>MO</td>
<td>Multi-State</td>
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<td>Leviticus 25.23 Alternative Fund Inc.</td>
<td>Tarrytown</td>
<td>NY</td>
<td>Statewide</td>
<td>$2,750,000</td>
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<thead>
<tr>
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<th>STATE</th>
<th>SERVICE AREA</th>
<th>TOTAL AWARD</th>
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<tr>
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<td>New Mexico Mortgage Finance Authority</td>
<td>Albuquerque</td>
<td>NM</td>
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<td>$3,600,000</td>
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<td>North Carolina Comm. Dev. Initiative Capital Inc.</td>
<td>Raleigh</td>
<td>NC</td>
<td>Statewide</td>
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<td>Ohio Capital Finance Corporation</td>
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<td>Multi-State</td>
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<td>Pennsylvania Housing Finance Agency</td>
<td>Harrisburg</td>
<td>PA</td>
<td>Statewide</td>
<td>$4,000,000</td>
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<td>Providence Community Housing</td>
<td>New Orleans</td>
<td>LA</td>
<td>Local</td>
<td>$1,250,000</td>
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<td>Reinvestment Fund Inc., The</td>
<td>Philadelphia</td>
<td>PA</td>
<td>Multi-State</td>
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<td>Rhode Island Housing and Mortgage Finance Corporation</td>
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<td>RI</td>
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<td>Rural Community Assistance Corporation</td>
<td>West Sacramento</td>
<td>CA</td>
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<td>$2,500,000</td>
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<td>San Luis Obispo County Housing Trust Fund</td>
<td>San Luis Obispo</td>
<td>CA</td>
<td>Local</td>
<td>$1,000,000</td>
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<td>Self-Help Enterprises</td>
<td>Visalia</td>
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<td>$1,575,000</td>
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<tr>
<td>Self-Help Federal Credit Union</td>
<td>Durham</td>
<td>NC</td>
<td>Local</td>
<td>$3,400,000</td>
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<td>Southwest Housing Solutions</td>
<td>Detroit</td>
<td>MI</td>
<td>Local</td>
<td>$3,100,000</td>
</tr>
<tr>
<td>Tohono O'odham Ki-Ki Association</td>
<td>Sells</td>
<td>AZ</td>
<td>Local</td>
<td>$900,000</td>
</tr>
<tr>
<td>Twin Cities Habitat for Humanity Inc.</td>
<td>Saint Paul</td>
<td>MN</td>
<td>Local</td>
<td>$730,000</td>
</tr>
<tr>
<td>United Bank</td>
<td>Atmore</td>
<td>AL</td>
<td>Multi-State</td>
<td>$4,000,000</td>
</tr>
<tr>
<td>Virginia Community Capital Inc.</td>
<td>Christiansburg</td>
<td>VA</td>
<td>Statewide</td>
<td>$4,000,000</td>
</tr>
<tr>
<td>Wisconsin Housing and Economic Development Authority</td>
<td>Madison</td>
<td>WI</td>
<td>Statewide</td>
<td>$5,238,656</td>
</tr>
<tr>
<td>Wisconsin Housing Preservation Corp.</td>
<td>Madison</td>
<td>WI</td>
<td>Statewide</td>
<td>$3,000,000</td>
</tr>
</tbody>
</table>
KEY APPLICANT HIGHLIGHTS:

APPLICATIONS
120 organizations applied for the FY 2017 round requesting nearly $540 million in Capital Magnet Fund awards.

HEADQUARTERS
The 120 applicants are headquartered in 38 states and the District of Columbia.

SERVICE AREA
46 applicants proposed to serve a multi-state service area, 27 proposed state-wide service areas, and 47 proposed local service areas.

ORGANIZATION TYPE
Of the 120 applicants 55 are non-profit housing organizations and 65 are certified CDFIs.

Of the CDFI applicants there are:
- 52 Loan Funds
- 7 Banks/Thrifts
- 3 Credit Unions
- 2 Depository Institution Holding Companies
- 1 Venture Capital Fund
ADDITIONAL RESOURCES

Learn more about the Capital Magnet Fund on our website.

View all of the awardees in our searchable awards database.

Visit www.cdfifund.gov to learn about other CDFI Fund programs and how to apply.
ignated entity under this section that are used for rental housing under subsection (c)(7)(A) are used only for the benefit of extremely low- and very low-income families; and

(F) requirements and standards for establishment, by a State or State designated entity, for use of grant amounts in 2009 and subsequent years of performance goals, benchmarks, and timetables for the production, preservation, and rehabilitation of affordable rental and homeownership housing with such grant amounts.

(h) Affordable housing trust fund

If, after July 30, 2008, in any year, there is enacted any provision of Federal law establishing an affordable housing trust fund other than under this chapter for use only for grants to provide affordable rental housing and affordable homeownership opportunities, and the subsequent year is a year referred to in subsection (c), the Secretary shall in such subsequent year and any remaining years referred to in subsection (c) transfer to such affordable housing trust fund the aggregate amount allocated pursuant to subsection (c) in such year. Notwithstanding any other provision of law, assistance provided using amounts transferred to such affordable housing trust fund pursuant to this subsection may not be used for any of the activities specified in clauses (i) through (vi) of subsection (c)(9)(D).

(i) Funding accountability and transparency

Any grant under this section to a grantee by a State or State designated entity, any assistance provided to a recipient by a State or State designated entity, and any grant, award, or other assistance from an affordable housing trust fund referred to in subsection (h) shall be considered a Federal award for purposes of the Federal Funding Accountability and Transparency Act of 2006 (31 U.S.C. 6101 note). Upon the request of the Director of the Office of Management and Budget, the Secretary shall obtain and provide such information regarding any such grants, assistance, and awards as the Director of the Office of Management and Budget considers necessary to comply with the requirements of such act, as applicable, pursuant to the preceding sentence.


This chapter, referred to in subsec. (h), was in the original "this title", meaning title XIII of Pub. L. 102–550, Oct. 28, 1992, 106 Stat. 3941, which is classified principally to this chapter. For complete classification of title XIII to the Code, see Short Title note set out under section 4501 of this title and Tables.


§ 4569. Capital Magnet Fund

(a) Establishment

There is established in the Treasury of the United States a trust fund to be known as the Capital Magnet Fund, which shall be a special account within the Community Development Financial Institutions Fund.

(b) Deposits to Trust Fund

The Capital Magnet Fund shall consist of—

(1) any amounts transferred to the Fund pursuant to section 4567 of this title; and

(2) any amounts as are or may be appropriated, transferred, or credited to such Fund under any other provisions of law.

(c) Expenditures from Trust Fund

Amounts in the Capital Magnet Fund shall be available to the Secretary of the Treasury to carry out a competitive grant program to attract private capital for and increase investment in—

(1) the development, preservation, rehabilitation, or purchase of affordable housing for primarily extremely low-, very low-, and low-income families; and

(2) economic development activities or community service facilities, such as day care centers, workforce development centers, and health care clinics, which in conjunction with affordable housing activities implement a concerted strategy to stabilize or revitalize a low-income area or underserved rural area.

(d) Federal assistance

For purposes of the application of Federal civil rights laws, all assistance provided using amounts in the Capital Magnet Fund shall be considered Federal financial assistance.

(e) Eligible grantees

A grant under this section may be made, pursuant to such requirements as the Secretary of the Treasury shall establish for experience and success in attracting private financing and carrying out the types of activities proposed under the application of the grantee, only to—

(1) a Treasury certified community development financial institution; or

(2) a nonprofit organization having as 1 of its principal purposes the development or management of affordable housing.
(f) Eligible uses

Grant amounts awarded from the Capital Magnet Fund pursuant to this section may be used for the purposes described in paragraphs (1) and (2) of subsection (c), including for the following uses:

(1) To provide loan loss reserves.
(2) To capitalize a revolving loan fund.
(3) To capitalize an affordable housing fund.
(4) To capitalize a fund to support activities described in subsection (c)(2).
(5) For risk-sharing loans.

(g) Applications

(1) In general

The Secretary of the Treasury shall provide, in a competitive application process established by regulation, for eligible grantees under subsection (e) to submit applications for Capital Magnet Fund grants to the Secretary at such time and in such manner as the Secretary shall determine.

(2) Content of application

The application required under paragraph (1) shall include a detailed description of—

(A) the types of affordable housing, economic, and community revitalization projects that support or sustain residents of an affordable housing project funded by a grant under this section for which such grant amounts would be used, including the proposed use of eligible grants as authorized under this section;
(B) the types, sources, and amounts of other funding for such projects; and
(C) the expected time frame of any grant used for such project.

(h) Grant limitation

(1) In general

Any 1 eligible grantee and its subsidiaries and affiliates may not be awarded more than 15 percent of the aggregate amounts available for grants during any year from the Capital Magnet Fund.

(2) Geographic diversity

(A) Goal

The Secretary of the Treasury shall seek to fund activities in geographically diverse areas of economic distress, including metropolitan and underserved rural areas in every State.

(B) Diversity defined

For purposes of this paragraph, geographic diversity includes those areas that meet objective criteria of economic distress developed by the Secretary of the Treasury, which may include—

(i) the percentage of low-income families or the extent of poverty;
(ii) the rate of unemployment or underemployment;
(iii) extent of blight and disinvestment;
(iv) projects that target extremely low-, very low-, and low-income families in or outside a designated economic distress area; or
(v) any other criteria designated by the Secretary of the Treasury.

(3) Leverage of funds

Each grant from the Capital Magnet Fund awarded under this section shall be reasonably expected to result in eligible housing, or economic and community development projects that support or sustain an affordable housing project funded by a grant under this section whose aggregate costs total at least 10 times the grant amount.

(4) Commitment for use deadline

Amounts made available for grants under this section shall be committed for use within 2 years of the date of such allocation. The Secretary of the Treasury shall recapture into the Capital Magnet Fund any amounts not so used or committed for use and allocate such amounts in the first year after such recapture.

(5) Prohibited uses

The Secretary shall, by regulation, set forth prohibited uses of grant amounts awarded under this section, which shall include use for—

(A) political activities;
(B) advocacy;
(C) lobbying, whether directly or through other parties;
(D) counseling services;
(E) travel expenses; and
(F) preparing or providing advice on tax returns;

and for the purposes of this paragraph, the prohibited use of funds for political activities includes influencing the selection, nomination, election, or appointment of one or more candidates to any Federal, State or local office as codified in section 501 of title 26.

(6) Additional lobbying restrictions

No assistance or amounts made available under this section may be expended by an eligible grantee to pay any person to influence or attempt to influence any agency, elected official, officer or employee of a State or local government in connection with the making, award, extension, continuation, renewal, amendment, or modification of any State or local government contract, grant, loan, or cooperative agreement as such terms are defined in section 1352 of title 31.

(7) Prohibition of consideration of use for meeting housing goals or duty to serve

In determining the compliance of the enterprises with the housing goals under this section and the duty to serve underserved markets under section 4565 of this title, the Director of the Federal Housing Finance Agency may not consider any Capital Magnet Fund amounts used under this section for eligible activities under subsection (f). The Director of the Federal Housing Finance Agency shall give credit toward the achievement of such housing goals and such duty to serve underserved markets to purchases by the enterprises of mortgages for housing that receives funding from Capital Magnet Fund grant amounts, but only to the extent that such purchases by the enterprises are funded other than with such grant amounts.
(A) Tracking of funds

The Secretary of the Treasury shall—

(i) require each grantee to develop and maintain a system to ensure that each recipient of assistance from the Capital Magnet Fund uses such amounts in accordance with this section, the regulations issued under this section, and any requirements or conditions under which such amounts were provided; and

(ii) establish minimum requirements for agreements, between the grantee and the Capital Magnet Fund, regarding assistance from the Capital Magnet Fund, which shall include—

(I) appropriate periodic financial and project reporting, record retention, and audit requirements for the duration of the grant to the recipient to ensure compliance with the limitations and requirements of this section and the regulations under this section; and

(II) any other requirements that the Secretary determines are necessary to ensure appropriate grant administration and compliance.

(B) Misuse of funds

If the Secretary of the Treasury determines, after reasonable notice and opportunity for hearing, that a grantee has failed to comply substantially with any provision of this section and until the Secretary is satisfied that there is no longer any such failure to comply, the Secretary shall—

(i) reduce the amount of assistance under this section to the grantee by an amount equal to the amount of Capital Magnet Fund grant amounts which were not used in accordance with this section;

(ii) require the grantee to repay the Secretary any amount of the Capital Magnet Fund grant amounts which were not used in accordance with this section;

(iii) limit the availability of assistance under this section to the grantee to activities or recipients not affected by such failure to comply; or

(iv) terminate any assistance under this section to the grantee.

(i) Periodic reports

(1) In general

The Secretary of the Treasury shall submit a report, on a periodic basis, to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives describing the activities to be funded under this section.

(2) Reports available to public

The Secretary of the Treasury shall make the reports required under paragraph (1) publicly available.

(j) Regulations

(1) In general

The Secretary of the Treasury shall issue regulations to carry out this section.

