NLIHC’s Summary of Alabama’s Draft HTF Allocation Plan Summary

State Designated Entity: Alabama Housing Finance Agency
$3,000,000 HTF Allocation for 2016

Affordability

Draft doesn’t use the statutory term “affordable”. Rather simply declares:

“Rental Assistance – Due to the targeted population of ELI the ability to secure rental assistance so that rents are affordable to ELI families will be a major factor in the success of any proposed development.” (page 2)

In Alabama’s 100-point scoring system, a proposed project that has secured rental assistance gets 25 points. (page 6)

NLIHC: This is a problem because it disadvantages creative project proposals that do not depend upon the availability of federal vouchers. To the extent that vouchers are even available, it doesn’t necessarily add to the stock, it simply moves vouchers from one unit to another. Does Alabama (or any of the PHAs) have vouchers available other than turnover vouchers?

Under “Compliance with HTF Regulations” draft includes:

“A statement declaring that the recipient will comply with rent limits, determined to be no more than 30% of the area median income.” (page 8)

NLIHC: This does not follow NLIHC’s recommendation to target some units at 30% x 20% AMI and even some at 30% x 10% AMI. However, in a positive note, it does not include the interim rule’s unwarranted, “or 30% of the federal poverty line, whichever is greater” which can cause cost burden in most non-rural areas.

Length of Affordability

Minimum of 30 years. (page 2)

Under draft heading, “Application Process” item #4: “Demonstrate the likelihood of sustained 30-year affordability period…” (page 5)

In Alabama’s 100-point scoring system, 5 points will be awarded to projects that demonstrate an ability to remain financially feasible for 5 years beyond the 30-year minimum. (page 6)

NLIHC: This is a positive feature.
**Merit of a Project**

Alabama will use a 100-point system for awarding HTF. (pages 5 and 6)

NLIHC: This is positive because it shows relative priority. However, NLIHC quibbles about the point levels. Those quibbles are explained separately (as indicated above regarding “Affordability” and “Length of Affordability”).

Alabama will deduct points for projects that have negative neighborhood characteristics, such as being next to railroads, junk yards, airports, etc. (pages 6 and 7)

NLIHC: This too is a positive feature.

**Preferences or Limits to Populations Served**

“AHFA will give a preference to veterans who are homeless (or at risk of homelessness) or suffer from mental illness.” (page 2)

In Alabama’s 100-point scoring system, 25 points will be awarded to projects targeted to rental housing for extremely low income (ELI) veterans who are homeless (or at risk of homelessness) or who suffer from mental illness. (page 6)

“AHFA anticipates allocating available HTF funds to an initial preference of expanding the overall housing supply for the benefit of ELI households...for homeless and/or transitioning veterans located in primarily rural areas.” (page 2)

In Alabama’s 100-point scoring system, if there is a tie, projects will get priority for (page 5):

- The application with the greatest amount of additional subsidy per unit.
- The application with a proposed project which is closest to the nearest Veterans Administration facility.

In Alabama’s 100-point scoring system, 15 points will be awarded to projects based on evidence of the applicant’s ability to serve homeless veterans and/or ELI populations. Applicants are asked to explain their strategy for targeting housing to the neediest, or the geographic or functional areas where housing may have the greatest impact. Provide specific details relating to direct or related experience with service provision to veterans and homeless individuals and families or those at risk of homelessness. Provide a plan to coordinate and integrate HTF-built housing with other programs targeted to serving veterans and homeless persons with mainstream resources. (pages 5 and 6)

See also “Barriers to Addressing ELI and Veteran ELI Populations” on page 7 and “Performance Goals” on page 8.

