

## State of Alabama

# CONSOLIDATED PLAN

## Program Year 2013

ALABAMA DEPARTMENT OF ECONOMIC AND COMMUNITY AFFAIRS

401 ADAMS AVENUE

POST OFFICE BOX 5690

MONTGOMERY, ALABAMA 36103-5690

### FEBRUARY 2013

2013 State of Alabama Consolidated Plan

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###### GENERAL

# Executive Summary

The Executive Summary is optional, but encouraged. If you choose to complete it, please provide a brief overview that includes major initiatives and highlights that are proposed during the next year.

Program Year 4 Action Plan Executive Summary:

The State of Alabama’s Year 4 Action Plan is once again a collaboration of two administrative entities – the Alabama Department of Economic and Community Affairs (ADECA) and the Alabama Housing Finance Authority (AHFA). Individual Action Plans for CDBG, HOME, ESG, and HOPWA are provided as attachments.

The goal of the State of Alabama Year 4 Action Plan is to provide a guide for administrating and effectively blending federal dollars with local initiatives, both public and private, to address those needs identified in the strategic planning process.

For the Year 4 Action Plan, Community Development Block Grant funding may be used for a variety of purposes including community development needs, community planning, economic development needs through infrastructure and loan programs, health hazard or other urgent crises management, job creation, housing rehabilitation, and the Black Belt region initiative implemented in 2005.

The HOME Program funds are scheduled to be used for new or rehabilitated multifamily rental housing across the state. HOME tenants will include families, the elderly, and other special needs households. All will be low-income and in need of affordable housing units.

The Emergency Shelter Grant Program was revised by the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act of 2009. The revisions created the Emergency Solutions Grant (ESG) Program. ESG funds will be used to facilitate the needs of Alabama’s homeless population and persons at risk of homelessness. Eligible activities include street outreach, emergency shelter, homelessness prevention, rapid re-housing, and Homeless Management Information System (HMIS).

Housing Opportunities for Persons with AIDS funds will be used primarily for direct housing activites that will benefit individuals and households with HIV/AIDS. Additional supportive service activities will be provided through this funding, as well. Supportive service activities are used to assist the tenant in developing skills and accessing resources that are needed to maintain housing stability and avoid homelessness.

Direct housing activities fund the operational costs for existing HIV/AIDS housing and support the cost of rental assistance programs. These programs include Tenant-Based Rental Assistance (TBRA), Project-Based Rental Assistance (PBRA), and Short Term Rent, Mortgage, and Utility Assistance (STRMU). Other eligible activities will include master leasing, housing information, technical assistance, and resource identification. Housing information and technical assistance activies will be used to encourage and strengthen the efforts of local AIDS Service Organizations (ASOs) to expand the current stock of HIV/AIDS-specific housing. Resource identification activities will be used to assist in the marketing, planning, and development of affordable housing throughout the state. Identification of mainstream housing resources, as well as connection to those programs, will be delivered through housing information activities. Finally, a small portion of funding for land acquisition and new construction projects that has been designated through HOPWA in order to take advantage of opportunities for growth and collaboration will be eliminated in this plan since it has not been used for several years. The HOPWA funds have supported several other housing development efforts through technical assistance and resource identification categories that have maximized more mainstream housing fund dollars.

The State of Alabama’s Five-Year Consolidated Plan (2010-2014) and subsequent Action Plan for Program Years One, Two, and Three have received approval from HUD. The Program Year Four Action Plan continues the objectives outlined in the Five-Year Plan. These objectives fall within the general categories of decent housing, suitable living environment, and economic opportunity. In developing the Program Year Four Action Plan, a public hearing was held for the Consolidated Plan to discuss CDBG, ESG, and HOPWA programs and a separate public hearing was held to present the HOME Program. Notices were advertised in the state’s major newspapers, e-mailed to interested parties, and posted on ADECA’s web site.

The State of Alabama will be reporting its outcomes for Program Year Three in June 2013. In addition to quantitative outputs, the outcomes will be reported by the general categories of availability/accessibility, affordability, and sustainability. All of these documents will be available for public review by June 30, 2013, on ADECA’s website, [*www.adeca.alabama.gov*](http://www.adeca.alabama.gov). In addition, the State of Alabama will be reporting outcomes in accordance with the March 7, 2006, Federal Register Notice entitled “Notice of Outcome Performance Measurement System for Community Planning and Development Formula Grant Programs”. Reporting will take the form of entering individual grant objectives and outcomes in HUD’s Integrated Disbursement and Information System (IDIS).

Program Contacts:

* **CDBG Program**: Shabbir Olia, ADECA, 334-242-5468, [shabbir.olia@adeca.alabama.gov](mailto:shabbir.olia@adeca.alabama.gov)
* **HOME Program**: Barbara Wallace, AHFA, 334-244-9200, [bwallace@ahfa.com](mailto:bwallace@ahfa.com)
* **ESG Program**: Shonda Gray, ADECA, 334-353-0288, [shonda.gray@adeca.alabama.gov](mailto:shonda.gray@adeca.alabama.gov)
* **HOPWA Program**: Elaine Cottle, AIDS Alabama, 205-324-9822, [elaine@aidsalabama.org](mailto:elaine@aidsalabama.org)
* **Consolidated Plan (General)**: Ginny Anderson, ADECA, 334-242-5363, [ginny.anderson@adeca.alabama.gov](mailto:ginny.anderson@adeca.alabama.gov)

**General Questions**

1. Describe the geographic areas of the jurisdiction (including areas of low income families and/or racial/minority concentration) in which assistance will be directed during the next year.

1. Describe the basis for allocating investments geographically within the jurisdiction (or within the EMSA for HOPWA) (91.215(a)(1)) during the next year and the rationale for assigning the priorities.
2. Describe actions that will take place during the next year to address obstacles to meeting underserved needs.

Program Year 4 Action Plan General Questions response:

According to Encyclopedia of Alabama, the State of Alabama has a land area of 52,423 square miles. Alabama’s neighbor to the north is Tennessee, to the west is Mississippi, to the east is Georgia, and to the south is the state of Florida and the Gulf of Mexico. Alabama is divided into 67 counties and, according to the Alabama League of Municipalities, 461 incorporated municipalities.

Information from the 2010 Census reveals:

* Alabama’s population increased by 332,636 from 2000-2010, a 7.5 percent increase.
* Thirty-one (31) of the State’s 67 counties have lost population during the from the 2000 to the 2010 Census.
* Alabama’s Hispanic population increased by 144.8 percent from 2000-2010, making it the most rapidly growing segment of the population.
* The population of African-Americans is increasing, but at a relatively slow pace.
* There were 1.88 million households in Alabama in 2010, up from 1.74 million households in 2000 for a gain of approximately 140,000.

As reported in the 2010-2014 Five Year Consolidated Plan, information from additional sources (2007 American Community Survey, *Sweet Home Alabama*, various state agencies, etc.) reveals the following:

* While a majority of Alabama’s population is classified as “urban”, 50 of its 67 counties remain predominately rural.
* Sixty percent of all Hispanics in the state live in just 10 counties, seven of which are metropolitian.
* Approximately 173,000 year-round housing units were added to the state’s housing inventory from 2000-2007.
* Twelve percent (203,000) of all households in Alabama in 2000 were classified as “low income” and 17 percent (288,000) as “moderate income”.

According to the Center for Business and Economic Research, the University of Alabama, Alabama’s total population is expected to cross the 5 million threshold by 2020.

Because Alabama’s priority needs are broadly distributed throughout the state, the allocating of funds is not generally based on geography. CDBG funds are allocated based on a competitive process. HOME funds will be dispersed throughout Alabama. To ensure that the funds are geographically distributed across the state, preference points will be given to those projects located in the counties of greatest need and to counties which have not had a HOME development in at least three years. ESG’s primary allocation method is based on the review of applications submitted. HOPWA funds are distributed to AIDS Service Organizations (ASOs) throughout the State using a needs-based formula which reserves funding for each of Alabama’s sixty-seven counties. This ensures that every eligible HIV-positive person has equal access to HOPWA services. The process of distribution is determined by the number of reported cases of HIV in that area, as well as through a competitive proposal evaluation process. AIDS Alabama evaluates each agency’s goals and outcomes to ensure that they are in accordance with the overall mission of HOPWA and with the Consolidated Plan.

A more detailed description of the allocation of the funds is provided in the Action Plan for each fund.

The primary obstacle to meeting the underserved needs of Alabama’s residents is the sheer volume of need. Using Census data, the counties with highest or lowest occurrences of various needs can be identified. Pockets of multiple needs can also be identified. Yet, what the Census data really identify is that most counties in Alabama share the same problems and that the degree of the problem varies only slightly between the counties with the most needs and those with the least needs.

As reported in the 2010-2014 Five Year Consolidated Plan, with nearly one-sixth (or 16.9 percent) of its population below the poverty level in 2007, Alabama posted the sixth highest poverty rate in the United States. Among the 11 southern states, Alabama had the fifth highest percentage of people living in poverty in that year. The six counties with the largest numbers below poverty (Jefferson, Mobile, Montgomery, Madison, Tuscaloosa, and Lee) accounted for 40.7 percent of the state’s poverty population.

Within the state’s population, the Census Bureau projects a slight drop in the under 18 population from 2010-2030 (i.e., from 23.8 to 22.8 percent of the total population), but a major increase in the 65+ category (from 14.1 percent to 21.3). Indeed, the median age of the Alabama population is projected to rise to 40.3 in 2020.

Also as reported in the 2010-2014 Five Year Consolidated Plan, according to 2008 population estimates, the highest concentration of African-Americans in the state is in the Black Belt region. All 11 counties wherein African-Americans comprised 50.0 percent or more of the total population in 2008 are located in that area. Most members of this group, however, live in the state's metropolitan areas: Jefferson, Mobile, Montgomery, Madison, and Tuscaloosa. Altogether, about two-thirds (or 64.9 percent) of the state's African-Americans resided in just 10 counties, eight of which were metropolitan. Those of Hispanic origin also favor metropolitan, more highly urbanized settings. Although Hispanics can now be found in every Alabama county, 40 percent of the members of this group resided in just five metropolitan counties in 2008: Jefferson, Madison, Marshall, Mobile, and Shelby. Sixty percent of all Hispanics, on the other hand, lived in only 10 counties, seven of which were metropolitan. While Hispanics are now found throughout Alabama, their numbers are lowest in the Black Belt region of the state, along with other highly rural counties.

**Managing the Process**

1. Identify the lead agency, entity, and agencies responsible for administering programs covered by the consolidated plan.
2. Identify the significant aspects of the process by which the plan was developed, and the agencies, groups, organizations, and others who participated in the process.
3. Describe actions that will take place during the next year to enhance coordination between public and private housing, health, and social service agencies.

Program Year 4 Action Plan Managing the Process response:

The Alabama Department of Economic and Community Affairs (ADECA) is the lead agency for the development of the plan. The following agencies administer the programs covered by the Year 4 Action Plan: ADECA administers the Community Development Block Grant Program (CDBG) and the Emergency Solutions Grants Program (ESG). ADECA also oversees the Housing Opportunity for Persons with AIDS Program (HOPWA), which is administered by AIDS Alabama.

The Alabama Housing Finance Authority (AHFA) administers the Home Investment Partnerships Program (HOME).

Throughout the year, representatives of ADECA, AHFA, and AIDS Alabama have worked together to coordinate development of the plan. In addition, input solicited from the following agencies during the development of the Five-Year Plan continues to impact the direction of the plan:

* Alabama Coalition Against Domestic Violence
* Alabama Department of Environmental Management
* Alabama Department of Human Resources
* Alabama Department of Mental Health
* Alabama Department of Public Health
* Alabama Department of Rehabilitation Services
* Alabama Department of Senior Services
* Alabama Department of Transportation
* Alabama Development Office
* Alabama Emergency Management Agency
* Governor’s Office of Faith-Based and Community Initiatives

On August 17, 2009, as part of the five year planning process, ADECA distributed a Community Needs Survey to over 700 entities including all chief elected officials in Alabama, regional planning and development commissions, community action agencies, continuum of care groups, non-profit organizations and private grant consultants, as well as professionals in housing and community development. One hundred eighty-four responses were received, a 26 percent response rate. The results of this survey were incorporated into the Five-Year Plan and continue to impact the direction of the Plan.

**Citizen Participation**

1. Provide a summary of the citizen participation process.
2. Provide a summary of citizen comments or views on the plan.
3. Provide a summary of efforts made to broaden public participation in the development of the consolidated plan, including outreach to minorities and non-English speaking persons, as well as persons with disabilities.
4. Provide a written explanation of comments not accepted and the reasons why these comments were not accepted.

Program Year 4 Action Plan Citizen Participation response:

The Notice of Public Hearing and Notice of Availability were published in the four major daily newspapers, The Montgomery Advertiser, The Birmingham News, The Huntsville Times, and The Mobile Register on December 28, 2012. In an effort to broaden public participation, copies of the Notice of Public Hearing and Notice of Availability were e-mailed to chief elected officials, regional planning and development commissions, continuum of care groups, past and present Emergency Shelter/Solutions Grant program grantees, non-profit organizations and private grant consultants, as well as professionals in housing and community development. The Notices were also published on ADECA’s web site at [*www.adeca.alabama.gov*](http://www.adeca.alabama.gov). All notices offered assistance to persons with disabilities or special needs.

Copies of the draft action plans were made available to all persons attending the public hearing; and, again, in an effort to broaden public participation, the entire Consolidated Plan was published on ADECA’s web site. A hard copy was also made available for review at the ADECA office in Montgomery. The hearing was held on January 11, 2013, in the 7th Floor Auditorium of the Alabama Center for Commerce in Montgomery. A comment period will be allowed from January 11, 2013, to February 10, 2013. Individuals will be offered the opportunity to comment verbally at the public hearing or in writing via formal correspondence, fax, or e-mail. ADECA’s web site also offers the ability to submit written comments.

**COMMENTS REGARDING THE PROPOSED**

**HOME AND LOW-INCOME HOUSING TAX CREDIT**

**2013 STATE QUALIFIED ACTION/ALLOCATION PLANS**

Notices of a 30-day public commenting period for the HOME Action Plan and Housing Credit Qualified Allocation Plan (Plans) were published in the Birmingham, Huntsville, Mobile, and Montgomery newspapers. The Alabama Housing Finance Authority (AHFA) emailed more than 400 notices of the draft Plans’ availability to interested parties, requesting that they submit written comments by November 1, 2012, regarding the proposed modifications to the Plans. AHFA received 30 written comments. The following is a recap of the actual text of the comments received and the staff’s ***recommended***revisions to the Plans based on the comments submitted. Please note that the comments and recommended revisions are in abbreviated form. Review the final revised Plans to view the changes in context.

**Project Selection Criteria (Pages 6-7)**

*Comment:*  As it is difficult to develop smaller projects in rural areas, allow sites within 20 miles of each other be considered under the scattered site category.

*Comment:* For immediate disaster recovery areas in rural Alabama, please allow a smaller project up to 24 units to join with another project within 20 miles and be considered one project.

***AHFA Response: The contiguous site distance requirement will not be extended from 1.5 miles to 20 miles for smaller projects located in rural or disaster recovery areas. Another option for financing for scattered site developments is the AHFA’s multifamily bond program, which exempts projects financed with bonds from the single-site or contiguous site requirement.***

*Comment:*  Allow utility recovery efforts to be included in the infrastructure capacity requirements. Cities like Hackleburg and Phil Campbell have secured recovery funding for utilities lost during the April 2011 disaster and should have utilities online by the time an AHFA project is completed. Evidence could be shown of funding for such improvements and, if necessary, AHFA could forward allocate resources where needed.

***AHFA Response: Counties which were declared a Federal Disaster Area due to the tornadoes, storms and flooding on April 27, 2011, may provide evidence that damaged infrastructure will be restored by the time the project places in service.***

**Fees (Pages 8-10)**

*Comment:* Allow rural smaller projects to pay lower application fees. We suggest $3,000 for single projects of 24 units or less and scattered site projects of 36 units or less.

*Comment:* Sources and uses of funds should be removed from the re-underwriting fee. Every project will have a different interest rates, operating expenses, and cent/dollar from syndication from that prescribed by AHFA at the application workshop. The application fee has already increased from $3,000 to $5,000. That should cover any re-underwriting cost.

*Comment:* $5,000 for extension fees after the third request is onerous. $1,500 is a proper incentive. Delays in financing approval by government agencies such as HUD and FANNIE should be excluded. Project in large municipalities and rehabs can take much longer to secure permits as normal course of business. Larger more complex projects with complex funding are being penalized.

*Comment:* Allow rural smaller projects to pay lower HOME/Tax Credit monitoring fees. $250.00 was used several years ago and would seem an appropriate amount.

***AHFA Response: No changes will be made to the fee section.***

**Existing HOME Loans (HOME Action Plan, Page 11)**

*Comment:* Clarify whether Housing Credits or multifamily bonds can be used to pay off the existing HOME loan.

*Comment:* It seems premature to include in the 2013 HOME Plan a provision to deduct 15 points for failure to make full principal and interest payments on the HOME loan on or before maturity when AFHA has not yet determined or provided guidance on what potential workouts are available. Disclose whether an extension of the HOME loan or other refinance of the HOME loan requiring a new HOME loan will be considered a situation for which points will be deducted. This issue needs further vetting before it should be included in the Plan.

Item III G (15) is both premature and inappropriately structured. For this reason, it should be deleted. In its place, consider and adopt in a careful detailed manner a more comprehensive policy addressing HOME loan maturities. No HOME loans will come due in 2013. Thus, this provision is not currently necessary or applicable and could create inaccurate expectations. If extensions are used repeatedly or for longer periods, will likely result in a materially adverse tax consequence to the partnership and its partners. This is because a five year extension would be deemed to be a material modification. Ultimately, we believe that a use of a market rate of interest after modification, combined with an interest rate subsidy for continued affordable housing commitment, will eliminate this tax issue. Second, this provision provides little guidance on how an owner would be determined "unable" to pay. Third, the provision only states that extension will be considered. Fourth, it would appear from the literal language that if an extension is obtained, because the project was unable to pay off the loan in full, that applicant, and likely persons with identity of interest to it, will not be eligible for additional funding. This will greatly diminish any attractiveness of even a temporary extension.

***AHFA Response: This provision was added to insure that HOME recipients are fully aware that they must repay their HOME loan or submit a proposal to AHFA for repayment. Otherwise, they will suffer consequences. Owners with maturing HOME loans are strongly urged to meet with AHFA six months prior to the HOME maturity date to discuss their plans for repayment or refinancing. This language is being provided in the 2013 Plans to ensure adequate notice to owners whose HOME loans mature in future years.***

**Minimum Rehabilitation (Page 12)**

*Comment:* Reduce the minimum threshold for rehabilitation projects from $20,000 per unit to $10,000 per unit for all projects.

***AHFA Response: No changes will be made to the minimum threshold for rehabilitation projects. This section currently reduces the minimum threshold from $20,000 to $12,500 for rehabilitation projects that were previously financed with AHFA funds.***

**Flood Certification (Pages 12-13)**

*Comment:* Please consider allowing wetlands on property as long as not disturbed. Buffers could be required as in other states. This would avoid needless carving up of properties and creating small parcels, sometimes landlocked that are typically still yet owned by related parties to the limited partnership such as the general partner, the developer, or the general contractor.

***AHFA Response: Wetland mitigation will not be allowed. Wetland areas must be carved off of the site prior to application submission.***

**Site Location (Page 13)**

*Comment:* Allow funding in the following year for HUD financed projects with second phases.

***AHFA Response: The Plan currently exempts applications that contain financing through HUD’s HOPE VI, Choice Neighborhood, Replacement Housing Factor funds, Capital Fund Program funds and Promise Neighborhood from the two-mile radius requirement, which would allow the owner to submit an application for a second phase and, if funded, to develop that second phase prior to the first phase being placed in service.***

**Extended Low-Income Use (Pages 13-14)**

*Comment:* The language is not clear if the intent is 35 years.

***AHFA Response: All projects must commit in writing to extend the Housing Credits low-income set-aside an additional five (5) years beyond the fifteen (15) year compliance period to twenty (20) years. Therefore, owners will not be allowed to enter into a Qualified Contract until after the 20th year of the extended low-income use period, unless approved in writing by AHFA as part of the Qualified Contract process.* *The low-income restrictions will expire in 30 years.***

**Multifamily Housing Revenue Bonds (Page 14)**

*Comment:* The wording on minimum rehab expenditures for multifamily bonds should be $12,500 which is the same for projects previously funded with funds from AHFA.

***AHFA Response: There is currently an exception to the $20,000 for bond-financed properties, if the capital needs assessment indicates a lower amount is needed. AHFA reserves the right to engage a third-party construction consultant, at the applicant’s expense, to verify costs and to further evaluate the adequacy of the capital needs assessment.***

**Financial Feasibility (Pages 15-17)**

*Comment:* Provide a better explanation of what exactly is “Financial Feasibility.”

***AHFA Response: The project will be evaluated to determine its financial feasibility, including its viability as a qualified low-income housing project throughout the compliance period. At a minimum, AHFA will determine if a project is financially feasible based on the following criteria: a) the extent to which the project’s sources of funds equals the project uses of funds; b) the extent to which any proposed developer fee deferral can be paid within the time frame allowed by the Internal Revenue Service; c) the reasonableness of total project costs, inclusive of AHFA predetermined hard and soft cost standards; and d) the repayment terms (including interest rate, total debt and loan term) for all proposed debt (hard and soft in connection with the proposed project).***

*Comment:* Allow smaller rural projects to have first year DCR at either 1.40 or higher DCR’s to assist in not having coverage ratio issues in future years. Use the permanent loan rate and amount as stated on loan commitment letter if different from AHFA guidelines.

*Comment:* Take into account that if there are prefunded reserves or over-funded reserves in determining the total required amount and not require funds annually over and above this amount. If 1.20 debt coverage is used for feasibility each year, it should only be used for the initial compliance period of 15 or 20 years accordingly and allow the beginning debt coverage year to start at the rate needed to keep the coverage at 1.20 for all years.

***AHFA Response: The 1.20:1 debt coverage ratio is a minimum. No changes will be made to the minimum debt coverage ratio.***

*Comment:* The minimum operating reserve and replacement reserve need to remain for the initial compliance period as opposed to the extended use period of 40 years for tax credits or HOME funds. All underwriting should be limited to the initial compliance period as consistent with lenders and equity investors. AHFA needs to take into account that if there are prefunded reserves or over-funded reserves in determining the total required amount and not require funds annually over and above this amount.

*Comment:* Change back to the ten-year end to funding of the replacement reserve account. Most counties have median incomes that cannot reflect positive cash flow after year 10 unless the Replacement Reserve deposits are eliminated (assuming 2% increase in income and 3% increase in expenses). The problem is particularly critical in elderly projects where the rents are kept as low as possible in order to be affordable to those on social security benefits.

***AHFA Response: The replacement reserves required in the past are inadequate. An increase is necessary and will be required throughout the extended-use period.***

*Comment:* Specify the preference that will be given to projects previously funded with AHFA HOME funds and RD 515 loans with Housing Credits.

***AHFA Response: This section will be amended to read as follows: Projects being financed through AHFA’s Multifamily Housing Revenue Bond program and RD funds will be underwritten on a project by project basis. Projects previously funded with AHFA HOME funds and RD 515 loans with Housing Credits will be taken into consideration when determining financial feasibility.***

*Comment:* AHFA must either be assuming the 9% rate will be extended or is reserving the right to award the 30% basis boost in the event it doesn’t get extended. Specifically, say you reserve the right to give the 30% basis boost on a project-by-project basis.

*Comment:* The Plan is not clear whether the 130% boost will be available on all projects.

***AHFA Response: The 30% increase in basis allowed under the Housing and Economic Recovery Act (HERA) may be applied at cost certification, if needed for the project to remain financially feasible due to a decrease of the credit percentage. The increase in eligible basis will only be used to preserve the original amount of Housing Credits allocated to the project.***

**Owner & Project Cap (Pages 18-20)**

*Comment:* There is language about allowing one project per owner to exceed the cap. We believe that this language should be made clearer.

*Comment:*  Since Public Housing Authorities (PHA) cannot meet the experience points and submit a competitive application, when an experienced developer partners with a PHA, that project should not count toward the individual developer’s cap.

*Comment:* We would not be opposed to eliminating the cap requirements for for-profit developers who participate with Public Housing Authorities. As it currently stands, for-profit developers are disinclined to participate with Public Housing Authorities because those deals count toward the for-profit’s caps.

*Comment:* We support the exclusion of public housing authority transactions from otherwise applicable developer caps.

*Comment:* Given the fact that HOME loans are maturing and projects have expiring land use restrictive covenants, rehab deals should be excluded from the developer/owner caps. This would enable a developer to get a new construction deal and also manage an aging portfolio of projects that could use rehab.

*Comment:* Exempt projects submitted by developers that have been directly involved in housing recovery in the immediate rural disaster areas. Consider exempting developers from the HOME/LIHTC caps and limits in the number of projects awarded for successful applications submitted for projects in the immediate disaster areas of rural Alabama.

*Comment:* Maintain the single project cap of 12%, however allow related parties to be awarded up to 15% of the total allocation in two or more separate allocations.

***AHFA Response: Due to the reduction in HOME appropriations, the owner/project cap for HOME funds administered by AHFA will be increased from 15% to 20%.***

**Progress Requirements after Reservation (Pages 20-22)**

*Comment:* The binding commitments for construction and permanent financing should be added back to the 90-day deadline. The requirement for points as a readiness issue was removed, but is now missing as a submission after reservation.

***AHFA Response: The construction and permanent financing commitments are an application requirement listed in Section III, B, Item 1, page 33 of the Housing Credit Plan.***

**Point Scoring System (Pages 23-24)**

*Comment:* Reconsider the current categorization of rehabilitation and new construction projects based on low-income resident occupancy.

***AHFA Response: Rehabilitation is separated into two categories (50% or more occupied and less than 50% occupied) for selection and funding purposes. No change will be made.***

**Housing Credit Selection Procedures (Pages 24-25)**

*Comment:* Provide an exemption for projects with various types of HUD funding in both the Tier 1 and Tier 2 funding criteria.

*Comment:* During Tier 1 funding selection, projects that contain financing through HUD’s HOPE VI, Choice Neighborhood, Replacement Housing Factor Funds, Capital Fund Program funds, and Promise Neighborhood funds should be allowed up to two projects per county because they purposefully address through multiple sources of financing the Plan’s goal to create affordable housing to the lowest income tenants.

*Comment:* Projects funded by various HUD funds should be exempted from the one-project-per-county funding criteria.

*Comment:* Allow two projects to be funded in a single county in the event one or both of them is funded through the HOPE VI, Choice Neighborhood, Replacement Factor funds, Capital Fund Program funds, and Promise Neighborhoods, regardless of whether both projects are family or both projects are elderly.

*Comment:* Projects funded with HUD’s HOPE VI, Choice Neighborhood, Replacement Housing Factor Funds, Capital Fund Program funds, and Promise Neighborhood funds should be exempted from the different population (elderly vs. family) rule during the Tier 2 funding selection.

*Comment:* Amend this section to read as follows: In all circumstances, only one new construction project (or one rehabilitation project that is less than 50% occupied at the time of application) and targeting family population will be selected for funding per county. *“****Applications that contain financing through HUD’s HOPE VI, Choice Neighborhood, Replacement Housing factor funds, Capital Fund Program funds and Promise Neighborhoods are exceptions to this requirement.”***

In all circumstances, AHFA will not fund more than one project in a county unless there is a market for more than one project in that county ***“and the application contains financing through HUD’s HOPE VI, Choice Neighborhood, Replacement Housing Factor funds, Capital Fund program funds and Promise Neighborhoods.”***

*Comment:* For the 2013 funding round only, we request that you allow up to three new construction projects only to be funded in Tuscaloosa County. This would aid in new construction of additional units that are desperately needed in Tuscaloosa County.

***AHFA Response: All applicants, including CHDOs, must score a minimum of 80 points to be considered for funding in Tier 1. Projects with a net score of less than 50 points will not be considered for funding based on project score.***

**Tie Breakers (Pages 25-26)**

*Comment:* In lieu of the lottery system for just those applications received at the opening of the application cycle, all applications should be placed in the lottery.

***AHFA Response: This is an incentive for applicants to submit their applications on the first day of the application cycle, which assists in meeting the processing and award deadlines. No changes will be made to this tiebreaker.***

*Comment:* The tiebreakers should be reordered as follows: 1) Developer performance criteria, 2) Most favorable site criteria, and 3) AHFA-designated disaster areas. All other tiebreakers should move down in the order through number 7.

*Comment:* Give public housing projects greater weight in the tie-breaking system.

*Comment:* In the event of a tie, projects funded with HOPE VI, Choice Neighborhood, Replacement Housing Factor Funds, Capital Fund Program funds, and Promise Neighborhood funds should be number 2 in the ranking to break the tie.

***AHFA Response: The third tiebreaker which gives a preference to a project located in a Qualified Census Tract that is supported by an approved revitalization plan will be moved to the fifth tiebreaker position.***

**Type of Construction (Pages 26-28)**

*Comment:* This category adds up to 34 points, not 33 as shown.

***AHFA Response: This category adds up to 33 points (25+8=33) as indicated in the Plans.***

*Comment:* There are four points for a Community Office Building that must provide a community laundry if washers and dryers are not provided in units. There are also four points for providing washers and dryers in unit. As there is no alternate points for providing community laundry and washer and dryer connections in units, developers will simply get four points for the Office/Community Building and four points for buying washers and dryers and placing them in the units; therefore getting all eight points. This also adds a minimum of $500 of cost per unit or on a typical 56-unit project, **$28,000.** Most of our residents have their own washers and dryers. This requirement not only increases project cost, but forces owners to place their units in storage for those residents who have their own or it forces the tenants to be out the cost of storage. The addition of washers and dryers will also drive up maintenance costs; something that already outpaces operating income.

*Comment:* The points for amenities should either be expanded to more properly address elderly populations or the maximum points for this item should be reduced to avoid selecting amenities only to gain points regardless of how impractical the amenity may be.