(2) Required contents

The regulations issued under this subsection shall include—

(A) authority for the Secretary to audit, provide for an audit, or otherwise verify an enterprise's activities, to ensure compliance with this section;

(B) a requirement that the Secretary ensure that the allocation of each enterprise is audited not less than annually to ensure compliance with this section;

(C) a requirement that, for the purposes of subparagraphs (A) and (B), any financial statement submitted by a grantee to the Secretary shall be reviewed by an independent certified public accountant in accordance with Statements on Standards for Accounting and Review Services, issued by the American Institute of Certified Public Accountants; and

(D) requirements for a process for application to, and selection by, the Secretary for activities to be funded with amounts from the Capital Magnet Fund, which shall provide that—

(i) funds be fairly distributed to urban, suburban, and rural areas; and

(ii) selection shall be based upon specific criteria, including a prioritization of funding based upon—

(I) the ability to use such funds to generate additional investments;

(II) affordable housing need (taking into account the distinct needs of different regions of the country); and

(III) ability to obligate amounts and undertake activities so funded in a timely manner.


SUBPART 3—ENFORCEMENT

§4581. Cease and desist proceedings

(a) Grounds for issuance

The Director may issue and serve a notice of charges under this section upon an enterprise if the Director determines that—

(1) the enterprise has failed to submit a report under section 4547 of this title, following a notice of such failure, an opportunity for comment by the enterprise, and a final determination by the Director;

(2) the enterprise has failed to submit the information required under subsection (m) or (n) of section 1723a of this title, or subsection (e) or (f) of section 1456 of this title;

(3) solely with respect to the housing goals established under sections 4562(a) and 4563(a) of this title, the enterprise has failed to submit a housing plan that complies with section 4566(c) of this title within the applicable period; or

(4) solely with respect to the housing goals established under sections 4562(a) and 4563(a) of this title, the enterprise has failed to comply with a housing plan under section 4566(c) of this title.

*See References in Text note below.*
DEPARTMENT OF THE TREASURY
Community Development Financial Institutions Fund

12 CFR Part 1807
RIN 1559-AA00
Capital Magnet Fund

AGENCY: Community Development Financial Institutions Fund, Department of the Treasury.

ACTION: Interim rule with request for public comment.

SUMMARY: The Department of the Treasury is issuing an interim rule implementing the Capital Magnet Fund (CMF), administered by the Community Development Financial Institutions Fund (CDFI Fund). This interim rule incorporates updates to the definitions, requirements, and parameters for CMF implementation and administration. In addition, sections of the CMF interim rule regarding certain definitions and project level requirements are revised in order to facilitate alignment with other federal housing programs and ease of administration. These revisions are modeled after the credit requirements for Low Income Housing Credits (LIHTCs) under section 42 of the Internal Revenue Code of 1986, as amended, and the program requirements of the HOME Investment Partnership Program (HOME Program) authorized under Title II of the Cranston-Gonzalez National Affordable Housing Act, as amended, and the HOME Program final rule published on July 24, 2013. This interim rule also reflects requirements set forth in a final rule, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, adopted by the Department of the Treasury on December 19, 2014 (hereafter referred to as the Uniform Administrative Requirements). The Uniform Administrative Requirements constitute a government-wide framework for grants management codified by the Office of Management and Budget (OMB), combining several OMB grants management circulars aimed at reducing the administrative burden for Recipients, and reducing the risk of waste, fraud and abuse of Federal financial assistance. The Uniform Administrative Requirements establish financial, administrative, procurement, and program management standards with which Federal award-making programs, including those administered by the CDFI Fund, and Recipients must comply. Accordingly, this interim rule includes revisions necessary to implement the Uniform Administrative Requirements, as well as to make certain technical corrections and certain programmatic updates, as well as provide clarifying language to existing program requirements.

DATES: Effective date: February 8, 2016. All comments must be written and must be received in the offices of the CDFI Fund on or before April 8, 2016. The compliance date requirements for the collection of information in §1807.902 is stayed indefinitely, pending Office of Management and Budget approval and assignment of an OMB control number.

ADDRESSES: You may submit comments concerning this interim rule via the Federal e-Rulemaking Portal at http://www.regulations.gov (please follow the instructions for submitting comments). All submissions must include the agency name and Regulatory Information Number (RIN) for this rulemaking. Information regarding the CDFI Fund and its programs may be obtained through the CDFI Fund’s Web site at http://www.cdfifund.gov.

FOR FURTHER INFORMATION CONTACT: Marcia Sigal, CMF Program Manager, Community Development Financial Institutions Fund, at cdfihelp@cdfi.treas.gov.

SUPPLEMENTARY INFORMATION:
I. Background
The Capital Magnet Fund (CMF) was established through the Housing and Economic Recovery Act of 2008 (the Act), Public Law 110-289, section 1131, as a trust fund, the appropriation to which was used to carry out a competitive grant program administered by the CDFI Fund. The mission of the CDFI Fund is to increase economic opportunity and promote community development investments for underserved populations and in distressed communities in the United States. Its long term vision is an America in which all people have access to affordable credit, capital and financial services. The Act requires Fannie Mae and Freddie Mac to set aside an amount equal to 4.2 basis points for each dollar of their unpaid principal balances of total new business purchases to be allocated to the Housing Trust Fund (administered by the Department of Housing and Urban Development) and the Capital Magnet Fund. The Act also provides for the Federal Housing Finance Agency (FHFA) with the authority to temporarily suspend these allocations upon certain findings. On November 13, 2008, the Director of the FHFA temporarily suspended the allocation of funds. On December 11, 2014, the Director of the FHFA terminated the temporary suspension of those allocations directing Fannie Mae and Freddie Mac to begin setting aside and allocating funds to the Housing Trust Fund and the Capital Magnet Fund. Accordingly, the CDFI Fund is promulgating this revised interim rule in anticipation of future Capital Magnet Fund application rounds.

Through the CMF, the CDFI Fund is authorized to make financial assistance grants to Certified Community Development Financial Institutions (CDFIs) and Nonprofit Organizations (if one of their principal purposes is the development or management of affordable housing). CMF Awards must be used to attract private financing for and increase investment in: (i) The Development, Preservation, Rehabilitation, and Purchase of Affordable Housing for Primarily Extremely Low-, Very Low-, and Low-Income Families; and (ii) Economic Development Activities which, in Conjunction With Affordable Housing Activities will implement a Concerted Strategy to stabilize or revitalize a Low-Income Area or Underserved Rural Area.

All capitalized terms herein are defined in the definitions section of the interim rule, as set forth in 12 CFR 1807.104.

II. Comments on the December 3, 2010, Interim Rule
The comment period for the December 3, 2010, Interim Rule ended on February 1, 2011. The CDFI Fund received one written comment. The commenter asserted that the December 3, 2010, Interim Rule did not allow market-based Section 8 vouchers to be used to satisfy CMF affordability requirements and that the interim rule should make clear that, in the event a tenant or a unit in a Multi-family housing project receives a Federal or State rental subsidy, the maximum rent that can be charged is the amount allowable under such program. The commenter suggested that the interim rule should provide for a rent floor of the project’s initial rents, in the event median incomes decrease. The commenter also suggested that the rent limitation should be adjusted by the number of bedrooms in the unit.

In this revised interim rule (at 12 CFR 1807.401(a) and (e)), the CDFI Fund incorporates the commenter’s suggestions regarding Federal or State rental subsidy and the creation of a rent floor for projects. The CDFI Fund also adopts the commenter’s suggestion that rent limitations be adjusted by the
III. Summary of Changes

Substantive revisions to the interim rule (meaning, revisions other than the insertion of new language that clarifies existing program requirements) fall generally into three categories: (i) Adoption of policy priorities, programmatic changes/clarifications, and technical corrections; (ii) alignment with the Uniform Administrative Requirements; and (iii) alignment with HOME Program requirements and with requirements to qualify for LIHTCs.

Recent efforts supported by the White House Rental Housing Policy Working Group, which established joint working groups comprised of staff from the U.S. Department of Housing and Urban Development (HUD), the U.S. Department of Agriculture (USDA), and the U.S. Department of the Treasury have highlighted the need for alignment amongst federally subsidized affordable housing program requirements. The CDFI Fund has determined that Recipients’ use of CMF Awards better aligns with LIHTCs (as opposed to benefits under the HOME Program) in several key respects, specifically with regard to Project-level requirements. Thus, this interim rule incorporates some requirements to qualify for LIHTCs and removes certain requirements that, in the December 10, 2010, CMF Program interim rule, were modeled after the HOME Program.

A. Section 1807.101, Summary: “Community Service Facilities” has been stricken as a stand-alone activity; instead, Community Service Facilities is embedded in the definition of Economic Development Activities. Per the Uniform Administrative Requirements, the use of the word “Awardee” is replaced with “Recipient,” and any reference to a CMF grant is replaced with “CMF Award” as defined in the definitions section, 12 CFR 1807.104.

B. Section 1807.102, Relationship to other CDFI Programs: The requirement for a certified CDFI to be an operating entity for three years prior to the application deadline has been deleted; instead, this subsection establishes that restrictions for using CMF Awards in conjunction with other CDFI Program awards will be set forth in the applicable notices of funds, guarantee, or allocation availability.

C. Section 1807.104, Definitions: As noted above, the defined term “Awardee” is deleted and replaced with the new defined term “Recipient.” The term “Applicant” is now defined. The term “CMF Award” is now defined. The term “Development” is revised to clarify that any combination of the listed activities that result in Affordable Housing is “Development.” The term “Direct Administrative Expenses” is now defined. The definition of the term “Economic Development Activity” is revised by striking “purchase”; the term “acquisition” is used instead. The term “Effective Date” is now defined. “Eligible Project Costs” is revised to strike “operations” as an eligible use of CMF Awards. “Extremely Low-Income” is revised to align with income limits published by HUD, including adjustments for Family size in the case of Homeownership. The defined term “Family” or “Families” is revised by removing the income categories to describe the non-profit defined term “Homeownership” is updated and restructured based on HOME Program regulations. The defined term “Housing” is also revised to reflect HOME Program regulation updates. The defined term “Housing” is used in several places throughout the regulations to signify the intent of the defined term. Some of the structures and facilities included from the definition of Housing may meet the definition of Community Service Facilities. The term “In Conjunction With Affordable Housing Activities” has been modified in order to be consistent with standards in other CDFI Fund Programs that fund projects and activities based on proximity to intended beneficiaries and/or assessment of access to services for individual(s) intended to benefit from such programs (e.g., Healthy Foods Financing Initiative Financial Assistance under the CDFI Program). The term “Investment Period” is defined in §1807.104. The term “Leveraged Costs” is revised to clarify that such costs are limited to Affordable Housing Activities and Economic Development Activities that exceed the dollar amount of the CMF Award. “Loan Guarantee” is revised to clarify that a loan that is guaranteed with the CMF Award must be used for Affordable Housing Activities and/or Economic Development Activities. “Loan Loss Reserves” is revised to clarify that cash reserves set aside to cover losses must be for Affordable Housing Activities and/or Economic Development Activities. The term “Low-Income” is revised to align with income limits published by HUD, including adjustments for Family size in the case of Homeownership. In the case of rental Housing, “Low-Income” is revised to allow for circumstances in which the qualifying Family occupies a unit that has a Federal or State rental subsidy. The term “Non-Metropolitan Area” is revised to align with and accommodate the OMB definition, which is periodically updated. The term “Non-Regulated CDFI” is deleted because it is not used in the interim rule. The term “Operations” is deleted in §1807.104 since it is no longer necessary for the activity in §1807.301; a new term “Direct Administrative Expenses” is defined in §1807.104. A new term, “Payment” is defined to describe the transmission of CMF Award dollars from the CDFI Fund to the Recipient. “Preservation” is revised to specify that refinancing must extend the existing affordability and use restrictions on the property by a minimum of 10 years or as otherwise specified in the Assistance Agreement. “Program Income” is defined to align with the Uniform Administrative Requirements. “Project” is defined to mean the Affordable Housing Activity and/or Economic Development Activity that is financed with a CMF Award. The term “Purchase” is revised to clarify that the purchasing Family and Single-family housing must meet the qualifications set forth in subparts D and E. “Underserved Rural Area” is restructured and revised to serve intended populations per the statute and allow the CDFI Fund to set forth an alternative definition of “Underserved Rural Area” for any given application round in the applicable NOFA and/or Assistance Agreement. “Uniform Administrative Requirements” is defined in §1807.104 to reflect the Department of the Treasury’s codification of the Office of Management and Budget’s government-wide framework for grants management. The definition of the term “Very Low-Income” is revised to align with income limits published by HUD, including adjustments for Family size in the case of Homeownership.

D. Section 1807.107, Applicability of regulations for CMF awards: Section 1807.107 was added to address the applicability of this rule to the FY 2010 CMF application round and subsequent application rounds. The CDFI Fund has determined that this rule applies only to those CMF awards made pursuant to Notices of Funds Availability (NOFAs) published after the effective date of this intermediate rule, except for: C. Section 1807.902(e)(1)(I)(L) regarding audited financial statements of Nonprofit Organization Recipients. As indicated at 2 CFR 200.110, the Uniform Administrative Requirements, subpart F—Audit Requirements applies to audits of Nonprofits of fiscal years.
beginning on or after December 26, 2014.