NLIHC: Alabama’s discusses priorities for ELI and homeless as well as veterans, but overall the focus seems to be on veterans who are homeless or at risk of homelessness.
Leveraging

In Alabama’s 100-point scoring system, 25 points will be awarded to projects that have a commitment from other non-federal resources. (page 6)

Renter/Homeowner

The HTF program will be used to provide funds to develop new construction of rental housing. (page 2)

“Geographic Diversity – AHFA anticipates allocating available HTF funds to expand the overall rental housing supply located throughout the state in metro and/or rural areas.” (page 2)

A single proposed development may not contain less than 4 units. (page 4)

In Alabama’s 100-point scoring system, 5 points will be awarded to projects in rural areas that are expanding the overall rental housing supply. (page 5)

New Construction/Rehabilitation/Preservation

The HTF program will be used to provide funds to develop new construction of rental housing. (page 2)

“AHFA anticipates allocating available HTF funds to an initial preference of expanding the overall housing supply for the benefit of ELI households...for homeless and/or transitioning veterans located in primarily rural areas.” (page 2)

“Geographic Diversity – AHFA anticipates allocating available HTF funds to expand the overall rental housing supply located throughout the state in metro and/or rural areas.” (page 2)

“The eligible activities for HTF funds under this plan will be for new construction of single-family homes, duplexes, or group care facilities, and multifamily residential. (page 3)

In Alabama’s 100-point scoring system, 5 points will be awarded to projects in rural areas that are expanding the overall rental housing supply. (page 5)

Plan to Use HTF for Operating Cost Assistance

Alabama’s draft Allocation Plan does not mention intent to use.

Grant or Loan

“AHFA will award HTF funds as forgivable grants...” (page 3)
Geographic Distribution

“AHFA anticipates allocating available HTF funds to an initial preference of expanding the overall housing supply for the benefit of ELI households...for homeless and/or transitioning veterans located in primarily rural areas.” (page 2)

“AHFA anticipates allocating available HTF funds to expand the overall rental housing supply located throughout the state in metro and/or rural areas.” (page 2)

Housing Needs of the State – AFFA has identified a housing need for ELI households with incomes at or below the poverty line (whichever is greater) located in metro and rural areas. (page 2)

In Alabama’s 100-point scoring system, 5 points will be awarded to projects in rural areas that are expanding the overall rental housing supply. (page 5)

Affirmatively Further Fair Housing

Alabama’s draft Allocation Plan mentions its updated 2014 Analysis of Impediments to fair housing choice (AI) and states that the AI identified 10 primary areas of impediments to fair housing. The draft HTF Allocation Plan simply concludes “AHFA will encourage and offer Fair Housing training in its efforts to measurably overcome the identified impediments.”

Eligible Recipients

Nonprofits and for-profits (page 3)

Maximum Per-Unit Subsidy

AHFA will determine “Reasonableness of Project Costs” annually by comparing aggregate cost data based on all applications received, compared to historical cost certification cost data of completed projects and current cost data provided by AHFA third-party construction consultant reports. Then the discussion concludes, “The maximum per-unit for all new construction projects will be $175,000.” (pages 3 and 4)

NLIHC: Because HTF must be targeted to ELI households, and because ELI households should not be cost burdened (pay more than 30% of income for rent and utilities), HTF-assisted units will need as much subsidy (capital) as possible. HUD recognizes this, so has an FAQ about maximum per-unit subsidy for the HTF program which is very flexible, http://bit.ly/1s2xWOv.

In Alabama’s 100-point scoring system, if there is a tie, projects will get priority for (page 5):

- The application with the greatest amount of additional subsidy per unit.
- The application with a proposed project which is closest to the nearest Veterans Administration facility.
Maximum HTF Per Project

“No single applicant/recipient may receive more than $1,350,000 (page 3)

Mixed Income/Close Ties to LIHTC Program

No specific discussion.

Use of Subgrantees

AHFA will not use subgrantees (page 3)

Applicant Capacity

This is required by the statute and regulations.

In Alabama’s 100-point scoring system, 15 points will be awarded to projects based on evidence of the applicant’s ability to serve homeless veterans and/or ELI populations. Applicants are asked to explain their strategy for targeting housing to the neediest, or the geographic or functional areas where housing may have the greatest impact. Applicants must provide specific details relating to direct or related experience with service provision to veterans and homeless individuals and families or those at risk of homelessness. Applicants must provide a plan to coordinate and integrate HTF-built housing with other programs targeted to serving veterans and homeless persons with mainstream resources. (pages 5 and 6)

NLIHC: Capacity is required in the rule and should be a threshold issue; that is, any applicant without capacity should not be able to compete. However, Alabama is offering points regarding capacity to serve the preferred population – evidence of serving ELI populations, and homeless households, and in particular for Alabama, veterans.