*Comment:* Currently to get the max of 33 points you literally must do every item listed, including the basketball goal. This puts elderly at a disadvantage as many no longer play basketball. Many of the amenities such as splash pad (assume swimming pools would be accepted as equal for large properties), playground, and the basketball goal favor family projects making it difficult for senior projects to compete fairly. Please consider omitting the points for installing washers and dryers in units and add other optional resident amenities for amenity points. These could include a library or library area as part of the computer area. It would be required to have a minimum number of magazine subscriptions and at least one newspaper. Another is the provision of a Jacuzzi type whirlpool tub in the Community Building in senior properties. Security systems could be another. Properties that are garden style could have full ingress/egress camera coverage as well as all parking areas. Center corridor style buildings could have secure entry systems including annunciation so residents could admit guests without leaving their unit.

*Comment:* In rural disaster areas, amenities common to urban areas are not expected in these areas. Decent and safe housing is the expectation. Small rural projects are unable to absorb the costs of these amenities like larger projects, such as pools and splash pads. Consider giving exception on the amenity preference for small rural projects in the immediate disaster recovery areas.

*Comment:* There needs to be more amenity options that more appropriately target elderly developments. A community garden, video surveillance cameras, shuffleboard, or putting green would be some good suggestions in that order.

*Comment:* The capacity for the washer and dryer in each unit should be in cubic ft. not kg. It should be reflected as shown below.

Standard units

Washer: 4.0

Dryer: 6.0

ADA units Front Load

Washer: 2.2

Dryer: 7.0

***AHFA Response: Security packages (which include cameras, alarms, and lighting) and storm shelters that meet the International Code Council National Storm Shelter Association*** *Standard for the Design and Construction of Storm Shelters* ***(ICC-500 August 2008) Standards will be added as extra amenities in the four point category. Washers and dryers provided in the units must be 7 cu. ft. capacity. The covered bus stop shelter must provide adequate bus access. Emergency pull cord/call buttons will be added to the two point category.***

*Comment:* Remove storm doors or limit storm doors to elderly projects only. They are expensive and a maintenance headache for family projects.

***AHFA Comment: Storm doors are optional, not mandatory. They will not be removed as an extra amenity from the Plans.***

*Comment:* The requirements for the walking trail needs to be more specific on the length (10 yards, 100 yards or ¼ mile).

***AHFA Response: The walking trail (with benches) must be at least ¼ mile long.***

*Comment:* The word “exterior” is not needed in the following sentence: Multifamily units (two or more units in a building) – A minimum of 40% of each ~~exterior~~ building defined as the exterior façade from finish grad elevation to eave line, shall be brick.

*Comment:* The following section should be amended as follows to allow houses to have many variations to the design. Make this wording match the wording for multifamily units. Another consideration would be to reduce the amount of brick to 40% to match that required for multifamily units.

Single-family units (single unit/detached building) – A minimum of 50% of the building, defined as the exterior façade from finished grade elevation to eave line, shall be brick. ~~Each exterior wall must contain brick up to the bottom of the first floor windows on a two story units or the window sill of a one story unit.~~

***AHFA Response: The word “exterior” will be removed from the multifamily brick definition. With respect to the single-family brick definition, no changes will be made.***

*Comment:* Allow extruded vinyl windows for points when replacing all windows on rehabilitation projects. This would be consistent with new construction.

***AHFA Response: Replacing all windows with extruded vinyl windows will be added as an option for rehabilitation projects.***

**Energy Conservation and Healthy Living Environment (Pages 28-29)**

*Comment:* Amend this section as follows: four points will be given to projects that promote energy conservation by exceeding the standards of ~~International Energy Conservation Code (IECC which replaced and exceeds the Council of American Building Officials Model Energy Code), as verified by the project architect.~~  the Alabama Energy and Residential Code (AERC) adopted October 1, 2012, as verified by the project architect.

*Comment:* Four points are awarded for exceeding the International Energy Conservation Code (IECC). Alabama adopted the Alabama Energy and Residential Code (AERC) on October 1, 2012. Meeting the AERC is required for all projects. The AERC requires certain insulation and window energy standards which exceed the Energy Star rated windows and insulation upgrades listed in the Plans. There is no practical way or economic way to exceed AERC with the addition of points.

***AHFA Response: The Alabama energy code changed subsequent to the release of the draft Plans. Therefore, points for exceeding the standards of the International Energy Conservation Code will be removed because the energy conservation standards outlined in the Alabama Energy and Residential Code, adopted on October 1, 2012, exceed the standards of the International Energy Conservation Code.***

*Comment:* The point provision for R-19 insulation in all exterior walls or R-15 insulation with R-2.5 rigid insulated sheathing appears to have been included to keep rehabilitation projects on par with new construction projects. The current wording was misleading and implies that the R-values should be for the composite wall rather than the insulation itself.

*Comment:* R-19 insulation in the walls for acquisition and rehab construction is not very practical for construction, existing tenant populations, or costs versus return analysis. Retrofitting costs are nearly $2,000 per unit.

*Comment:* R-19 insulation in all exterior walls or R-15 insulation with R-2.5 rigid insulated sheathing will not be able to be done on rehabs without tearing off brick or drywall inside all exterior walls.

***AHFA Response: Points for R-19 insulation in all exterior walls or R-15 insulation with R-2.5 rigid insulated sheathing will be removed from the Plans.***

*Comment:* Providing vented kitchen range hoods is difficult, if not impossible, in applications involving the rehabilitation of older multi-story properties. Points for this section should be altered or eliminated. Providing points under this section is also undesirable for multi-story new construction projects. Although it is feasible to design the vents, it is disruptive in terms of overall design as providing multi-story stacks has implications in terms of size of party wall and other design features. Fans used with multi-story kitchens will generally be inadequate to vent ranges over multiple stories and this creates potential fire hazards - presumably the opposite of what is desired by providing points in this section. This reality could very possibly result in fire officials requiring that fire-proof chases be used and this will have significant cost implications that could easily result in as much as $500 per unit in increased costs for very marginal benefits.

*Comment:* It is difficult in multi-story buildings for the kitchen range hood ventilation to be vented to the exterior and equipped with a damper due to fire codes and can be very costly. In a rehab project, the original framing may not allow required vent pipe to be installed without major removal of drywall and reframing. Developers will select this item before they know if it is possible. Provide another option.

***AHFA Comments: Kitchen range hood ventilation to the exterior with a damper will remain a point item.***

*Comment:* Awarding points for solar power generation for all common items such as security lighting, parking lighting, and features in common areas is unwise. In other states that have imposed this requirement, the cost of installation for just parking lights is generally a minimum of $100,000 even for a property as small as 40 units. Installation of solar typically runs around $8,000 per light pole. To provide solar for other common area items could easily add an additional $75,000 to $100,000 on top of the installation costs for parking areas. This cost would be particularly onerous on smaller project such as those in rural areas that typically receive HOME funds. Solar units must be maintained over the life of the property. Given the well-known current instability in the industry, one questions if maintenance will be available on a cost effective basis, especially in the rural areas of the state.

*Comment:* Solar power is relatively expensive and the technology is ever changing and becomes outdated quickly. Many companies don’t stay in business and replacement parts are hard to find. Based on projects we have in other states, the cost to complete this item may exceed $200,000 for a 40-50 unit project. Provide more clarification for “features in common areas”.

*Comment:* Take into account rising construction costs and other possible amenities such as solar powered generation and any green features when underwriting total costs.

*Comment:* Solar powered generation should include only exterior lighting (not any other features such as HVAC, etc.) of the site and common areas.

***AHFA Response: Solar power generation for all common items will be removed as an option for points.***

*Comment:* If you only have five choices, developers will pick all five. Give a few more options to get 20 points even though this may not help with tiebreakers.

*Comment:* The energy conservation items are easily achieved by new construction projects. For rehabilitation of existing projects items c, d, and e are difficult and costly to implement. Solutions to keep rehabilitation on par with new construction could be as follows: reduce the points to one per item – a swing of four points for not being able to implement an item is effectively terminating the application, or separate the points gained section for new construction and rehab similar to the construction characteristics section. Allow at least one additional option for rehab to obtain maximum score.

*Comment:* Consider adding the following options in this category for points:

(f.) Four points will be given for installing radiant barrier plywood or OSB roof decking. Product must have a minimum initial reflectance of 0.90 and a maximum initial emittance of 0.10 (Note: not for rehabs).

(g.) Four points will be given to have Water Sense labeled low flow plumbing fixtures at apartment units (water closet, bath lavatory, bath tub/shower).

(h.) Four points will be given for providing high efficiency water heaters (30 gal = 0.94 EF; 40 gal = 0.93 EF; 50 gal = 0.92 EF).

(i.) Four points will be given for locating all ductwork within conditioned space (Note: not for rehabs).

(j) Four points will be given for providing a whole house Energy Star rated dehumidifier. (Note: not good for all rehabs)

(k.) Four points will be given for installing fluorescent or compact fluorescent light bulbs at all interior light fixtures.

*Comment:* Consideration should be given to installing “cool roof” shingles that save energy and last longer.

*Comment:* Tank-less water heaters with a minimum of .93energy factor that save energy and water consumption should receive additional points.

***AHFA Response: High efficiency water heaters (30 gal=0.94; 40 gal=0.93 EF, 50-gal=0.92 EF) and Energy Star rated “cool roof” shingles will be added as additional options.***

**Rent Affordability (Page 29)**

*Comment:* Remove the Federal Home Loan Bank Affordable Housing Program as a subsidy. Add proceeds from the sale of Historic Tax Credits as an additional subsidy.

*Comment:* Many of these subsidy sources (such as the Affordable Housing Program (AHP) with its points for deep income skewing) may actually weaken a project. Also, many times the requirements of these programs conflict with those of AHFA. An example of this is the bidding process required by CDBG. *These programs do not work often with AHFA time lines and coordinating the various programs take time and cause delays.* Therefore, the very additional subsidy dollars that AHFA wants to see are the very issues that cause the delays and the timeliness in completing projects. HUD approvals in 236 decoupling and PHA deals are two examples.

*Comment:* The Plans gives strong preference for projects of Public Housing Authorities (PHA’s). Large PHA’s with the size of their projects and their sources of additional subsidies should make them beneficiaries of the 4% credit. With the subsidy points they receive points for their own money; that is they get these funds without competition and only they can access these funds. This is unfair as the subsidies others must get to be competitive are extremely competitive. The analogy would be allowing a developer owner to put his own money into a deal and get points for it. If the AHFA wishes outside subsidy in projects points should only be allowed for those sources of funds that all developers have access to.

If points are given for additional subsidy then require them to remain in the project as a source of permanent financing. With current interest rates, more affordable construction money is not needed and does not affect rents. Sources of permanent financing do. The AHFA awards points for subsidy based on dollars per unit. A developer may use his construction loan or initial equity to pay off half of the subsidy immediately. This reduces actual subsidy by half. This could be a transaction on paper only and only half of the subsidy given points for ever actually makes it into the project. If AHFA is continuing to want outside subsidy then that money should be treated as a source that either comes in during construction or as part of permanent financing and must remain in the deal at least for the initial compliance period.

*Comment:* Specify whether 50% of the additional subsidy that is loaned with required repayment can be prepaid in whole prior to the end of the compliance period. Define the compliance period term and how AHP funds fit into this scenario. Generally, AHP funds are loaned to the project and have no payments until maturity.

*Comment:* Restate to say that 50% of the funds used to gain points must stay in as a permanent source.

***AHFA Response: No changes will be made to subsidies. For clarification purposes, at least 50% of the total amount of funds loaned (required repayment) or granted to the project for points must be structured as a permanent source of funds.***

**Tenant Needs (Page 29)**

*Comment:* Reconsider the requirement that existing rental units chosen for rehabilitation already have the required three or more bedroom units. Allowing the conversion of one and two bedroom units to three bedroom units could help preserve some properties that might otherwise be overlooked for rehabilitation.

***AHFA Response: The Housing Credit Plan does not prevent the conversion of one and two bedroom units to three bedroom units. However, points will not be awarded unless 15% of the units have three or more bedrooms at the time of application.***

*Comment:* Clarify the points given for at least 15% of the total units for tenants with disabilities. Document whether a non-disabled resident can move into one of the set aside units if no other unit is available.

*Comment:* We support the provision that awards one point to projects which have committed to giving a preference to at least 15% of the units to tenants with a disability as defined by the Americans with Disabilities Act of 1990. We suggest that the preference also include persons who are “homeless” as defined by HUD.

*Comment:* The one point given to projects that commit to giving a preference to 15% of the total units to tenants with disabilities should be lowered to 10% to prevent developments from being categorized as disability projects and to immerse the disability population within the existing population. This would be particularly true for elderly properties.

*Comment:* Define how projects should give a preference to the disabled. Document whether projects will be required to maintain two separate waiting lists as with the MI/MR set-aside.

*Comment:* The percentage of units given a preference for people with disabilities should be reduced to 10%. Management agents are not permitted to ask whether a resident has a disability. It is not always possible to determine whether the percentage has been met. Management agents must use the best indication as to whether a resident is disabled. To try to target 15% of the units seems to be a higher percentage than can be reasonably measured without the ability to determine or ask whether a resident has a disability.

*Comment:* Giving a preference to at least 15% of the total units to tenants with a disability will be difficult for rehabilitation projects.

*Comment:* Prioritize projects that provide permanent supportive housing. Special needs 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. AHFA would reduce the number of homeless individuals and families living in Alabama.

***AHFA Response: The points for projects that have committed to giving a preference to at least 15% of the total units to tenants with a disability will be removed from the Plans.***

**Readiness Issues (Page 30)**

*Comment:* For applicants that have not closed an AHFA HOME loan and/or received IRS 8609 from AHFA on a prior project, an officer, or principal of the owner entity should also be allowed to attend the HOME/Housing Credit Training Seminar and receive five points as opposed to just the project owner.

***AHFA Response: For applicants that have not closed an AHFA HOME loan and/or received IRS Form 8609 from AHFA on a prior project, the workshop attendee must be the owner, an officer or a principal of the ownership entity in the proposed application in order for the applicant to qualify for the points.***

**Project Type (Page 30)**

*Comment:* Points for rehabilitation should only be awarded to preserve existing HOME, Rural Development, or HUD Section 8 developments with a minimum 50% rental assistance. This retains housing for the tenant populations with the most need.

*Comment:*  Three points for rehab of existing multifamily appears to continue to give rehabs a preference over new construction.

*Comment:* Maintain or expand the points awarded to proposals involving preservation. Award more points for preservation projects and projects in danger of losing federal subsidies.

***AHFA Response: No changes will be made to the three points awarded for rehabilitation of existing multifamily residential rental housing.***

**Sites Located in Disaster Counties (Page 30)**

*Comment:* Jefferson and Tuscaloosa were given more points than the other disaster counties in the 2012 Plans as well as the 2013 Plans. Eight of the disaster counties did not receive funding in the 2012 cycle. Disaster counties not previously funded should be given preference.

*Comment:* The devastation throughout Tuscaloosa County is well known. Continued priority in counties with the most devastation is appropriate as rebuilding will be done over many years and most communities in Tuscaloosa and other impacted counties are still working through the process of how to respond to change. Remain responsive to this unprecedented occurrence and continue providing resources to those counties with the most housing devastation.

*Comment:* Provide continued priority to those counties most impacted by the devastating 2011 tornado outbreak.

*Comment:* Give equal consideration to projects located in the *immediate* disaster areas of rural Alabama, such as Hackleburg in Marion County, Phil Campbell in Franklin County, Cordova in Walker County, and Cullman in Cullman County, as those in metro counties such as Tuscaloosa and Jefferson. These immediate areas could be given equal points but not the entire county. While the number of persons affected in Birmingham and Tuscaloosa areas are greater, so are the options for housing whereas in rural areas there are few.

*Comment:* Marion County was identified as one of the four most impacted counties from the April 2011 disaster. Market studies for Franklin County shows severe housing needs exacerbated by tornado. Provide two points for disaster counties Marion and Franklin.

*Comment:* Points are needed to continue to encourage new housing for the disaster counties. Three total points for Tuscaloosa would assure housing is built in hardest hit areas.

*Comment:* Award points for rehabilitation of existing multifamily residential rental housing developments that are located outside the Disaster Counties listed in Section III A. (vii) (a) of the Plan. This would aide in new construction of additional units that are desperately needed in the disaster counties and supported by municipalities within those counties. Without a change, the rehab automatically scores higher than new construction all things being equal.

***AHFA Response: The following disaster counties will receive two points: Calhoun, Cullman, DeKalb, Franklin, Jefferson, Lawrence, Limestone, Madison, Marion, Marshall, St. Clair, Tuscaloosa, and Walker.***

**Neighborhood Characteristics (Pages 30-31)**

*Comment:* AHFA should give a year notice before changing the distance requirements in this point category so that site selection at the time of a Federal Home Loan Bank Affordable Housing Program application can coincide with these changes.

*Comment:* Increase the selection of services located within the specified distance of the site. Possible services to consider are: post office, police/fire station, retail store, restaurants, daycare facility, elementary, middle or high school.

*Comment:* In the hardest hit counties like Tuscaloosa and Jefferson the points for services should be extended back to three miles. Areas that were hit the worst may not be able to maximize their scores given the destruction of the surrounding businesses.

*Comment:* The one-mile distance for maximum points to the five services is too restrictive for rehab projects. Either relax the distance or add several additional services that are relative to the type of tenancy selected so the maximum points (20) could be achieved by selecting five of maybe seven or eight possibilities.

*Comment:* The one-mile requirement for maximum points is particularly detrimental and too restrictive for the more rural communities and also those areas/counties that were affected by the 2011 tornadoes which are still receiving extra points.

*Comment:* Provide maximum points for sites within two miles of all services.

*Comment:* Increase the miles allowed for points for hospitals and doctor’s offices. It is difficult to obtain these points compared to the other four services when developing in residential neighborhoods and rural areas. Medical services tend to be clustered in one area.

*Comment:*  The sliding scale with extra points for neighborhood characteristics within one mile is detrimental to rural. This could be assisted by adding some additional services such as post office, senior center, daycare, public elementary, middle, or high school, city park, public museum, and public library.

*Comment*: Revise the distance to one mile or less, twp miles or less, and three miles or less.

*Comment:* Public Housing redevelopments and new construction projects should receive full proximity points. Generally, these projects as a result of a Restricted Deed of Trust have for many years been in fixed locations that often precede the current positive and negative site selection attributes listed in the Plan.

*Comment:* The existing services and being convenient make for better projects.

*Comment:* Provide direct incentives for projects located in close proximity to transit.

*Comment:* Sam’s Club or Costco should qualify as a grocery store providing the property pays for the membership. For example, the annual membership at Sam’s is $40 annually, which would cost the property between $2,240 and $3,000 annually. I use this spread as there will be some turn-over in residents.

***AHFA Response: No changes will be made to the list of services or the distance to those services. Costco and Sam’s will not be considered a grocery store due to the membership fees and bulk purchases.***

**Negative Neighborhood Services (Page 31)**

*Comment:* Remove the five point deduction for electrical utility substations. They are not a known health hazard and can be screened from the project.

*Comment:* Negative points should not be the same for rehabilitation projects as they are for a site selected for new construction. The existing properties are where they are, and have existed for many years with no negative impact from the items listed for negative points. Some provision for exception to the point structure should be implemented that treats rehabilitation differently from new construction in regarding proximity to positives and negatives. Older projects do not necessarily need a point advantage regarding location, but at least an opportunity to be on an even/equal playing field with new construction.

*Comment:* Consider some type of scoring structure that would not give new construction projects an advantage over rehab applications that cannot change factors like railroad and/or a fuel storage company being close to the development.

*Comment:* Delete liquor store from the list of negative services, or limit it to a “free standing” liquor store. If liquor stores remain as a negative service, then exempt Alabama Beverage Control (ABC) stores. These stores are regulated by the state and have limited business hours along with a code of ethics and standards followed by all stores. There are 231 ABC stores throughout Alabama and most of them are adjacent to grocery stores.

*Comment:* Change liquor stores to stores that only sell liquor, bars, and clubs. With many of Alabama’s counties and towns now wet, liquor is sold almost everywhere, even the local grocery.

*Comment:* The business of recycling of goods should be considered a positive business as it is clearly an initiative that preserves our limited resources and has a positive effect on our environment. It does not present a negative effect on the surrounding community if handled in a professional business-like manner. Recycling facilities should be expressly excluded from what is meant by a junk yard/dump or salvage yard.

Because of the lesser nature of the crimes and because of the positive benefit of having a police station located in close proximity to a development, we respectfully request that jails be included as part of a police complex not be considered negative neighborhood services and that the term “jail” be clearly defined in the final version of the 2013 Plans.

***AHFA Response: Liquor stores will be removed, and jails will be added to the list of negative services.***

*Comment:* Follow HUD guidelines that permit mitigation of noise from an active railroad if initial outside noise levels are below 75 DBA.

*Comment:* Allow railroads if sound abatement is followed and a study submitted with application.

***AHFA Response: An exception may be allowed for rehabilitation or historic properties located near a railroad, provided a noise mitigation plan (subject to HUD standards) is presented at the time of application. The findings of the study must acceptable to AHFA in all respects.***

**Compliance (HOME Action Plan, Page 31)**

*Comment:* The provision that a HOME balloon payment must be made or determined out of compliance should have added language “failure of borrower to make payment 90 days after AHFA has given written demand.”

***AHFA Response: No changes will be made to this provision.***

**Incomplete Application (Pages 33-34)**

*Comment:* Due to cost and time constraints, the requirement for a certificate of existence from the secretary of state should be removed and returned to the same position that it occupied in the 2012 Plan.

*Comment:* In order to obtain a Certificate of Existence from the Secretary of State, it is necessary to legally organize and obtain a tax identification number. Additionally, trying to get registered with the Secretary of State has, in recent months, been problematic and difficult to do in a timely manner. For these reasons, the Certificate of Existing should not be listed as a threshold item in the application, but rather due after awards. This prevents applicants from having to go about canceling all of the tax identification numbers from the IRS if funding is not awarded.

*Comment:* Requiring the cert of existence for applications that have less than a 25 to 30 percent chance of becoming projects is an added complication, expense, and possible delay. This also would cause additional workload on other state agencies.

***AHFA Response: The reservation items that are currently due within 30 days of the date of the reservation letter will be changed to within 15 days of the date of the reservation letter. The Certificate of Existence from the Secretary of State will be moved from the time of application to the 15-day deadline.***

*Comment:* Please clarify that a utility letter for gas will not be required if gas is not used on the property.

***AHFA Response: A utility letter for gas is not required if gas is not being used at the property. The applicant must simply mark “N/A” on the utility index page.***

*Comment:* Remove construction and permanent financing commitments, as it appears they are no longer required with the application.

***AHFA Response: As indicated in Section III, B, Item 1, page 33, of the Housing Credit Plan, construction and permanent commitments are required to be submitted at the time of application.***

**Davis Bacon (Page 34)**

*Comment:* AHFA should focus more of the penalties on future applications in this section. Ten points should be deducted if the applicant has not met one of the following Davis-Bacon requirements on any existing project.

* No response on outstanding issues for over six months;
* The general contractor is unable to submit payrolls, causing an escrow account to be established; and/or
* Outstanding issues remain over two years from the date of the notice to proceed.

***AHFA Response: The point deduction for failure to meet one of the following Davis-Bacon requirements on any existing HOME project will be increased from five to ten points.***

* ***No response on outstanding issues for over six months;***
* ***The general contractor is unable to submit payrolls, causing an escrow account to be established;***
* ***Outstanding issues remain over two years from the date of the notice to proceed;***
* ***Failure to provide AHFA the Section 3 report on the required date; and/or***
* ***Failure to provide AHFA the HUD 2516 report on the required date.***

**Design Quality Standards (Addendum A–C)**

*Comment:* The minimum square footage requirements for rehabilitation seems to have inadvertently left out the exception that has previously been in previous Plans for projects that are financed Rural Development or HUD. We recommend that this language be restored so as to not preclude the rehabilitation of housing that may serve the tenants with the highest needs.

***AFHA Response: The square footage requirements outlined in the Design Quality Standards for Rehabilitation of an Existing Building (Addendum C of the Housing Credit Plan) must be met by all rehabilitation projects unless the applicant submits a deviation request and receives written approval from AHFA.***

*Comment:* Deviations from the Design Quality Standards for rehabilitation projects prior to the funding cycle are common due to the complexities of the existing conditions. Any charges for deviations should only be charged after the 14 days prior to the application cycle to allow for reasonable changes.

Below are common deviations which can be revised in the design quality standards:

1. Water heater T&P relief valve discharges must be direct to exterior of building and elbow down to 6"above finish grade (per original construction, in some cases, the line will tie to sanitary sewer via flap trap, or deep seal trap, due to there is no route from water heater closet to exterior, without major demolition).

2. Units with existing washer/dryer connections must replace and install new water supply fixtures and valve (this is not typical and would add additional costs to project for underwritten).

***AHFA Response: For 2013, there are specific Design Quality Standards (DQS) for rehabilitation of existing buildings. Many of the items included in these DQS encompass the common deviation requests submitted by rehabilitations in the past. Any deviations, due to city requirements, must be submitted for AHFA approval.***

*Comment:* Continue making the program cost effective with our state’s resources by not requiring a green building standards certification. Continue to provide the most pertinent smart building practices in the Design Quality Standards. Verification of meeting those standards should be produced at the end of construction with a letter from the architect or other documentation similar to the verification currently provided with respect to Energy Star appliances.

***AHFA Response: As in the past, the project architect will be required to certify that the AHFA Design Quality Standards have been met.***

*Comment:* Change the words “shall” and “should” to “must” to be consistent throughout the document. Other grammatical and rewording revisions were recommended.

***AHFA Response: Minor grammatical changes were made to the Design Quality Standards for clarification purposes and consistency.***

*Comment:* Make the following revisions to the fascia and soffit requirements: Fascia and soffit: Must be prefinished vinyl, prefinished aluminum, cementitious trim or engineered composite trim. Material used for soffits must ~~shall~~ be perforated or vented ~~and/or perforated cementitious panels should be used and must contain vents.~~

***AHFA Response: This change will be made to the Plans.***

*Comment:* Delete the last sentence in this section and replace with the following: Sidewalk access to all parking spaces must be provided ~~All ADA access aisle ways required to cross vehicular roadways shall be clearly marked~~. Where the accessible route on the site crosses a vehicular roadway, clearly mark the pavement in compliance with the U.S. Department of the U.S. Department of Transportation Manual on Uniform Traffic Control Devices.

***AHFA Response: Sidewalk access to all parking spaces must be provided. Where the accessible route on the site crosses a vehicular roadway, crosswalk lines are required. They shall not be less than six inches or greater than 24 inches in width.***

*Comment:* Several people have pointed to the “Wet Design” storm water retention basins as a supporter of the mosquito population, which of course is a carrier of the “West Nile Virus”. I suggest that we add a requirement to the Design Quality Standards that should equivocate the following:

Storm Water Retention Basins:

Above ground wet type design Storm Water retention basins must include the following at a minimum;

1. Fencing around the entire perimeter of the basin to include a lockable maintenance gate.
2. A maintenance program to prohibit all vermin, insect, and reptile infestation.
3. A maintenance program to prohibit all vegetation overgrowth, etc.
4. A maintenance program to provide that the basin be kept free of all trash and debris.

***AHFA Response: Storm water retention basins must include fencing around the entire perimeter and a lockable maintenance gate. The retention area must be maintained and managed in a manner to provide safety to the tenants. This includes preventing vermin, insect and reptile infestation, vegetation overgrowth, and must be kept free of all trash and debris.***

*Comment:* The following is not required in single family homes: “Sound proofing and batt insulation is not required between the stud framing in party walls for single family. A sound rating of STC 54 is required.” Remove this requirement from Addendum B.

***AHFA Response: This requirement will be removed from Design Quality Standards for Single-Family Rental Homes (Addendum B). For New Construction of Rental Units (Addendum A), sound proofing or sound batt insulation is required between the stud framing in tenant separation walls. A sound rating of Sound Transmission Class (STC) 54 is required.***

*Comment:* Revise as follows: Sound proofing between floors is required ~~to and must achieve a sound rating of STC 50 and an impact insulation class (IIC) of not less than 50.~~ and must achieve a Sound Transmission Coefficient (STC) rating of not less than 50 and an Impact Insulation Class (IIC) rating of not less than 50.

***AHFA Response: Sound proofing between floors is required to achieve a rating of STC of not less than 50 and an Impact Insulation Class (IIC) of not less than 50.***

*Comment:* Require a 4’ long fluorescent light fixture with a lens in the kitchen in lieu of fluorescent lighting at least 1’ x 4”.

***AHFA Response: A four foot long fluorescent light fixture is required.***

*Comment:* Revise the tub/shower requirements as follows: All tubs in designated handicap accessible units must come complete with “factory installed grab bars” where the tub surrounds are reinforced with fiberglass. If the tub surrounds are not reinforced fiberglass, hard tile or cultured marble, solid wood blocking must be installed in the walls.

***AHFA Response: This change will be made to the tub and shower requirements.***

*Comment:* Revise the vanity cabinet requirements as follows: All cabinets in designated handicap accessible units must be installed ~~at ADA mounting heights~~ in compliance with applicable ANSI or UFAS guidelines.

***AHFA Response: This change will be made to the vanity cabinet requirements for the designated handicapped accessible units.***

*Comment:* Energy Star rated ceiling fans with light kits should be required in the living room and bedrooms.

***AHFA Response: Energy Star ceiling fans with light kits will be required in the living room and bedrooms.***

*Comment:* Revise the requirements for water heaters as follows: Water heaters must be placed in drain pans with drain piping plumbed to the outside or to an indirect drain connected to the sanitary sewer system where allowed by local code.

***AHFA Response: No changes will be made to the requirements for water heaters.***

*Comment:* Remove the statement that CPVC supply piping is not allowed for interior space in wall or overhead services. This is not necessary for rehab projects since plumbing piping systems are not replace in their entirety.

***AHFA Response: This requirement will be removed from Addendum C - Design Quality Standards for Rehabilitation of Existing Units.***

*Comment:* Revise the scale for the site plan as follows: Scale: 1 inch = 40 feet or larger for typical ~~units~~ site drawings.