E. Section 1807.200, Applicant eligibility: In § 1807.200(a)(1), the eligibility requirement that a certifiable CDFI can apply is deleted because the CDFI Fund has determined that most Applicants can meet the program’s eligibility requirements by being either a Certified CDFI or a Nonprofit Organization. The eligibility requirements for a Nonprofit Organization are revised in § 1807.200(a)(2)(ii) to no longer allow an entity to demonstrate its principal purpose of development or management of affordable housing through its staffing. Section 1807.200(a)(2)(iii) also states that the applicable Notice of Funds Availability (NOFA) will indicate the percentage of a Nonprofit Organization Applicant’s assets that must be dedicated to the development or management of affordable housing. Section 1807.200(b) is also revised to reflect these eligibility modifications.

F. Subpart C. Use of Funds/Eligible activities: Section 1807.300 is revised to clarify that Recipients must use their CFM Awards for the financing-related eligible activities set forth in § 1807.301 to attract private capital and increase investment in those activities in § 1807.300(a) and (b). Revisions to § 1807.300(b) reinforce the requirement that when a Recipient undertakes Economic Development Activities In Conjunction With Affordable Housing Activities, the Recipient must track and report on such Affordable Housing Activities if it was financed with a CFM Award. Sections 1807.300 and 1807.301 are revised by deleting “Community Service Facilities” as a stand-alone eligible activity; instead, “Community Service Facilities” is embedded in the definition of Economic Development Activities. As such, this term is deleted as a technical correction throughout the interim rule, when appropriate. Sections 1807.301 and 1807.302 are revised to eliminate “operations” as an eligible activity. The content of former § 1807.302(c) is now located in § 1807.302(b); the content of § 1807.302(d) is now located in § 1807.302(c). New § 1807.302(d) and (e) are added to clarify certain tracking and repayment requirements for Recipients that use CFM Award for Loan Guarantees or Loan Loss Reserves.

Section 1807.302(f) states that Recipients may not use more than five (5) percent of its CFM Award for Direct Administrative Expenses. Section 1807.303 is added to address Program Income requirements.

G. Subpart D. Qualification as Affordable Housing: Section 1807.400 is revised to indicate that the CDFI Fund may establish greater commitments for deeper income targeting attributable to Eligible Project Costs in the applicable NOFA and/or Assistance Agreement. Section 1807.401 is revised in order to make general program clarifications and establish certain program requirements, many of which align with the requirements of the LIHTC Program and the HOME Program. For example, language was added to § 1807.401 to allow the CDFI Fund to set forth in the applicable NOFA requirements for successful applicants to serve targeted incomes that exceed the requirements of § 1807.401. The rent limitation in § 1607.401(a) is revised to align with requirements to qualify for LIHTCs and to account for rent subsidies in each of the income categories. Section 1807.401(c) and (e) are revised to align with requirements to qualify for LIHTCs. Section 1807.401(f) is revised to align with the HOME Program regulations’ elimination of the U.S. Census long form for annual income determinations. Thus, the content of the former § 1807.401(f)(2)(i) is deleted and the content of the former § 1807.401(f)(2)(ii) is now located in § 1807.401(f)(2)(ii). Similarly, the content of the former § 1807.401(f)(2)(iii) has moved up and is now located in § 1807.401(f)(2)(ii). Section 1807.401(g)(2) is revised to clarify rent restrictions when rent is subject to IRC sections 42(g)(2) and 42(h)(6). Section 1807.401(g)(3) is revised to clarify that any replacement unit must meet the affordability qualifications for the income category of the unit that is being replaced. Section 1807.402(a) and (b) are revised by replacing “acquisition” with “Purchase” to reflect the use of the new defined term. Section 1807.402(a)(5) is revised to clarify that, in the event of resale of CFM-financed Single-family housing to a non-qualifying family before the 10-year affordability period ends, the Recipient must use an equivalent amount of the CFM Award used for the applicable Affordable Housing Activity, whether recouped or not, to finance additional Affordable Housing Activities for a qualifying Family in the same income category for Homeownership.

H. Subpart E. Leveraging and Commitment Requirement: Section 1807.500(b) is revised to include the Assistance Agreement as a source for the required percentage of Leveraged Costs that must be funded by non-governmental sources. Section 1807.500(a)(1) is deleted because “operations” is no longer an eligible activity and defined term. Accordingly, the former § 1807.500(a)(2) is now § 1807.500(b)(2) and former § 1807.500(a)(3) is now § 1807.500(b)(2)(ii). Section 1807.500(b)(2)(iii) was added to address eligible Leveraged Costs for Economic Development Activities. The content of former § 1807.500(b) is deleted. Section 1807.501(a) is revised and section 1807.501(b) is added to account for the eligible activity “Purchase to a qualifying Family, and § 1807.501(b)(3) is added to provide more accountability regarding Project Completion. Section 1807.501(c) and (d) are added to align with the Uniform Administrative Requirements regarding Payments. Section 1807.503 is revised to include property standards necessary to ensure that CFM Awards are invested in structures and units that are sound, decent, safe and sanitary; such standards are largely adopted from the HOME Program and the requirements to qualify for LIHTCs. Section 1807.503(a)(4) is added to address Project Completion in the case of Preservation. The content of the former § 1807.503(b)(2) is now located in § 1807.503(b)(2)(i) and a new § 1807.503(b)(2)(ii) is added to address disaster mitigation in regards to Project Completion. Section 1807.503(b)(2)(iii) is added to address lead-based paint. The content of former § 1807.503(b)(3) is now moved to § 1807.503(b)(4) and incorporates recent HOME Program updates. Thus, § 1807.503(b)(3) contains new content regarding Rehabilitation standards. The content of former § 1807.503(c) is moved to § 1807.503(a)(3).
from the CDFI Fund to the Recipient as a “Payment.” Section 1807.902(d) and (e) are revised to accommodate the audit requirements of the Uniform Administrative Requirements. Pursuant to revised §1807.902(e)(1), Nonprofit Organizations that are not required to have their financial statements audited pursuant to the Uniform Administrative Requirements may still be subject to additional audit requirements, which will be set forth in the applicable NOFA and Assistance Agreement. In addition, §1807.902(e)(2), "Performance Goal Reporting," is renamed as "Annual Report" and revised to clarify and require the submission of performance and financial reporting in the form of an annual report, as further specified in the Assistance Agreement. Section 1807.902(e)(3) is added to clarify the compliance requirements for Insured CDFIs, Depository Institution Holding Companies, and State-Insured Credit Unions. Section 1807.902(e)(4) is added to convey that any reports under §1807.902 may be subject to public inspection per the Freedom of Information Act. Section 1807.903 is revised to specify that in addition to all other Federal, state, and local laws, Recipients shall also comply with all applicable Federal environmental requirements.

IV. Rulemaking Analysis

A. Executive Order (E.O.) 12866

It has been determined that this interim rule is not a significant regulatory action under Executive Order 12866. Accordingly, a regulatory impact assessment is not required.

B. Regulatory Flexibility Act

Because no notice of proposed rulemaking is required under the Administrative Procedure Act (5 U.S.C. 553), or any other law, the Regulatory Flexibility Act does not apply.

C. Paperwork Reduction Act

The collections of information contained in this interim rule will be reviewed and approved by the Office of Management and Budget (OMB) in accordance with the Paperwork Reduction Act of 1995 and assigned the applicable, approved OMB Control Numbers associated with the CDFI Fund under 1559-XXXX. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid control number assigned by OMB. This document restates the collections of information without substantive change.

D. National Environmental Policy Act

This interim rule has been reviewed in accordance with the CDFI Fund's environmental quality regulations (12 CFR part 1815), promulgated pursuant to the National Environmental Protection Act of 1969 (NEPA), which requires that the CDFI Fund adequately consider the cumulative impact proposed activities have upon the human environment. It is the determination of the CDFI Fund that the interim rule does not constitute a major federal action significantly affecting the quality of the human environment and, in accordance with the NEPA and the CDFI Fund's environmental quality regulations (12 CFR part 1815), neither an Environmental Assessment nor an Environmental Impact Statement is required.

E. Administrative Procedure Act

Because the revisions to this interim rule relate to loans and grants, notice and public procedure and a delayed effective date are not required pursuant to the Administrative Procedure Act, 5 U.S.C. 553(a)(2).

F. Comment

Public comment is solicited on all aspects of this interim rule. The CDFI Fund will consider all comments made on the substance of this interim rule, but it does not intend to hold hearings.

G. Catalogue of Federal Domestic Assistance Number


List of Subjects in 12 CFR Part 1807

Community development, Grant programs—housing and community development, Reporting and record keeping requirements.

For the reasons set forth in the preamble, 12 CFR part 1807 is revised to read as follows:

PART 1807—CAPITAL MAGNET FUND

Subpart A—General Provisions

Sec.
1807.100 Purpose.
1807.101 Summary.
1807.102 Relationship to other CDFI Fund programs.
1807.103 Recipient not instrumentality.
1807.104 Definitions.
1807.105 Waiver authority.
1807.106 OMB control number.
1807.107 Applicability of regulations for CDFI Fund Awards.

Subpart B—Eligibility

1807.200 Applicant eligibility.

Subpart C—Eligible Purposes; Eligible Activities; Restrictions

1807.300 Eligible purposes.
(2) Financing Economic Development Activities.

(b) The CDFI Fund will select Recipients to receive CMF Awards through a merit-based, competitive application process. CMF Awards may only be used for eligible uses set forth in subpart C of this part. Each Recipient will enter into an Assistance Agreement that will require it to leverage the CMF Award amount and abide by other terms and conditions pertinent to any assistance received under this part.

§ 1807.102 Relationship to other CDFI Fund programs.

Restrictions on applying for, receiving, and using CMF Awards in conjunction with awards under other programs administered by the CDFI Fund (including, but not limited to, the Bank Enterprise Award Program, the CDFI Program, the CDFI Bond Guarantee Program, the Native American CDFI Assistance (NACA) Program, and the New Markets Tax Credit Program) are as set forth in the applicable Notice of Funds Availability, Notice of Guarantee Availability, or Notice of Allocation Availability.

§ 1807.103 Recipient not instrumentality.

No Recipient shall be deemed to be an agency, department, or instrumentality of the United States.

§ 1807.104 Definitions.

For the purpose of this part: "Act" means the Housing and Economic Recovery Act of 2008, as amended, Public Law 110–289, section 1131; "Affiliate" means any entity that Controls, is Controlled by, or is under common Control with, an entity; "Affordable Housing" means housing that meets the requirements set forth in subpart D of this part; "Affordable Housing Activities" means the Development, Preservation, Rehabilitation, and/or Purchase of Affordable Housing; "Affordable Housing Fund" means a revolving loan, grant or investment fund that is: (1) Managed by the Recipient; and (2) Uses its capital to finance Affordable Housing Activities; "Applicant" means any entity submitting an application for a CMF Award; "Appropriate Federal Banking Agency" has the same meaning as in section 3 of the Federal Deposit Insurance Act, 12 U.S.C. 1813(g), and includes, with respect to Insured Credit Unions, the National Credit Union Administration; "Appropriate State Agency" means an agency or instrumentality of a State that regulates and/or insures the member accounts of a State-Insured Credit Union; "Assistance Agreement" means a formal, written agreement between the CDFI Fund and a Recipient, which agreement specifies the terms and conditions of assistance under this part; "Capital Magnet Fund (or CMF)" means the program authorized by the Act and implemented under this part; "CMF Agreement" means the financial assistance in the form of a grant made by the CDFI Fund to a Recipient pursuant to this part; "Certified Community Development Financial Institution (or Certified CDFI)" means an entity that has been determined by the CDFI Fund to meet the certification requirements set forth in 12 CFR 1805.201; "Commitment" means that the Recipient is able to demonstrate, in written form and substance that is acceptable to the CDFI Fund, a commitment for use of CMF Award, as set forth in § 1807.501; "Community Development Financial Institutions Fund (or CDFI Fund)" means the Community Development Financial Institutions Fund, the U.S. Department of the Treasury, established pursuant to the Community Development Banking and Financial Institutions Act of 1994, as amended, 12 U.S.C. 4701 et seq.; "Community Service Facility" means the physical structure in which service programs for residents or service programs for the broader community (including, but not limited to, health care, childcare, educational programs including literacy and after school programs, job training, food and nutrition services, cultural programs, and/or social services) operate that, in Conjunction With Affordable Housing Activities, implements a Concerted Strategy to stabilize or revitalize a Low-Income Area or Underserved Rural Area; "Concerted Strategy" means a formal planning document that evidences the connection between Affordable Housing Activities and Economic Development Activities. Such documents include, but are not limited to, a comprehensive, consolidated, or redevelopment plan, or some other local or regional planning document adopted or approved by the jurisdiction; "Control" means: (1) Ownership, control, or power to vote 25 percent or more of the outstanding shares of any class of Voting Securities of any company, directly or indirectly or acting through one or more other persons; and (2) Control in any manner over the election of a majority of the directors, trustees, or general partners (or individuals exercising similar functions) of any company; or; (3) The power to exercise, directly or indirectly, a controlling influence over the management, credit or investment decisions, or policies of any company; "Depository Institution Holding Company" means a bank holding company or a savings and loan holding company as defined in the Federal Deposit Insurance Act, 12 U.S.C. 1813(w); "Development" means any combination of the following Project activities: Land acquisition, demolition of existing facilities, and construction of new facilities, which may include site improvement, utilities development and rehabilitation of utilities, necessary infrastructure, utility services, conversion, and other related activities resulting in Affordable Housing; "Direct Administrative Expenses" means direct costs incurred by the Recipient, related to the financing of the Project as described in 2 CFR 200.413 of the Uniform Administrative Requirements; "Economic Development Activity" means the development, preservation, acquisition and/or rehabilitation of Community Service Facilities and/or other physical structures in which neighborhood-based businesses operate which, in Conjunction With Affordable Housing Activities, implements a Concerted Strategy to stabilize or revitalize a Low-Income Area or Underserved Rural Area; "Effective Date" means the date that the Assistance Agreement is effective; such date is determined by the CDFI Fund after the Recipient has returned an executed, original Assistance Agreement, along with all required supporting documentation, including the opinion of counsel, if required; "Eligible-Income" means: (1) Having, in the case of owner-occupied Housing units, annual income in excess of 120 percent of the area median income adjusted for Family size in the same manner as HUD makes these adjustments for its other published income limits; and (2) Having, in the case of rental Housing units, annual income not in excess of 120 percent of the area median income, adjusted for Family size in the same manner as HUD makes these adjustments for its other published income limits; "Eligible Project Costs" means Leveraged Costs plus those costs funded directly by a CMF Award; "Extremely Low-Income" means: (1) Having, in the case of owner-occupied Housing units, income not in excess of 30 percent of the area median income.
income, adjusted for Family size, as determined by HUD, except that HUD may establish income ceilings higher or lower than 30 percent of the median for the area on the basis of HUD findings that such variations are necessary because of prevailing levels of construction costs or fair market rents, or unusually high or low Family incomes and