***AHFA Response: No changes will be made to the scale for the site plan.***

*Comment:* Consider only requiring bedrooms to have room size show on the plans. If other rooms should have size noted clarify which rooms instead of “all rooms”. Maybe bedrooms, living, dining, and kitchen would be adequate.

***AHFA Response: No changes will be made to the floor plan requirements.***

*Comment:* Add a new section D - Title Sheet, 1. Indicate Building Codes that are applicable for the project.

***AHFA Response: A new section will be added requiring the architect to list the building codes that are applicable to the project.***

**Compliance (Addendum D)**

*Comment:* The section regarding points lost for noncompliance should be revised for better clarification and explanation of implementation.

*Comment:* Points deductions for noncompliance of AHFA-funded properties should be revised to provide clarification of whether Rural Development properties with Housing Credits are included as AHFA-funded properties.

*Comment:* Point deduction for any noncompliance findings is too stringent. The amounts of ten percent of units with noncompliance and 20 percent of files with noncompliance should be adjusted to 30 percent of each. Provide clarification regarding what is considered a noncompliance finding. The Plans should accommodate many different types of management companies.

*Comment:* Deductions for non-compliance issues are very broad. If an issue is cured within the appropriate time then deductions should not be taken against the applicant. The owner should be able to state their case and/or have the time to make the necessary change. If a file is found to have an error, but the error would not affect the resident’s tenancy then a correction should be able to be made without the worry of point deductions. These issues should be taken out of the scoring criteria. Developers spend an enormous amount of time, energy and expense applying in the competitive round, and should not be put in a disadvantage position without a reasonable cure period. The enforcement of compliance issues should continue throughout the year and if need be a developer should be notified that they will have points deducted for continuous infractions of those rules.

*Comment:* A fine for excessive non-compliance would be a more targeted penalty, one which could be passed on by the owner to the property manager. Suggested Modification:

1. A maximum fine of $2,000 should be assessed if the applicant has any physical inspection and audit documentation findings within a 12-month period beginning with its first inspection after release of the Plans.
2. Physical Inspection - The applicant will be assessed a fine of $1,000 if the number of units with noncompliance findings by AHFA auditors divided by the number of units AHFA auditors inspect is above .2 or 20%.
3. Audit Documentation - The applicant will be assessed a maximum fine of $1,000 if the number of files with a noncompliance finding(s) by AHFA auditors divided by the number of files reviewed by AHFA auditors is above .2 or 20%.

*Comment:* The Plan indicates that the deductions apply to any noncompliance findings from the time of the release of the Plan through the date of the allocation of 2013 funds. Clarify whether the percentages are derived by dividing the sum of all noncompliance findings during this period by the total number of apartment units in the owner’s AHFA-funded portfolio. Clarify whether the date of the notice of funding is the same as the date of the allocation of 2013 funds.

*Comment:* Deducting 20 points for compliance is onerous and unfair to participants with larger portfolios that have been in the program for longer periods of time. It gives an advantage to owners with no previous experience. We believe that this component of the Plan has so many questions still unclear, that it should be postponed from adding into the Plan for 2013.

*Comment:* We recommend that proposed Section IIIB2 not be made effective for the 2013 funding round, but instead be substantially revised to address the concerns noted below and proposed for adoption at a later date. We believe that the AHFA should have clearer, more discrete goals about what it is attempting to accomplish in this section and, in particular, assuming that it is a goal to identify better and worse developers, how the proposed elements do this rather than potentially penalizing a broad but incomplete group of prospective developers for random occurrences. Further, it seems that nothing in the proposal specifically addresses what we understand to be a significant concern that led to these regulations-repeat violations and untimely cure of problems. In particular, the proposal does not distinguish between violations that are known by the applicant and those which are not known, or those which can be and are immediately cured versus those that could be promptly cured, but are not.

We believe that there is substantial uncertainty in how this program would be applied with respect to the number of units in a project, the number of units and projects in an applicant's portfolio, the sample sizes, and how future applicants that have both large and small numbers of units in projects, would be treated on a comparable basis. In order to ensure fairness, we believe that the AHFA compliance division would need to establish a rigorous, methodical rotation of audits to generate representative samples. It is our expectation that trying to implement this in the near term would pose various administrative challenges. We also believe that the proposal fails to distinguish between minor, moderate and major violations. Moreover, the scope of coverage is unclear insofar as each applicant, especially in light of the requirements that the entities actually be in legal existence (contrary to our comment above), are separate, distinct and newly formed, without a prior track record. Thus, it is clearly aimed at more than “the applicant”. Define how management companies, either affiliated or not affiliated, will be treated. Further, there is not a grace period for prompt remediation, either with physical or audit documentation standards.

We also note that the substantial point values associated with these are likely to create a more adversarial relationship with respect to the inspection process, which we do not believe is healthy in the long run. In most cases, compliance audits with the AHFA have occurred with a mutual goal of having high performing projects. In an effort to address a small fraction of poor performers, we would not like to see the overall relationship become strained, formalistic and adversarial. For example, in raising the stakes of a stolen $2 battery in a smoke detector so high, it could foster litigation actions after inspections. These could lead to a less open system. Further, it could give rise to “gotchas” among competing applicants and questions about particular auditors. We also note that this policy greatly favors developers with no prior experience with the AHFA and, conversely, is particularly challenging for long-time participants in the AHFA programs which have large portfolios, especially where those are older projects with greater physical needs issues and which were initially place in service when documentation standards were less rigorous.

Despite these criticisms, we are highly supportive of efforts to reward high quality developers and to encourage full and prompt compliance with applicable property and documentation standards. We recommend a thoughtful, detailed and unhurried study of how compliance criteria can be better incorporated into the Plan. We believe that this would begin with compilation of data, on a pro forma basis. We believe it should begin with limited goals, such as targeting late cure and repeat violations.

*Comment:* The inspections and audits should be conducted in a fair and equitable manner. Specifically, no owner or management company should be inspected or audited more than another for compliance points. The physical inspection standards should be clarified to differentiate between major and minor deficiencies and deficiencies that have long existed or that may have recently occurred just before an inspection, or that are caused by tenants. There should be a grace period for remediation of physical and/or audit documentation standards in order for violations to be cured without penalty on 2013 applications.

***AHFA Response: The compliance monitoring criteria has been revised to provide further clarification and explanation of implementation in Addendum D. Specific noncompliance findings for health and safety violations, any occupied, vacant uninhabitable or non-rent ready unit deficiencies, or any site, exterior or common area deficiencies or documentation or file deficiencies will be assessed automatic point deductions regardless of whether the identified violations are cured or corrected. Additional penalty points will be deducted if the applicant fails to cure the violation within the timeframe specified in the written notice from AHFA. Other general deficiencies will be assessed penalty points if the violation is not cured or corrected within the specified timeframe established by AHFA.***

***AHFA may terminate any new applications submitted by owner/applicants with less than five (5) years’ experience (or less than 500 AHFA-units) if any AHFA or non-AHFA units inspected by AHFA (or AHFA designate representative) are cited for health and safety violations, any occupied, vacant and uninhabitable non-rent ready deficiencies, or any site, exterior or common area deficiencies.***

**Miscellaneous Comments**

*Comment:* Include a point provision for projects that provide scholarship programs for residents of affordable housing.

*Comment:* Expand eligible tenant needs to include one point for contributions to, and promotion of, an established unaffiliated I.R.C. § 501(c)(3) organized scholarship fund which is primarily focused on tenants and their dependents.

*Comment:* Points should be awarded to owners that offer multiple online delivery systems to their residents to access educational content and linkage to local resources, such as mapping, emergency, and lease and payment information, through desktop computers and mobile devices.

***AHFA Response: The benefits of these types of services should be marketed to the project owners and managers directly. Participation should be strictly voluntary.***

*Comment:* Removing the bid law certification requirement eliminates now unnecessary legal review and associated expenses otherwise incumbent upon project involving public housing authorities in considering such certification and will provide public housing authorities equal flexibility in application preparation as other applications. Elimination the certification would remove the necessity for considering other comment of which we are aware which request changes in the timeline for identifying a general contractor until later in the process.

*Comment:* Reconsider the requirement to include a general contractor at the time of application. Housing providers that are required to follow the bidding requirements of the public works law should be allowed to present the general contractor within 135 days of date of the reservation letter.

*Comment:* Reconsider the application form’s general contractor requirement for owner entities that include a public agency in the ownership structure. Remove the requirement, or in the alternative, permit a “short list” of potential contractors to be submitted at time of application with final selection of general contractor after Reservation.

***AHFA Response: This is not a common problem for most applicants. If an entity must follow the bid law, then the bid process must take place and a contractor must be selected prior to submitting an application to AHFA.***

*Comment:* Consider allowing a four-point preference for public housing projects that serve the lowest-income families.

*Comment:* It is strongly recommended that five additional points be awarded for housing authority applicants developing public housing units that serve the lowest-income families of Alabama.

*Comment:* HOPE VI, Choice Neighborhood Initiative, Replacement Housing Factor (RHF), and other federally funded program efforts should be provided three additional points for the huge benefit to affordable housing and the State of Alabama. Waivers should be granted for HOPE VI, Choice Neighborhoods and RHF funded projects regarding thresholds and proximity restraints, and for the Plan to allow for out-of-cycle application and award.

*Comment:* Public Housing Authorities already have a point advantage over non-Public Housing Authority applicants because they have access to certain HUD funds that are not available to everyone, including HOPE VI, Neighborhood Stabilization Program funds, Capital fund Program Grants, Replacement Housing Factor Fund Grants, and others.

*Comment:* Continue to maintain a level playing field among the types of participants in affordable housing, i.e., for-profit developers, non-profit developers, and public housing authorities, subject only to statutory considerations with respect to qualified non-profit set-asides.

*Comment:* Allow four points for project with subsidized rents for more than 30% of its units over the entire extended use period.

*Comment:* Additional consideration should be given for Housing Credit properties locating near existing Rural Development 515 properties. Extra consideration should be given for rehabilitation of Rural Development 515 properties.

*Comment:* Create a tax credit set-aside for proposals involving the preservation and rehabilitation of existing multifamily rental housing.

*Comment:* Allocation of HOME should be focused on families of greatest need. Allocation points should greatly favor projects that support families that live below 30% AMI.

*Comment:* Prioritize projects that provide permanent supportive housing. Special needs 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.

*Comment:* Underserved areas should be identified as target areas for resources for the coming year. A rural set-aside would be important to ensure adequate resources to rural areas. Rural areas with no resources should be given opportunities to compete for HOME through a rural set-aside that must be used only in rural underserved areas.

***AHFA Response: No additional incentives or set-asides will be added to the Plans.***

*Comment:* Decouple Alabama HOME funds from the Low-Income Housing Tax Credit Program. There are non-profit service providers throughout the state that would like to access HOME funds but are unable to do so because they want to develop smaller properties that better serve their clientele.

*Comment:* HOME funds should be uncoupled from the LIHTC program. Revitalization of communities includes more than LIHTC multifamily developments. The vision for revitalization for rural areas includes single-family development, preservation of aging housing stock and other eligible activities in addition to LIHTC multifamily.

*Comment:* Utilize Alabama HOME funds for activities other than new construction. Using HOME funds for new construction of rental properties only excludes many organizations that promote homeownership and rehabilitation activities from applying for funding.

*Comment:* Allow HOME funds to be used for all eligible uses including homeless prevention, rental subsidy, single-family construction and rehabilitation. HOME should be available in rural areas for single-family development and other eligible uses to organizations with demonstrated capacity that can make an impact.

*Comment:* We support keeping the HOME funds and the tax credits together and not separating the funds as more housing units can be created and/or rehabbed by combining those funds.

***AHFA Response: Due to the decrease in HOME appropriations, HOME will continue to be leveraged with Housing Credits and other sources of funds to develop multifamily new construction housing developments containing no more than 56 units.***

*Comment:* It is recommended that the most populous counties in the state (Jefferson, Madison, Mobile, and Montgomery) should be exempted from the county point deduction.

***AHFA Response: The Plans do not contain county point deductions.***

*Comment:* We would like to applaud AHFA’s efforts in working with developers and being more flexible in the tax-exempt bond program particularly regarding the preservation of affordable developments. The bond program is a previously untapped good use for rehabilitation of affordable housing developments.

*Comment:* The single greatest change proposed in the 2013 Plan is the change of terminology to Housing Credit. This should help on NIMBYism and reception by local government.

*Comment:* Maintain the green building incentives in the final Plans, and consider working with state utilities to create energy-efficiency programs for multifamily projects. We enthusiastically support the green building incentives included in the scoring criteria, including the separate criteria for new construction and rehabilitation projects, and commend AHFA for including consideration for green building practices and energy efficient design features in the Plans.

*Comment:* We support the point incentives in the Plans for projects that provide tenant services and access to community amenities.

***AHFA Response: No response is necessary.***

**Institutional Structure**

1. Describe actions that will take place during the next year to develop institutional structure.

Program Year 4 Action Plan Institutional Structure response:

The four program administrator groups communicate as needed to coordinate strategies to the greatest extent possible. The creation and coordination of the statewide homeless coalition as well as the continuum of care efforts have aided the State’s ability to provide services in a coordinated manner. Every reasonable effort will be made to pursue the "consolidated" concept and to attempt to make it work in Alabama. In most cases, the four programs serve different clientele. The needs in Alabama are so great that the State’s strategy has been to let each program work to serve one set of needs. There is absolutely no duplication of effort.

Alabama relies heavily on the numerous housing and social service providers in the state to assist in the provision of services. Units of local government, program directors, and others involved in the implementation of housing and social services are consulted on a regular basis to determine the greatest needs and the best way to address them. ADECA will work with all local homeless coalitions, the Domestic Violence Council, the Continuums of Care, Community Action Agencies, the Alabama Alliance to End Homelessness and all other groups to assess and address the needs of homeless persons. ADECA, AHFA, and the Governor’s Office have successfully identified the parties interested in the implementation of the housing and non-housing programs addressed in this plan. Further, ADECA, AHFA, and the Governor’s office have developed productive communication channels with these groups. Alabama intends to continue this course in order to maximize the effectiveness of the programs.

In regard to HOPWA services, ADECA will continue to work with AIDS Alabama, the State’s most experienced HIV housing provider. AIDS Alabama has administered the statewide HOPWA program for more than eighteen years. During its last fiscal year, AIDS Alabama provided more than 181,800 nights of safe, decent, and affordable HIV housing throughout the State and prevented an additional 370 HIV-positive individuals and affected family members from becoming homeless through its statewide rental assistance programs. In addition to properties owned and managed by AIDS Alabama, the organization works with nine partnering AIDS Service Organizations to ensure that HOPWA resources are available in all 67 counties of the state.

The partners are:

* AIDS Action Coalition – Huntsville;
* Health Services Center – Anniston
* Unity Wellness Center – Auburn;
* Medical AIDS Outreach of Alabama – Montgomery;
* Birmingham AIDS Outreach;
* AIDS in Minorities – Birmingham;
* Selma AIDS Information & Referral;
* AIDS Alabama South (formerly South Alabama CARES) – Mobile; and
* West Alabama AIDS Outreach – Tuscaloosa.

Through this network of experienced providers, HOPWA services are available throughout the entire state; every county is covered by at least one of the AIDS Service Organizations. These agencies maximize HOPWA dollars by coordinating delivery of services with each other and with other funding streams, such as Ryan White, Veterans Administration, McKinney-Vento homeless programs, and other federal and local programs. The greatest gaps faced by these organizations are not the delivery of HOPWA services, but the lack of additional resources to expand housing stock and supportive services available to HIV-positive persons. Extreme poverty and need, inadequate or non-existent transportation systems, and the continuing stigma associated with persons living with HIV serve to increase the challenge of identifying and stabilizing these individuals and families.

As to the strengths and gaps in the delivery system of these programs, the State’s greatest strength is the experience of the entities who administer the Consolidated Plan programs. Both ADECA and AHFA have competent and responsible staffs to carry out the necessary details of the programs. In addition, the capacity to reach more interested parties, including non-profit groups and other community-based organizations, has increased dramatically over the last few years with technical assistance workshops, training sessions, etc. Other strengths include the ability to layer different sources of subsidy to maximize eligible activities. The combination of city funds and state funds or the layering of HOME dollars and Low Income Housing Tax Credits are examples of this strength. Among the gaps encountered are the myriad of regulations and red tape inherent with federal programs. The largest gap thus far has been the lack of financial resources to carry out each program to its full potential.

As discussed previously, the primary obstacle to service delivery in Alabama is the sheer volume of need. Alabama has some of the poorest counties in the nation. Alabama has incredible employment, medical, educational, and housing needs in the Black Belt counties. However, the Delta Region and the Appalachian Region also have severe needs. Alabama will continue to coordinate efforts between state agencies and individual service providers to ensure the most efficient use of limited federal dollars. When possible, multiple funding sources will be utilized to maximize the impact of individual projects or initiatives. However, Alabama’s current priority is to prevent the duplication of efforts so as to spread resources among the areas with the greatest needs.

Continued review of the competitive rating systems of some of the State’s grant funds will also help to ensure the equitable and efficient distribution of funds. Annual reviews of the CDBG grant process have been effective in improving service delivery.

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# Monitoring

1. Describe actions that will take place during the next year to monitor its housing and community development projects and ensure long-term compliance with program requirements and comprehensive planning requirements.

Program Year 4 Action Plan Monitoring response:

The HUD formula and entitlement funding received by the State each year is administered by ADECA and AHFA. The directors of these programs and their sub-recipients have developed detailed monitoring programs to ensure compliance with all state and federal regulations. Generally, HUD monitorings of Alabama’s programs end with favorable reviews or minor compliance issues that need to be addressed. Alabama has an excellent track record of resolving all concerns and findings in a timely and conscientious manner. A more detailed review of the monitoring programs established by the Consolidated Plan programs is provided below.

**CDBG Program**

On behalf of the State of Alabama, ADECA does an on-site monitoring review of all CDBG construction grants at least once during the life of the project. Areas reviewed for compliance include adherence to one or more of the program’s national objectives, eligibility, financial management, civil rights, environmental concerns, citizen participation, timeliness, procurement, contract management, labor standards enforcement, acquisition, relocation, job creation, and housing as appropriate.

The State utilizes a computerized tracking system to initiate each monitoring visit at the point when a reasonable percent of the grant funds has been drawn. Currently, most monitoring visits are scheduled at the time at least 30 percent of the funds have been drawn. The system also tracks the resulting resolution of any findings made in a timely manner.

After each monitoring visit, a report is written to the grantee to explain the results of the review. Monitoring determinations range from “acceptable” to “finding” with appropriate corrective measures imposed. Corrective measures may include certifications that inadequacies will be resolved, documentary evidence that corrective actions have been instituted, reimbursement of disallowed costs, or other sanctions which limit the grantee’s future participation in the program. Furthermore, no grant can be closed until all monitoring findings have been satisfactorily resolved.

**HOME Program**

Under HOME Program guidelines, AHFA is required to conduct annual on-site inspection of recipients to determine compliance with the rules and regulations of Title II of the National Affordable Housing Act & 24CFR Part 92. The compliance monitoring procedures and requirements are as follows:

1. AHFA will conduct on-site inspections of all HOME projects each year to review the current tenant files for adherence to occupancy and rent restrictions as established by Alabama’s HOME program.
2. Owners must certify annually under penalty of perjury that the owner has received an annual low income certification from each low-income tenant and documentation to support these certifications, that each low-income unit is rent-restricted under HOME Guidelines and that the project meets all the requirements of the HOME program.
3. Owners may be allowed up to a 90 day correction period to supply missing documentation or to correct noncompliance. This correction period begins the earlier of the date the notification is mailed or the date of inspection.
4. AHFA has the right to inspect HOME Funded projects any time during the compliance period including, but not limited to, on-site inspections and review of all records relating to compliance with HOME requirements. AHFA may require copies of the tenant certifications and supporting documentation to be forwarded to AHFA.
5. Compliance with requirements of the HOME Regulations is the responsibility of the owner of the building for which the funds were loaned or granted. AHFA’s obligation to monitor for compliance with the requirements of the HOME Regulations does not make AHFA or the State of Alabama liable to any owner or to any shareholder, officer, director, partner, member or manager of any owner or of any entity comprising any owner for an owner's noncompliance therewith.

**ESG Program**

The State monitors ESG grants by going on-site to review program records and to make limited visits to sub-recipients to observe activities being carried out. The State has checklists for important program areas such as financial, environmental, etc. After each monitoring visit, a report is written to the grantee to explain the results of the review. Results range from “acceptable” to “concern” to “finding” with appropriate corrective measures being applied. Such measures may include certifications that shortcomings will be addressed, documentary evidence that corrective actions have been undertaken, reimbursement of disallowed costs, or other sanctions. Similar to CDBG, grants will not be closed if findings are unresolved.

**HOPWA Program**

Alabama’s PY2013 HOPWA Program will be administered by ADECA through a sub-recipient, AIDS Alabama, located in Birmingham. The State monitors this sub-recipient at least once a year through an on-site visit to the agency, as well as any of their sub-recipients. Monitoring is designed to assure compliance with applicable laws and regulations. Monitoring also results in helping each contractor to set concrete goals for HOPWA funding. These are highlighted in Goals Spreadsheets which are completed monthly and accompany all invoices. All goals are based on HUD goals set for the HOPWA program. Additionally, AIDS Alabama receives an annual external audit to monitor compliance with Generally Accepted Accounting Principles (GAAP) and with all applicable HUD regulations. AIDS Alabama also monitors each of its sub-recipients across the state annually to ensure compliance with all applicable laws and regulations and to monitor compliance with GAAP.

# Lead-based Paint

1. Describe the actions that will take place during the next year to evaluate and reduce the number of housing units containing lead-based paint hazards in order to increase the inventory of lead-safe housing available to extremely low-income, low-income, and moderate-income families.

Program Year 4 Action Plan Lead-based Paint response:

Based on the estimates provided in the Five-Year Consolidated Plan, approximately 745,000 to 911,000 or from 38 to 46 percent of all housing units in Alabama pose a lead-based paint hazard. An estimated 308,000 of the housing units with a potential lead-base paint hazard are occupied by extremely low-, low-, and moderate-income householders. Housing units occupied by those with less than 80.0 percent of the median family income where lead paint may be present are concentrated in the state’s most populous metropolitan counties. For the extremely low-income category, 30.5 percent of all dwellings estimated to contain lead-based paint were located in just two counties: Jefferson and Mobile. Likewise, in the low-income category, Jefferson and Mobile counties total 28.2 percent of the estimated housing units containing lead. Jefferson, Mobile, Madison, and Montgomery counties dominate in the moderate income group, comprising 40.0 percent of the state total.

Currently, Alabama’s CDBG program is the program most likely to be used for a project involving lead-based paint hazards. The State encourages all persons engaged in CDBG funded housing rehabilitation projects to presume lead is present if the house were constructed prior to 1979, therefore, no risk assessment or prior testing is required. The CDBG program has issued recommendations, rather than requirements, in order to maintain program flexibility. The Alabama CDBG program lead-based paint hazard recommendations are summarized below.

1. Prepare local housing rehabilitation policies and implement lead abatement requirements for units for which rehabilitation costs exceed $25,000.
2. Unless otherwise specified in an approved application, the local housing rehabilitation policies should specify that the standard treatment option per 24 CFR Part 35 et. al., will be used.
3. Have the housing rehabilitation inspector and a representative for all potential contractors take the University of Alabama course entitled “Lead Safe Work Practices for Renovators and Remodelers.” If the housing rehabilitation inspector will serve as a Lead Sampling Technician, then the inspector should take the University of Alabama course (or an equivalent course which has been approved by DHUD) entitled “Lead Sampling Technician Course”.
4. Determine if de minims levels are involved. If so, then safe work practices are not required and clearance testing is not required.
5. Provide the proper notices to occupants.
6. Determine what work (involving standard treatments and basic rehabilitation that will not impact painted surfaces) will need to be done and identify a plan to work room-by-room with the occupants. Outside construction work will need to be performed prior to any soil treatments. Treatment of any potentially contaminated soils will need to be done with either impermeable surface coverings or land use controls.
7. Avoid relocation of occupants, if at all possible, because of budgetary constraints. Sealing the work area and use of a 10’ containment area will likely be sufficient as long as access to the bath, kitchen and adequate sleeping areas are provided after work is completed on a daily basis. Note that the project will have to be completed within five days.
8. Perform clearance examination per procedures and use appropriate procurement practices to identify a qualified Accredited Inspector or Risk Assessor as per accreditation provided by Safe State. It should be noted that Safe State maintains a list of qualified firms that can provide these services.
9. Other than the above, typical procedures and housing standards, per the adopted rehabilitation policies, should be followed. Many of the standard treatments prescribed by 24 CFR Part 35 are already being used because they are necessary to correct code violations and to create safe and sanitary living spaces.

The overall goal of the recommendations listed above is to reduce lead-based paint hazards in CDBG funded housing rehabilitation projects over the next five years. The strategy has been broken into four parts listed below:

1. Coordinate state and local jurisdictions with public and private efforts to address and rectify the problem of reducing lead-based paint hazards and protecting young children from lead poisoning.
2. Integrate lead hazard evaluation and reduction activities into existing housing programs.
3. Develop technical capacity to ensure that the technical aspects of assessment and lead hazard reduction are managed properly.
4. Increase knowledge of lead safe practices among parents, property owners, and renovators of CDBG rehabilitated homes.

###### HOUSING

# Specific Housing Objectives

1. Describe the priorities and specific objectives the jurisdiction hopes to achieve during the next year.
2. Describe how Federal, State, and local public and private sector resources that are reasonably expected to be available will be used to address identified needs for the period covered by this Action Plan.

Program Year 4 Action Plan Specific Housing Objectives response:

As has been described in the previous sections, the State of Alabama has a seemingly unattainable challenge to meet the affordable housing needs of tens of thousands of households, primarily those with limited incomes, including some with special needs. Despite these large numbers, the State will fully utilize all available funding sources to meet the greatest number of those needs.

The “Sweet Home Alabama” report and data developed through a contract with the Alabama Housing Finance Authority and Dr. Donald W. Bogie was used in developing the specific housing objectives. As clearly outlined in the Five-Year Consolidated Plan, the State faces a myriad of housing needs with very limited funding sources. However, the provision of affordable housing is the State’s primary objective. More specifically, the State’s objectives regarding affordable housing focus on areas which have proven to be successful in the past.

1. Provide new and rehabilitated rental housing for extremely low-, low-, and moderate-income households.
2. Provide rental assistance for extremely low-, low-, and moderate-income persons and families.
3. Provide rehabilitated housing for existing homeowners of extremely low-, low- and moderate-incomes.

The HOME Program will prioritize affordable rental housing for extremely low-income (0% to 30% MFI), low-income (31% to 50% MFI) and some moderate-income (51% to 80% MFI) households. There are thousands of Alabamians within these income ranges who could benefit from the creation of new or rehabilitated rental units. Additionally, the HOPWA Program will provide affordable rental housing options and rental assistance programs to low-income, HIV-positive individuals and families. CDBG will continue to prioritize the rehabilitation of homeowner units, but rental units are eligible for rehabilitation grants as well.

Based on previous program experience, the State anticipates funding two housing rehabilitation grants with CDBG funds.

# Needs of Public Housing

1. Describe the manner in which the plan of the jurisdiction will help address the needs of public housing and activities it will undertake during the next year to encourage public housing residents to become more involved in management and participate in homeownership.
2. If the public housing agency is designated as "troubled" by HUD or otherwise is performing poorly, the jurisdiction shall describe the manner in which it will provide financial or other assistance in improving its operations to remove such designation during the next year.

Program Year 4 Action Plan Public Housing Strategy response:

The State of Alabama does not have a Public Housing Authority; therefore, this Action Plan item has not been addressed.

**Barriers to Affordable Housing**

1. Describe the actions that will take place during the next year to remove barriers to affordable housing.

Program Year 4 Action Plan Barriers to Affordable Housing response:

The following section is an outline of strategies to overcome barriers to affordable housing. The strategies remain largely the same as those for the previous Action Plan. The state has reviewed well over a thousand locally produced Analyses of Impediments constructed by local governments. In doing so the State has had a chance to learn more about what local communities believe are the most important barriers to housing opportunity.

**Land Use Restrictions**

Land use regulations have been recognized for sometime as a possible impediment to affordable housing. Landmark cases addressing “exclusionary zoning” were undertaken where suburban cities were cited for in engaging in land use practices that would effectively eliminate the poor, and thereby disproportionately minorities, from their jurisdictions. Thus the potential for misuse of land use regulations is usually on any list of items to be scrutinized for negative impact on housing affordability or accessibility.

Generally the most important land use regulations are the zoning ordinance and the subdivision regulations. Land use regulations in Alabama can impose additional cost to housing in a variety of ways. While in the poor principally rural state like Alabama, land use regulations are unlikely to be adopted and/or enforced, the State strategy will be to:

**~~~** Encourage land use practices that maximize housing affordability and accessibility for low and moderate persons.

**~~~** Research the feasibility of establishing zoning and minimum housing standards for Alabama’s rural areas.

**~~~** Implementintelligent and strategic expansion of the level of infrastructure to serve suitable development, especially that which expands housing opportunity for lower and moderate income persons.

**Building Codes**

Similar to land use regulations, over the years a number of builders and advocates of affordable housing have stated that building and housing codes were housing affordability impediments. The codes are often lumped together with zoning ordinances and other land use regulations and it can be unclear to some as where one begins and the other ends. Governmental building codes are often expressed in terms of rigid specifications that can be difficult or costly to comply with. New or different construction techniques and architectural innovations would be satisfactory in terms of safety, comfort, and other measurable standards but are not in compliance unless they meet strict code specifications. Arbitrary and inconsistent building code enforcement has also been cited as a source of additional expense for builders who can be unduly delayed in their construction and/or forced to undertake costly redesigns.