(2) Having, in the case of rental Housing units, income not in excess of 30 percent of the area median income, adjusted for Family size, as determined by HUD, except that HUD may establish income ceilings higher or lower than 30 percent of the median for the area on the basis of HUD findings that such variations are necessary because of prevailing levels of construction costs or fair market rents, or unusually high or low Family incomes;

Family or Families means households that reside within the boundaries of the United States (which shall encompass any State of the United States, the District of Columbia or any territory of the United States, including Puerto Rico, Guam, American Samoa, the U.S. Virgin Islands, and the Northern Mariana Islands);

HOME Program means the HOME Investment Partnership Program established by the HOME Investment Partnerships Act under title II of the Cranston-Gonzalez National Affordable Housing Act, as amended, 42 U.S.C. 12701 et seq.;

Homeownership means ownership in fee simple title interest in one- to four-unit Housing or in a condominium unit, or equivalent form of ownership approved by the CDFI Fund. The Recipient must determine whether ownership or membership in a cooperative or mutual housing project constitutes Homeownership under State law. The ownership interest is subject to the following additional requirements:

(1) Except as otherwise provided in paragraphs (1)(i), (ii), and (iii) of this definition, the land may be owned in fee simple or the homeowner may have a 99-year ground lease;

(i) For Housing located on Indian trust or restricted Indian lands, the ground lease must be for 50 years or more;

(ii) For Housing located in Guam, the Northern Mariana Islands, the U.S. Virgin Islands, and American Samoa, the ground lease must be 40 years or more;

(iii) For manufactured housing, the ground lease must be for a minimum period of 20 years or such other applicable time period regarding location set forth in this definition of Homeownership at the time of purchase by the homeowner;

(2) Ownership interest may not merely consist of a right to possession under a lease, rental, installment contract, or land contract (pursuant to which the deed is not given until the final payment is made);

(3) Ownership interest may only be subject to the restrictions on resale permitted under the Assistance Agreement and this part; mortgages, deeds of trust, or other liens or instruments securing debt on the property; or any other restrictions or encumbrances that do not impair the good and marketable nature of title to the ownership interest;

Housing means Single-family and Multi-family residential units including, but not limited to, manufactured housing and manufactured housing lots, permanent housing for disabled and/or homeless persons, transitional housing, single-room occupancy housing, and group homes. Housing also includes elder cottage housing opportunity (ECHU) units that are small, free-standing, barrier-free, energy-efficient, removable, and designed to be installed adjacent to existing single-family dwellings. Housing does not include emergency shelters (including shelters for disaster victims) or facilities such as nursing homes, convalescent homes, hospitals, residential treatment facilities, correctional facilities, halfway houses, housing for students, or dormitories (including farmworker dormitories);

HUD means the Department of Housing and Urban Development established under the Department of Housing and Urban Development Act of 1965, 42 U.S.C. 3532 et seq.;

In Conjunction With Affordable Housing means:

(1) Physically proximate to; and

(2) Reasonably available to residents of Affordable Housing that is subject to Affordable Housing Activities. For a Metropolitan Area, In Conjunction With means located within the same census tract or within 1 mile of such Affordable Housing. For a Non-Metropolitan Area, In Conjunction With means located within the same county, township, or village, or within 10 miles of such Affordable Housing;

Insured CDFI means a Certified CDFI that is an Insured Depository Institution or an Insured Credit Union;

Insured Credit Union means any credit union, the member accounts of which are insured by the National Credit Union Share Insurance Fund by the National Credit Union Administration pursuant to authority granted in 12 U.S.C. 1783 et seq.;

Insured Depository Institution means any bank or thrift, the deposits of which are insured by the Federal Deposit Insurance Corporation as determined in 12 U.S.C. 1813(c)(3);

Investment Period means the period beginning with the Effective Date and ending on the fifth year anniversary of the Effective Date, or such other period as may be established by the CDFI Fund in the Assistance Agreement;

Leveraged Costs means costs for Affordable Housing Activities and Economic Development Activities that exceed the dollar amount of the CMF Award, as further described in §1807.500;

Loan Guarantee means the Recipient’s use of CMF Award to support an agreement to indemnify the holder of a loan all or a portion of the unpaid principal balance in case of default by the borrower. The proceeds of the loan that is guaranteed with the CMF Award must be used for Affordable Housing Activities and/or Economic Development Activities;

Loan Loss Reserves means proceeds from the CMF Award that the Recipient will set aside in the form of cash reserves, or through accounting-based accrual reserves, to cover losses on loans, accounts, and notes receivable for Affordable Housing Activities and/or Economic Development Activities, or for related purposes that the CDFI Fund deems appropriate;

Low-Income means:

(1) Having, in the case of owner-occupied Housing units, income not in excess of 80 percent of area median income, adjusted for Family size, as determined by HUD, except that HUD may establish income ceilings higher or lower than 80 percent of the median for the area on the basis of HUD findings that such variations are necessary because of prevailing levels of construction costs or fair market rents, or unusually high or low Family incomes; and

(2) Having, in the case of rental Housing units, income not in excess of 80 percent of area median income, adjusted for Family size, as determined by HUD, except that HUD may establish income ceilings higher or lower than 80 percent of the median for the area on the basis of HUD findings that such variations are necessary because of prevailing levels of construction costs or fair market rents, or unusually high or low Family incomes;
Metropolitan Area, the median Family income shall be at or below 80 percent of the Metropolitan Area median Family income or the national Metropolitan Area median Family income, whichever is greater. In the case of a census tract or block numbering area located outside of a Metropolitan Area, the median Family income shall be at or below 80 percent of the statewide Non-Metropolitan Area median Family income or the national Non-Metropolitan Area median Family income, whichever is greater;

Low Income Housing Credits (or LIHTC) means credits against income tax under section 42 of the Internal Revenue Code of 1986, as amended, 26 U.S.C. 42;

Metropolitan Area means an area designated as such by the Office of Management and Budget pursuant to 44 U.S.C. 3505(e) and 31 U.S.C. 1104(d) and Executive Order 10253 (3 CFR, 1949–1953 Comp., p. 758), as amended;

Multi-family housing means residential properties consisting of five or more dwelling units, such as a condominium unit, cooperative unit, apartment, or townhouse;

Non-Metropolitan Area means counties that are designated as Non-Metropolitan Counties by the Office of Management and Budget (OMB) pursuant to 44 U.S.C. 3505(e) and 31 U.S.C. 1104(d) and Executive Order 10253 (3 CFR, 1949–1953 Comp., p. 758), as amended, and as made available by the CDFI Fund for a specific application funding round;

Nonprofit Organization means any corporation, trust, association, cooperative, or other organization that

1. Designated as a nonprofit or not-for-profit entity under the laws of the organization’s State of formation; and

2. Exempt from Federal income taxation pursuant to the Internal Revenue Code of 1986;

Participating Jurisdiction means a jurisdiction designated by HUD as such under the HOME Program in accordance with the requirements of 24 CFR 92.105;

Payment means the transmission of CMF Award dollars from the CDFI Fund to the Recipient;

Preservation means:

1. Activities to refinance, with or without Rehabilitation, Single-family housing or Multi-family housing (rental) mortgages that, at the time of refinancing, are subject to affordability and use restrictions under the LIHTC statute or under State or Federal affordable housing programs, including but not limited to, the HOME Program, properties with Federal project-based rental assistance, or the USDA rental housing programs, hereinafter referred to as “similar State or Federal affordable housing programs,” where such refinancing has the effect of extending the term of any existing affordability and use restrictions on the properties by a minimum 10 years or as otherwise specified in the Assistance Agreement;

2. Activities to refinance and acquire Single-family housing or Multi-family housing that, at the time of refinancing or acquisition, were subject to affordability and use restrictions under similar State or Federal affordable housing programs or under the LIHTC statute, by the former tenants of such properties, where such refinancing has the effect of extending the term of any existing affordability and use restrictions on the properties by a minimum 10 years or as otherwise specified in the Assistance Agreement;

3. Activities to refinance the mortgages of owner-occupied, Single-family housing that, at the time of refinancing, are subject to affordability and use restrictions under similar State or Federal affordable housing programs, where such refinancing has the effect of extending the term of any existing affordability and use restrictions on the properties by a minimum 10 years or as otherwise specified in the Assistance Agreement;

4. Activities to acquire Single-family housing or Multi-family housing, with or without Rehabilitation, with the commitment to subject the properties to the affordability qualifications set forth in part D of this part;

5. Activities to refinance, with or without Rehabilitation, Single-family housing or Multi-family housing, with the commitment to subject the properties to the affordability qualifications set forth in part D of this part;

Program Income means gross income, as further described in 2 CFR part 1000;

Project means the Affordable Housing Activity and/or Economic Development Activity that is financed with the CMF Award;

Project Completion means that all of the requirements set forth at § 1807.503 for a Project have been met;

Purchase means to provide direct financing to a Family for purposes of Homeownership. Before the Recipient provides any financing to a Family for Homeownership purposes, the Recipient must verify that the Family and the Single-family housing meet the qualifications set forth in subparts D and E of this part;

Recipient means an Applicant selected by the CDFI Fund to receive a CMF Award pursuant to this part;

Rehabilitation means any repairs and/or capital improvements that contribute to the long-term preservation, current building code compliance, habitability, sustainability, or energy efficiency of Affordable Housing;

Revolving Loan Funds means a pool of funds managed by the Applicant or the Recipient wherein repayments on loans for Affordable Housing Activities or Economic Development Activities are used to refinance additional loans;

Risk-Sharing Loan means funds for Affordable Housing Activities and/or Economic Development Activities in which the risk of borrower default is shared by the Applicant or Recipient with other lenders (e.g., participation loans);

Service Area means the geographic area in which the Applicant proposes to use the CMF Award, and the geographic area approved by the CDFI Fund in which the Recipient must use the CMF Award as set forth in its Assistance Agreement;

Single-family housing means a one-to four-Family residence, a condominium unit, a cooperative unit, a combination of manufactured housing and lot, or a manufactured housing lot;

State means the states of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, Guam, the U.S. Virgin Islands, American Samoa, the Trust Territory of the Pacific Islands, and any other territory of the United States;

State-Insured Credit Union means any credit union that is regulated by, and/or the member accounts of which are insured by, a State agency or instrumentality;

Subsidiary means any company that is owned or Controlled directly or indirectly by another company;

Underserved Rural Area means:

1. A Non-Metropolitan Area that:

(a) Qualifies as a Low-Income Area; and

(b) Is experiencing economic distress evidenced by 30 percent or more of resident households with one or more of these four housing conditions in the most recent census for which data are available:

(i) Lacking complete plumbing;

(ii) Lacking complete kitchen;

(iii) Paying 30 percent or more of income for owner costs or tenant rent; or

(iv) Having more than 1 person per room;

2. An area as specified in the applicable NOFA and/or Assistance Agreement;

Uniform Administrative Requirements means the Uniform Administrative
Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR part 1000);

Very Low-Income means:

(1) Having, in the case of owner-occupied Housing, income not greater than 50 percent of the area median income with adjustments for Family size, as determined by HUD, except that HUD may establish income ceilings higher or lower than 50 percent of the median for the area on the basis of HUD findings that such variations are necessary because of prevailing levels of construction costs or fair market rents, or unusually high or low Family incomes; and

(2) Having, in the case of rental Housing, income not greater than 50 percent of the area median income, with adjustments for Family size, as determined by HUD, except that HUD may establish income ceilings higher or lower than 50 percent of the median for the area on the basis of HUD findings that such variations are necessary because of prevailing levels of construction costs or fair market rents, or unusually high or low Family incomes.

§ 1807.105 Waiver authority.

The CDFI Fund may waive any requirement of this part that is not required by law upon a determination of good cause. Each such waiver shall be in writing and supported by a statement of the facts and the grounds forming the basis of the waiver. For a waiver in an individual case, the CDFI Fund must determine that application of the requirement to be waived would adversely affect the achievement of the purposes of the Act. For waivers of general applicability, the CDFI Fund will publish notification of granted waivers in the Federal Register.

§ 1807.106 OMB control number.

The OMB control number for the CMF Award application is 1559–0036. The compliance date requirements for the collection of information in § 1807.902 is stayed indefinitely, pending Office of Management and Budget approval and assignment of an OMB control number.

§ 1807.107 Applicability of regulations for CMF Awards.

As of February 8, 2016, the regulations of this part are applicable for CMF Awards made pursuant to Notices of Funds Availability published after February 8, 2016.

Subpart B—Eligibility

§ 1807.200 Applicant eligibility.

(a) General requirements. An Applicant will be deemed eligible to apply for a CMF Award if it is:

(1) A Certified CDFI. An entity may meet the requirements described in this paragraph (a)(1) if it is:

(i) A Certified CDFI, as set forth in 12 CFR 1805.21;

(ii) A Certified CDFI that has been in existence as a legally formed entity as set forth in the applicable Notice of Funds Availability (NOFA); or

(2) A Nonprofit Organization having as one of its principal purposes the development or management of affordable Housing. An entity may meet the requirements described in this paragraph (a)(2) if it:

(i) Has been in existence as a legally formed entity as set forth in the applicable NOFA;

(ii) Demonstrates, through articles of incorporation, by-laws, or other board-approved documents, that the development or management of affordable housing are among its principal purposes; and

(iii) Can demonstrate that a certain percentage, set forth in the applicable NOFA, of the Applicant’s total assets are dedicated to the development or management of affordable housing.

(b) Eligibility verification. An Applicant shall demonstrate that it meets the eligibility requirements described in paragraph (a)(2) of this section by providing information described in the application, NOFA, and/or supplemental information, as may be requested by the CDFI Fund. For an Applicant seeking eligibility under paragraph (a)(1) of this section, the CDFI Fund will verify that the Applicant is a Certified CDFI during the application eligibility review.

Subpart C—Eligible Purposes; Eligible Activities; Restrictions

§ 1807.300 Eligible purposes.

Each Recipient must use its CMF Award for the eligible activities described in § 1807.301 so long as such eligible activities increase private capital for and increase investment in:

(a) Development, Preservation, Rehabilitation, and/or Purchase of Affordable Housing for primarily Extremely Low-Income, Very Low-Income, and Low-Income Families; and/or

(b) Economic Development Activities. Economic Development Activity must support Affordable Housing;

(2) The Recipient may undertake Economic Development Activity In Conjunction With Affordable Housing Activities that are undertaken by parties other than the Recipient;

(3) If the Recipient uses its CMF Award to fund an Economic Development Activity in Conjunction With Affordable Housing Activity, it must track the resulting Affordable Housing, as set forth in subpart D of this part, to the extent the Affordable Housing was financed by the CMF Award. For the purposes of meeting the 10-year affordability period requirement, Recipients are not required to track Affordable Housing that was financed by sources other than the CMF Award.

§ 1807.301 Eligible activities.

The Recipient must use its CMF Award to finance and support Affordable Housing Activities and/or Economic Development Activities through the following eligible activities:

(a) To capitalize Loan Loss Reserves;

(b) To capitalize a Revolving Loan Fund;

(c) To capitalize an Affordable Housing Fund;

(d) To capitalize an award to support Economic Development Activities;

(e) To make Risk-Sharing Loans; and

(f) To provide Loan Guarantees.

§ 1807.302 Restrictions on use of CMF Award.

(a) The Recipient may not use its CMF Award for the following:

(1) Political activities;

(2) Advocacy;

(3) Lobbying, whether directly or through other parties;

(4) Counseling services (including homebuyer or financial counseling);

(5) Travel expenses;

(6) Preparing or providing advice on tax returns;

(7) Emergency shelters (including shelters for disaster victims);

(8) Nursing homes;

(9) Convalescent homes;

(10) Residential treatment facilities;

(11) Correctional facilities; or

(12) Student dormitories.

(b) The Recipient shall not use the CMF Award to finance or support Projects that include:

(1) The operation of any private or commercial golf course, country club, massage parlor, hot tub facility, suntan facility, racetrack or other facility used for gambling, or any store the principal business of which is the sale of alcoholic beverages for consumption off premises; or

(2) Farming activities (within the meaning of Internal Revenue Code (IRC) section 2032A(e)(5)(A) or (B)), if, as of the close of the taxable year of the
taxpayer conducting such trade or business, the sum of the aggregate
unadjusted bases (or, if greater, the fair market value) of the assets owned by the
taxpayer that are used in such a trade or business, and the aggregate value of the
assets leased by the taxpayer that are used in such trade or business,
exceeds $500,000.
(c) In any given application round, no
more than 30 percent of a CMF Award
may be used for Economic Development
Activities.
(d) Any Recipient that uses its CMF
Award for a Loan Guarantee or Loan
Loss Reserves must ensure the
underlying loan(s) are made to support
Affordable Housing Activities and
Economic Development Activities. The
Affordable Housing resulting from the
Recipient’s Loan Guarantee or Loan
Loss Reserve shall be tracked for 10
years, as set forth in subpart D of this
part.
(e) If loans that are made pursuant to
a Loan Guarantee or Loan Loss Reserve
are repaid during the Investment Period,
the Recipient must use the repaid
funds for Loan Guarantees or Loan Loss
Reserves targeted to the income
population (Extremely Low-Income,
Very Low-Income, Low-Income) set
forth in the Recipient’s Assistance
Agreement, for the duration of the
Investment Period.
(f) The Recipient may not use more
than five (5) percent of its CMF Award
for Direct Administrative Expenses.
§ 1807.303 Authorized uses of Program
Income.
(a) Program Income earned in the
form of principal and equity repayments
must be used by the Recipient for the
approved, eligible CMF Award uses as
further set forth in the Assistance
Agreement for the duration of the
Investment Period.
(b) Program Income earned in the
form of interest payments, and all other
forms of Program Income (except for
that which is earned as described in
paragraph (a) of this section, must be
used by the Recipient as set forth in the
Assistance Agreement and in
accordance with 2 CFR part 1000.

Subpart D—Qualification as Affordable
Housing

§ 1807.400 Affordable Housing—general.
Each Recipient that uses its CMF
Award for Affordable Housing Activities
must ensure that 100 percent of Eligible
Project Costs are attributable to
Affordable Housing; meaning, that they
comply with the affordability
qualifications set forth in this subpart
for Eligible-Income Families. Further, as
a subset of said 100 percent, greater than
50 percent of the Eligible Project Costs
must be attributable to Affordable
Housing that comply with the
affordability qualifications set forth in
this subpart for Low-Income, Very Low-
Income, or Extremely Low-Income
Families, or as further set forth in the
applicable NOFA and/or Assistance
Agreement.

§ 1807.401 Affordable Housing—Rental
Housing.
To qualify as Affordable Housing,
each rental Multi-family housing Project
financed with CMF Award must have at
least 20 percent of the units occupied by
any combination of Low-Income, Very
Low-Income, or Extremely Low-Income
Families and must comply with the rent
limits set forth herein. However, the
CDFI Fund may require a greater
percentage of the units per Project to be
income-targeted and/or require a
specific targeted income commitment in
any given application round, as set forth
in the NOFA and Assistance Agreement
for that application round.

(a) Rent limitation. The gross rent
limits for Affordable Housing are
determined under the provisions in IRC
section 42(g)(2). In this determination, if
this part imposes an income restriction
on a unit that is greater than 60 percent
of area median income, adjusted for
Family size, then the provisions of IRC
section 42(g)(2) are applied as if that
income restriction on the unit satisfied
IRC section 42(g)(1). The maximum rent
is a rent that does not exceed:
(1) For an Eligible-Income Family, 30
percent of the annual income of a
Family whose annual income equals
120 percent of the area median income,
with adjustments for number of
bedrooms in the unit, as set forth in IRC
section 42(g)(2).
(2) For a Low-Income Family, 30
percent of the annual income of a
Family whose annual income equals 80
percent of the area median income, with
adjustments for number of bedrooms in
the unit, as set forth in IRC section
42(g)(2). If the unit or tenant receives
Federal or State rental subsidy, and the
Family pays as a contribution towards
rent not more than 30 percent of the
Family’s income, the maximum rent
(i.e., tenant contribution plus rental
subsidy) is the rent allowable under the
Federal or State rental subsidy program;
(3) For a Very Low-Income Family, 30
percent of the annual income of a
Family whose annual income equals 50
percent of the area median income,
with adjustments for number of bedrooms
in the unit as described in paragraph (a)
of this section. If the unit or tenant
receives Federal or State rental subsidy,
and the Family pays as a contribution
towards rent not more than 30 percent of
the Family’s income, the maximum
rent (i.e., tenant contribution plus rental
subsidy) is the rent allowable under the
Federal or State rental subsidy program;

(4) For an Extremely Low-Income
Family, 30 percent of the annual income
of a Family whose annual income
equals 30 percent of the area median
income, with adjustments for number of
bedrooms in the unit as described in
paragraph (a) of this section. If the unit
or tenant receives Federal or State rental
subsidy, and the Family pays as a
contribution toward rent not more than
30 percent of the Family’s income, the
maximum rent (i.e., tenant contribution
plus rental subsidy) is the rent
allowable under the Federal or State
rental subsidy program.

(b) Nondiscrimination against rental
assistance subsidy holders. The
Recipient shall require that the owner of
a rental unit cannot refuse to lease the
unit to a Section 8 Program certificate or
voucher holder (24 CFR part 962,
Section 8 Tenant-Based Assistance:
Unified Rule for Tenant-Based Assistance
under the Section 8 Rental Certificate
Program and the Section 8 Rental
Voucher Program) or to the holder of a
comparable document evidencing
participation in a HOME tenant-based
rental assistance program because of
the status of the prospective tenant as
a holder of such certificate, voucher,
or comparable HOME tenant-
based assistance document.

(c) Initial rent schedule and utility
allowances. The Recipient shall ensure
that utility allowances and submetering
rules are consistent with regulations
concerning utility allowances and
submetering in buildings that are
subject to gross rent restrictions under
IRC section 42(g)(2).

(d) Periods of affordability. Housing
under this section must meet the
affordability requirements for not less
than 10 years, beginning after Project
Completion and at initial occupancy.
The affordability requirements apply
without regard to the term of any loan
or mortgage or the transfer of ownership
and must be imposed by deed
restrictions, covenants running with the
land, or other recordable mechanisms.
Other recordable mechanisms must be
approved in writing and in advance by
the CDFI Fund. The affordability
restrictions may terminate upon
foreclosure or transfer in lieu of
foreclosure. However, the affordability
restrictions shall be revised according to
the original terms if, during the original
affordability period, the owner of record
before the foreclosure, or deed in lieu of
foreclosure, or any entity that includes the former owner or those with whom the former owner has or had family or business ties, obtains an ownership interest in the Project.

(3) If the income of a tenant whose gross income (as defined in this section) is not considered to be the tenant's income shall be re-examined; tenant income examination and verification is ultimately the responsibility of the Recipient. Annual income shall include income from all household members. The Recipient must require the Project owner to obtain information on rents and occupancy of Affordable Housing financed or assisted with a CMF Award in order to demonstrate compliance with this section.

(2) One of the following two definitions of “annual income” must be used to determine whether a Family is income-eligible:

(i) Adjusted gross income as defined for purposes of reporting under Internal Revenue Service (IRS) Form 1040 series for individual Federal annual income tax purposes; or

(ii) “Annual Income” as defined at 24 CFR 5.609 (except that when determining the income of a homeowner for an owner-occupied Rehabilitation Project, the value of the homeowner’s principal residence may be excluded from the calculation of Net Family Assets, as defined in 24 CFR 5.603).

(3) Even though either of the above two definitions of “annual income” is permitted, in order to calculate adjusted income, exclusions from income set forth at 24 CFR 5.611 shall be applied.

(4) The CDFI Fund reserves the right to determine certain government programs, under which a Low-Income Family is a recipient, as income eligible for purposes of meeting the tenant income requirements under this section.