As with the land use regulations, building codes in Alabama are adopted and practiced for the most part in the entitlement communities and much of the rural areas in the state are devoid of building code adoption and enforcement. Nevertheless, given the opportunity, the State will:

**~~~** Modify or improve building codes where appropriate with an emphasis on affordability and energy conservation.

**~~~** Encourage the development of new building technologies and methods where feasible.

**Absence of Land Use Regulations**

The absence of certain land use regulations or codes can be as big a problem for those seeking affordable low cost housing as the existence or misapplication of certain codes and regulations. The State will:

**~~~** Promote the development of planned mobile home parks, particularly in rural and small town areas.

**~~~** Take actions to remove substandard structures that are eyesores and which deter development in moderate income neighborhoods.

**Credit Environment**

Except for the “bubble” years of recent past, historically lending institutions have been conservative and restrictive in their lending practices. While this practice may have been vindicated by the housing crisis resulting from loose lending practices, the strategy should be to:

**~~~** Ease down payment burden in cases where other credit qualification factors are strong and the down payment appears to be the only difficulty in facilitating the applicant’s purchase of a home.

**~~~** Encourage Alabama banks to pursue Community Reinvestment Act activities.

**~~~** Maintain a certain amount of flexibility and creativity in mortgage lending practices where possible and appropriate.

**~~~** Promote in-kind services by lenders.

**~~~** Promote lending practices that balance the interest of financial institutions versus those of people seeking affordable housing.

**Fair Housing Issues/Discrimination**

Some Alabama counties and cities have continued to note discrimination as a barrier to affordable housing but there are fortunately many signs of progress on this front.

**~~~** Continue to monitor financial institutions for possible discriminatory practices.

**~~~** Promote and legitimize quality education and advocacy efforts whose objectives are to overcome impediments or barriers.

**The NIMBY Syndrome**

The NIMBY barrier can be viewed as a classic “haves versus the have-nots” situation where low and moderate income households suffer due to an instinctive response from established communities and neighborhoods. Neighbors affected by the proposed development often have fears and concerns about their property values, crime, traffic congestion, loss of open space, new neighbors and design compatibility.

**~~~** Prevent the proliferation of poorly planned developments that tend to perpetuate stereotypical images of lower income housing.

**Land Ownership Patterns**

Much of the suitable land for development is owned or controlled by a few owners or developers. In these areas owners can generally dictate the extent of housing activity to be carried out on their land. They can also be more selective in dealings to ensure maximum profitability, usually diminishing or precluding affordable housing opportunities for lower income households.

**~~~** Take measures toimpact local land ownership patterns when possible.

**~~~**Support local code enforcement programs that put pressure on negligent landlords but also weigh the costs of mandated repairs.

**Costs Associated With Accessibility Compliance**

Accessible housing units can be more costly to construct and the required renovations to existing structures can be especially costly for older structures.

**~~~** Continue present policy and enforcement.

**~~~** Monitor changing regulations, realities, and technologies that affect this issue.

**Fire Protection Costs**

Due to a lack of fire protection in some rural counties, a homeowner’s insurance rates are much higher than typical urban areas thereby causing an overall increase in the cost of housing, or at least negating the usual lower monthly mortgage cost found in most rural areas.

**~~~** Consider revenue enhancements, when needed to upgrade rural fire protection.

***~~~*** Consider use of HUD program funds when eligible and feasible to address fire protections needs of rural areas which improve quality of life, safety, health, and help lower housing costs.

***~~~*** Maintain awareness of potential partner programs that might help the State address the needs of rural areas.

**Transportation Costs**

The cost of and availability of transportation to work, shopping and services is a factor that most definitely affects housing choice and affordability. Outside of urban areas, there has traditionally been very little readily available public transit in Alabama and that which is accessible has often been irregular in the times and patterns of service. As the population continues to age and as fuel consumption issues become more crucial this will be an issue that will likely impact housing opportunity more and more.

**~~~**The State continually reviews options to use programs to help address transportation costs such as strategic funding of street and road improvements, rural transit systems, and funding of local or regional studies to enhance economical rural transit.

**~~~**The state plans to pay particular attention to rural and small town options that allow elderly persons to have a more viable option of remaining in the affordable dwelling they have instead of having to move to managed care housing.

### Conclusion

While so many of the priorities that form barriers to affordable housing are essentially local practices, the State will take the steps that it can to encourage and promote this goal. The State will continue to work to upgrade its Fair Housing Law to one that is equivalent to the national law. The State will use its programs (such as the CDBG Enhancement Fund), when possible, to address factors like transportation that often hamper the cause of affordable housing.

The State will emphasize that down payment assistance programs are an option under the Community Enhancement Program as well as through the other programs indicated under the preceding Institutional/Financial Constraints section.

# HOME/American Dream Down Payment Initiative (ADDI)

1. Describe other forms of investment not described in § 92.205(b).
2. If the participating jurisdiction (PJ) will use HOME or ADDI funds for homebuyers, it must state the guidelines for resale or recapture, as required in § 92.254 of the HOME rule.
3. If the PJ will use HOME funds to refinance existing debt secured by multifamily housing that is being rehabilitated with HOME funds, it must state its refinancing guidelines required under § 92.206(b). The guidelines shall describe the conditions under which the PJ will refinance existing debt. At a minimum these guidelines must:
   1. Demonstrate that rehabilitation is the primary eligible activity and ensure that this requirement is met by establishing a minimum level of rehabilitation per unit or a required ratio between rehabilitation and refinancing.
   2. Require a review of management practices to demonstrate that disinvestments in the property has not occurred; that the long-term needs of the project can be met; and that the feasibility of serving the targeted population over an extended affordability period can be demonstrated.
   3. State whether the new investment is being made to maintain current affordable units, create additional affordable units, or both.
   4. Specify the required period of affordability, whether it is the minimum 15 years or longer.
   5. Specify whether the investment of HOME funds may be jurisdiction-wide or limited to a specific geographic area, such as a neighborhood identified in a neighborhood revitalization strategy under 24 CFR 91.215(e)(2) or a Federally designated Empowerment Zone or Enterprise Community.
   6. State that HOME funds cannot be used to refinance multifamily loans made or insured by any federal program, including CDBG.
4. If the PJ is going to receive American Dream Down payment Initiative (ADDI) funds, please complete the following narratives:
   1. Describe the planned use of the ADDI funds.
   2. Describe the PJ's plan for conducting targeted outreach to residents and tenants of public housing and manufactured housing and to other families assisted by public housing agencies, for the purposes of ensuring that the ADDI funds are used to provide down payment assistance for such residents, tenants, and families.
   3. Describe the actions to be taken to ensure the suitability of families receiving ADDI funds to undertake and maintain homeownership, such as provision of housing counseling to homebuyers.

Program Year 4 Action Plan HOME/ADDI response:

The Home/American Dream Downpayment Initiative (ADDI) Program has been discontinued.

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**HOME ACTION PLAN**

**FOR 2013 FUNDS**

**State of Alabama**

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2013 HOME Action Plan

Compliance Monitoring Procedures, Requirements and Penalty Criteria

**I. HOME INVESTMENT PARTNERSHIPS PROGRAM**

The Home Investment Partnerships Program (HOME) is a federally funded housing program established in 1990 as part of the Cranston-Gonzalez National Affordable Housing Act (the “Act”). Under guidelines from the United States Department of Housing and Urban Development (HUD), Alabama Housing Finance Authority (AHFA) is the designated administrator and designer of Alabama’s HOME Program. AHFA has specifically designed the HOME Program to meet the needs of low- and moderate-income Alabamians consistent with HUD guidelines.

**II. DEFINITIONS**

Act - the Cranston-Gonzalez National Affordable Housing Act passed in November 1990. This Act contains the provisions for the HOME Program and is further defined in 24 CFR Part 92.

Alabama Housing Finance Authority (AHFA). AHFA was designated the administrator of Alabama’s HOME Program by the Governor of the State of Alabama on February 22, 1991.

Community Housing Development Organization (CHDO). In order to qualify as a CHDO, an organization must be a non-profit organization and meet the requirements specified in 24 CFR Section 92.2. The qualifying CHDO must have staff that is experienced in developing projects of the same size, scope and level of complexity as the activities for which HOME funds are being reserved or committed. HUD defines CHDO staff as paid employees responsible for day-to-day operations (volunteers, board members, and consultants are not considered staff). The organization must recertify annually to remain an active and qualified CHDO for purposes of applying for HOME funds.

Competitive Cycles - a period of time established by AHFA during which applications for funding under Alabama’s HOME Program may be accepted.

Consolidated Plan (Plan) - a consolidated submission of the planning and application aspects of four HUD Programs, including the HOME Program. Other Plan programs are CDBG, ESG and HOPWA.

HOME Agreement - HOME Investment Partnerships Program Agreement. The HOME Agreement is an agreement executed by AHFA and the entity approved to receive an appropriation of HOME funds.

HOME Funds - funds made available under Alabama’s HOME Program through allocations and reallocations, and may consist of any repayments and interest or other return on the investment of these funds.

Participating Jurisdiction - a state or local unit of government, which has met the requirements of Section 216 of the National Affordable Housing Act and will receive a separate appropriation of HOME funds to be used within its jurisdictional boundary. The State of Alabama is considered a participating jurisdiction. The local participating jurisdictions for this state are: Anniston, Jefferson County, Birmingham, Mobile, Mobile County, Montgomery, Huntsville and Tuscaloosa.

Project - a site or an entire building or two or more buildings, together with the site or (when permissible) sites on which the building or buildings are located, that are under common ownership, management, and financing and are to be assisted with HOME funds, under a commitment by the owner, as a single undertaking. Project includes all the activities associated with the site and building.

Recipient - an individual, public agency, for-profit developer(s), CHDO, non-profit developer(s), or any entity that receives State of Alabama HOME funds.

**III. ALABAMA’S HOME PROGRAM**

AHFA has developed and implemented this HOME Action Plan for the State of Alabama in compliance with the rules set forth in Title II of the Act, the final rule published by HUD (collectively hereinafter referred to as the “HOME Regulations”). AHFA is required by the HOME Regulations to:

* + Develop selection criteria to be used in determining housing priorities for the State. The selection criteria includes ranking each project in accordance with its location, fulfillment of housing needs, project and applicant characteristics, participation of local tax-exempt organizations, and the targeting of tenant population with supportive housing needs;
  + Develop an evaluation process whereby preference is given to projects, which serve: (1) the lowest-income tenants, and (2) qualified tenants for the longest period(s); and
  + Develop compliance monitoring procedures to test for noncompliance with HOME regulations and for notifying the Housing and Urban Development (HUD) of noncompliance.

**A. Development of Selection Criteria**

AHFA has been responsible for preparing a housing needs assessment and strategy for the State of Alabama since the HOME Investment Partnerships Program was created. In 1992, AHFA prepared the first Comprehensive Housing Affordability Strategy (or CHAS) as a prerequisite for Alabama to receive millions of federal dollars for housing. Prior to submitting the CHAS to HUD, AHFA prepared an extensive list of interested relevant parties from which to gather information and mailed letters of inquiry, questionnaires and surveys to various state agencies, service providers, housing directors and individuals. Based on the information gathered, along with data from the relatively new 1990 U.S. Census, AHFA then compiled a blueprint document for creating affordable housing across the State.

Beginning in 1995, HUD abandoned the CHAS and created the Consolidated Plan; an effort to blend the four Community Planning and Development (CPD) programs - Community Development Block Grant (CDBG), Home Investment Partnerships (HOME), Emergency Shelter Grants (ESG), and Housing Opportunities for Persons with AIDS (HOPWA) - into a single submission process for the purposes of the Consolidated Plan. AHFA, as administrator of the HOME program, was deemed responsible for writing the housing portion of the new document. The Consolidated Plan provided a detailed overview of how the State planned to utilize its annual Community Planning and Development funding (Annual CPD funding for the State has been upwards of $50,000,000 in some years. For Program Year 2012, that figure had dropped to $33,617,836.) to meet economic development objectives, provide affordable housing, and address other special needs. As a contributor, AHFA offered a detailed analysis of the current status of housing in Alabama with special attention devoted to the condition of housing and housing affordability.

The early State Consolidated Plan submissions relied on figures from the 2000 U.S. Census. Once the 2010 U.S. Census became available, the State relied upon the newer figures. While Alabama, like all states, has experienced ups and downs in population, income, and other critical census-tracked data between 1990 and 2000 and between 2000 and 2010, one realization has not been altered – our State is still poor and thousands of Alabama families and households need a safe and affordable place to live. A great many unmet needs still exist and AHFA will use the limited resources available to address as many unmet needs as feasible across the State.

The Consolidated Plan, in addition to providing an overall assessment of housing needs for the State, identifies the housing needs associated with special needs groups (minorities, single-parent families, the elderly, people with disabilities, mental illness, or AIDS/HIV and homeless persons).

A demographic analysis performed for the first Consolidated Plan (and still true today) concluded “that a significant number of individuals in all parts of the state are in need of housing assistance. Those with the greatest needs are, predictably, concentrated at the lowest levels of the income hierarchy, wherein the housing cost burden is also the most severe. The largest numbers relative to housing needs are found in the state’s most populous urban and metropolitan counties, but the greatest concentration of need is observed in the rural counties located in the southern portion of the state, the Black Belt in particular.”

Additionally, the Consolidated Plan continues to be updated with historical AHFA data, including a list of HOME and Housing Credit projects placed in service and/or committed by AHFA since those programs began. The new Census data did not dramatically alter the state’s affordable housing priorities. While state HOME funds provide hundreds of traditional affordable housing units across Alabama each year, the overwhelming majority of beneficiaries have been families and, in some cases, the elderly. Meeting those needs is consistent with Consolidated Plan findings and the need for additional family units and elderly units should remain strong.

On April 27, 2011, the state of Alabama was hit by tornados, storms, straight line winds and flooding. A total of 43 counties were declared disaster areas eligible for individual assistance under the authority of the Robert T. Stafford Disaster Relief and Emergency Assistance Act. Due to the number of housing units destroyed and made uninhabitable, AHFA considered these facts when developing the selection criteria for the 2013 allocation cycle.

**B. Establishment of Housing Priorities**

This HOME Action Plan seeks to ensure that, where economically feasible, every county in Alabama regardless of population size and other factors, will have an opportunity to compete for funding to address their unmet housing needs, with the understanding that respective county stakeholders must be proactive toward a) providing additional funding sources and incentives as available, b) helping to remove regulatory and discriminatory barriers, and c) seeking experienced Housing Credit and HOME development partners to assist in creating housing development solutions for their respective communities. AHFA has established certain housing priorities to be used in the distribution of HOME funds. AHFA seeks to promote the following housing priorities (not in order of preference) in the 2013 allocation cycle:

* + Projects that add to the low-income housing stock;
  + Projects, which, without HOME funds, would not likely set aside units for low- income tenants;
  + Projects which use additional assistance through federal, state, or local subsidies; and
  + Balanced distribution of HOME funds throughout the state in terms of geographical regions, counties, and urban/rural areas.

**C. Project Selection Criteria**

AHFA is required to evaluate each application to determine which projects should receive HOME funds. Applicants must complete the following basic steps:

1. Submit a complete application to AHFA. The application package contains a checklist outlining items necessary to complete the application. The application is deemed complete if all pages are submitted on original current year forms with original signatures, legible, and all applicable spaces fully completed. All required forms/documentation (see application checklist and instructions) must be submitted with the application in original form with original signatures. The forms/documentation must be submitted in numerical order behind blue index pages (the applicant must provide) and submitted in the application package. The application should not be in a binder or spiral binding. Failure to meet any of the above instructions will result in point deductions in the Point Scoring System (see Section V (B)(1)).

Portions of the application may be required to be submitted online.

**If an application remains incomplete after notification by AHFA of the missing documents and expiration of the time allowed for submission of said items, the application will be terminated, and no further consideration will be given.**

1. Provide evidence that the project is a qualified low-income housing project for multifamily rental that meets the basic occupancy and rent restrictions required of Section 42.

Residential rental projects must be on a single site or contiguous sites. Sites *may be considered* contiguous if separated only by one neighborhood street. Single-family homes are not allowed. Mobile homes do not qualify. Intermediate care facilities, group homes, and congregate care facilities are not allowed. In addition, any residential rental unit that is part of a hospital, nursing home, sanitarium, lifecare facility, or intermediate care facility for the mentally and physically handicapped is not for use by the general public and is not eligible for HOME funds. Projects must contain no fewer than 12 units and no more than 56 units.

All residential rental units must be under common ownership, deed, financing and property management.

1. Provide evidence that the application meets AHFA market and feasibility requirements. The proposed rental project must meet AHFA’s market feasibility and analysis requirements. A market study conducted by an independent third party market analyst must, at a minimum, document the following criteria:
2. The project’s market area must be clearly defined and reasonable;
3. The supply analysis of comparable subsidized or non-subsidized developments must include, but not be limited to, vacancies, amenities and rental rates;
4. The demand analysis must convincingly demonstrate a need for the proposed type of housing;
5. The market feasibility of the proposed rent structure must demonstrate that there is a rent advantage over non-subsidized housing in the defined market area;
6. The analysis of the relationship between supply and demand must demonstrate a reasonable absorption rate; and
7. The summary of salient facts and conclusions as provided in the market study must include a statement from the professional market analyst clearly stating in the analyst’s professional opinion whether the project as proposed will be successful.

The market study must demonstrate an adequate market for the proposed units and that the proposed project would not adversely impact any existing AHFA projects or create excessive concentration of multifamily units.

AHFA will review and take into consideration the market study submitted with the application, in-house documentation collected from onsite compliance audits, market information submitted by the United States Department of Agriculture Rural Development (RD), audited financial statements, and owner submitted project budgets in order to determine the need for the proposed project. AHFA may terminate any application based on any one of the following market criteria:

1. The proposed project’s capture rate is above thirty-five percent (35%).
2. Active AHFA’s projects in the defined market area have an overall average stabilized vacancy rate of fifteen percent (15%) or above. Active is defined any AHFA project that is still in its applicable compliance period.
3. The proposed market is determined to be a questionable market or will have a clear long term negative impact on existing AHFA-funded development(s) in the same market.
4. If any information submitted in the market study is determined to be false, nonfactual or misleading.
5. Demonstrate that the project is financial feasible. The project must meet certain financial feasibility requirements. See Section II (E) (1) (iii) of this QAP.
6. Submit evidence of adequate infrastructure capacity. Calhoun, Cullman, DeKalb, Franklin, Jefferson, Lawrence, Limestone, Madison, Marion, Marshall, St. Clair, Tuscaloosa and Walker counties which were declared a Federal Disaster Area due to the tornadoes, storms and flooding on April 27, 2011, may provide evidence by a letter from the local jurisdiction that damaged infrastructure will be restored by the time the project places in service.
7. Demonstrate the likelihood of sustained 20 year affordability period with the HOME Regulations. The financial statements required in the application must demonstrate that the Owner and Management Company have the financial capacity and experience to maintain compliance with HOME Regulations throughout the compliance period.

**D. Fees**

The following fees, as applicable, must be paid by a business check or certified funds and be made payable to Alabama Housing Finance Authority. Cash or personal checks will not be accepted:

1. Application Fee: A $5,000 non-refundable fee must accompany the application. If the application fee is returned due to insufficient funds, the application will terminate. Regardless of the funding decision, the application fee is non-refundable.
2. Reservation Fee: A reservation fee based on the first year’s Housing Credit allocation will be required to be paid by applicant within 15 days of the date of the reservation letter. The reservation fee will equal a) twelve percent (12%) of the Housing Credit allocation for contiguous sites, and b) fourteen percent (14%) of the Housing Credit allocation for non-contiguous sites.
3. Extension Request Fee(s): The applicant must submit all required documentation to AHFA within specified timeframes. If applicant is unable to submit all required documentation as required, then applicant must submit: a) a request for extension using the AHFA-provided extension request form and b) payment for the extension request based on the following schedule:

Frequency of Requests Required Extension Fee

1 $1,500

2 $3,000

3 (or more) $5,000 each

1. Deviation Request Fee(s): A $500 fee will be charged for any deviation from the Design Quality Standards after the reservation for funding and through the end of construction of the project. Any request for deviation from the Design Quality Standards must be approved in writing by AHFA before work commences.
2. Change Order(s): a) A $500 fee will be charged for each AHFA-approved change order request from the original application through the extended use period. Each change will be charged separately even if multiple change requests are submitted by applicant in the same request. b) **$3,000 per occurrence will be charged for failure to notify or obtain AHFA’s approval of significant or numerous changes.** (AHFA will determine whether the change(s) is significant or numerous in its sole discretion.)
3. Cost Certification Fee: a) A $500 fee will be charged for processing the initial Cost Certification package and an additional $500 fee will be charged each time a Cost Certification package is submitted for reprocessing for any reason.
4. Compliance Fee: a) A $750 fee will be charged per low-income unit for each application awarded Housing Credits, and b) a $500 fee will be charged per low-income unit for each application awarded Housing Credits combined with HOME funds.
5. Reprocessing Fee: A $100 fee per form will be collected if AHFA is required to amend any AHFA-provided forms or IRS forms due to owner request or error.
6. Re-underwriting Fee: A $2,500 fee will be charged if the project has to be re-underwritten due to a change in the number of buildings, units, design of the project, sources and uses of funds, etc.
7. Environmental Penalty Fee: A $2,500 fee will be charged if the Phase I contracted by AHFA after the reservation of funds, indicates a finding not identified in the applicant’s Phase I submitted and requires a Phase II, the applicant will be required to pay the penalty fee and all costs associated with the Phase II report and/or additional testing.
8. Third-Party Fees: Applicant will be required to reimburse to AHFA any third party costs incurred by AHFA resulting from changes in the application which may result in additional third-party fees being incurred by AHFA, including without limitation, legal fees, architect and engineers’ fees, consultant (construction or otherwise) fees, and environmental fees, etc.

**E. Amendments**

AHFA is entitled to amend this HOME Action Plan, including compliance monitoring provisions, as required by the promulgation or amendment of HOME Regulations from time to time. Such amendment(s) are expressly permitted and the making of such amendment(s) will require a public notice.

**F. Uses of HOME Funds**

HOME funds will be allocated primarily toward the production of residential rental housing for low-income households and for other uses deemed necessary by AHFA, as long as the use is consistent with the Consolidated Plan.

A portion of the funds allocated to the State of Alabama is required to be reserved for Community Housing Development Organizations (CHDOs). Fifteen percent of HOME funds will be reserved for investments in housing developed, sponsored or owned by CHDOs. This is the percentage required by federal regulations for use by specific organizational types or activities. These HOME funds will be set aside for use by CHDOs in the form of loans for project construction and development. AHFA reserves the right in its discretion to award a sufficient number of projects to CHDO applicants, regardless of point scoring, to meet the 15% set aside of HOME funds. AHFA will make efforts to identify and assist eligible organizations in using HOME funds to meet the housing needs of the state. These organizations must meet the criteria identified by the Act and demonstrate the feasibility of their proposed endeavors. Alabama’s HOME Program will utilize loans to promote the production of affordable housing in an effort to meet the needs as identified in the State’s Plan. A general outline of the HOME Program is as follows.

Anticipated Uses of HOME Funds: AHFA estimates the following uses of 2013 HOME funds for the State of Alabama:

**USES**

Loans $ 6,588,908

CHDO Loans $ 1,317,781

Administration Fee $ 878,520

2013 HOME FUNDS ALLOCATED $ 8,785,209

**G. Loan Structure**

The structure of the loans made under Alabama’s HOME Program will be determined based upon AHFA’s assessment of the proposed project’s ability to address the needs as identified by the Plan. HOME funds to be allocated to any project will not exceed the amount, determined by AHFA, needed to make the project economically feasible. The amount, terms and rate structure will be set by AHFA. General loan guidelines are as follows and are subject to change at AHFA’s discretion:

1. Loan Terms and Repayment: HOME funds will be allocated to the approved projects in the form of a loan. The loan will bear an interest rate of 1/2% accruing annually with deferred payments for twenty years. The principal and interest will be due at the end of the 20th year. In the event of default, AHFA reserves the right to set a default rate in excess of the prevailing Prime Lending Rate applicable at the time of the default.
2. Eligible Activities: New construction of rental units.
3. Eligible Participants: For-profit developers, CHDOs, non-profit developers or any entity eligible to receive an appropriation under Title II of the Act.
4. Security: The loan may be secured by a first or subordinate mortgage on the land and the existing or proposed improvements. In addition, a collateral assignment of rents and leases will be executed in connection with the property. Additional collateral may also be required, but is subject to the discretion of AHFA based on the nature of the transaction involved.
5. Guaranty: AHFA, in its sole discretion, may require that the loan be guaranteed by an individual(s) or entity acceptable to AHFA.
6. Insurance: Appropriate insurance will be required in connection with the principal security as collateral for the loan. In addition, the applicant, developer and/or builder must evidence insurance coverage to include, but not be limited to, builder’s risk insurance, general liability insurance, and loss of rents insurance.
7. Good Standing: No loan application will be processed for any borrower or related entity which is not in good standing with AHFA and any other state housing finance authority, the Alabama Department of Economic and Community Affairs (ADECA), HUD or RD. An applicant can be denied consideration of the HOME funds under Alabama’s HOME Program if the applicant or its related parties have a history of payment delinquencies, bankruptcy, foreclosure or activities determined to be unsound or unlawful.
8. Closing Costs: The borrower is responsible for all closing costs incurred in connection with any HOME Program loan(s), inclusive of all AHFA-appointed attorney’s costs.
9. Environmental Review: Before AHFA can commit HOME funds, a Phase I Environmental Site Assessment prepared by an environmental engineer must be completed. The form and content of the report, including all findings, must be acceptable to AHFA. AHFA will approve, select and engage all environmental engineers. Environmental reviews will be conducted in accordance with the applicable HOME regulations.
10. Survey: Loans closed under Alabama’s HOME Program will require a survey of the property, which must be completed prior to closing, and contain a flood zone certification. The survey, in form and content, must be acceptable to AHFA.
11. Declaration of Land Use Restrictive Covenants: Prior to closing, applicants must execute and record a copy of the Declaration of Land Use Restrictive Covenants agreement. The terms of the agreement will require that the covenants remain in effect for the required low-income occupancy period.
12. Construction Consultant: AHFA will contract with an independent construction consultant who may: (i.) perform an up-front analysis of the construction budget to determine the reasonableness of costs as presented; (ii.) review the final plans and specifications of the project (during and upon the completion of the project) for compliance with AHFA’s Design Quality Standards, applicable local, state and federal building codes and ordinances; (iii.) review specifications and make comments and/or recommendations regarding the quality of materials to be used in connection with the project; and (iv.) review work in progress and the completed project for any material defects and quality of work.
13. Appraisal: Appraisals will be required on all loans and must adhere to applicable federal and state laws. The appraisal must be completed by an appraiser who is state-certified. AHFA will select and engage all appraisers.
14. Application Cycles: Applications for Alabama HOME funds must be made to AHFA during an application cycle. Cycles will be competitive and on a first-come, first-served basis. Funding decisions will be based upon the project selection criteria and point scoring system as detailed herein.
15. Existing HOME Loans: The full principal and accrued interest is due and payable on the maturity date specified in the projects loan documents. For projects unable to pay the full principal and accrued interest, AHFA will consider a one (1) year extension. Upon approval of an extension, an extension fee not to exceed ¼ of 1 percent of the outstanding balance including accrued interest and will require an annual excess cash flow payment. Project’s not able to pay off the HOME loan in full will not be eligible for additional funding under any AHFA administered program.

**IV. ALLOCATION PROCESS**

**A. Application Cycles**

The dates of application cycles will be determined by AHFA on an annual basis. All individuals who have requested to be on the mailing list (see Section IV (B)) will receive notification of the cycles by e-mail. Notice of the cycle will also appear in *The Birmingham News*, *The Huntsville Times*, *The Mobile Press Register* and *The Montgomery Advertiser*.

Persons wishing to apply for HOME funds must complete the AHFA HOME Funding application. Applications may be obtained online at *www.ahfa.com*. All correspondence and inquiries are to be directed to the following:

Alabama Housing Finance Authority

Attn: Multifamily Division Phone Number: (334) 244-9200

P.O. Box 242967 Fax Number: (334) 244-9214

Montgomery, Alabama 36124-2967 *www.ahfa.com*

**B. Mailing List**

AHFA maintains an e-mail distribution list for those interested in receiving notifications of application cycles and other AHFA Multifamily program activities. Visit AHFA’s website at *www.ahfa.com* to be added to the e-mail list or you may submit a written request to the address as specified in Section IV A. Changes or updates to contact information are the responsibility of the provider and should be submitted to AHFA in a timely manner.