(5) Over-income tenants. (1) CMF-financed or assisted units continue to qualify as Affordable Housing despite a temporary noncompliance caused by increases in the incomes of existing tenants if actions satisfactory to the CDFI Fund are being taken to ensure that all vacancies are filled in accordance with this section until the noncompliance is corrected.

(2) Tenants whose incomes no longer qualify must pay rent no greater than the lesser of the amount payable by the tenant under State or local law or 30 percent of the Family's annual income, except if the gross rent of a unit is subject to the restrictions in IRC section 42(g)(2) or the restrictions in an extended low-income housing commitment under IRC section 42(h)(6), then the tenants of that unit must pay rent governed by those restrictions. Tenants who no longer qualify as Eligible-Income are not required to pay rent in excess of the market rent for comparable, unassisted units in the neighborhood.

(3) If the income of a tenant of a CMF-financed or assisted unit no longer qualifies, the Recipient may designate another unit, within the CMF-financed or assisted Project, a replacement unit that meets the affordability qualifications for the same income category as the original unit, as further set forth in the Recipient’s Agreement. If there is not an available replacement unit, the Recipient must fill the first available vacancy with a tenant that meets the affordability qualifications for the same income category of the original unit as necessary to maintain compliance with the CMF requirements and the Assistance Agreement.

§ 1807.402 Affordable Housing—Homeownership.

(a) Purchase with or without Rehabilitation. A Recipient that uses the CMF Award for the eligible activities set forth in § 1807.401 for Purchase must ensure the purchasing Family and Housing meets the affordability requirements of this subsection.

(1) The Housing must be Single-family housing.

(2) The Single-family housing price does not exceed 95 percent of the median purchase price for the area as used in the HOME Program and as determined by HUD and the applicable Participating Jurisdiction.

(3) The Single-family housing must be purchased by a qualifying Family as set forth in § 1807.400. The Single-family housing must be the principal residence of the Family throughout the period described in paragraph (a)(4) of this section.

(4) Periods of affordability. Single-family housing under this section must meet the affordability requirements for at least 10 years at the time of purchase by the Family.

(5) Resale. To ensure that CMF Awards are being used for qualifying Families for the entire 10-year affordability period, recoupment and redeployment or resale strategies must be imposed by the Recipient. A recoupment strategy must ensure that, in the event of the sale of the home, the Recipient sells the Housing before the end of the 10-year affordability period and the new homeowner does not meet the affordability qualifications set forth in § 1807.400, an amount equal to the amount of the CMF Award investment in the Housing, whether recouped or not, is used to finance additional Affordable Housing Activities for a qualifying Family in the same income category for Affordable Housing Homeownership in the manner set forth in this section, except that the Housing must meet the affordability requirements only for the remaining duration of the affordability period. The Recipient may design and implement its own recoupment strategy. Deed restrictions, covenants running with the land, or other similar mechanisms may be used as the mechanism to impose a resale strategy. The Recipient shall report to the CDFI Fund the event of resale and/or recoupment and redeployment of the CMF Award, or an equivalent amount, in the manner described in the Assistance Agreement. The affordability restrictions may terminate upon occurrence of any of the following termination events: Foreclosure, transfer in lieu of foreclosure, or assignment of an FHA-insured mortgage to HUD. The Recipient may use purchase options, rights of first refusal or other preemptive rights to purchase the Housing before foreclosure to preserve affordability. The affordability requirements shall be revived according to the original terms of, during the original affordability period, the Recipient’s right of possession. The Housing, the owner of record before the termination event, obtains an ownership interest in the Housing. If there is a sale of Single-family housing funded by a CMF Award prior to the completion of the 10-year affordability period, the Recipient must demonstrate that it placed into service Single-family housing targeting the same income population (i.e., Extremely Low-Income, Very Low-Income, Low-Income) as the original Single-family housing, as set forth in the Assistance Agreement, financed with an equivalent amount to the recouped portion of the CMF Award, that will be tracked for the duration of the affordability period of the original Single-family housing.

(b) Rehabilitation not involving Purchase. Single-family housing that is currently owned by a qualifying Family, as set forth in § 1807.400, qualifies as Affordable Housing if it meets the requirements of this paragraph (b).

(1) The estimated value of the Single-family housing, after Rehabilitation,
Subpart E—Leveraged Costs; Eligible Project Costs; Commitment Requirements

§ 1807.500 Leveraged Costs; Eligible Project Costs.

(a) Each CMF Award must result in Eligible Project Costs in an amount that equals at least 10 times the amount of the CMF Award or some higher standard established by the CDFI Fund in the Recipient’s Assistance Agreement. Such Eligible Project Costs must be for Affordable Housing Activities and Economic Development Activities, as set forth in the Assistance Agreement.

(b) Leveraged Costs. (1) The applicable NOFA and/or the Assistance Agreement may set forth a required percentage of Leveraged Costs that must be funded by non-governmental sources.

(2) The Recipient must report to the CDFI Fund all Leveraged Costs, with the following limitations:

(i) No costs attributable to prohibited uses shall be reported as Leveraged Costs;

(ii) All Leveraged Costs attributable to Affordable Housing Activities must be for Affordable Housing, as set forth in §1807.401 or §1807.402, and as further described in the Assistance Agreement;

(iii) All eligible Leveraged Costs attributable to Economic Development Activities shall be described in the Assistance Agreement.

(c) Recipients must report Leveraged Costs information through forms or electronic systems provided by the CDFI Fund. Consequently, Recipients must maintain appropriate documentation, such as audited financial statements, wire transfers documents, pro-formas, and other relevant records, to support such reports.

§ 1807.501 Commitments; Payments.

(a) The CMF Award must be committed by the Recipient for use by the date designated in its Assistance Agreement.

(b) The Recipient must evidence such commitment with a written, legally binding agreement to provide CMF Award proceeds to the qualifying Family, developer or project sponsor for a Project whose:

(1) Construction can reasonably be expected to start within 12 months of the commitment agreement date;

(2) Property title will be transferred within 6 months of the commitment agreement date; or

(3) Construction schedule ensures Project Completion within 5 years of a date specified in the Assistance Agreement.

(c) The CDFI Fund will make Payment of CMF Award based on a deployment schedule contained in the CMF Award application, in addition to any other documentation and/or forms that the CDFI Fund may require.

(d) Upon receipt of CMF Award, the Recipient must make an initial disbursement of said CMF Award by the date designated in its Assistance Agreement. The CDFI Fund may make Payment of CMF Award in a lump sum or other manner, as determined appropriate by the CDFI Fund. The CDFI Fund will not provide any Payment until the Recipient has satisfied all conditions set forth in the applicable NOFA and Assistance Agreement.

§ 1807.502 CMF Award limits.

An eligible Applicant and its Subsidiaries and Affiliates may not be awarded more than 15 percent of the aggregate funds available for CMF Awards during any year.

§ 1807.503 Project Completion; Property standards.

(a) Upon Project Completion, the Project must be placed into service by the date designated in the Assistance Agreement. Project Completion occurs, as determined by the CDFI Fund, when:

(1) All necessary title transfer requirements and construction work have been performed;

(2) The property standards of paragraph (b) of this section have been met; and

(3) The final drawdown of the CMF Award has been made to the project sponsor or developer;

(b) When a CMF Award is used for Preservation, Project Completion occurs when the refinance and/or Rehabilitation is completed in addition to the requirements set forth in this paragraph (a).

(1) Projects that are constructed or Rehabilitated with a CMF Award must meet all applicable State and local codes, Rehabilitation standards, ordinances, and zoning requirements at the time of Project Completion or, in the absence of a State or local building code, the International Residential Code or International Building Code (as applicable) of the International Code Council.

(2) In addition, Projects must meet the following requirements:

(i) Accessibility. The Project must meet all applicable accessibility requirements set forth at 24 CFR part 8, which implements section 304 of the Rehabilitation Act of 1973 (29 U.S.C. 794), and Titles II and III of the Americans with Disabilities Act (42 U.S.C. 12131-12189) implemented at 28 CFR parts 35 and 36, as applicable.

(ii) Multi-family housing, as defined in 24 CFR 100.201, must also meet all applicable design and construction requirements set forth in 24 CFR 100.205, which implements the Fair Housing Act (42 U.S.C. 3601-3619). Mitigation. The Project must meet all applicable State and local codes, ordinances, or other disaster mitigation requirements (e.g., earthquake, hurricanes, flooding, wild fires), or other requirements as the Department of Housing and Urban Development has established in 24 CFR part 93.

(iii) Lead-based paint. The Project must meet all applicable lead-based paint requirements, including those set forth in 24 CFR part 35.
(3) Rehabilitation standards. In addition, all Rehabilitation that is financed with a CMF Award must meet the following requirements:
   (i) For rental Housing, if the remaining useful life of one or more major systems is less than the 10-year period of affordability, the Recipient must ensure that, at Project Completion, the developer or Project sponsor establishes a replacement reserve and that monthly payments are made to the reserve that are adequate to repair or replace the systems as needed. Major systems include: Structural support; roofing; cladding and weatherproofing (e.g., windows, doors, siding, gutters); plumbing; electrical; heating, ventilation, and air conditioning.
   (ii) For Homeownership Single-family housing, the Recipient must ensure that, at Project Completion, the Housing is decent, safe, sanitary, and in good repair. The Recipient must ensure that timely corrective and remedial actions are taken by the Project owner to address identified life threatening deficiencies.
   (4) Manufactured housing. Construction of all manufactured housing must meet the Manufactured Home Construction and Safety Standards set forth in 24 CFR part 3280. These standards preempt State and local laws or codes, which are not identical to the Federal standards for the new construction of manufactured housing. The installation of all manufactured housing units must comply with applicable State and local laws or codes. In the absence of such laws or codes, the installation must comply with the manufacturer’s written instructions for installation of manufactured housing units. Manufactured housing that is rehabilitated using a CMF Award must meet the requirements set out in paragraph (b)(1) of this section.

Subpart F—Tracking Funds; Uniform Administrative Requirements; Nature of Funds

§ 1807.600 Tracking funds.
   The Recipient shall develop and maintain an internal tracking and reporting system that ensures that the CMF Award is used in accordance with this part and the Assistance Agreement.

§ 1807.601 Uniform Administrative Requirements.
   The Uniform Administrative Requirements apply to all CMF Awards.

§ 1807.602 Nature of funds.
   CMF Awards are Federal financial assistance with regard to the application of Federal civil rights laws. CMF Award funds retain their Federal character until the end of the Investment Period.

Subpart G—Notice of Funds Availability; Applications

§ 1807.700 Notice of funds availability.
   Each Applicant must submit a CMF Award application in accordance with the applicable Notice of Funds Availability (NOFA) published in the Federal Register. The NOFA will advise prospective Applicants on how to obtain and complete an application and will establish deadlines and other requirements. The NOFA will specify application evaluation factors and any limitations, special rules, procedures, and restrictions for a particular application round. After receipt of an application, the CDFI Fund may request clarifying or technical information on the materials submitted as part of the application.

Subpart H—Evaluation and Selection of Applications

§ 1807.800 Evaluation and selection—general.
   Each Applicant will be evaluated and selected, at the sole discretion of the CDFI Fund, to receive a CMF Award based on a review process that will include a paper or electronic application, and may include an interview(s) and/or site visit(s), and that is intended to:
   (a) Ensure that Applicants are evaluated on a merit basis and in a fair and consistent manner;
   (b) Ensure that each Recipient can successfully meet its leveraging goals and achieve Affordable Housing Activity and Economic Development Activity impacts;
   (c) Ensure that Recipients represent a geographically diverse group of Applicants serving Metropolitan Areas and Underserved Rural Areas across the United States that meet criteria of economic distress, which may include:
      (1) The percentage of Low-Income Families or the extent of poverty;
      (2) The rate of unemployment or underemployment;
      (3) The extent of disinvestment;
      (4) Economic Development Activities that target Extremely Low-Income, Very Low-Income, and Low-Income Families within the Recipient’s Service Area; and
      (5) Any other criteria the CDFI Fund shall set forth in the applicable NOFA;
   and
   (d) Take into consideration other factors as set forth in the applicable NOFA.

§ 1807.801 Evaluation of applications.
   (a) Eligibility and completeness. An Applicant will not be eligible to receive a CMF Award if it fails to meet the eligibility requirements described in § 1807.200 and in the applicable NOFA, or if the Applicant has not submitted complete application materials. For the purposes of this paragraph (a), the CDFI Fund reserves the right to request additional information from the Applicant, if the CDFI Fund deems it appropriate.
   (b) Substantive review. In evaluating and selecting applications to receive assistance, the CDFI Fund will evaluate the Applicant’s likelihood of success in meeting the factors set forth in the applicable NOFA including, but not limited to:
      (1) The Applicant’s ability to use a CMF Award to generate additional investments, including private sources of funding;
      (2) The need for affordable housing in the Applicant’s Service Area;
      (3) The ability of the Applicant to obligate amounts and undertake activities in a timely manner; and
      (4) In the case of an Applicant that has previously received assistance under any CDFI Fund program, the Applicant’s level of success in meeting its performance goals, reporting requirements, and other requirements contained in the previously negotiated and executed assistance, allocation or award agreement(s) with the CDFI Fund, any undisbursed balance of assistance, and compliance with applicable Federal laws.
   (c) The CDFI Fund may consider any other factors that it deems appropriate in reviewing an application, as set forth in the applicable NOFA, the application and related guidance materials.
   (d) Consultation with appropriate regulatory agencies. In the case of an Applicant that is a Federally regulated financial institution, the CDFI Fund may consult with the Appropriate Federal Banking Agency or Appropriate State Agency prior to making a final award decision and prior to entering into an Assistance Agreement.
   (e) Recipient selection. The CDFI Fund will select Recipients based on the criteria described in paragraph (b) of this section and any other criteria set forth in this part or the applicable NOFA.