**C. Application Threshold Requirements**

Although AHFA recognizes that each application submitted is different, certain standard requirements **must be** met by all applicants before the application can be considered. If any of the following threshold requirements

is not met, the application will terminate. The threshold requirements are:

1. Application Fee. A $5,000 non-refundable fee must accompany the application. *The fee must be in the form of a cashier’s check or bank check, i.e., certified funds (no cash or personal checks accepted). If the application fee is returned due to insufficient funds, the application will terminate. Regardless of the funding decisions, the application fee is non-refundable.*
2. Site Control. If the applicant does not already own the property for which funds are requested at the time of application, the applicant must have site control as evidenced by a purchase option. Because of regulations that impact the varying lengths of the approval process for each property, and the significant risks to the applicant of failing to do so AHFA strongly suggests that the applicant (i.) secure, at a minimum, a six-month purchase option with an option to renew for an additional six months and (ii.) obtain seller’s written agreement not to disturb the site until all environmental issues have been cleared.
3. Proper Zoning. The applicant must provide evidence that the property owned (or to be owned) is properly zoned and consistent with the proposed project’s use. AHFA does not consider the property zoned if final zoning (not plans and specifications for issuance of building permits) is contingent upon further city meetings, approvals and/or advertisement. Evidence must be in the form of a signed statement from the local jurisdiction where the property is located.
4. Market Study. The applicant must provide a market study conducted by an independent third-party market analyst with a signed Certification of Market Study Requirements Form provided by AHFA in the application package. The market study must demonstrate an adequate market for the proposed units and that the proposed units will not adversely impact any existing AHFA projects or create an excessive concentration of multifamily units or housing targeting low-income tenants. If the market study that AHFA obtains does not satisfy AHFA’s requirements, the application will terminate.
5. Certification of Consistency with the Consolidated Plan. If the proposed project is in an area that is covered by a local Consolidated Plan (see Addendum G of instructions for list), the applicant must have the certification of consistency completed by an authorized official of the participating jurisdiction. If not, the project will be governed by the State of Alabama’s Consolidated Plan, and a letter will not be required.
6. Design Quality Standards. All projects are required to meet **AHFA’s Design Quality Standards for attached new construction rental units (Addendum A) or for single-family rental homes (Addendum B).** These are minimum standards. AHFA will permit projects to exceed these standards. Each applicant may construct the proposed project in a manner that reflects applicant goals or that exceeds local building codes.
7. Flood Certification. The applicant must provide a completed FEMA Standard Flood Hazard Determination Form (FEMA Form 086-0-32) from a nationally recognized flood data service or from a licensed surveyor indicating that no portion of the property is located within the 100-year flood plain. No portions of the site may contain wetlands including any portions not considered part of the site but necessary for ingress and egress to the site.
8. Applications submitted in other Participating Jurisdictions. The applicant that submits an application in a city or county that receives HOME funds must obtain a commitment for HOME funds from applicable participating jurisdictions, equal to ½ of the HOME funds requested from AHFA. The participating jurisdictions are listed on page 2 of the HOME Action Plan. The amount of funds committed to the project must be applicable to all the proposed number of units. Applications located in Jefferson County, city of Birmingham, Tuscaloosa, city of Huntsville, and the city of Anniston will not be required to commit HOME funds to be eligible to apply for HOME funds from AHFA.
9. A Phase I Environmental Site Assessment. The applicant must provide a Phase I environmental site assessment, which must include an environmental lien search and color photos of the site. The Phase I must be addressed to the AHFA and conform to the American Society for Testing and Materials Practice Standard E-1527-05. **If the Phase I recommends that a Phase II be conducted, the application will not be considered for funding unless the applicant also submits a clean Phase II at the time of application, which indicates all issues have been cleared meaning no contamination on the site. If the Phase I contracted by AHFA after the reservation of funds, indicates a finding not identified in the applicant’s Phase I submitted and requires a Phase II, the applicant will be required to pay a $2,500 penalty fee and all costs associated with the Phase II report and/or additional testing.**
10. Architect’s Certification of Project Progress. The project’s architect must certify that all building foundations slabs or crawl space are in place on 2010 and 2011 AHFA-funded projects. AHFA funding includes HOME, Housing Credit, TCAP, Exchange and Tax-Exempt Bonds.
11. Site Location. AHFA will not consider any application (for any new construction project, or rehabilitation project that is less than 50% occupied) if the project is located within a two (2) mile radius of any project approved for AHFA funding, which were previously approved during 2010 through 2012 that have not placed in service or are less than 90% occupied.

Projects funded with Housing Credits only, Housing Credits combined with HOME funds, Exchange funds, and Tax Exempt Bonds combined with Housing Credits will be included within the 2-mile radius requirement. *Radius is defined as a straight line extending from the center of a circle to the circumference the 2-mile radius for each project must be clearly defined in the market study.*

**The following are exceptions to the 2-mile radius requirement:**

1. **Applications that contain financing through HUD’s HOPE VI, Choice Neighborhood, Replacement Housing Factor funds, Capital Fund Program funds.**

1. **Applications located in Jefferson and Tuscaloosa Counties.**

AHFA will provide reasonable assistance in determining occupancy of applicable projects, upon request. All information provided to applicants by AHFA will be based upon third party information reported to AHFA. AHFA will confirm occupancy of all applicable projects at the time of application.

AHFA’s determination of occupancy is final and binding on all applicants. AHFA is not responsible for errors or omissions in occupancy reported to AHFA.

*Note: If a project approved for AHFA funding returns its Housing Credits before the application is due and does not go forward, that project will not considered in determining the 2-mile radius requirement and must be clearly defined in the market study.*

1. Extended Low-Income Use. All projects must commit in writing to extend the Housing Credits low-income set-aside an additional five (5) years beyond the fifteen (15) year compliance period to twenty (20) years. Therefore, projects will not be allowed to enter into a Qualified Contract until after the 20th year of the extended low-income use is complete, unless approved in writing by AHFA as part of the Qualified Contract process.

**D. Negative Actions**

Should the following actions occur after the application has been submitted to

AHFA, consideration of the application will terminate:

1. Site change or alteration of any kind;
2. Change in ownership--a change in the parties involved in the ownership entity (e.g., addition of a new general partner/member or removal of an existing general partner/member);
3. Change in unit design, square footage, unit mix, number of units, number of buildings, etc. (unless changes are required by local regulatory codes);

1. Change in the general contractor;
2. Change in the management company;
3. Change in the architect;
4. Instances of excessive or flagrant non-compliance on applicant’s existing projects;
5. Any development team member (listed on page 2 of the application) who has instances of excessive or flagrant non-compliance with AHFA, Housing Credit, HOME, or Tax-Exempt Bond regulations on existing projects;
6. Any development team member (listed on page 2 of the application) who is presently debarred, suspended, proposed for debarment or suspension, declared ineligible or voluntarily excluded from any transactions or construction projects involving the use of federal funds or Housing Credits;
7. Applicant has a project with AHFA that is in foreclosure or has been foreclosed; and/or
8. Any material adverse change relating to the project or owner.
9. If the Applicant’s only project (applicant’s first project and first time ever Awarded funds by AHFA) was funded in 2010, 2011, or 2012 and that project is not complete and has not reached 90% occupancy at the time of application; and
10. Applicant (inclusive of development team partners) has any outstanding fees due to AHFA on other projects.

The above list of negative actions is not all-inclusive. The application package itself will list other necessary requirements. AHFA may terminate consideration of an application if any factual information supplied in connection with the application is fraudulent, misleading, or materially incorrect. Determination of whether information is fraudulent, misleading, or materially incorrect will be determined by AHFA in its sole discretion.

**E. Application Evaluation**

AHFA follows a competitive process by which all applicants are objectively scored according to criteria specified in the HOME Action Plan. AHFA strictly adheres to the policy and procedures of the HOME Action Plan. Efforts to influence the outcome of the application process via lobbying efforts either directly (by the applicant) or indirectly (via the efforts of third parties on the applicant’s behalf), will be futile, considered as a violation of the HOME Action Plan and will result in the termination of the application. In addition, the applicant could be subject to civil or criminal liability. Each application must stand on its own merits.

1. Process of Evaluation. Each application submitted will be subject to the following evaluations:
2. Completeness. Applications will first be examined for completeness. Should an application not be complete as defined in Section III (C) (1) of this HOME Action Plan, it will receive point deductions. If the application is still incomplete after time has been given to submit the missing or deficient items, the application will be terminated, and no further consideration will be given. AHFA will not transfer information or forms from one application file to another. AHFA will not call applicants for missing items related to scoring the application. AHFA may call applicants for clarification of any document submitted with the application.
3. Point Scoring System. Once the application is checked for completeness, the application will be further evaluated using the Point Scoring System included in Section V.
4. Financial Feasibility. Once the application is point-scored, the project will then be evaluated to determine its financial feasibility, including its viability as a qualified low-income housing project throughout the credit period. Taking into consideration that market, income and housing conditions vary greatly across the State of Alabama the financial feasibility of any application submitted may require various other funding resources to be viable in the short term to and aid in the long term sustainability of any project. Local government resources, philanthropic efforts and other funding sources are critical to help ensure that limited AHFA resources can be allocated in all areas of the state where unmet housing needs still exist. Applications that are not financially feasible at the time of submission because additional sources of funds are necessary will not be considered for funding.

AHFA will require a minimum debt service coverage ratio of 1.20:1 for HOME development debt financing that would foreseeably result in foreclosure if not repaid. For purposes of this standard, debt service coverage is defined as the ratio of a property’s net operating income (rental income less operating expenses and reserve payments) to forecloseable, currently amortizing debt service obligations. AHFA will determine the allowable operating expense based on historic and current HOME and Housing Credit properties’ financial statements.

AHFA will require the project to establish and maintain throughout the extended- use period a minimum operating reserve. The operating reserve will be an amount equal to six months of the projected first-year operating expenses plus three months debt service.

AHFA will require the project to establish and maintain throughout the extended use period a minimum replacement reserve account of a) $250 per unit annually for new construction projects for the elderly, b) $300 per unit annually for all other projects.

AHFA’s determination of the appropriate amount of HOME funds is not a representation or warranty as to the financial feasibility of such project, and may not be relied upon as such by the applicant, owner, developer, investor, lender or any other person.

Project feasibility: At a minimum, AHFA determines that a project is financially feasible based on the following criteria: a) the extent to which the project’s sources of funds equals the project uses of funds; b) the extent to which any proposed developer fee deferral can be paid within the time frame allowed by the Internal Revenue Service; c) the reasonableness of total project costs, inclusive of AHFA predetermined hard and soft cost standards; and d) the repayment terms (including interest rate, total debt and loan term) for all proposed debt (hard and soft) in connection with the proposed project.

Additional Underwriting Criteria and assumptions that are market driven such as interest rates, housing credit pricing, and project operating expenses will be released and discussed at AHFA’s HOME/Housing Credit Application Workshop. The training will be held prior to the application cycle.

1. Credit Worthiness. AHFA will perform credit investigations of the individual(s) and trade reports of businesses involved in the development and operation of the project. The applicant must provide sufficient documentation to obtain the required credit reports. If these reports prove to be less than satisfactory, including but not limited to the finding of federal tax liens the application may be terminated.
2. Reasonableness of Project Costs. Any line item costs, square footage costs or total unit costs exceeding a range of reasonableness will possibly be disallowed solely at the discretion of AHFA. Additional information and documentation (verified by AHFA and/or AHFA’s designee) may be required to substantiate the reasonableness of the cost. Any allocation made will be determined using AHFA’s assessment of cost. Any allocation of HOME funds made cannot exceed the HUD 221(d)(3) limits. A list of applicable limits can be provided by AHFA.

AHFA reserves the right to request certification or verification in a form acceptable to AHFA of any line item cost at any time between the application cycle and final allocation of the HOME funds. When the project is placed in service, AHFA requires the final cost certification to be made by an independent Certified Public Accountant.

1. Frequency of Evaluation. Applications will be evaluated at least two times:

* At submission; and,
* Before the closing of the HOME loan.

**F. Developer and Builder Fees**

1. Developer Fee. The developer fee, which includes the developer’s overhead and profit plus consultant fees and the owner’s profit, should not exceed 15% of the total project costs (excluding the developer fee).
2. Builder Fee. The builder fee, which includes builder profit and overhead, should not exceed 8% of the construction costs, excluding the fee. General requirements must be cost-certified and, as a general rule, should not exceed 6% of the total construction costs. Items included in general requirements will be consistent with HUD and RD regulations.
3. Identity of Interest. AHFA requires that the applicant identify the existence of an identity of interest with any other party to the project including the sale of real estate. “Identity of Interest” is defined below in Section IV (G) of the HOME Action Plan.

**G. HOME Funds Allocations**

No related entities, principals or individuals shall be allocated HOME funds in excess of 20% of the state’s 2013 HOME fund allocation. Regardless of the percentage ownership in a project, 100% of the project’s HOME fund allocation will count towards all caps.

**The intent of the HOME Cap is to promote fair and objective administration of the HOME program by ensuring that no single applicant can receive an excessive share of the available HOME funds in any application cycle. Parties that have an identity of interest are presumed to be sufficiently related for them to be treated as a single applicant for purposes of the Cap. As described below, AHFA may in its discretion identify other parties whose relationship is sufficiently close to cause them to be treated as a single applicant for purposes of the Cap. A significant factor in AHFA’s evaluation will be whether, based on the facts and circumstances, a primary purpose of a party’s involvement in a project appears to be avoidance of the Cap.**

For purposes of this paragraph, the following relationships constitute an identity of interest for purposes of identifying related parties in order to apply the Cap:

1. Individual persons are considered related to each other (i.) if they have any of the following direct relationships: parent, child, , spouse, son-in-law, daughter-in-law, father-in-law, and mother-in-law , including any such direct relationship created by marriage, remarriage, adoption, or any other legally recognized status, or (ii.) if one individual is an employer, by common law or otherwise, of the other.
2. Entities are considered related to each other (i.) if any director, shareholder, partner, member, or any other type of owner of any entity would be considered a related individual (under item 1. above) to any director, shareholder, partner, member, or any other type of owner of another entity, (ii.) if the entity has the ability to control another entity, or (iii.) if the entity owns a material interest in another entity. An entity will be presumed to control another entity if it has a percentage of ownership in the other entity or the ability to appoint a percentage of the members of the other entity’s governing body (i.e., board of directors, board of trustees, partners, managers, etc.) that would permit it to control the other entity either by operation of law or by agreement. A material interest means any ownership interest in excess of 20% of the stock, partnership interests, membership interests, or other forms of ownership of any entity; provided, however, that ownership interests held by Housing Credit investors, Housing Credit syndicators or special administrative partners or members shall be disregarded for purposes of 20% test.
3. Without limiting the above, a trust will be considered related to an individual or entity if any trustee, trustor, grantor, settlor, beneficiary, permissible distributee, any person or entity serving a role similar to the foregoing, or any person holding power of appointment (general or limited) over trust property would be considered related to the individual or entity under items 1. or 2. above.
4. Any other relationship which, while not specifically listed above, is determined to constitute an identity of interest because it is a relationship at least as close as an identity of interest described above or because it would permit an allocation that violates the intent of the ceiling.

**H. Notification of Approval**

Applicants may be notified of AHFA’s funding decisions by the AHFA website, email notification, a letter of non-selection, or a commitment letter. Applicant’ approved for funding will be issued a HOME Commitment Letter (Commitment). The Commitment will outline actions by which owners, if they accept the terms, must abide. Failure to abide by the terms of the Commitment without AHFA’s written consent will terminate such Commitment. Any applicants that are not selected for funding may schedule a conference call or meeting with AHFA to discuss the reasons their application was not selected for funding. The call or meeting must be scheduled and held within six weeks of the date of the notification letter from AHFA.

**I. Progress Requirements After Commitment**

From the date of the Commitment, the applicant has the outlined time constraints in which to obtain the following items. All deadlines outlined in the Commitment will be enforced. Requests for extensions must be submitted on the AHFA-provided forms found at [*www.ahfa.com*](http://www.ahfa.com). The required fee assessments can be found in Section (III)(D) of the HOME Action Plan. Failure to comply with any one of the deadlines and/or providing incomplete or unacceptable content of the required document(s) may cause the

commitment to be automatically terminated:

1. Within 15 days of the date of the Commitment, the applicant must:
   1. Provide the executed HOME Commitment acknowledging acceptance of the terms and conditions.
   2. Provide the executed HOME Partnership Agreement acknowledging acceptance of the terms and conditions.
   3. Provide the Management Plan (available on AHFA’s website *www.ahfa.com*)
   4. Provide the Tenant Lease Agreement with the HOME Lease Addendum.
   5. Provide the Affirmative Fair Housing Marketing Plan (available on AHFA’s website *www.ahfa.com*).
2. Within 105 days of the date of the Commitment Letter, the applicant must:
3. Provide sealed plans and specifications from the architect.
4. Provide a site-specific soils report.
5. Provide an ALTA/ACSM Certified Survey.
6. Provide standard AIA form of agreement between owner and architect.
7. Within 135 days of the date of the Commitment Letter, the applicant must:
8. Provide certified organizational documents.
9. Provide construction cost estimate summary.
10. Provide detailed construction schedule.
11. Provide standard form of agreement between owner and contractor (AIA form).
12. Within 165 days of the date of the Commitment Letter, the applicant must:
13. Provide a copy of lender’s executed construction note or agreement.
14. Take full possession of the site as evidenced by recorded warranty deed.
15. Provide original recorded Declaration of Land use Restrictive Covenants.
16. Provide a copy of the building permit.
17. Provide proof of construction commencement evidenced by copy of Owner’s Notice to Proceed to project’s General Contractor (AHFA form).
18. Provide Recertification of Real Property Acquisition Form.
19. Provide Title Insurance Policy.
20. Owner must provide and maintain a written Capital Maintenance Plan (CMP) for the project. See Attachment K of the Application Instructions or Addendum F of the HOME Commitment.
21. Within 90 days after the project is placed in service, the owner must provide AHFA with the Actual Cost Certification package.

**Construction on the project cannot begin until a pre-construction conference has been held with AHFA.**

**J. Negative Action After Commitment.**

Should the following actions occur, the Commitment of HOME funds may be terminated:

1. Site change--a change from the original site location will not be allowed under any circumstances. Any change in the site configuration or size from what was originally proposed in the application must have prior written consent from AHFA;
2. Change in ownership--a change in the parties involved in the ownership entity (e.g., addition of a new general partner**/**member or removal of an existing general partner**/**member) without prior written consent of AHFA. Examples of situations in which consideration may be given for a change in ownership include, but are not limited to: death or bankruptcy. Any person or entity, including syndicators, that attempts to circumvent this requirement, may be subject to debarment from all AHFA programs;
3. Change in syndication structure--a change in the role of the syndicator or in the distribution of funds/allocation to others through syndication as stated in the application without prior written consent of AHFA;
4. Change in unit design, square footage, unit mix, number of units, number of buildings, etc. (unless changes are required by local regulatory codes);
5. Change in the general contractor without prior written consent of AHFA;
6. Change in the management company without prior written consent of AHFA;
7. Change in the architect without prior written consent of AHFA;
8. Instances of excessive or flagrant non-compliance on applicant’s existing projects;
9. Any development team member (listed in the application) who has instances of excessive or flagrant non-compliance with AHFA, Housing Credit, HOME, or Tax-Exempt regulations on existing projects;
10. Any development team member (listed in the application) who is presently debarred, suspended, proposed for debarment or suspension, declared ineligible or voluntarily excluded from any transactions or construction projects involving the use of federal funds or Housing Credits;
11. Applicant has a project with AHFA that is in foreclosure or has been foreclosed; and/or
12. Any material adverse change relating to the project or owner.
13. Any AHFA fee is not paid when due or is returned due to insufficient funds.

The above list of negative actions is not all-inclusive. The Commitment letter itself will list other necessary requirements. AHFA may terminate the Commitment if any factual information supplied in connection with the project is fraudulent, misleading, or materially incorrect. Determination of whether information is fraudulent, misleading, or materially incorrect will be determined by AHFA in its sole discretion.

**K. Change in or Denial of HOME Allocation**

The evaluations listed in Section IV (E)(2) of the HOME Action Plan may result in a possible change in the amount of HOME funds allocated to a project or denial of the total allocation altogether due, but not limited to, one of the following reasons:

1. Information in the application submitted is determined to be incorrect or fraudulent;
2. Conditions in the Commitment Letter are not met;
3. Changes in the actual cost of the project;
4. Applicant obtains additional subsidies or financing other than those disclosed in the application; and/or
5. Applicant’s failure to notify AHFA promptly of any material or adverse changes in the original application. Material or adverse changes include, but are not limited to, applicant’s loss of site control, rights of way, ingress and egress, adverse change in the financial condition of the applicant, and applicant’s inability to perform tasks proposed in the application by the deadline set by the applicant and further set or agreed to by AHFA.

**L. Disclosure**

AHFA will attempt to request all information necessary to make informed decisions regarding HOME allocations. Therefore, it is in the best interest of everyone concerned with the process to disclose completely and accurately all information regarding each proposed project. AHFA acknowledges that errors and misjudgment sometimes occur and simply requests that the applicants notify AHFA of any errors that may occur upon discovery.

**V. POINT SCORING SYSTEM**

Through the point scoring system, AHFA will award points to projects that best meet the identified housing priorities for the State.

The point scoring system will rank each project in two sections (Points Gained and Points Lost). The ranking of the project will be determined by taking the Points Gained section and deducting the Points Lost section to get an overall project score. The point scoring system will largely determine which projects should be funded.

AHFA has established a housing priority of balanced distribution of HOME funds throughout the state in terms of geographical regions, counties, urban, and rural areas. AHFA will achieve this priority by allocating HOME funds in the following manner:

* In all circumstances, only one new construction project targeting the family population will be selected for funding per county.
* In all circumstances, only one new construction project targeting the elderly population will be selected for funding per county.

**Tier 1 Funding Selection Procedures:**

1. The highest scoring project per county with ownership by an AHFA-approved CHDO will be funded until the regulatory 15% CHDO set-aside has been met.
2. The highest scoring HOME project per county will be funded (counties already funded by CHDO applicants will not be funded) until all HOME funds have been allocated. **During Tier 1 funding selection, projects in Jefferson and Tuscaloosa Counties will not be subject to the limit of one per county, and up to two projects may be funded in each of those counties.**

All projects must score a minimum of 80 points to be considered for funding in Tier 1.

If AHFA has not allocated all HOME funds, AHFA will allocate them in the following manner:

**Tier 2 Funding Selection Procedures:**

The highest-scoring new construction project per county will be selected for

funding subject to the following restrictions:

* New construction projects must target a different population (elderly versus family) than a project that was previously selected for funding in the same county.

**Projects located in Jefferson and Tuscaloosa counties will be exempt from the different population (elderly versus family) in the Tier 2 funding selection.**

In all circumstances, AHFA will not fund more than one project in a county unless there is a market for more than one project in that county.

**Projects with a net score of less than 50 points (Points Gained less Points Lost) will not be considered for funding based on project score.**

*Regardless of strict numerical ranking, the scoring does not operate to vest in an applicant or project any right to a reservation or commitment of HOME funds in any amount. AHFA will, in all instances, reserve and commit HOME funds consistent with sound and reasonable judgment, prudent business practices and the exercise of its inherent discretion.*

*In the event of a tie between two or more applications the projects will be ranked in the following order to break the tie:*

1. *In the event there is a tie in scoring among two or more applications, funding priority will be given: first, to any county that has been designated as an AHFA disaster priority (Jefferson, Tuscaloosa, St. Clair, Franklin, Marion, Limestone, DeKalb, Lawrence, Madison, Cullman, Marshall, Calhoun and Walker) and second, to the application located in a county that has not received a recommendation for funding.*
2. *If a tie(s) still remains, then a funding recommendation will be made for the application that has the least amount of aggregate participation by any one owner. Aggregate participation is defined as the total of all Housing and HOME/Housing Credit applications recommended for funding in the current application cycle.*
3. *If a tie(s) still remains, funding priority will be given to the application which is deemed to be the most favorable based on all of the following site criteria as sequenced:*
4. *The application containing no Negative Neighborhood Service(s) as defined in the AHFA application instructions will receive a recommendation for funding.*
5. *The application which scored the maximum number of points on Neighborhood Characteristics (Services as defined in the application instructions) will receive a recommendation for funding.*
6. *Funding recommendation will be made for the application which is located the furthest away from any other AHFA, USDA or PHA multifamily rental developments. (If the proposed project is a second phase of an existing AHFA-funded project, the first phase will not count when determining the nearness of other subsidized housing.)*
7. *If a tie(s) still remains, funding priority will be given to the application based on owner performance criteria in the order as sequenced:*
8. *The owner who has not had a repeat audit performed in the prior calendar year and does not have a repeat audit scheduled on any existing AHFA-funded project.*
9. *The owner who has not requested a third extension on any 2012 AHFA-funded project.*
10. *The owner who has not returned their full allocation of AHFA HOME funds or Housing Credits in the prior calendar year through the date of allocation of 2013 funds.*
11. *The owner that has the most amount of additional long-term subsidy per unit. Long- term subsidy is defined in Section III(A)(1)(iii) Rent Affordability of the QAP.*
12. *If a tie(s) still remains, the owner that requested the least amount of Housing Credits per unit. The amount is to be calculated prior to the QCT increase in basis.*
13. *If a tie(s) still remains, priority for funding will be given to the project which is located in a Qualified Census Tract and is supported by its respective governmental entities approved Revitalization plan.*
14. *If a tie(s) still remains, funding priority will be given to the application and project that is intended for eventual tenant ownership. The project must consist of single-family homes, duplexes, or townhomes to be eligible. The applicant must complete the AHFA-provided Homeownership Conversion Proposal and provide a plot plan in form and content acceptable to AHFA*
15. *If a tie(s) still remains, AHFA will fund the project that has the earliest submission date as evidenced by the time and date stamped by AHFA. Applications that are submitted by 11:00 a.m. on the first day of the application cycle will be entered into a drawing. The drawing will be held as soon as practical in AHFA’s boardroom that same day to determine the order of funding in the event of a tie. An impartial person will be selected to draw. The drawing will be open to the public and the results will be posted on AHFA’s website.*

*AHFA reserves the right to deny a HOME funds reservation to any applicant or project, regardless of that applicant’s point ranking if, in AHFA’s sole determination, the applicant’s proposed project is not financially feasible or viable. Additionally, AHFA may recommend that a HOME commitment be awarded out of the ranking order established by the points earned, based on the amount of HOME funds needed relative to the amount of funding available or the financial feasibility and /or viability of the project.*

***Under this 2013 HOME Action Plan, HOME funds will be awarded for new construction only.***

***In addition, HOME funds will be awarded only in combination with Housing Credits. Therefore, for purposes of consistency in scoring, the scoring system set forth below for HOME funds is identical (except for points awarded for rehabilitation of existing buildings) to the scoring system being utilized by AHFA for Housing Credits.***

**A. POINTS GAINED**

**1.) Project Characteristics (Maximum 74 Points)**

(i.) Type of Construction (Maximum 33 Points)

(a.) A maximum of 25 points will be given to projects which provide extra unit/project amenities. Refer to the application for distinction between an *extra* amenity and a *required* amenity.

Points will be awarded for providing the following amenities.

Only the amenities listed below will be eligible for points.

*4 Points*

* Clubhouse/Community Building *(must contain at a minimum a kitchen, community meeting room, and restrooms to qualify for points)(a community laundry must be included if not provide a washer/dryer in each unit to qualify for points.)*
* Washer/Dryer provided in each unit (3-7 cu. ft. capacity)
* Security Package *(Must include cameras, alarms and lighting)*
* Storm Shelter *(Must meet the International Code Council National Storm Shelter Association Standard for the Design and Construction of Storm Shelters (ICC-500 August 2008) Standards)*

*3 Points*

* Playground *(Must provide commercial grade playground equipment with a minimum of three (3) play activities.)*
* Computer center (two or more computers with printer and internet access)
* Splash Center
* Exercise/Fitness room with equipment *(Must provide a minimum of three (3) separate types of commercial grade exercise/fitness equipment with adequate floor space to qualify for points.)*
* Covered bus stop shelter *(Must be separate/independent of the mail kiosk unless location allows for proper access of bus to pick-up and drop off.)*
* Gazebo

*2 Points*

* Community TV with cable *(minimum of 42 inch TV)*
* Basketball court *(break-away rim and shatter proof backboard)*
* Picnic area with grills
* Storm doors
* Provide wireless internet service in clubhouse/community building
* Walking Trail *with Benches (5’ wide concrete and mininmum of ¼ of a mile long)(must be separate of required sidewalks)*
* Emergency Pull Cord/Call Button

*New Construction Projects* ***(Maximum of 8 Points)***

(b.) 4 points will be given for storm windows and insulated exterior doors or thermal break insulated windows or extruded vinyl and insulated exterior doors. Windows must be Energy Star Rated.

(c.) 4 points for full brick/cementitious siding, stucco, or concrete

masonry unit (CMU) products (no EIFS is acceptable).

**Multifamily units** *(two or more units in a building)*

A minimum of 40% of each building, defined as the exterior façade from finished grade elevation to eave line, shall be brick. The remaining 40% can be cementitious siding, stucco, or CMU products. The CMU products must be decorative, textured, patterned, color core, or painted. All entry areas into the apartment including covered breezeways, porches, balconies, and patios must have brick, cementitious siding, stucco, or CMU to be considered full brick.

**Single-family units** *(single unit/detached building)*

A minimum of 50% of the building, defined as the exterior façade from finished grade elevation to eave line, shall be brick.

Each exterior wall must contain brick up to the bottom of the first floor windows on a two-story unit or the window sill of a one-story unit. The remaining 50% can be cementitious siding, stucco, or CMU products. The CMU products must be decorative, textured, patterned, color core, or painted.

(ii) Energy Conservation and Healthy Living Environment

(Maximum of 8 points)

(a.) 4 points will be given for ARI-rated furnace (90% AFUE), or heat pump (HSPF 7.8 for both HP 1.5 ton units and HP 2.0 ton units).

(b.) 4 points will be given for the kitchen range hood ventilation to be vented to the exterior and equipped with a damper.

(c.) 4 points will be given for high efficiency water heaters (30 gal=0.94; 40 gal= 0.93 EF, 50-gal= 0.92 EF).

(d.) 4 points will be given for the use of Energy Star rated “cool roof” shingles.

(iii.) Rent Affordability (Maximum 4 Points)

A maximum of 4 points will be given to projects, which have a commitment for additional subsidies from the Federal Home Loan Bank for Affordable Housing Program (AHP) funds (AHP funds must be in the form of a grant from Federal Home Loan Bank), HOPE VI funds, HOME funds (AHFA’s HOME funds do not qualify), USDA Rural Development 515 funds, CDBG, CDBG Disaster Funds, Neighborhood Stabilization Program funds, Capital Fund Program Grant, Replacement Housing Factor Fund Grant, CHOICE Neighborhood funds, Promised Neighborhood fund, and HUD’s Economic Development Initiative program funds funded through the Community Development funds. The commitment must be a fully executed firm commitment from the applicable entity that will be granting the funds to project.

Any additional subsidies that will be loaned (required repayment) or granted to the project, at least 50% of the total amount of funds committed for points must be a permanent source of funds.

4 points - $10,001 + per unit

3 points - $6,001 - 10,000 per unit

2 points - $4,000 – 6,000 per unit

(iv.) Tenant Needs (Maximum 2 Points)

(a.) 1 point will be given to projects with 100% of the units in the project designed, equipped and set-aside for elderly.

(b.) 1 point will be given to projects targeting low-income families (individuals with children) with a minimum of 15% of the units having three or more bedrooms. **(If an applicant chooses 100% elderly, the applicant *will not* receive points for three or more bedrooms.**

(c.) 1 point will be given to projects which have committed in writing to target households on the public housing waiting list.

(v.) Readiness Issues (Maximum 5 Points)

5 points will be given to applicants with evidence of attendance at the AHFA-sponsored HOME/Housing Credit Training Seminar. The attendant must be a member of the development team listed in the application. For applicants that have not closed an AHFA HOME loan and/or received IRS Form 8609 from AHFA on a prior project, the Seminar attendee must be the owner, an officer or a principal of the ownership entity in the proposed application in order for the applicant to qualify for the points.

(vi.) Location (Maximum 22 Points)

(a.) Points Gained for Site Selection

Sites Located in Disaster Counties (Maximum 2 Points)

Points will be awarded for the following counties that lost the greatest number of housing units due to the tornados, storms and flooding on April 27, 2011. *(Not all counties that were federally declared Disaster Areas are eligible for these points.)*

Calhoun Cullman DeKalb Franklin

Jefferson Lawrence Limestone Madison

Marion Marshall St. Clair Tuscaloosa

Walker

Neighborhood Characteristics (Maximum 20 Points)

Points will be awarded for the following services located within the specified distance of the site. Distance will be measured by odometer from the automobile entrance of the proposed project site to the closest automobile entrance to the parking lot of the applicable service. Points will only be awarded for the services listed below. (Neighborhood Services defined in the Application Instructions)

4 points (<1 mile)

3 points (1>2 miles)

2 points (2>3 miles)

Grocery Store Hospital/Doctor Office Pharmacy/Drug Store

Convenience Store

Bank/Credit Union

(b.) Points Deducted for Site Selection

(1.) Negative Neighborhood Services (No Maximum)

(There **is not a limit** on the amount of points that can be deducted for negative neighborhood services.)

5 points **each** will be deducted if any of the following incompatible uses are adjacent to the site. *Adjacent is defined as nearby, but not necessarily touching. (The following list is not all inclusive.)* (Negative Neighborhood Services defined in the Application Instructions)

Junk yard/dump Pig/chicken farm

Salvage yard Processing plants

Wastewater treatment facility Industrial

Distribution facilities Airports

Electrical utility Substations Prisons/Jail

Railroads Adult video/theater

Solid waste disposal

2 points **each** will be deducted if any of the following incompatible uses listed are within ½ mile of the site. (The list is not all inclusive).

Junk yard/dump Pig/chicken farm

Salvage yard Processing plants

Wastewater treatment facility Airports

Prisons Solid waste disposal

(2.) Accessibility (Maximum 2 points Deducted**)**

2 points will be deducted if the condition of the streets and sidewalks are unsatisfactory. The width of the streets and the difficulty of access to the proposed site will be taken into consideration.

**2.) Applicant Characteristics (Maximum 28 Points)**

(i.) 5 points will be given to applicants with participation of minorities or women. To qualify for the points for participation of minorities or women, the application must meet one of the following requirements:

* Minorities or women have ownership in the project;
* Minority- or women-owned business or individual(s) is/are listed as the developer on page 2 of the application;
* Applicant/Owner guarantees at least 10% of the total building cost (line 19 of the Estimated Cost Certification) is awarded to minority- or women-owned businesses.

*In all cases, the minority or female individual(s) must have at least a 50% ownership interest as the project’s general partner or 50% ownership interest in the participating business to qualify for the points. These businesses include, but are not limited to, real estate firms, construction firms, appraisal firms, management firms, financial institutions, investment banking firms, underwriters, accountants, and providers of legal services****. The name and address of the company and the anticipated contract amount must be listed at the time of application on the form provided by AHFA in the application package in order to receive the points.***

(ii.) A maximum of 10 points will be given to owners (individual(s), corporation(s), or in the case of a limited partnership, the general partner(s)) who have previous successful experience in the development of multifamily housing. Mobile home developments, hospitals, sanitariums, life care facilities, or intermediate care facilities **are not** considered multifamily housing for purposes of qualifying for points. The owner may include experience gained as an owner in another firm, but not as an *employee* of another firm. Applicants with less than five (5) calendar years of combined experience in developing (and owning) Housing Credit or HOME properties in Alabama must agree to allow AHFA to perform on-site physical inspections of applicant’s existing properties, prior to scoring the applicant’s application, based on a selection process determined by AHFA. The selection will be made based on applicant’s Schedule of Real Estate Owned, which is to be submitted at the time of application. All costs related to the AHFA-required inspections shall be at the expense of applicant and shall be received by AHFA before the inspection. AHFA may terminate applicant’s application if, at a minimum, any projects inspected have construction deficiencies, health and safety violations, uninhabitable, non-rent ready units or federal housing standard violations. Applicants must **currently own** the properties listed for development points.

10 points (1000+ units or 10+ projects)

9 points (900 - 999 units or 9 projects)

8 points (800 - 899 units or 8 projects)

7 points (700 - 799 units or 7 projects)

6 points (600 - 699 units or 6 projects)

5 points (500 - 599 units or 5 projects)

4 points (400 - 499 units or 4 projects)

3 points (300 - 399 units or 3 projects)

2 points (200 - 299 units or 2 projects)

1 point (100 - 199 units or 1 project)

(iii.) A maximum of 10 points will be given to applicants with sound experience as managing agents of **low-income** housing. This experience is defined by the highest number of units currently managed. Only those units in projects that are considered low-income units will be counted in this total.

10 points (1000+ units or 10+ projects)

9 points (900 - 999 units or 9 projects)

8 points (800 - 899 units or 8 projects)

7 points (700 - 799 units or 7 projects)

6 points (600 - 699 units or 6 projects)

5 points (500 - 599 units or 5 projects)

4 points (400 - 499 units or 4 projects)

3 points (300 - 399 units or 3 projects)

2 points (200 - 299 units or 2 projects)

1 point (100 - 199 units or 1 project)

(iv.) A maximum of 3 points will be given to applicants that have been awarded Housing Credits or HOME funds from AHFA in year 2000 or later. The applicant must have received IRS form 8609 or have closed the HOME loan and be in compliance at the time of allocation to qualify for the points. Applicants must **currently own** the properties listed for development points:

3 points (300+ units or 3+ projects)

2 points (200-299 units or 2 projects)

1 point (100-199 units or 1 project)

**B. POINTS LOST**

1. Incomplete Application (No Maximum Points Lost)

**If threshold documentation is missing or a threshold requirement is not met at the time AHFA receives the application, the application will no longer be considered. AHFA may request a clarification of a threshold requirement and determine if the application is complete at AHFA’s discretion.**

One (1) point per missing and/or incomplete document will be deducted from an applicant’s score if AHFA, during the completeness check or any time during the evaluation of the application, must notify the applicant of any document(s), which must be submitted. If the documents are not received by the specified time, the application will no longer be considered.

There are certain third-party required documents that require additional time to obtain. They are listed below to allow time for obtaining the documents prior to the date of application submission. This list is not all inclusive (all required documents will be listed in the application checklist and instructions):

* Dated and executed organizational documents
* Construction and permanent financing commitments
* Utility letters for electricity, water, sewage, telephone and gas.

AHFA will not transfer information or forms from one application file to another. AHFA will not call applicants for missing items related to scoring the application.

1. Davis Bacon Requirements (Loss of 10 Points)

10 points will be deducted if the applicant has not met one of the following Davis-Bacon requirements on any existing project.

* No response on outstanding issues for over 6 months;
* The general contractor is unable to submit payrolls, causing an escrow account to be established;
* Outstanding issues remain over 2 years from the date of the notice to proceed;
* Failure to provide AHFA the Section 3 report on the required date; or
* Failure to provide AHFA the HUD 2516 report on the required date.

1. Financial Structure (Loss of 10 Points)

10 points will be deducted if there is a change in the financial structure without AHFA’s prior written approval. AHFA must be notified within 30 days of any change in financing structure from what was disclosed in the original application. For example, changes in any amount of the first mortgage and any additional fund such as AHP, HUD funds, any other soft debt, or a change in equity price. AHFA must be notified not less than 60 days prior to any increase or decrease of rents. This requirement only pertains to projects that have been funded but have not closed AHFA’s HOME loan and/or have been issued the project’s IRS Form 8609’s.

1. Compliance (Maximum of 20 Points Loss)

AHFA’s compliance requirements are outlined in **(Addendum D) Compliance Monitoring Procedures, Requirements and Penalty Criteria.**

**VI. ADMINISTRATIVE OVERVIEW**

**A. Alabama Housing Finance Authority (AHFA)**

AHFA is a public corporation and instrumentality of the State of Alabama, organized pursuant to the provisions of Title 24 Chapter 1A of the Code of Alabama, as revised. AHFA was established as the housing finance entity for the State in 1980. Since its inception, AHFA has issued mortgage revenue bonds in excess of $2.6 billion for the financing of more than 48,000 single-family homes, and nearly $849 million in multifamily bonds for the production of some 110 complexes. Additionally, AHFA has issued nearly $136 million in Housing Credits to fund 705 projects with 30,000 units and over $ 219 million in HOME funds to construct 222 projects with 8,531 units.

Currently, AHFA has an experienced staff of employees with many having 10-20 years of commercial banking, mortgage banking or accounting experience. AHFA staff includes experienced commercial real estate and construction lenders, mortgage bankers, accountants and support personnel. The multifamily staff, responsible for the HOME Program, has experience in dealing with other federal programs, which include the Housing Credit and Multifamily Bond Financing Programs. The single-family staff administers a number of programs including the Mortgage Revenue Bond program, the Mortgage Credit Certificate program, the Down Payment Assistance program, the Step Up program, the Rural Alabama Mortgage program, the Building Blocks to Homeownership program, and the Habitat for Humanity Loan Purchase program.

AHFA has the necessary computer hardware and software programs required to properly administer and service loan transactions in connection with the HOME Program. Hardware components consist of a personal computer local area network with multiple large-capacity file servers with the capacity to run mortgage loan servicing software packages.

**B. Administrative Policies and Procedures**

AHFA’s administration of the HOME program includes, but is not limited to, the following functions: accounting, loan processing, loan servicing, administration, compliance, investments, and disbursement of funds. AHFA will be compensated for any and all expenses incurred in performance of its duties (inclusive of those duties for which AHFA may subcontract) through draws from available administrative funds in the HOME account.

The State of Alabama, as a Participating Jurisdiction, is responsible for ensuring that HOME funds are used in accordance with all program requirements. AHFA, acting in its capacity as Administrator of the State of Alabama’s HOME program, AHFA’s Board of Directors, officers, employees and agents will not be held responsible or liable for losses incurred from claims, suits, damages, and costs and expenses of any kind or of any nature that the HOME program may suffer, incur or pay arising out of decisions by AHFA concerning any application, loan decision(s), or action(s) associated with the administration of the HOME Program unless said responsibility or liability is specifically contained within the Act.

1. HOME Disbursement Accounts

Two accounts have been established to administer Alabama’s HOME Program. The first account, the HOME Investment Trust Fund, is established in the United States Treasury and managed through HUD’s Integrated Disbursement and Information System (IDIS). The second, Alabama’s HOME Account, is established and utilized by AHFA as a deposit and disbursement account of HOME funds. HOME funds from the federal government, interest earnings and repaid principal will be deposited and disbursed from this account. All HOME related funds in this account will be kept separate from other accounts maintained by AHFA. AHFA may establish other administrative accounts, which are allowed under Title II of the Act.

Once a project has been approved for funding, and all of the conditions required to be satisfied prior to the execution of the HOME Agreement have been satisfied, an account for said project will be established in IDIS. Requests for HOME funds will be made to the IDIS by AHFA or its designee.

1. Administrative Duties
2. Audits and Reviews:

AHFA, as administrator, may conduct reviews and audits of recipients as may be necessary or appropriate to determine compliance with the rules and regulations of Title II of the National Affordable Housing Act. An accounting firm chosen by AHFA will conduct required external audits of Alabama’s HOME program.

1. Monitoring:

AHFA will monitor each designated recipient of HOME funds for compliance with occupancy and use restrictions. The scope and frequency of monitoring activities will meet or exceed the minimum requirements of the specific program as outlined in the Act or regulations. See Compliance Section VII.

Recipients of HOME funds must comply with the reporting requirements as defined in 24 CFR Section 92.508 and are responsible for providing AHFA with the information necessary to complete the annual reporting requirements. Recipients must report all instances of non-compliance to AHFA at P.O. Box 230909, Montgomery, AL 36123-0909 and the HUD office in Birmingham, Medical Forum Building, 950 22nd Street North, Suite 900, Birmingham, AL 35203.

**VII. COMPLIANCE**

**A. Minority and Women’s Business Outreach**

As required in Section 281 of the HOME Investment Partnerships Act, AHFA will work to involve minority and women’s business enterprises whenever possible. In an effort to comply with these requirements, AHFA has obtained from the Alabama Small Business Development Consortium, 1717 11th Avenue South, Suite 419, Birmingham, Alabama 35294, a list of eligible businesses for use by potential recipients of State HOME funds. AHFA will continue to work with this office to update and expand this list for use with the HOME Program.

AHFA will maintain a record of reported activities of Minority- and Women-Owned Businesses involved in the HOME Program.

**B. Equal Opportunity and Fair Housing**

Affirmative marketing procedures will be utilized so that no person in the United States shall, on the grounds of race, color, national origin, religion, or sex, be excluded from participation in, be denied benefits of, or be subject to discrimination under any program or activity funded in whole or in part with funds made available under Alabama’s HOME Program. Recipients of Alabama’s HOME funds must adhere to the requirements of the Fair Housing Act and the Age Discrimination Act of 1975. AHFA will maintain records, whenever possible, of the percentage of low-income units occupied or purchased by minority and single parents.

All loan applicants or local units of government applying for Alabama HOME funds must certify in the application that they will adhere to the affirmative marketing procedures (as defined in 24 CFR Section 92.351). Records concerning the characteristics of tenants renting HOME assisted units must be maintained by the owners; and supplied to AHFA on an annual basis. AHFA will analyze this data to assess the success of the owner’s affirmative marketing procedures. AHFA will give additional preference points to those applications, which evidence the participation of minorities in connection with the project.

**C. Section 3 Economic Opportunities for Low – and Very Low-Income Persons**

As required by Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u, recipients of HOME funds must ensure that employment and other economic opportunities generated by housing development must be directed toward low- and very low-income persons.

**D. Environmental Review**

AHFA will conform to the Environmental Review requirements of Title II of the Act.

**E. Matching**

NOTE: The State of Alabama is typically required to match a portion (twelve and one-half percent) of annual HOME funds. This match may be derived from several possible sources including the donation of land by localities, the donation of voluntary skilled or unskilled labor, sweat equity, the use of tax exempt bond proceeds, the value waived of property taxes by localities, cash injections by localities, and any other source which may be determined at a later date. Additionally, a number of AHFA programs (Down Payment Assistance, Habitat for Humanity Partnership) provide financial assistance to HOME-eligible Alabama households and a portion of this funding may count as match. The use of any possible state funds would require an appropriation by the legislature. Specific sources and the amount of possible funds available to meet the matching requirements for a program year will be determined prior to any draw of HOME funds.

For 2002, HUD granted a full waiver of the match requirement due to the State of Alabama’s designation as a Participating Jurisdiction in *severe financial distress*. Specific waivers for subsequent program years may also be granted if an Alabama county is listed as a presidentially declared disaster area.

**F. Occupancy and Rent Requirements**

In HOME and Housing Credit residential rental projects at least 20% of the units must be occupied by households with incomes at or below 50% of median family income and the rent must be restricted at or below the 50% rent level or Section 8 Fair Market Rent, whichever is less. The remaining units must be occupied with households with incomes at or below 60% of median family income and the rent must be restricted at or below the 60% rent level or Section 8 Fair Market Rent, whichever is less. HOME income limits and rent limits are calculated annually by HUD’s Office of Policy Development and Research (PDR), once the Section 8 income limits have been issued.

**G. Compliance Monitoring**

The compliance monitoring procedures apply to all buildings placed in service in Alabama, which have received allocations of HOME funds determined under the HOME Regulations. A complete outline of AHFA’s compliance requirements is located in AHFA Compliance Manual available at [*www.ahfa.com*](http://www.ahfa.com). A description of AHFA’s basic compliance monitoring procedures and requirements are described per attached Addendum D.

**VIII. AMERICAN DREAM DOWNPAYMENT INITIATIVE**

**American Dream Downpayment Initiative (ADDI**)

ADDI is a HOME Program-based funding source for the provision of down payment assistance to eligible first-time homebuyers. AHFA serves as administrator of the State of Alabama HOME Program and the State of Alabama ADDI Program.

The initial allocation of ADDI funds to the State was approximately $1,463,919 -- 2003 HUD-appropriated funds totaling $671,691 and 2004 new funding totaling $792,228. Each source had its own separate requirements. Because the 2003 funds have a shorter shelf life (before recapture) than the 2004 funds, AHFA allocated the 2003 funds first.

**ADDI Funds**

The State of Alabama has not received an new allocation of funds since 2009. Should the program continue to be funded, AHFA will continue to use these funds to provide down payment assistance throughout the State. The per-family assistance shall not exceed $10,000 in the form of a grant or a forgivable loan.

Families and households eligible to receive ADDI funds must (a) earn 80% or less of the Area Median Income (AMI) per HOME guidelines, (b) have less than $4,000 in liquid assets at the time of loan application through the date of closing, (c) complete a homeownership counseling course provide by a HUD-approved counseling agency, the Homeownership Consortium of Alabama (HCA), or any other AHFA-approved homeownership counseling course, and (d) meet lenders credit requirements.

Outreach and marketing efforts for ADDI will be conducted by AHFA and its many business partners such as the Homebuilders Association of Alabama, the Alabama Mortgage Bankers Association, the Alabama Association of Realtors, the Alabama Federation of Housing Counselors and Agencies, and the Consuming Credit Counseling Services of Alabama.

**ADDI Recapture Provision**

If at any time during the five-year affordability period, the original homebuyer sells, trades, transfers title or otherwise ceases to occupy the home as their primary residence, the homebuyer will be subject to recapture and must pay back the funds as deemed applicable. ADDI recapture is assessed on a reduced prorated basis of 20% per complete year, except in cases of non-compliance, which requires 100% of the ADDI funds to be repaid. Non-compliance for ADDI means that the homebuyer was not eligible for the ADDI funds at the time of the application. Non-compliance would result if the program criteria such as prior ownership, family income limits, sales price limits, and occupancy of residence during the affordability period are not met and this information was not properly disclosed.

Any recaptured funds paid back to AHFA will be returned to the ADDI allocation and used to assist other qualifying homebuyers.

**Addendum A**

**Alabama Housing Finance Authority’s**

**2013 Design Quality Standards**

**(For Attached New Construction Rental Units)**

**The following outline of minimum standards must be used in designing Housing Credit and HOME projects of 12 or more units.**

**Any deviations from these standards must have the prior written consent or approval of AHFA fourteen (14) days prior to submitting an application for funding. Any deviations from these standards after the reservation for funding and through the construction of the project must have the prior written consent or approval of AHFA before the work has commenced. Any deviation requested and approved will be charged $500.**

**All projects must be designed in accordance with the applicable requirements of the 2010 Americans with Disabilities Act, Section 504 Requirements, Fair Housing and any local building codes.**

**I. Site Selection Criteria:**

1. HOME proposed sites containing property within a 100-year flood plain and/or wetlands are not permitted.
2. Sites located in a Radon Zone-1 (highest level) will require Radon Resistant New Construction Practices. The following counties are located in Radon Zone -1: Calhoun, Clay, Cleburne, Colbert, Coosa, Franklin, Jackson, Jefferson, Lauderdale, Lawrence, Limestone, Madison, Morgan, Shelby, and Talladega. For the most current radon information see: [*www.aces.edu*](http://www.aces.edu)*.*
3. All new construction developments must submit a complete site-specific soils report, not more than one year old at the time of submission of final plans and specifications, bound within the project specifications. The soils report must reflect the results of laboratory tests conducted on a minimum of one (1) soil boring per planned building location and a minimum total of two (2) soil borings at the planned paved areas of the development. A registered professional engineer or a certified testing agency with a current license to practice in the State of Alabama must prepare the report.
4. Sites located outside municipal city limits:
5. A proposed new construction site may be located outside a municipality’s city limit, but must be within the local police or sheriff jurisdiction.
6. A proposed site that is located in the police jurisdiction of a local municipality must comply with applicable zoning restrictions as if located within that municipality’s city limit.
7. Domestic water and fire water service must be provided to the development by the local utility service provider.

**II. Building Design Criteria**

1. **Maximum Building Standards:**
2. The square footage of the Project’s clubhouse/community building may exceed 3,000 square feet heated and cooled (inclusive of the office area, community laundry, community meeting room, restrooms, kitchens, etc.)(any square footage over this amount will not be included in the eligible basis used to calculate the Housing Credit) and be ADA accessible.
3. All 100% Elderly projects must be one-story structures. Exception: Projects may have more than one story, provided elevators are to be installed to service all upper level apartments. Design exceptions, or deviations, must be reviewed by AHFA on an individual basis.
4. **Minimum Building Standards:**
5. Minimum Apartment Unit Net Area Requirements:
6. Net area is measured from the **interior finished face** of the exterior wall to the **centerline** of the common, or party, wall.
7. Minimum Bedroom Net Area is measured from the interior faces of all walls surrounding each bedroom, excluding closets, mechanical rooms, and storage rooms.

|  |  |  |  |
| --- | --- | --- | --- |
| **Unit Type** | **Number of Bathrooms** | **Minimum Unit**  **Net Area\*** | **Min. Bedroom**  **Net Area** |
| 1 Bedroom | 1 | 725 s.f. | 120 s.f. |
| 2 Bedroom | 1 | 900 s.f. | 120 s.f. |
| 2 Bedroom | 1.5 | 925 s.f. | 120 s.f. |
| 2 Bedroom | 2 | 975 s.f. | 120 s.f. |
| 3 Bedroom | 2 | 1,200 s.f. | 120 s.f. |
| 4 Bedroom | 2 | 1,455 s.f. | 120 s.f. |

*\*****Note 1****: Net unit areas do not include outside storage, covered porches, patios, balconies, etc.*

1. Exceptions to the minimum area requirements:

Single-Room Occupancy (“SRO”) projects; and

1. All units must include an exterior storage closet with a minimum area of sixteen (16) square feet. Developments designed with all interior unit access must provide the additional required exterior storage for each unit in the interior of the building(s). It may be located inside the unit, on the tenants’ floor, or in a common area. All exterior and interior storage must be lockable.
2. Exterior Building Standards:
3. Exterior Finishing Materials:
4. Exterior building coverings: For new construction, very-low maintenance materials are required. Acceptable materials include:
5. Brick;
6. High-quality vinyl siding with a minimum thickness of .044 and a lifetime non-prorated limited warranty (50 year) transferable;
7. Cementitious siding and trim material; or
8. Engineered composite siding and trim material.

All siding materials listed above are required to be 12 inches above the finished floor elevation of the building ground floor, with the exception of

concrete patio and covered breezeway areas. Brick or decorative block must be used as an apron material.

1. Fascia and soffit: Must be prefinished vinyl, prefinished aluminum, cementitious trim or engineered composite trim. Material used for soffits must be perforated or vented.

1. Windows frames and sashes are to be constructed of vinyl-clad wood, solid extruded vinyl, fiberglass, or aluminum and all windows are required to have screens.
2. Materials for entry doors are to be metal-clad wood, fiberglass, or hollow metal construction. “Peepholes” and deadbolt locks are required in entry doors. Dead bolt locks on entry doors must have “thumb latch” on interior side. Double-keyed dead bolt locks are prohibited. Minimum clear width of all exterior doors must be 34 inches.

1. Roofing materials: Anti-fungal shingles or metal roof with 30-year warranty or better must be used.

1. Roof gable vents must be made of aluminum or vinyl materials.

1. All attics shall be vented.

1. All primary entries must be within a breezeway or have a minimum roof covering of 3-feet deep by 5-feet wide, and must be designed to divert water away from the entry door. Entry pads measuring 4 feet by 4 feet and made of impervious material with a minimum slope of 1/4 inch per foot are required at each exterior entry.

1. All breezeways must be constructed of concrete floor/decking material.

1. Exterior shutters are required on all 100% Brick or vinyl siding buildings.

1. Stairway components, such as stringers, treads, and risers must be constructed from steel or concrete. Handrails and pickets must be constructed from steel or aluminum.

1. Patio and porch/balcony components used as part of the building must have concrete slabs or decks and must be constructed so that no wood is exposed. Concealment must be with materials such as aluminum, vinyl, cementitious materials trim or engineered composite trim. Structural wood columns must be at a minimum 6” x 6” pressure treated columns concealed as noted above or properly sized columns of fiberglass, high density urethane or aluminum. Decorative rails and/or guard rail systems used at porches and patios must be code compliant systems of vinyl, fiberglass steel or aluminum. Wooden support posts must be installed to prevent degradation (rotting) to ends of posts and to provide for structural and anchoring of post to slab. Wood railings are not allowed.
2. Other Exterior Standards:
3. Adequate exterior lighting is required at entry doors.

1. Address numbers are to be clearly visible.

1. One and one-half parking spaces per living unit required for family units, one space per unit for elderly units, two parking spaces for single-family homes, and two parking spaces for each duplex, unless local code dictates otherwise, and no designated street parking allowed.

1. Metal flashing or 20 mil polyethylene when used in conjunction with a self-adhering polyethylene laminate flashing, must be installed above all exterior door and window units.

1. A landscaping plan must be submitted indicating areas to be sodded and landscaped. Landscaping plan(s) must follow any applicable municipal landscape ordinance. At a minimum, 20 feet of solid sod must be provided (if ground space allows) from all sides of every building and between all buildings and paved areas. All disturbed areas must be seeded. Landscaping around and between the buildings is allowed. At a minimum, provide one 2” caliper tree per unit and Six 1 gallon shrubs per unit.
2. Concrete curbing is required along all paved areas throughout the development site, including parking areas (Valley curbs are not allowed.).
3. Sidewalk access to all parking spaces must be provided. Where the accessible route on the site crosses a vehicular roadway, crosswalk lines are required. They shall not be less than 6 inches or greater than 24 inches in width.

1. A lighted project sign including the Fair Housing logo is required. Depending on the placement as it relates to the access of the property from the public road, the project’s sign may require the project’s name and Fair Housing logo on both sides of the sign.

1. A minimum of one trash dumpster or compactor enclosed on a minimum of 3 sides is required. The trash dumpster/compactor enclosure must be ADA accessible and have a concrete apron. If the dumpster itself is not accessible, trashcans must be placed within the enclosure for use by handicap tenants.

1. Continuous asphalt or concrete paved access road must be provided to the entrance of the development.

1. All parking must be asphalt or concrete. An asphalt or concrete paving recommendation letter must be provided with the application by a geotechnical engineer.

1. All sidewalks and walkways must be concrete and at least 36 inches wide. All public buildings, clubhouse/community building and amenities must be connected to the dwelling units by a sidewalk or walkway.

1. Mailboxes, playground and all exterior project amenities must be on an accessible route as defined by the Fair Housing Guidelines.

1. No above ground propane tanks allowed on the site.
2. All utilities located on site must be underground.

1. Storm Water retention basins must include fencing around the entire perimeter and a lockable maintenance gate. The retention area will be maintained and managed in a manner to provide safety to the tenants. Including preventing vermin, insect and reptile infestation, vegetation overgrowth, and must be kept free of all trash and debris.
2. Interior Building and Space Standards:
3. Wall Framing:
4. Walls may be framed using metal studs in lieu of wood.
5. Sound proofing or sound batt insulation is required between the stud framing in tenant separation walls. A sound rating of Sound Transmission Class (STC) 54 is required.

1. Sound proofing between floors is required to achieve a rating of (STC) of not less than 50 and an Impact Insulation Class (IIC) of not less than 50.
2. Insulation Requirements:
3. Exterior wall insulation must have an overall R-13 minimum for the entire wall assembly.
4. Roof or attic insulation must have an R-38 minimum.
5. Vapor retarders must be installed if recommended by project architect.
6. Kitchen spaces:
7. A minimum 6 1/2-inch deep double bowl stainless steel sinks are required in each unit.

1. Each unit must be equipped with a 5 lb. ABC-rated dry chemical fire extinguisher readily accessible in the kitchen and mounted to accommodate handicapped accessible height in accessible units. Each unit must also contain either fire protection canisters above the cooktop surface or temperature limiting plates on the cooktop surface.

1. New cabinets must have dual sidetrack drawers and no laminate or particleboard fronts for doors or drawer fronts. Cabinets must meet the ANSI/KCMA A161.1 performance and construction standard for kitchen and vanity cabinets. Cabinets must bear the certification seal of KCMA (Kitchen Cabinet Manufacturers Association).
2. A pantry closet or pantry cabinet is required in each unit. The pantry must be 1’6” x 1’6” deep with a minimum five shelves, located in or adjacent to the kitchen.

1. A 4 foot long fluorescent light fixture is required.

1. All appliances must be Energy Star rated.

1. A grease shield is required behind ranges on the wall.

1. A microwave oven must be provided in each unit.

1. The refrigerator must contain an ice maker.

1. A dishwasher must be provided in each unit.
2. Bathroom Spaces:
3. Tub/shower units must have minimum dimensions of 30-inch width by 60-inch length and be equipped with anti-scald valves. All tubs in designated handicap accessible units must come complete with “factory-installed grab bars” where the tub surrounds are reinforced fiberglass. If the tub surrounds are not reinforced fiberglass, hard tile or cultured marble, solid wood blocking must be installed.

1. Water closets must be installed to comply with applicable ANSI, UFAS and Fair Housing accessibility guidelines. At a handicap accessible unit, the water closet must be centered 18” from the adjacent wall. At a Fair Housing unit, the water closet must be centered 18” minimum to a fixture or wall opposite the direction of approach.

1. Mirror length must extend to top of vanity backsplash with top of mirror a minimum of 6’-0” above finish floor. Framed decorative mirrors or medicine cabinets with mirrors are allowed with a minimum size of 14” x 24”.