Subpart I—Terms and Conditions of CMF Award

§ 1807.900 Assistance agreement.
   (a) Each Applicant that is selected to receive a CMF Award must enter into an Assistance Agreement with the CDFI
Fund. The Assistance Agreement will set forth certain required terms and conditions for the CMF Award that may include, but are not limited to, the following:

1. The amount of the CMF Award;
2. The approved uses of the CMF Award;
3. The approved Service Area;
4. The time period by which the CMF Award proceeds must be Committed;
5. The required documentation to evidence Project Completion; and
6. Performance goals that have been established by the CDFI Fund pursuant to this part, the NOFA, and the Recipient’s application.

(b) The Assistance Agreement shall provide that, in the event of fraud, mismanagement, noncompliance with the Act or these regulations, or noncompliance with the terms and conditions of the Assistance Agreement, on the part of the Recipient, the CDFI Fund, in its discretion, may make a determination to:

1. Require changes in the performance goals set forth in the Assistance Agreement;
2. Revoke approval of the Recipient’s application;
3. Reduce or terminate the CMF Award;
4. Require repayment of any CMF Award that have been paid to the Recipient;
5. Bar the Recipient from applying for any assistance from the CDFI Fund; or
6. Take such other actions as the CDFI Fund deems appropriate or as set forth in the Assistance Agreement.

(c) Prior to making a determination that the Recipient has failed to comply substantially with the Act or these regulations or an Assistance Agreement, the CDFI Fund shall provide the Recipient with reasonable notice and opportunity for hearing.

§ 1807.901 Payment of funds.

CMF Awards provided pursuant to this part may be provided in a lump sum payment or in some other manner, as determined appropriate by the CDFI Fund. The CDFI Fund shall not provide any payment under this part until a Recipient has satisfied all conditions set forth in the applicable NOFA and Assistance Agreement.

§ 1807.902 Data collection and reporting.

(a) Data: General. The Recipient must maintain such records as may be prescribed by the CDFI Fund that are necessary to:

1. Disclose the manner in which the CMF Award is used, including providing documentation to demonstrate Project Completion;
2. Demonstrate compliance with the requirements of this part and the Assistance Agreement; and
3. Evaluate the impact of the CMF Award.

(b) Customer profiles. The Recipient must compile such data on the gender, race, ethnicity, national origin, or other information on individuals that are benefiting from the CMF Award, as the CDFI Fund shall prescribe in the Assistance Agreement. Such data will be used to determine whether residents of the Recipient’s Service Area are adequately served and to evaluate the impact of the CMF Award.

(c) Access to records. The Recipient must submit such financial and activity reports, records, statements, and documents at such times, in such forms, and accompanied by such reporting data, as required by the CDFI Fund or the U.S. Department of the Treasury to ensure compliance with the requirements of this part and to evaluate the impact of the CMF Award. The United States Government, including the U.S. Department of the Treasury, the Comptroller General, and their duly authorized representatives, shall have full and free access to the Recipient’s offices and facilities and all books, documents, records, and financial statements relating to use of Federal funds and may copy such documents as they deem appropriate and audit or provide for an audit at least annually. The CDFI Fund, if it deems appropriate, may prescribe access to record requirements for entities that receive a CMF Award from the Recipient.

(d) Retention of records. The Recipient shall comply with all applicable record retention requirements set forth in the Uniform Administrative Requirements (as applicable) and the Assistance Agreement.

(e) Data collection and reporting—(1) Financial reporting. (i) All Nonprofit Organization Recipients that are required to have their financial statements audited pursuant to the Uniform Administrative Requirements, must submit their single-audits by a time set forth in the applicable NOFA or Assistance Agreement. Nonprofit Organization Recipients (excluding Insured CDFIs and State-Insured Credit Unions) that are not required to have financial statements audited pursuant to the Uniform Administrative Requirements, must submit to the CDFI Fund a statement signed by the Recipient’s authorized representative or certified public accountant, asserting that the Recipient is not required to have a single-audit pursuant to the Uniform Administrative Requirements as indicated in the Assistance Agreement. In such instances, the CDFI Fund may require additional audits to be performed and/or submitted to the CDFI Fund as stated in the applicable Notice of Funds Availability and Assistance Agreement.

(ii) For-profit Recipients (excluding Insured CDFIs and State-Insured Credit Unions) must submit to the CDFI Fund financial statements audited in conformity with generally accepted auditing standards as promulgated by the American Institute of Certified Public Accountants by a time set forth in the applicable NOFA or Assistance Agreement.

(iii) Insured CDFIs are not required to submit financial statements to the CDFI Fund. The CDFI Fund will obtain the necessary information from publicly available sources. State-Insured Credit Unions must submit to the CDFI Fund copies of the financial statements that they submit to the Appropriate State Agency.

(2) Annual report. (i) The Recipient shall submit a performance and financial report that shall be specified in the Assistance Agreement (annual report). The annual report consists of several components which may include, but are not limited to, a report on performance goals and measures, explanation of any Recipient noncompliance, and such other information as may be required by the CDFI Fund. The annual report components shall be specified and described in the Assistance Agreement.

(ii) The CDFI Fund will use the annual report to collect data to assess the Recipient’s compliance with its performance goals and the impact of the CMF and the CDFI Industry.

(iii) The Recipient is responsible for the timely and complete submission of the annual report, even if all or a portion of the documents actually are completed by another entity. If such other entities are required to provide information for the annual report, or such other documentation that the CDFI Fund might require, the Recipient is responsible for ensuring that the information is submitted timely and complete. The CDFI Fund reserves the right to contact such other entities and require that additional information and documentation be provided.

(iv) The CDFI Fund’s review of the compliance of an Insured CDFI, a Depository Institution Holding Company or a State-Insured Credit Union with the terms and conditions of its Assistance Agreement may also include information from the Appropriate Federal Banking Agency or
Appropriate State Agency, as the case may be.
(f) Public access. The CDFI Fund shall make reports described in this section available for public inspection after deleting or redacting any materials necessary to protect privacy or proprietary interests.

§ 1807.903 Compliance with government requirements.

In carrying out its responsibilities pursuant to an Assistance Agreement, the Recipient shall comply with all applicable Federal, State, and local laws, regulations, and ordinances, Uniform Administrative Requirements, and Executive Orders. Furthermore, Recipients must comply with the CDFI Fund’s environmental quality regulations (12 CFR part 1815) as well as all other Federal environmental requirements applicable to Federal awards.

§ 1807.904 Lobbying restrictions.

No CMF Award may be expended by a Recipient to pay any person to influence or attempt to influence any agency, elected official, officer or employee of a State or local government in connection with the making, award, extension, continuation, renewal, amendment, or modification of any State or local government contract, grant, loan or cooperative agreement as such terms are defined in 31 U.S.C. 1352.

§ 1807.905 Criminal provisions.

The criminal provisions of 18 U.S.C. 657 regarding embezzlement or misappropriation of funds are applicable to all Recipients and insiders.

§ 1807.906 CDFI Fund deemed not to control.

The CDFI Fund shall not be deemed to control a Recipient by reason of any CMF Award provided under the Act for the purpose of any applicable law.

§ 1807.907 Limitation on liability.

The liability of the CDFI Fund and the United States Government arising out of any CMF Award shall be limited to the amount of the CMF Award. The CDFI Fund shall be exempt from any assessments and other liabilities that may be imposed on controlling or principal shareholders by any Federal law or the law of any State. Nothing in this section shall affect the application of any Federal tax law.

§ 1807.908 Fraud, waste and abuse.

Any person who becomes aware of the existence or apparent existence of fraud, waste or abuse of a CMF Award should report such incidences to the Office of Inspector General of the U.S. Department of the Treasury.

Mary Ann Donovan,
Director, Community Development Financial Institutions Fund.

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DEPARTMENT OF TRANSPORTATION
Federal Aviation Administration

14 CFR Part 71
[Docket No. FAA-2015-7483; Airspace Docket No. 15-AGL-23]

Amendment of Class E airspace for the Following Michigan Towns: Alpena, MI; and Muskegon, MI

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule.

SUMMARY: This action amends the legal description of the Class E surface area airspace and Class E airspace designated as an extension at Alpena County Regional Airport, Alpena, MI, and Muskegon County Airport, Muskegon, MI, eliminating the Notice to Airmen (NOTAM) part-time status, and updates the geographic coordinates of Muskegon County Airport, to coincide with the FAA’s aeronautical database.

DATES: Effective 0901 UTC, March 31, 2016. The Director of the Federal Register approves this incorporation by reference action under Title 1, Code of Federal Regulations, part 51, subject to the annual revision of FAA Order 7400.9 and publication of conforming amendments.

ADDRESSES: FAA Order 7400.9Z, Airspace Designations and Reporting Points, and subsequent amendments can be viewed online at http://www.faa.gov/air_traffic/publications/. For further information, you can contact the Airspace Policy Group, Federal Aviation Administration, 800 Independence Avenue SW., Washington, DC 20591; telephone: 202–267–8783. The Order is also available for inspection at the National Archives and Records Administration (NARA). For information on the availability of FAA Order 7400.9Z at NARA, call 202–741–6030, or go to http://www.archives.gov/federal_register/code_of_federal_regulations/ibr_locations.html.

FAA Order 7400.9, Airspace Designations and Reporting Points, is published yearly and effective on September 15.

FOR FURTHER INFORMATION CONTACT: Jeffrey Claypool, Federal Aviation Administration, Operations Support Group, Central Service Center, 10101 Hillwood Parkway, Fort Worth, TX 76177; telephone (817) 222–5711.

SUPPLEMENTARY INFORMATION:

Authority for This Rulemaking

The FAA’s authority to issue rules regarding aviation safety is found in Title 49 of the United States Code. Subtitle I, Section 106 describes the authority of the FAA Administrator. Subtitle VII, Aviation Programs, describes in more detail the scope of the agency’s authority. This rulemaking is promulgated under the authority described in Subtitle VII, Part A, Subpart I, Section 40103. Under that section, the FAA is charged with prescribing regulations to assign the use of airspace necessary to ensure the safety of aircraft and the efficient use of airspace. This regulation is within the scope of that authority as it amends controlled airspace at Alpena County Regional Airport, Alpena, MI, and Muskegon County Airport, Muskegon, MI.

History

In a review of the airspace, the FAA found the airspace for Alpena County Regional Airport, Alpena, MI, and Muskegon County Airport, Muskegon, MI, as published in FAA Order 7400.9Z, Airspace Designations and Reporting Points, does not require the authority status. This is an administrative change removing the part time NOTAM information from the legal descriptions for the above airports.

Class E airspace designations are published in paragraph 6002 and 6004, respectively, of FAA Order 7400.9Z dated August 6, 2015, and effective September 15, 2015, which is incorporated by reference in 14 CFR part 71.1. The Class E airspace designations listed in this document will be published subsequently in the Order.

Availability and Summary of Documents for Incorporation by Reference

This document amends FAA Order 7400.9Z, Airspace Designations and Reporting Points, dated August 6, 2015, and effective September 15, 2015. FAA Order 7400.9Z is publicly available as listed in the ADDRESSES section of this document. FAA Order 7400.9Z lists Class A, B, C, D, and E airspace areas, air traffic service routes, and reporting points.
July 16, 2018

Mr. Robert Strickland
7460 Halcyon Pointe Drive, Suite 200
Montgomery, AL 36117

Dear Mr. Strickland:

I am writing to urge the Alabama Housing Finance Authority to amend its draft Qualified Allocation Plan for Low Income Housing Tax Credits to include public housing sales proceeds as a points item along with public housing capital funds. In addition, the same provision in the HOME Action Plan should be retained and amended to include sales proceeds.

I recognize the AHFA must balance many competing priorities however redevelopment of troubled public housing developments is typically a top priority of many if not most municipalities around the State. Such redevelopment efforts are virtually impossible without support of the AHFA’s 9% Low Income Housing Tax Credit Program. Whether by design or not, recent changes by the AHFA such as reducing the point value of public housing funds have dramatically increased the obstacles to public housing developments receiving 9% tax credit allocations.

In this regard, a typical practice in public housing redevelopment is the sale of a property. In these instances, HUD requires the PHA to replace the units but must dedicate the sales proceeds (public housing sales proceeds) to redevelopment of the project. Such funds should receive points comparable to other public housing funds.

Given the priority provided to HOME Action Plan funded developments, this provision should be maintained in the HOME Point Scoring System or else public housing will be ineligible for the vast majority of the available credits.

I respectfully request your consideration of this request.

Sincerely,

[Signature]

Walt Maddox
Mayor

Chris Hall/Tuscaloosa Housing Authority
Letter – Mayor Walt Maddox, City of Tuscaloosa
“Public Housing Sales Proceeds”

(see comment page 23)
July 16, 2018

Mr. Robert Strickland
Alabama Housing Finance Authority
Executive Director
7460 Halcyon Pointe Drive, Suite 200
Montgomery, AL 36117

Dear Mr. Strickland:

I am writing to urge the Alabama Housing Finance Authority to amend its draft Qualified Allocation Plan for Low Income Housing Tax Credits to include public housing Sales Proceeds as a points item along with public housing Capital Funds. In addition, the same provision in the HOME Action plan should be retained and amended to include Sales Proceeds.

I recognize the AHFA must balance many competing priorities but redevelopment of troubled public housing developments is typically a top priority of many if not most municipalities around the State. Such redevelopment efforts are virtually impossible without support of the AHFA’s 9% Low Income Housing Tax Credit program. Whether by design or not, recent changes by the AHFA such as reducing the point value of public housing funds have dramatically increased the obstacles to public housing developments receiving 9% tax credit allocations.

In this regard, a typical practice in public housing redevelopment is the sale of a property. In these instances, HUD requires the PHA to replace the units but must dedicate the sales proceeds – Public Housing Sales Proceeds -- to redevelopment of the project. Such funds should receive points comparable to other public housing funds.

Given the priority given to HOME Action Plan funded developments, this provision should be maintained in the HOME Point Scoring System or else public housing will be ineligible for the vast majority of the available credits.

I respectfully request your consideration of this request.

Sincerely,

Ralph D. Ruggs,
Executive Director

Chris Hall/Tuscaloosa Housing Authority
Letter – Ralph D. Ruggs, Executive Director, Tuscaloosa Housing Authority “Public Housing Sales Proceeds”

(see comment page 23)
Mr. Robert Strickland, Executive Director  
Alabama Housing Finance Authority  
7460 Halcyon Pointe Drive, Suite 200  
Montgomery, AL 36117

RE: Redevelopment for Public Housing Tax Credits

Dear Mr. Strickland:

I am writing to respectfully request that in the HOME Action Plan that the AHFA reverse its proposed elimination of points for Public Housing Capital and Replacement Housing Factor funds.

The City of Anniston and the Anniston Housing Authority are embarking on a major redevelopment of our older public housing. This is a top priority for the City. This local redevelopment effort is consistent with your goal to create housing opportunities for low and moderate income citizens. For this redevelopment effort to be successful we need the ability to compete for support via the AHFA's 9% Low Income Housing Tax Credit and HOME programs.

Recently, the AHFA has made it substantially more difficult for public housing developments to receive 9% tax credit allocations by reducing the points for public housing funds and limiting tax credit only projects to only the current year allocation. This makes it almost impossible for PHA projects to obtain funding especially given the location of many such developments in inner city areas that desperately need capital.

Given the fact that the AHFA is prioritizing HOME Action Plan funded developments, the deletion of points for public housing Capital Funds and Replacement Housing Factor funds in the draft HOME Action plan dramatically penalizes projects involving public housing redevelopments. Accordingly, we advocate this provision should be maintained in the HOME Point Scoring System as it was provided in 2018.

If AHFA does not reverse course, it is creating a major obstacle for projects that are very important for the future of not only Anniston, but also other cities across the State of Alabama. I respectfully request your consideration of our request.

Sincerely,

[Signature]

Jack Draper  
Mayor

Cc: City Council  
Sonny McMahand, Ex. Dir. Anniston Housing Authority  
Mary Motley, CDBG Program Director

Willie B. McMahand, Jr. /Anniston Housing Authority  
Letter – Mayor Jack Draper, City of Anniston  
“Capital Funds and Replacement Housing Factor Funds”

(see comment page 23)
July 23, 2018

Mr. David Young
7460 Halcyon Pointe Drive, Suite 200
Montgomery, AL 36117

Dear Mr. Young:

I am writing to request that the Alabama Housing Finance Authority amend its draft HOME Action plan and eliminate the proposed deletion of the provision that provides points for Public Housing Capital and Replacement Housing Factor funds.

For many cities, including the City of Phenix City, redevelopment of older or troubled public housing developments is a primary goal that is shared by most residents and is pivotal for the future of our cities. For such developments to occur, availability of the AHFA's 9% Low Income Housing Tax Credit and HOME programs is essential.

Over the last several years, the AHFA has dramatically increased the obstacles to public housing developments receiving 9% tax credit allocations by taking actions such as reducing the point value of public housing funds and limiting tax credit only projects to only the current year allocation. I believe this is shortsighted.

Given the priority given to HOME Action Plan funded developments, the proposed deletion of points for public housing Capital Funds and Replacement Housing Factor funds in the HOME Action plan dramatically penalizes projects involving public housing redevelopments. This provision should be maintained in the HOME Point Scoring System as it was provided in 2018 or else public housing will be ineligible for the vast majority of the available credits.

I recognize that the state of Alabama has many competing affordable housing needs but I urge you not to penalize PHA redevelopment projects.

I respectfully request your consideration of this request.

Sincerely,

Mayor Eddie Lowe

Mayor Eddie Lowe, Phenix City Alabama
Letter – “Capital Funds and Replacement Housing Factor Funds”

(see comment page 23)
SAMPLE

Healthy Living Education Plan

This Healthy Living Plan includes outlined strategies to engage persons at risk of and/or currently living with heart disease, stroke, high blood pressure, diabetes, high cholesterol, obesity related illnesses and their caregivers are targeted in marketing efforts.

To target households with persons at risk of and/or currently living with heart disease, stroke, high blood pressure, diabetes, high cholesterol, obesity related illnesses and their caregivers, the XXX complex will conduct the following:

- Partner with the American Heart Association to host monthly healthy living educational sessions on topics such as getting active, eating healthy, managing blood pressure, losing weight, reducing blood sugar, and stopping smoking, and learning bystander CPR

- Partner with the American Heart Association on their Simple Cooking with Heart (SCWH) program that focuses on healthy food preparation, reduced sodium content, low-fat consumption, and alternative baking tips. Quarterly cooking demonstrations will be hosted by a local Chef/Nutritionist, to teach residents the difference between empty calories and nutrients. Residents are also taught how to prepare nutritious meals flavored with herbs, and alternative spices, while reducing overall sodium content.

- Partner with the YMCA professional fitness coach to provide exercise classes, while supporting residents with individual weight-loss goals.

- Create and promote housing community policies that include access to healthy fruits and vegetables and increase access to safe environments that promote physical activity.

- Partner with the local health department to provide smoking cessation educational opportunities to support adoption of a smoke free community

All healthy living educational efforts will abide by Fair Housing guidelines. XXX is an Equal Housing Opportunity community.

Monique Wilson/American Heart Association
“Sample Healthy Living – Education Plan, Marketing Plan, List of Service Providers, and Sample MOU”

(see comment page 56)
SAMPLE

Healthy Living Marketing Plan

This Marketing Plan includes actions to ensure that persons at risk of and/or currently living with heart disease, stroke, high blood pressure, diabetes, high cholesterol, obesity related illnesses and their caregivers are targeted in marketing efforts.

To target households with persons at risk of and/or currently living with heart disease, stroke, high blood pressure, diabetes, high cholesterol, obesity related illnesses and their caregivers, marketing for the XXX complex will include the following:

- advertising in local newspapers and/or their respective websites,
- distributing flyers to agencies, community based organizations and service providers in the area, and electronic marketing in community publications
- meeting with representatives of organizations such as the local health department, cooperative extension services, YMCA, and American Heart Association as listed in the Memorandum of Understanding.

Specific information that these services are available for persons at risk of and/or currently living with heart disease, stroke, high blood pressure, diabetes, high cholesterol, obesity related illnesses and their caregivers will be included in the outreach efforts and documentation of those efforts will be maintained.

All marketing efforts will abide by Fair Housing guidelines. XXX is an Equal Housing Opportunity community.
SAMPLE
List of Local and/or Regional Service Providers Contacted

American Heart Association
1449 Medical Park Drive
Birmingham, AL 35213
Office: 205.510.1500
E-mail: lauren.roden@heart.org
Contact: Lauren Roden, Executive Director
Services Provided and Population Served: Services to improve the lives of all individuals by providing public health education in a variety of ways. This includes education regarding CPR, and quality healthcare.
Website: www.heart.org

Jefferson County Department of Health
1400 Sixth Avenue South
Birmingham, AL 35233
Phone: (205) 752-5429
Email: mark.wilson@jcdh.org
Contact: Mark Wilson, MD, Health Officer
Services Provided and Population Served: Services provided to prevent disease and assure access to quality health care; promote a healthy lifestyle and a healthy environment; protect against public health threats
Website: www.jcdh.org/

YMCA of Greater Birmingham
2101 4th Ave N
Birmingham, AL 35203
Phone (205) 324-4563
Email: dpile@ymcabham.org
Contact: Dan Pile, Executive Director
Services Provided and Population Served: Programs and services that build healthy spirit, mind for individuals across Jefferson and Shelby Counties to nurture the potential of children and teens, improve health and well-being, and provide opportunities to give back and support neighbors.
Website: https://www.ymcabham.org/
MEMORANDUM OF UNDERSTANDING
Between
HOUSING DEVELOPER, PHA, Housing Non-Profit, Etc.
And
THE AMERICAN HEART ASSOCIATION
Local Office (or other Local Health Organization-LHO)

This Memorandum of Understanding (MOU) is made and entered into by and between Housing Organization or Developer and Collaborate, the American Heart Association or other local health organization.

WHEREAS, Housing Organization (hereinafter known as HO) is a housing agency concerned with improving the quality of life and promoting self-sufficiency for low to moderate-income families; and

WHEREAS, AHA or LHO enacts this collaboration to assist the HO in reducing tobacco usage in support of smoke-free communities and to implement a smoke-free policy within the development; and

WHEREAS, HO uses a holistic approach to providing community engagement services within ten key areas: 1) education, 2) workforce and business development, 3) mentoring, 4) faith and social service, 5) athletics & recreation, 6) health and wellness, 7) family and parenting, 8) finance, 9) social and cultural arts, and 10) public safety; and

WHEREAS, HO promotes programs for youth, adults, and seniors that aim to reduce delinquent and risky behavior, increase family and economic stability, and help achieve independence; and

WHEREAS, the AHA is the nation's oldest and largest voluntary organization dedicated to fighting heart disease and stroke. The mission of the American Heart Association is "Building healthier lives, free of cardiovascular disease and stroke."

WHEREAS, AHA or LHO educates on the awareness of cardiovascular disease which remain the number one health threat for all Americans, claiming more lives each year than all forms of cancer combined. Complicating the fight against these devastating diseases is the increasing prevalence of chronic health conditions that are major risk factors, including hypertension, diabetes obesity and high cholesterol. Research suggests that self-management, education, regular monitoring, increased physical activity, maintaining a healthy diet and weight, limited alcohol consumption, and smoking cessation - can play a huge role in improving outcomes.

WHEREAS, AHA or LHO have agreed to collaborate with HO in providing health and wellness education to assist with improving the quality of life for LIHTC residents; and

WHEREAS, the parties herein desire to enter into a Memorandum of Understanding setting forth the services to be provided by the collaboration; and
Therefore, the parties agree to the following Additional Terms:

1. **Population To Be Served**

   Families living in AHFA LIHTC properties in the state of Alabama.

11. **American Heart Association or LHO Agrees To Provide**

   The LHO will collaborate with HO to drive health transformation by meeting people where they are. They will support the education of residents and communities by providing resources and services that will allow for the advancement of individual health, education of healthy living skills, and development of self-management of chronic conditions related to cardiovascular disease. Programmatic focus areas for collaboration will include the following:

   - Increasing Healthy Living Behaviors - Improving high blood pressure management; Increase fruit and vegetable consumption; reduce consumption of sodium and sugar sweetened beverages; Increasing physical activity; reducing tobacco usage.
   - CPR trainings

III. **Service Costs**

   The services under this MOU are free for all residents.

IV. **Confidentiality**

   Both parties agree to maintain confidentiality about any resident receiving services from their agency. Residents' personal information is not to be a factor in this program.

V. **Liability - Indemnity**

   The parties acknowledge, understand and agree that LHO and HO have no liability, nor assumes responsibility for any claims, damages, acts, or omissions of the collaborating agency/organization. HO does not assume responsibility for any aspect of implementation of the collaborating agency, nor be responsible for the collaborating agency employee, agent, volunteers, and participants. LHO shall indemnify and hold HO harmless from any and all claims or demands of whatever type and nature arising from, concerning, relating or pertaining to its activities and programs under this agreement.

VI. **Termination**

   This MOU will remain in effect until 1) parties mutually agree to amend this MOU or 2) notice is given by either party of revocation thereof.