1. Vanity cabinets with drawers and a medicine cabinet must be provided in all units. All cabinets in designated handicap accessible units must be installed in compliance with applicable ANSI or UFAS guidelines.
2. Hallways must have a minimum clear width of 36 inches.
3. All interior doors to habitable spaces in units subject to Fair Housing Guidelines must have a minimum width of 34 inches. All interior doors to habitable spaces in designated handicap accessible units must have a minimum width of 36 inches. All interior doors to habitable spaces in all other units must have a minimum clear width of 30 inches.
4. Separately switched overhead lighting is required in each room. Energy Star ceiling fans with light kits are required in the living room and each bedroom.
5. Window treatments are required for all windows.
6. Sliding glass doors are prohibited.
7. Floor Finishes:
8. Carpet materials must meet FHA minimum standards.

1. Resilient flooring materials must meet FHA minimum standards.
2. A minimum of two hard-wired with battery back-up smoke detectors are required per unit. Townhomes must have a minimum of one smoke detector upstairs.
3. A carbon monoxide detector must be installed in each unit with gas mechanical systems or appliances. Units with an attached garage must also have a carbon monoxide detector installed.
4. All units pre-wired for cable television hook-ups in the living room and one (1) per bedroom.
5. Plumbing and Mechanical Equipment:
6. Water heaters must be placed in drain pans with drain piping plumbed to the outside or to an indirect drain connected to the sanitary sewer system. Water heater T&P relief valve discharges must be direct to exterior of building and elbow down to 6” above finish grade.
7. Through-wall HVAC units are not permitted in residential units except in efficiency units.
8. CPVC supply piping is not allowed for interior space in-wall or overhead services.
9. HVAC units and water heaters are not permitted in attic spaces. HVAC units must be installed in Mechanical Closets with insulated walls located within the living unit. Water heaters are to be located within the living unit.
10. HVAC refrigeration lines must be insulated.
11. HVAC 14 SEER or greater must be used. On single-family homes, the HVAC equipment must be placed so that their operation does not interfere with the comfort of the adjacent dwellings.
12. All units must contain washer and dryer connections.
13. **Modular Construction:**
14. Modular units are to be constructed in component sections and assembled by a manufacturer in a controlled environment. The component sections are to be assembled on a conventional permanent foundation at the project site. Finish work is to be completed on site.
15. Modular units must be constructed to meet applicable building codes, AHFA’s specifications and Design Quality Standards stated herein.
16. A modular home manufacturer’s warranty must be provided.

**Drawing Submission Criteria:**

The following documents must be prepared by a registered architect, surveyor, or engineer licensed to practice in the State of Alabama.

1. **Site Plan: The following items must be shown.**
2. Scale: 1 inch = 40 feet or larger for typical units.

1. North arrow.

1. Locations of existing buildings, utilities, roadways, parking areas if applicable.

1. Existing site/zoning restrictions including setbacks, rights of ways, boundary lines, wetlands, and flood plain.

1. All proposed changes and proposed buildings, parking, utilities, and landscaping.

1. Existing and proposed topography of site.

1. Finished floor height elevations and all new paving dimensions and elevations.

1. Identification of all specialty apartment units, including, but not limited to, designated handicapped accessible and sensory impaired apartment units.

1. Provide an accessible route site plan with applicable details.
2. **Floor Plans:**
3. Scale: 1/4 inch = 1 foot or larger for typical units.

1. For projects requiring renovation and/or demolition of existing structures, show proposed changes to building components and design, identifying removal and new construction methods.

1. Show room/space layout, identifying each room/space with name and indicate finished space size of all rooms on unit plans.

1. Indicate the total gross square foot size, and the net square foot size for each typical unit.

1. For projects involving removal of asbestos and/or lead paint, identify location and procedures for removal.
2. **Elevations and sections:**
3. Scale: 1/8 inch = 1 foot or larger.
4. Identify all materials to be used on building exteriors and foundations.
5. **Title Sheet:**

Indicate Building Codes that are applicable for the project.**Addendum B**

**Alabama Housing Finance Authority’s**

**2013 Design Quality Standards**

**(For Single-Family Rental Homes)**

**The following outline of minimum standards must be used in designing Housing Credit and HOME projects of 12 or more units and consist of single-family. All single-family homes must be new construction.**

**Any deviations from these standards must have the prior written consent or approval of AHFA fourteen (14) days prior to submitting an application for funding. Any deviations from these standards after the reservation for funding and through the construction of the project must have the prior written consent or approval of AHFA before the work has commenced. Any deviation requested and approved will be charged $500.**

**All projects must be designed in accordance with the applicable requirements of the 2010 Americans with Disabilities Act, Section 504 Requirements, Fair Housing and any local building codes.**

**I. Site Selection Criteria:**

1. HOME proposed sites containing property within a 100-year flood plain and/or wetlands are not permitted.
2. Sites located in a Radon Zone-1 (highest level) will require Radon Resistant New Construction Practices. The following counties are located in Radon Zone -1: Calhoun, Clay, Cleburne, Colbert, Coosa, Franklin, Jackson, Jefferson, Lauderdale, Lawrence, Limestone, Madison, Morgan, Shelby, and Talladega. For the most current radon information see: [*www.aces.edu*](http://www.aces.edu)*.*
3. All developments must submit a complete site-specific soils report, not more than one year old at the time of submission of final plans and specifications, bound within the project specifications ..The soils report must reflect the results of laboratory tests conducted on a minimum of one (1) soil boring for every two (2) single-family buildings and a minimum total of two (2) soil borings at the planned paved areas of the development. A registered professional engineer or a certified testing agency with a current license to practice in the State of Alabama must prepare the report.
4. Sites located outside municipal city limits:
5. A proposed new construction site may be located outside a municipality’s city limit, but must be within the local police or sheriff jurisdiction.

1. A proposed site that is located in the police jurisdiction of a local municipality must comply with applicable zoning restrictions as if located within that municipality’s city limit.

1. Domestic water and fire water service must be provided to the development by the local utility service provider.

**II. Building Design Criteria**

1. **Maximum Building Standards:**
2. The square footage of the Project’s clubhouse/community building may exceed 3,000 square feet heated and cooled (inclusive of the office area, community laundry, community meeting room, mechanical room, restrooms, kitchens, etc.)(any square footage over this amount will not be included in the eligible basis used to calculate the Housing Credit) and be ADA accessible.

1. All 100% Elderly projects must be one-story structures.
2. **Minimum Building Standards:**
3. Minimum Unit Net Area Requirements:
4. Net area is measured from the **interior finished face** of the exterior wall to the **centerline** of the common, or party, wall.

1. Minimum Bedroom Net Area is measured from the interior faces of all walls surrounding each bedroom, excluding closets, mechanical rooms, and storage rooms.

**Number of Minimum Unit Minimum Bedroom**

**Unit Type Bathrooms Net Area\* Net Area\***

3 Bedroom 2 1,200 s.f. 120 s.f.

4 Bedroom 2 1,455 s.f. 120 s.f.

*\*****Note 1****: Unit areas do not include outside storage, covered porches, patios, balconies, etc.*

1. All units must include an exterior storage closet with a minimum area of sixteen (16) square feet.

1. All single-family rental homes must have a minimum of thirty (30) feet of building facing the front street. This thirty (30) feet must be the sum of all front-facing dimensions adjacent to conditioned space and can include the “common” wall which is part of a front-facing garage as long as this wall is front-facing and conditioned on one side.

1. All single-family rental homes must have a minimum of thirty (30) feet front yard building set-back from the curb. Each home must have a minimum of ten (10) foot side yards. (Minimum width of lot shall be fifty (50) feet.) Both lot width and side yard setbacks can be modified with the following exception: A ten (10) foot side yard setback on one lot side and a “zero lot line” setback on the other (thus, a forty (40) foot minimum lot width) will be allowed with a front-facing garage.

1. All single-family rental homes must have a minimum of three (3) different front and rear elevation designs. No identical front elevations may be built next to each other.

1. All single-family rental homes must have a minimum of three (3) different color schemes.

1. Exterior Building Standards:

1. Exterior Finishing Materials:
2. Exterior building coverings: Very low maintenance materials are required. Acceptable materials include:

1. Brick;
2. High-quality vinyl siding with a minimum thickness of .044 and a lifetime non prorated limited warranty (50 year) transferable;
3. Cementitious siding and trim material; or
4. Engineered composite siding and trim material.

All siding materials listed above are required to be 12 inches above the finished floor elevation of the building ground floor, with the exception of concrete patio and covered breezeway areas. Brick or decorative block must be used as an apron material.

1. Fascia and soffit: Must be prefinished vinyl, prefinished aluminum, cementitious trim or engineered composite trim. Material used for soffits must be perforated or vented.

1. Windows frames and sashes are to be constructed of vinyl-clad wood, solid extruded vinyl, fiberglass, or aluminum and all windows are required to have screens.
2. Materials for entry doors are to be metal-clad wood, fiberglass, or hollow metal construction. “Peepholes” and deadbolt locks are required in entry doors. Dead bolt locks on entry doors must have “thumb latch” on interior side. Double-keyed dead bolt locks are prohibited. Minimum clear width of all exterior doors must be 34 inches.

1. Roofing materials: Anti-fungal shingles or metal roof with 30-year warranty or better must be used.

1. Roof gable vents must be made of aluminum or vinyl materials. All roof penetrations must be located on the rear most section of the roofline.

1. All attics must be vented.

1. Exterior shutters are required on all single-family homes.

1. Units where a conventional wood frame foundation system is used, a non-wood “maintenance-free” composite decking material may be used at porches above a pressure treated wood framing system.

1. Other Exterior Standards:
2. Exterior lighting is required at entry doors.

1. Address numbers are to be clearly visible.

1. Two parking spaces for each home.

1. Metal flashing or 20 mil polyethylene when used in conjunction with self-adhering polyethylene laminate flashing, must be installed above all exterior door and window units.

1. A landscaping plan must be submitted indicating areas to be sodded and landscaped. Landscaping plan(s) must follow any applicable landscape municipal ordinance. At a minimum, 20 feet of solid sod must be provided (if ground space allows) from all sides of every building and between all buildings and paved areas. All disturbed areas must be seeded. All rental units must have minimum of two (2) trees per unit and twelve (12) 1 gallon shrubs per unit.

1. Concrete curbing is required along all paved areas throughout the development site, including parking areas. Six (6) inch raised curbs and gutter design is required. No valley curbs allowed.

1. Sidewalk access to the front door and the driveway must be provided.

1. A lighted project sign including the Fair Housing logo is required. Depending on the placement as it relates to the access of the property from the public road, the project’s sign may require the project’s name and Fair Housing logo on both sides of the sign.
2. A minimum of one trash dumpster or compactor enclosed on a minimum of 3 sides is required. The trash dumpster/compactor enclosure must be ADA accessible and have a concrete apron. If the dumpster itself is not accessible, trashcans must be placed within the enclosure for use by handicap tenants. Individual dumpster at each home may be provided instead of a single trash dumpster.

1. Continuous asphalt or concrete paved access road must be provided to the entrance of the development.

1. All community parking must be asphalt or concrete. An asphalt or concrete paving recommendation letter must be provided with the application by a geotechnical engineer.

1. All sidewalks and walkways must be concrete and at least 36 inches wide. All public buildings, community building and amenities must be connected to the dwelling units by a sidewalk or walkway on one side of the street throughout the development.

1. All driveways must be concrete.

1. Mailboxes, playground and all exterior project amenities must be ADA accessible.

1. No above ground propane tanks allowed on the site.

1. All onsite utilities must be underground.

1. Storm Water retention basins must include fencing around the entire perimeter and a lockable maintenance gate. The retention area will be maintained and managed in a manner to provide safety to the tenants. Including preventing vermin, insect and reptile infestation, vegetation overgrowth, and must be kept free of all trash and debris.

1. Interior Building and Space Standards:
2. Wall Framing:

Walls may be framed using metal studs in lieu of wood.

1. Insulation Requirements:
2. Exterior wall insulation must have an overall R-13 minimum for the entire wall assembly.

1. Roof or attic insulation must have an R-38 minimum.

1. Vapor retarders must be installed if recommended by project architect.

1. Kitchen spaces:
2. 6 1/2-inch deep double bowl stainless steel sinks are required in each unit.

1. Each unit must be equipped with a 5 lb. ABC-rated dry chemical fire extinguisher readily accessible in the kitchen and mounted to accommodate handicapped accessible height in accessible units. Each unit must also contain either fire protection canisters above the cooktop surface or temperature limiting plates on the cooktop surface.

1. New cabinets must have dual sidetrack drawers and no laminate or particleboard fronts for doors or drawer fronts. Cabinets shall meet the ANSI/KCMA A161.1 performance and construction standard for kitchen and vanity cabinets. Cabinets shall bear the certification seal of KCMA (Kitchen Cabinet Manufacturers Association).

1. A pantry closet or pantry cabinet is required in each unit. The pantry must be 1’6” x 1’6” deep with a minimum five shelves, located in or adjacent to the kitchen.

1. A 4 foot fluorescent light fixture is required.
2. All appliances must be Energy Star rated.

1. A grease shield is required behind ranges on the wall.

1. A microwave oven must be provided in each unit.

1. The refrigerator must contain an ice maker.

1. A dishwasher must be provided in each unit.

1. Bathroom Spaces:
2. Tub/shower units must have minimum dimensions of 30-inch width by 60-inch length and be equipped with anti-scald valves. All tubs in designated handicap accessible units must come complete with “factory-installed grab bars” where the tub surrounds are reinforced fiberglass. If the tub surrounds are not reinforced fiberglass, hard tile or cultured marble, solid wood blocking must be installed.

1. Water closets must be installed to comply with applicable ANSI, UFAS and Fair Housing accessibility guidelines. At a handicap accessible unit, the water closet must be centered 18” from the adjacent wall. At a Fair Housing unit, the water closet must be centered 18” minimum to a fixture or wall opposite the direction of approach.

1. Mirror length must extend to top of vanity backsplash with top of mirror a minimum of 6’-0” above finish floor. Framed decorative mirrors or medicine cabinets with mirrors are allowed with a minimum size of 14” x 24”.

1. Vanity cabinets with drawer and a medicine cabinet must be provided in all units. All cabinets in designated handicap accessible units must be installed in compliance with applicable ANSI or UFAS guidelines.

1. Hallways must have a minimum clear width of 36 inches.
2. All interior doors to habitable spaces in units subject to Fair Housing Guidelines must have a minimum width of 34 inches. All interior doors to habitable spaces in designated handicap accessible units must have a minimum width of 36 inches. All interior doors to habitable spaces in all other units must have a minimum clear width of 30 inches.

1. Separately switched overhead lighting is required in each room. Energy Star ceiling fans with light kits are required in the living room and each bedroom.

1. Window treatments are required for all windows.
2. Sliding glass doors and bi-fold doors are prohibited.
3. Floor Finishes:
4. Carpet materials must meet FHA minimum standards.
5. Resilient flooring materials must meet FHA minimum standards.
6. A minimum of two hard-wired with battery back-up smoke detectors is required per unit.

1. A carbon monoxide detector must be installed in each unit with gas mechanical systems or appliances. Units with an attached garage must also have a carbon monoxide detector installed.
2. Plumbing and Mechanical Equipment:
3. Water heaters must be placed in drain pans with drain piping plumbed to the outside or to an indirect drain connected to the sanitary sewer system. Water heater T&P relief valve discharges must be direct to exterior of building and elbow down to 6” above finish grade.

1. Through-wall HVAC units are not permitted in single-family homes.

1. CPVC supply piping is not allowed for interior space in-wall or overhead services.

1. HVAC refrigeration lines must be insulated.

1. HVAC 14 seer or greater must be used. HVAC equipment must be placed so that their operation does not interfere with the comfort of the adjacent dwellings.

1. All units must contain washer and dryer connections.
2. **Modular Construction:**
3. Modular units are to be constructed in component sections and assembled by a manufacturer in a controlled environment. The component sections are to be assembled on a conventional permanent foundation at the project site. Finish work is to be completed on site.

1. Modular units must be constructed to meet applicable building codes, AHFA’s specifications and Design Quality Standards stated herein.

1. A modular home manufacturer’s warranty must be provided.

**III. Drawing Submission Criteria:**

The following documents must be prepared by a registered architect, surveyor, or engineer licensed to practice in the State of Alabama.

1. **Site Plan: The following items must be shown.**
2. Scale: 1 inch = 40 feet or larger for typical units.

1. North arrow.

1. Locations of existing buildings, utilities, roadways, parking areas if applicable.

1. Existing site/zoning restrictions including setbacks, rights of ways, boundary lines, wetlands, and flood plain.

1. All proposed changes and proposed buildings, parking, utilities, and landscaping.

1. Existing and proposed topography of site.

1. Finished floor height elevations and all new paving dimensions and elevations.
2. Identification of all specialty apartment units, including, but not limited to, designated handicapped accessible and sensory impaired apartment units.
3. Provide an accessible route site plan with applicable details.
4. **Floor Plans:**
5. Scale: 1/4 inch = 1 foot or larger for typical units.

1. Show room/space layout, identifying each room/space with name and indicate finished space size of all rooms on unit plans.

1. Indicate the total gross square foot size and the net square foot size for each typical unit.
2. **Elevations and sections:**
3. Scale: 1/8 inch = 1 foot or larger.

1. Identify all materials to be used on building exteriors and foundations.
2. **Title Sheet:**

Indicate Building Codes that are applicable for the project.

**Addendum C**

**HOME**

**Action Plan For 2013 Funds**

**Compliance Monitoring Procedures, Requirements and Penalty Criteria**

As referenced in Section VII (“Compliance”) of the HOME Action Plan for 2013 funds (“HOME Actin Plan”), the AHFA Compliance department will conduct monitoring procedures and requirements to ensure owner and project are in compliance with the HOME Regulations. These compliance monitoring procedures apply to all buildings placed in service in Alabama, which have received an allocation of HOME funds from AHFA. A complete outline of AHFA’s compliance requirements is located in AHFA Compliance Manual available at *www.ahfa.com*.

1. **Compliance Monitoring Procedures and Requirements:**
2. AHFA will verify that the owner of a low-income housing project is maintaining records for each qualified low-income building in the project. These records must show, for each year in the compliance period, the information required by the record-keeping provisions contained in the HOME Regulations, incorporated herein by reference.
3. AHFA will verify that the records documenting compliance with the HOME Regulations for each year as described in Paragraph A above are retained for the entire affordability period.
4. AHFA will inspect 100% of the HOME projects each year and will inspect the low-income certification, the documentation the owner has received to support that certification, and the rent records in those projects.
5. The owner must allow AHFA to perform an on-site inspection of any low-income building in the project through the end of the compliance period. This inspection may be separate or in conjunction with any review of tenant files under Paragraph C and will include habitability requirements.
6. AHFA will promptly notify the owner in writing if AHFA is not permitted to inspect and review as described in Paragraphs C and D, or otherwise discovers that the project does not comply with the HOME Regulations. In such event, the owner will be allowed a correction period to supply missing documentation or to correct noncompliance. This correction period begins the earlier of (i.) the date the notification is mailed or (ii.) the date of the inspection.
7. AHFA may notify HUD of an owner’s noncompliance or failure to certify no later than 45 days after the end of the time allowed for correction and no earlier than the end of the correction period, whether or not the noncompliance or failure to certify is corrected.
8. During the compliance period, the owner will furnish to AHFA, within 60 days of the close of each fiscal year, a consolidated statement of financial position, an income and expense statement, and a rent roll of the project for that fiscal year. These items are to be certified by the owner.
9. Compliance with requirements of the HOME Regulations is the responsibility of the owner of the building for which HOME funds are loaned or granted. AHFA’s obligation to monitor for compliance with the requirements of the HOME Regulations does not make AHFA or the State of Alabama liable to any owner or to any shareholder, officer, director, partner, member or manager of any owner or of any entity comprising any owner for an owner’s non-compliance therewith.
10. It is the policy of AHFA to immediately report any indication of fraud, waste, abuse, or potentially criminal activity pertaining to federal funds to the appropriate federal department and the cognizant inspector general of such department.
11. **Penalty Scoring Criteria for Non-Compliance**

Consistent with the monitoring procedures and requirements as described above, the AHFA compliance staff will deduct up to twenty (20) penalty points for owner/project non-compliance during the 2013 application cycle as follows:

1. One (1) penalty point will be deducted for each project for which the applicant does not submit a complete Annual Owner’s Certification form per project to the AHFA’s Compliance Department by the AHFA specified deadline.
2. Up to nineteen (19) penalty points will be deducted if the applicant’s approved and/or existing projects are deemed by AHFA not to be in compliance with the applicable guidelines and regulations for any of the following: Section 42 of the IRS Code, the HOME program, AHFA Housing Credit and HOME Action Plans, the Tax Credit Assistance Program (TCAP) or the Exchange Program. Point deductions will be based on the following methodology:
3. Health and Safety Violations - Effective January 1, 2013, two (2) penalty points per occurrence (or collectively per project audited if the same violation) will be assessed for the health and safety violations (listed below), if cited as a finding at the time of inspection by AHFA (or its designated representative). AHFA will immediately notify the owner (and management company) during the onsite visit and will provide written notice regarding the applicable violation and specify the timeframe that the owner will be required to cure (or correct the applicable violation(s). *Penalty deductions resulting from any violation listed below will be assessed automatically upon discovery and regardless of whether the identified violations are cured or corrected. In addition, four (4) additional penalty points will be deducted if the applicant fails to cure the violations within the timeframe specified in the violation notice from AHFA. The health and safety violations that will result in automatic penalty point deductions are as follow (the “Health and Safety Violations”):*
   * + 1. Missing, non-charged or empty fire extinguishers for more than thirty percent (30%) of units audited. Missing, non-charged or empty fire extinguishers for thirty percent (30%) or fewer of the audited units will be subject to the penalty criteria as defined in section II(B)(e) herein.
       2. Missing or non-working smoke detectors for more than thirty percent (30%) of units audited. Automatic penalty points will not be deducted if there is at least one operable smoke detector unit per floor for each apartment unit inspected. For all other missing or non-working smoke detectors cited, the penalty criteria will be as defined in Section II(B)(e) herein.

* + - 1. Exposed wiring.

* + - 1. Insect infestation, including, but not limited to, applicant’s failure to notify AHFA of any bed-bug infestation.

* + - 1. Severe damage to sidewalks or parking lots.

* + - 1. Missing or broken handrails or steps.

1. Occupied, Vacant Uninhabitable or Non-Rent Ready Unit Deficiencies - Effective January 1, 2013, one (1) penalty point per occurrence (or collectively per project audited if the same deficiency) will be assessed for each of the occupied, vacant (for more than thirty (30) days), uninhabitable or non-rent ready unit deficiencies listed below, if cited as a finding at the time of inspection by AHFA (or its designated representative). AHFA will provide written notice to the owner regarding the applicable deficiency and specify the timeframe that the owner will be required to cure (or correct the applicable deficiency(ies)). *Penalty deductions resulting from any deficiency listed below will be assessed automatically and regardless of whether the identified deficiencies are cured or corrected. In addition, two (2) additional penalty points will be deducted if the applicant fails to cure the deficiencies within the timeframe specified in the deficiency notice from AHFA. The deficiencies that will result in automatic penalty point deductions under this paragraph are as follows (the “Occupied, Vacant and Uninhabitable or Non-Rent*

*Ready Deficiencies”):*

1. Missing bathroom or plumbing fixtures.

1. Missing stoves, dishwashers, or kitchen cabinetry.
2. Boarded or missing exterior windows or doors.

1. Not cleaned or unsanitary vacant units.

1. Units unable to be accessed or inspected by AHFA at the time of its inspection/audit.

1. Severe and unrepaired damage to any vacant unit.
2. Site, Exterior or Common Area Deficiencies - Effective January 1, 2013, one (1) penalty point per occurrence (or collectively per project audited if the same deficiency) will be assessed for the site, exterior or common area deficiencies listed below, if cited as a finding at the time of inspection by AHFA (or its designated representative). AHFA will provide written notice to the owner regarding the applicable deficiency and specify the timeframe that the owner will be required to cure or correct the applicable deficiency(ies). Penalty deductions resulting from any deficiency listed below will be assessed automatically upon discovery and regardless of whether the identified deficiencies are cured or corrected. In addition, two (2) additional penalty points will be deducted if the applicant fails to cure the deficiencies within the timeframe specified in the deficiency notice from AHFA. The site, exterior or common area deficiencies that will result in automatic penalty point deductions under this paragraph are as follows (the “Site, Exterior or Common Area Deficiencies”):
3. Missing project amenities as approved in owner’s approved application.

1. Gutters and downspouts with missing or broken components or that do not function as intended.

1. Siding and /or exterior trim has rotted and allows water to penetrate behind exterior.
2. Documentation or File Deficiencies - Effective January 1, 2013, one (1) penalty point per occurrence (or collectively per project audited if the same deficiency) will be assessed for the documentation or file deficiencies listed below, if cited as a finding at the time of inspection by AHFA (or its designated representative). AHFA will provide written notice to the owner regarding the applicable deficiency and specify the timeframe that the owner will be required to cure or correct the applicable deficiency(ies). Penalty deductions resulting from any deficiency listed below will be assessed automatically upon discovery and regardless of whether the identified deficiencies are cured or corrected. In addition, two (2) additional penalty points will be deducted if the applicant fails to cure the deficiency within the timeframe specified in the deficiency notice from AHFA. The documentation or file deficiencies that will result in automatic penalty point deductions under this paragraph are as follows:
3. Failure to provide an updated utility allowance that result in the tenant being charged rent in excess of applicable rent.

1. If over thirty percent (30%) of files selected for audit indicates that tenants are over the applicable income limit. Any findings related to this category that total 30% or less will be subject to the penalty criteria as defined in section II(B)(e) herein.

1. If over thirty percent (30%) of files selected for audit are missing. Any findings related to this category that is 30% or less will be subject to the penalty criteria as defined in section II(B)(e) herein.

1. If over thirty percent (30%) of files selected for audit indicates that tenants are ineligible households due to student rule violations. Any findings related to this category that total 30% or less will be subject to the penalty criteria as defined in section II(B)(e) herein.

1. If over thirty percent (30%) of files selected for audit indicates that tenants were charged over the maximum applicable rents. Any findings related to this category that total 30% or less will be subject to the penalty criteria as defined in section II(B)(e) herein.
2. Other General Deficiencies - Two (2) penalty points per occurrence (or collectively per project audited if the same deficiency) will be assessed for other general deficiencies if cited as a finding at the time of inspection by AHFA (or its designated provide written notice to the owner regarding the applicable violation or deficiency and specify the timeframe that the owner will be required to cure or correct them. General deficiencies include all violations or deficiencies not listed in the preceding paragraphs that are cited as findings during the AHFA onsite audits.
3. Applicant/Owner(s) with less than five (5) years’ experience with AHFA (or less than five-hundred (500) total AHFA units). AHFA may terminate any new applications submitted by owner/applicants with less than five (5) years’ experience (or less than 500 AHFA-units) if any AHFA or non-AHFA units inspected by AHFA (or AHFA designated representative) are cited for any Health and Safety Violation, any Occupied, Vacant and Uninhabitable or Non-Rent Ready Deficiencies, or any Site, Exterior or Common Area Deficiences.

###### HOMELESS

# Specific Homeless Prevention Elements

1. Sources of Funds—Identify the private and public resources that the jurisdiction expects to receive during the next year to address homeless needs and to prevent homelessness. These include the McKinney-Vento Homeless Assistance Act programs, other special federal, state and local and private funds targeted to homeless individuals and families with children, especially the chronically homeless, the HUD formula programs, and any publicly-owned land or property. Please describe, briefly, the jurisdiction’s plan for the investment and use of funds directed toward homelessness.
2. Homelessness—In a narrative, describe how the action plan will address the specific objectives of the Strategic Plan and, ultimately, the priority needs identified. Please also identify potential obstacles to completing these action steps.
3. Chronic homelessness—The jurisdiction must describe the specific planned action steps it will take over the next year aimed at eliminating chronic homelessness by 2012. Again, please identify barriers to achieving this.
4. Homelessness Prevention—The jurisdiction must describe its planned action steps over the next year to address the individual and families with children at imminent risk of becoming homeless.
5. Discharge Coordination Policy—Explain planned activities to implement a cohesive, community-wide Discharge Coordination Policy, and how, in the coming year, the community will move toward such a policy.

Program Year 4 Action Plan Special Needs response:

# Emergency Solutions Grants (ESG)

(States only) Describe the process for awarding grants to State recipients, and a description of how the allocation will be made available to units of local government.

Program Year 4 Action Plan ESG response:

The following information is an update to the Homeless Inventory information provided under the Homeless Inventory (91.210(c)) section of the 2010-2014 Five Year Consolidated Plan.

Each year, the United States Department of Housing and Urban Development (HUD) requires a count of homeless persons in order to apply for Continuum of Care funding. Counts of the unsheltered homeless persons are required every other year. Continuums of Care organizations are the networking of citizens and organizations concerned with and serving homeless people. 2004 was the first year all sheltered homeless persons were counted in a point-in-time survey. The point-in-time survey is administered on one day/night of January.

Alabama has eight Continuums of Care in operation. ARCH (Alabama Rural Coalition for the Homeless) Continuum of Care serves 43 counties: Barbour, Bibb, Blount, Butler, Chambers, Chilton, Choctaw, Clark, Clay, Cleburne, Coffee, Conecuh, Coosa, Covington, Crenshaw, Cullman, Dale, Dallas, Escambia, Fayette, Geneva, Greene, Hale, Henry, Houston, Jackson, Lamar, Lee, Macon, Marengo, Marshall, Monroe, Perry, Pickens, Pike, Randolph, Russell, Sumter, Talladega, Tallapoosa, Walker, Washington, and Wilcox.

The other Continuums are as follows:

* HCCNA (Homeless Care Council of Northwest Alabama) – Florence/Lauderdale, Colbert, Franklin, Lawrence, Marion, and Winston Counties
* HCNEA (Homeless Coalition of Northeast Alabama) – Anniston/Calhoun, DeKalb, Cherokee, and Gadsden/Etowah Counties
* HF (Housing First, Inc.) – Mobile/Mobile and Baldwin Counties
* MACH (Mid-Alabama Coalition for the Homeless) – Montgomery/Montgomery, Lowndes, Elmore, Autauga, and Bullock Counties
* NACH (North Alabama Coalition for the Homeless) –

Huntsville/Madison, Limestone, and Decatur/Morgan Counties

* OR (One Roof), formerly Metropolitan Birmingham Services for the Homeless (MBSH) – Birmingham/Bessemer/Hoover/Jefferson, St. Clair, and Shelby Counties
* WACH (West Alabama Coalition for the Homeless), formerly CHALENG of Tuscaloosa – Tuscaloosa/Tuscaloosa County

The following numbers are from the point-in-time surveys completed in 2012 for the State of Alabama.

Across the state of Alabama, 4,964 people were reported homeless. Of them, 1,300 were unsheltered; meaning living on the street, in cars, in abandoned buildings or other places unsuitable for human habitation. The rest were in some form of emergency or transitional shelter. 482 families with their children were located on one day throughout the state.

Interviews were conducted with those willing to participate. 806 persons were found to be chronically homeless. At the time of the most recent point in time counts conducted across the state, HUD defined a chronically homeless person as an unaccompanied homeless individual with a disabling condition who has either been continuously homeless for a year or more OR has had at least four (4) episodes of homelessness in the past three (3) years. A disabling condition limits an individual’s ability to work or perform one or more activities of daily living. A disabling condition is defined as ‘‘a diagnosable substance abuse disorder, serious mental illness, developmental disability, or chronic physical illness or disability, including the co-occurrence of two or more of these conditions.’’ In defining the chronically homeless, the term ‘‘homeless’’ means ‘‘a person sleeping in a place not meant for human habitation (e.g., living on the streets) or in an emergency homeless shelter.’’

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Persons in Households with at least one Adult and one Child** | | | | | | | |
|  |  |  | **Sheltered** | |  | **Unsheltered** | **Total** |
|  |  |  | **Emergency** | **Transitional** |  |  |  |
| **Number of Households** | | | **182** | **201** |  | **99** | **482** |
| ARCH |  |  | 88 | 3 |  | 0 | 91 |
| HCCNA |  |  | 3 | 7 |  | 0 | 10 |
| HCNEA |  |  | 13 | 2 |  | 15 | 30 |
| HF |  |  | 23 | 29 |  | 10 | 62 |
| MACH |  |  | 4 | 26 |  | 3 | 33 |
| NACH |  |  | 23 | 21 |  | 0 | 44 |
| OR |  |  | 28 | 92 |  | 71 | 191 |
| WACH |  |  | 0 | 21 |  | 0 | 21 |
|  |  |  | **Emergency** | **Transitional** |  | **Unsheltered** | **Total** |
| **Number of Persons (Adults & Children)** | | | **505** | **586** |  | **252** | **1,343** |
| ARCH |  |  | 237 | 7 |  | 0 | 244 |
| HCCNA |  |  | 11 | 19 |  | 0 | 30 |
| HCNEA |  |  | 34 | 8 |  | 51 | 93 |
| HF |  |  | 82 | 87 |  | 43 | 212 |
| MACH |  |  | 12 | 83 |  | 9 | 104 |
| NACH |  |  | 59 | 63 |  | 0 | 122 |
| OR |  |  | 70 | 266 |  | 149 | 485 |
| WACH |  |  | 0 | 53 |  | 0 | 53 |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |
| **Persons in Households without Children** | | | | | | | |
|  |  |  | **Sheltered** | | | **Unsheltered** | **Total** |
|  |  |  | **Emergency** | **Transitional** | **Safe Haven** |  |  |
| **Number of Households** | | | **1,096** | **1,356** | **32** | **988** | **3,472** |
| ARCH |  |  | 172 | 366 | 0 | 0 | 538 |
| HCCNA |  |  | 7 | 151 | 0 | 4 | 162 |
| HCNEA |  |  | 149 | 205 | 0 | 59 | 413 |
| HF |  |  | 129 | 24 | 0 | 255 | 408 |
| MACH |  |  | 83 | 163 | 0 | 132 | 378 |
| NACH |  |  | 272 | 30 | 0 | 0 | 302 |
| OR |  |  | 272 | 354 | 32 | 518 | 1,176 |
| WACH |  |  | 12 | 63 | 0 | 20 | 95 |
|  |  |  | **Emergency** | **Transitional** | **Safe Haven** | **Unsheltered** | **Total** |
| **Number of Persons (Adults)** | | | **1,138** | **1,380** | **32** | **1,022** | **3,572** |
| ARCH |  |  | 194 | 378 | 0 | 0 | 572 |
| HCCNA |  |  | 7 | 151 | 0 | 4 | 162 |
| HCNEA |  |  | 166 | 205 | 0 | 67 | 438 |
| HF |  |  | 130 | 25 | 0 | 267 | 422 |
| MACH |  |  | 84 | 164 | 0 | 135 | 383 |
| NACH |  |  | 273 | 30 | 0 | 0 | 303 |
| OR |  |  | 272 | 364 | 32 | 529 | 1,197 |
| WACH |  |  | 12 | 63 | 0 | 20 | 95 |
|  | | | | | | | |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Persons in Households with only Children** | | | | | | | |
|  |  |  | **Sheltered** | | | **Unsheltered** | **Total** |
|  |  |  | **Emergency** | **Transitional** | **Safe Haven** |  |  |
| **Number of Households** | | | **20** | **1** | 0 | **26** | **47** |
| ARCH |  |  | 0 | 0 | 0 | 0 | 0 |
| HCCNA |  |  | 0 | 0 | 0 | 0 | 0 |
| HCNEA |  |  | 11 | 0 | 0 | 2 | 13 |
| HF |  |  | 0 | 0 | 0 | 0 | 0 |
| MACH |  |  | 0 | 0 | 0 | 0 | 0 |
| NACH |  |  | 4 | 1 | 0 | 0 | 5 |
| OR |  |  | 5 | 0 | 0 | 20 | 25 |
| WACH |  |  | 0 | 0 | 0 | 4 | 4 |
|  |  |  | **Emergency** | **Transitional** | **Safe Haven** | **Unsheltered** | **Total** |
| **Number of Persons**  **(17 or under)** | | | **20** | **3** | 0 | **26** | **49** |
| ARCH |  |  | 0 | 0 | 0 | 0 | 0 |
| HCCNA |  |  | 0 | 0 | 0 | 0 | 0 |
| HCNEA |  |  | 11 | 0 | 0 | 2 | 13 |
| HF |  |  | 0 | 0 | 0 | 0 | 0 |
| MACH |  |  | 0 | 0 | 0 | 0 | 0 |
| NACH |  |  | 4 | 3 | 0 | 0 | 7 |
| OR |  |  | 5 | 0 | 0 | 20 | 25 |
| WACH |  |  | 0 | 0 | 0 | 4 | 4 |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Total Households and Persons** | | | | | | | |
|  |  |  | **Sheltered** | | | **Unsheltered** | **Total** |
|  |  |  | **Emergency** | **Transitional** | **Safe Haven** |  |  |
| **Total Households** | | | **1,298** | **1,558** | **32** | **1,113** | **4,001** |
| ARCH |  |  | 260 | 369 | 0 | 0 | 629 |
| HCCNA |  |  | 10 | 158 | 0 | 4 | 172 |
| HCNEA |  |  | 173 | 207 | 0 | 76 | 456 |
| HF |  |  | 152 | 53 | 0 | 265 | 470 |
| MACH |  |  | 87 | 189 | 0 | 135 | 411 |
| NACH |  |  | 299 | 52 | 0 | 0 | 351 |
| OR |  |  | 305 | 446 | 32 | 609 | 1,392 |
| WACH |  |  | 12 | 84 | 0 | 24 | 120 |
|  |  |  | **Emergency** | **Transitional** | **Safe Haven** | **Unsheltered** | **Total** |
| **Total Persons** | | | **1,663** | **1,969** | **32** | **1,300** | **4,964** |
| ARCH |  |  | 431 | 385 | 0 | 0 | 816 |
| HCCNA |  |  | 18 | 170 | 0 | 4 | 192 |
| HCNEA |  |  | 211 | 213 | 0 | 120 | 544 |
| HF |  |  | 212 | 112 | 0 | 310 | 634 |
| MACH |  |  | 96 | 247 | 0 | 144 | 487 |
| NACH |  |  | 336 | 96 | 0 | 0 | 432 |
| OR |  |  | 347 | 630 | 32 | 698 | 1,707 |
| WACH |  |  | 12 | 116 | 0 | 24 | 152 |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Chronically Homeless Subpopulations** | | | | | | | |
|  |  |  | **Sheltered** | |  | **Unsheltered** | **Total** |
|  |  |  | Emergency | Safe Haven |  |  |  |
| **Chronically Homeless Individuals** | | | **299** | **32** |  | **475** | **806** |
| ARCH |  |  | 24 | 0 |  | 0 | 24 |
| HCCNA |  |  | 3 | 0 |  | 0 | 3 |
| HCNEA |  |  | 8 | 0 |  | 9 | 17 |
| HF |  |  | 17 | 0 |  | 58 | 75 |
| MACH |  |  | 15 | 0 |  | 61 | 76 |
| NACH |  |  | 96 | 0 |  | 0 | 96 |
| OR |  |  | 105 | 32 |  | 347 | 484 |
| WACH |  |  | 31 | 0 |  | 0 | 31 |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **Sheltered** | |  | **Unsheltered** | **Total** |
|  |  |  | Emergency | Safe Haven |  |  |  |
| **Chronically Homeless Families** | | | **22** | **0** |  | **37** | **59** |
| ARCH |  |  | 2 | 0 |  | 0 | 2 |
| HCCNA |  |  | 0 | 0 |  | 0 | 0 |
| HCNEA |  |  | 8 | 0 |  | 19 | 27 |
| HF |  |  | 0 | 0 |  | 0 | 0 |
| MACH |  |  | 0 | 0 |  | 6 | 6 |
| NACH |  |  | 9 | 0 |  | 0 | 9 |
| OR |  |  | 3 | 0 |  | 8 | 11 |
| WACH |  |  | 0 | 0 |  | 4 | 4 |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |
| **Homeless Subpopulations** | | | | | | | |
|  |  |  | **Sheltered** | | | **Unsheltered** | **Total** |
|  |  |  | **Persons in Emergency Shelters, Transitional Housing and Safe Havens** | | |  |  |
| **Veterans** | | | **377** |  |  | **126** | **503** |
| ARCH |  |  | 43 |  |  | 0 | 43 |
| HCCNA |  |  | 7 |  |  | 0 | 7 |
| HCNEA |  |  | 12 |  |  | 1 | 13 |
| HF |  |  | 12 |  |  | 40 | 52 |
| MACH |  |  | 40 |  |  | 27 | 67 |
| NACH |  |  | 32 |  |  | 0 | 32 |
| OR |  |  | 117 |  |  | 58 | 175 |
| WACH |  |  | 114 |  |  | 0 | 114 |
|  |  |  |  |  |  |  |  |
| **Severely Mentally Ill** | | | **1,038** |  |  | **398** | **1,436** |
| ARCH |  |  | 354 |  |  | 0 | 354 |
| HCCNA |  |  | 21 |  |  | 2 | 23 |
| HCNEA |  |  | 26 |  |  | 2 | 28 |
| HF |  |  | 15 |  |  | 47 | 62 |
| MACH |  |  | 92 |  |  | 40 | 132 |
| NACH |  |  | 14 |  |  | 0 | 14 |
| OR |  |  | 410 |  |  | 307 | 717 |
| WACH |  |  | 106 |  |  | 0 | 106 |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Homeless Subpopulations (Continued)** | | | | | | | |
|  |  |  | **Sheltered** | | | **Unsheltered** | **Total** |
|  |  |  | **Persons in Emergency Shelters, Transitional Housing and Safe Havens** | | |  |  |
| **Chronic Substance Abuse** | | | **968** |  |  | **361** | **1,329** |
| ARCH |  |  | 51 |  |  | 0 | 51 |
| HCCNA |  |  | 28 |  |  | 0 | 28 |
| HCNEA |  |  | 34 |  |  | 1 | 35 |
| HF |  |  | 16 |  |  | 53 | 69 |
| MACH |  |  | 56 |  |  | 63 | 119 |
| NACH |  |  | 39 |  |  | 0 | 39 |
| OR |  |  | 650 |  |  | 244 | 894 |
| WACH |  |  | 94 |  |  | 0 | 94 |
|  |  |  |  |  |  |  |  |
| **Persons with HIV/AIDS** | | | **145** |  |  | **29** | **174** |
| ARCH |  |  | 3 |  |  | 0 | 3 |
| HCCNA |  |  | 0 |  |  | 0 | 0 |
| HCNEA |  |  | 5 |  |  | 0 | 5 |
| HF |  |  | 0 |  |  | 5 | 5 |
| MACH |  |  | 0 |  |  | 9 | 9 |
| NACH |  |  | 3 |  |  | 0 | 3 |
| OR |  |  | 117 |  |  | 15 | 132 |
| WACH |  |  | 17 |  |  | 0 | 17 |
|  |  |  |  |  |  |  |  |
| **Victims of Domestic Violence** | | | **414** |  |  | **46** | **460** |
| ARCH |  |  | 55 |  |  | 0 | 55 |
| HCCNA |  |  | 38 |  |  | 2 | 40 |
| HCNEA |  |  | 18 |  |  | 5 | 23 |
| HF |  |  | 53 |  |  | 4 | 57 |
| MACH |  |  | 76 |  |  | 17 | 93 |
| NACH |  |  | 42 |  |  | 0 | 42 |
| OR |  |  | 83 |  |  | 18 | 101 |
| WACH |  |  | 49 |  |  | 0 | 49 |

**Homeless Subpopulations (Continued)**

|  |  |  |
| --- | --- | --- |
|  | | |
|  |  |  | **Sheltered** | | | **Unsheltered** | **Total** |
|  |  |  | **Persons in Emergency Shelters, Transitional Housing and Safe Havens** | | |  |  |
| **Unaccompanied Youth (under 18)** | | | **23** |  |  | **21** | **44** |
| ARCH |  |  | 0 |  |  | 0 | 0 |
| HCCNA |  |  | 0 |  |  | 0 | 0 |
| HCNEA |  |  | 11 |  |  | 1 | 12 |
| HF |  |  | 0 |  |  | 0 | 0 |
| MACH |  |  | 0 |  |  | 0 | 0 |
| NACH |  |  | 7 |  |  | 0 | 7 |
| OR |  |  | 5 |  |  | 20 | 25 |
| WACH |  |  | 0 |  |  | 0 | 0 |
|  | | | | | | | |

There are eight continuums of care for the homeless in Alabama, together encompassing all of the state’s 67 counties. These continuums serve as the main coordinating and planning bodies for homeless programs across the state. All eight continuums are active, functioning groups that, among many other activities, conduct an enumeration of the homeless population in January of each year (HUD allows biennial enumerations of the unsheltered homeless). Three continuums are located in the northern part of the state (Florence, Huntsville, and Gadsden-Anniston areas), two in central Alabama (Birmingham and Montgomery areas), one in west Alabama (Tuscaloosa), and one in south Alabama (Mobile area). All of the remaining areas in the state (i.e., 43 counties) are served by the Alabama Rural Coalition for the Homeless.

The data utilized in this section of the report was drawn from the homeless enumerations that are conducted by each of the eight continuums in January of each year. These are “point-in-time enumerations” that are done on a specific day/night and include a count of both the unsheltered and the sheltered homeless. In addition to conducting basic counts, some of the continuums collect additional information through face-to-face interviews (the street homeless) and/or direct interviews/distribution of questionnaires to the homeless housed in provider agencies. For this report, several documents were utilized in the data collection process, including the *2007 Homelessness in Alabama Statewide Data Report*, data supplied by the Alabama Department of Economic and Community Affairs from the 2012 Alabama homeless enumerations, *The 2009 Annual Homeless Assessment Report to Congress*, and data provided directly by various homeless coalitions/continuums across the state that were submitted with the Exhibit I portion of 2012 funding requests to HUD for Supportive Housing Programs.

Because of difficulties in counting the homeless population and variations in methodology used by the state’s eight Continuums of Care, caution must be exercised in using the numbers reported herein. This data is “point-in-time” and hence reflects counts as of a particular date and not the total number of homeless people within a given month, year, etc. While the dates of the counts vary among continuums, every count was conducted during the last eight days January 2012. Obviously, the total number of homeless during a particular year would be much larger than the numbers reported for a single day/night. In addition, any attempt to enumerate the homeless will most likely result in a significant undercount. Thus, the homeless population in Alabama is/was almost certainly larger than the point-in-time numbers that are reported in this section. Finally, not all continuums collect the same information concerning the homeless (demographic characteristics, needs, causes of homelessness, etc.), making it impossible to generalize safely from the data to the total population of homeless. Nevertheless, the numbers reported herein provide at least some indication of the magnitude of homelessness in the state at a given time, along with the characteristics and needs of the homeless.

According to the 2012 homeless enumeration results that were reported to the Alabama Department of Economic and Community Affairs (see Table 1), 4,964 people were homeless in Alabama as of January in that year. Slightly over one-fourth (26.2 percent; 1,300) of those enumerated were unsheltered (or “on the streets”), while 3,664 (73.8 percent) were sheltered. Most of the sheltered homeless were living in transitional housing in January, 2012 (39.7 percent), with the rest residing in emergency shelters and safe havens. Formerly homeless persons residing in permanent housing are not included in this count.

Of the 4,964 people estimated to be homeless in 2012, 816 (or 16.4 percent) were enumerated by the Alabama Rural Coalition for the Homeless in the 43 counties that are included in its jurisdiction. Thus, the number of rural homeless is estimated to be about one in every seven of the total homeless population in the state. Of those enumerated in 2012, about 34.4 percent were in the Birmingham area, followed by Mobile and Baldwin counties (12.8 percent), Gadsden-Anniston area (11 percent), Montgomery area (9.8 percent), Huntsville and Decatur area (8.7 percent), Florence-Muscle Shoals area (3.9 percent), and Tuscaloosa County (3 percent).

A recent trend regarding the state’s homeless population is the increasing number of families that are homeless (especially single women with children). The 2007 *Homelessness in Alabama Statewide Data Report* cites “the growing gap between wages and the cost of housing” as a major factor. Add to that, the fluctuating unemployment rates and home foreclosures that continue to occur and the number of homeless families has undoubtedly intensified. According to the data presented in Table 1, there were 482 households with at least one adult and one child in the state in January, 2012 that were homeless, numbering 1,343 individuals (or slightly over one-fourth of all persons who were homeless). Nearly one-fifth (18.8 percent; 252) were living on the streets, with 43.7 percent in transitional housing and 37.6 percent in emergency shelters.

According to the *2007 Homelessness in Alabama Statewide Data Report*, men comprised 70 percent of the state’s homeless population in 2007. Almost two-thirds (64 percent) were African-American, 34 percent were white, 1 percent were Native American, and 1 percent were persons of other races. Although the numbers from the various continuums concerning “causes of homelessness” are fragmentary, the factors with the greatest percentages for those reporting information are substance abuse, mental illness, eviction, inadequate income, unemployment, and domestic violence. Likewise, the categories of greatest need for the homeless from these same data are case management, emergency shelter, food assistance, clothing, help with a physical disability, housing placement, skills/job training, employment assistance, legal assistance, life skills training, medical and dental care, medicine, mental health services, substance abuse treatment, transitional and permanent housing, and transportation.

Of the 3,664 homeless persons who were sheltered in emergency and transitional housing or safe havens in the January, 2012 enumerations, the following subpopulations were identified: chronically homeless, 331; severely mentally ill, 1,038; chronic substance abusers, 968; veterans, 377; persons with HIV/AIDS, 145; victims of domestic violence, 414; and unaccompanied youth under 18, 23 (see Table 1). An unknown number of these persons may be placed in more than one subpopulation. However, it is apparent that the two largest subpopulations represented among the sheltered homeless in Alabama are substance abusers and the severely mentally ill. Fragmentary evidence from the street enumerations conducted around the state also indicates that these two subpopulations predominate there as well.

The most recent count of the unsheltered chronically homeless in Alabama is 475. This number was derived from the annual enumerations that were conducted in 2012. This is greater than the number that was tabulated for the chronically homeless living in shelters (331), raising the overall estimate for this group to 806 in Alabama (Table 1).

With approximately 1,300 unsheltered homeless people on the streets in Alabama at any given time (and likely growing given the current economic climate), additional housing resources are needed. Homeless individuals with substance abuse and/or serious mental illness need immediate housing with supportive services. In most cases, this housing should take the form of transitional housing in conjunction with substance abuse treatment programs and permanent housing with supportive services for those who are seriously mentally ill. Alongside these two subpopulations is the growing number of families with children (especially single women with children). Most emergency shelters across the state are not configured to house families or, if they are, only a very limited number of units are available for families. While a few nights of housing in a shelter (when the beds can be found) is beneficial for families, the greater need is for transitional housing that will provide some semblance of stability for the family while allowing time for the parent(s) to undertake job training, to seek employment, and to make other adjustments that will lead to a more stable existence.

Although inmates paroled from state institutions must theoretically have a place to live before they are released, planned living arrangements are not always realized. In addition, the state makes no provision for inmates who are released because they have reached the end of their sentences. With state correctional institutions generally filled significantly beyond capacity, many more inmates are apt to be paroled early in the months ahead (especially given current economic constraints on state government). Whatever the subpopulation of homeless, most continuums across the state need to provide more field workers/case managers to work one-on-one with the street homeless; hence, directing them to available services and housing, facilitating intake into homeless programs through one-stop and/or satellite processing systems, and streamlining the determination of eligibility for participation in mainstream governmental programs.

In addition to housing, most of the homeless facilities in Alabama offer one or more supportive services. However, the quantity and quality of supportive services varies greatly across the state, depending on financial considerations, staff size, staff qualifications, subpopulations served, and other considerations. Many (probably most) of the state’s homeless providers also provide outreach and assessment. Known outreach activities include case workers who work directly with the street homeless in order to secure housing and/or provide needed services; vans that comb the streets for homeless persons in need of food, shelter, and clothing; direct advertising of the 211 Connects system and other provider services to the homeless; periodic health fairs and other special events for the homeless; and monitoring of those about to be released from public institutions (e.g., hospitals, correctional facilities, and mental institutions) who otherwise have no place to go.

Most of Alabama’s homeless providers also have developed at least a rudimentary intake and assessment process. Indeed, the recent development and implementation of the Homeless Management Information System (HMIS) or a comparable data base across all eight of Alabama’s Continuums of Care has served as a stimulus to at least some agencies that did not have intake and assessment systems to develop better recordkeeping programs. Still, the completeness of intake and assessment varies greatly depending on the particular provider, financial support, staffing, and a myriad of other considerations. With the implementation of the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act, all Emergency Solutions Grants service providers will participate in HMIS or a comparable database. In addition, the HEARTH Act tasked the continua of care groups with the responsibility of developing a centralized or coordinated assessment system. Implementation of this system would significantly improve homeless data collection across the state, including the streamlining of intake procedures.

As indicated earlier, there are a great many low-income people in Alabama. Thus, achieving access to quality, affordable housing is problematical for a significant proportion of the state’s population. The National Low Income Housing Coalition, for example, has estimated a shortage of over 90,000 “affordable and available units” for persons with extremely low and very low income in Alabama. Thus, many low-income people are forced to live in substandard housing, to double-up with relatives and friends, live in abandoned buildings and other places unfit for habitation, or to seek shelter in agencies that serve the homeless. Unfortunately, there is not enough public housing to begin to meet the magnitude of the need.

Led by the Low Income Housing Coalition of Alabama, the 2008 Alabama Legislature passed a bill that created the Interim Alabama Housing Task Force. This task force was charged with the responsibility of studying housing trust funds outside of Alabama for possible application within the state, with a report concerning findings and recommendations to be presented to the Alabama Legislature at the beginning of its 2009 session. Although the report was presented and a bill introduced that would establish an affordable housing trust fund for Alabama, no legislative action was taken during the 2009 session. The Housing Trust Fund was not passed before the 2010 legislative session ended. Alabama is currently one of only 12 states without a statewide housing trust fund for low-income individuals and one of just seven without any type of housing trust fund at all.

Activities to prevent homelessness in Alabama vary from one locale to another, are underfunded, and largely uncoordinated. Although there is agency participation in governmental assistance programs such as FEMA and LIEHEAP, much of the emergency assistance provided to those vulnerable to homelessness is through local agencies (such as county human resource offices, Catholic Social Services, American Red Cross, Salvation Army and other faith-based organizations, and various other groups). Several Alabama cities (including Birmingham, Decatur, Montgomery, Mobile, and Huntsville) offer down payment assistance programs to first-time homebuyers through HUD’s HOME Program. Likewise, the Alabama Housing Finance Authority serves as administrator for a variety of statewide programs that help to make housing more accessible and affordable for both renters and homebuyers.

Another recent statewide initiative that has aided in homeless prevention is the passage of a new landlord-tenant law. Enacted in 2006 and taking effect in 2007, this law significantly strengthens the position of tenants in the landlord-tenant relationship, including assurances that tenants will be provided habitable property with working heat, electricity, and water. Other examples of homeless prevention activities include credit counseling programs for the low income, efforts to establish a statewide housing trust fund for low-income housing (discussed above), a new statewide program to place inmates that are being released from state correctional facilities (which involves a partnership between the Alabama Department of Corrections and non-profit social service agencies), and longstanding programs to insure that patients released from state mental institutions will not become homeless. Finally, the State of Alabama, as a direct HUD grantee, received approximately $13.3 million through the 2009 Homeless Prevention and Rapid Re-Housing Program (HPRP). HPRP is an initiative designed to prevent individuals and families from becoming homeless and to re-house those that are homeless. The State of Alabama’s HPRP funds assisted a total of 5,755 persons with homelessness prevention assistance and 1,535 persons with re-housing assistance through September 30, 2012.

Table 1

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Point In Time Summary for AL | | | | | | | | | | | |
|  |  |  |  |  |  |  |  | |  | |  |
| Date of PIT Count: January 2012 | | | | | | | | | | | |
| Population: Sheltered and Unsheltered Count | | | | | | | | | | | |
|  |  |  |  |  |  |  |  | |  | |  |
| **Persons in Households with at least one Adult and one Child** | | | | | | | | | | | |
|  | **Sheltered** | | | | **Unsheltered** | | | **Total** | |
|  | Emergency | | Transitional | |  | | |  | |
| Number of Households | 182 | | 201 | | 99 | | | **482** | |
| Number of persons  (Adults & Children) | 505 | | 586 | | 252 | | | **1,343** | |
|  |  | |  | |  | |  | | | |  |
| **Persons in Households without Children** | | | | | | | | | | | |
|  | **Sheltered** | | | | | | **Unsheltered** | | | | **Total** |
|  | Emergency | | Transitional | | Safe Haven | |  | | | |  |
| Number of Households | 1,096 | | 1,356 | | 32 | | 988 | | | | **3,472** |
| Number of Persons (Adults) | 1,138 | | 1,380 | | 32 | | 1,022 | | | | **3,572** |
|  |  | |  | |  | |  | | | |  |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Persons in Households with only Children** | | | | | | | | | |
|  | **Sheltered** | | | | | | **Unsheltered** | | **Total** |
|  | Emergency | | Transitional | | Safe Haven | |  | |  |
| Number of Households | 20 | | 1 | | 0 | | 26 | | **47** |
| Number of Persons (Age 17 or under) | 20 | | 3 | | 0 | | 26 | | **49** |
|  |  | |  | |  | |  | |  |
| **Total Households and Persons** | | | | | | | | | |
|  | **Sheltered** | | | | | | **Unsheltered** | | **Total** |
|  | Emergency | | Transitional | | Safe Haven | |  | |  |
| Total Households | **1,298** | | **1,558** | | **32** | | **1,113** | | **4,001** |
| Total Persons | **1,663** | | **1,969** | | **32** | | **1,300** | | **4,964** |
|  |  |  |  |  |  |  |  |  |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Chronically Homeless Subpopulations** | | | |  |
|  | **Sheltered** | | **Unsheltered** | **Total** |
|  | Chronically homeless persons in emergency shelters | Chronically homeless persons in safe havens |  |  |
| Chronically Homeless Individuals | 299 | 32 | 475 | **806** |
| Chronically Homeless Families | 22 | 0 | 37 | **59** |
|  |  |  |  |  |
|  |  |  |  |  |
| **Homeless Subpopulations** |  |  |  |  |
|  | **Sheltered** | | **Unsheltered** | **Total** |
|  | Persons in emergency shelters, transitional housing and safe havens | |  |  |
| Severely Mentally Ill | 1,038 | | 398 | **1,436** |
| Chronic Substance Abuse | 968 | | 361 | **1,329** |
| Veterans | 377 | | 126 | **503** |
| Persons with HIV/AIDS | 145 | | 29 | **174** |
| Victims of Domestic Violence | 414 | | 46 | **460** |
| Unaccompanied Youth (Under 18) | 23 | | 21 | **44** |

**STATE OF ALABAMA PY2013 ESG ACTION PLAN**

**History**

The Emergency Shelter Grant Program (ESG) was first enacted under Title V of the U.S. Department of Housing and Urban Development’s appropriation act for the fiscal year 1987, and was fully established by the Stewart B. McKinney Homeless Assistance Act in 1988. The Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act of 2009 amended the McKinney-Vento Homeless Assistance Act. The HEARTH Act included major revisions to the Emergency Shelter Grant Program, essentially changing it to the Emergency Solutions Grant Program. This is a program that may provide assistance to all areas of the state. ESG funds are used to upgrade existing homeless facilities and domestic abuse shelters, to help meet the operating costs of such facilities, to provide essential services to both sheltered and unsheltered homeless persons, to help prevent homelessness, to re-house homeless persons, and to assist in the costs of administering HMIS activities.

**Distribution of Funds**

The ESG Program is administered by the Alabama Department of Economic and Community Affairs (ADECA) and will be utilized to provide assistance to homeless persons and victims of domestic abuse as defined under the Stewart B. McKinney Homeless Assistance Act, as amended. Based on our 2012 allocation, the State can expect to receive $2.6 million in PY2013 ESG funds. However, the actual allocation may be more or less. The State will allocate funds based on the quality of applications received from local governments and private nonprofit organizations. No portion of these funds will be set aside for specific purposes. ESG dollars must be matched on a dollar for dollar basis by recipients. However, the State is incorporating into this Plan the option allowed by law and regulations to forgive up to $100,000 in required match when circumstances of extreme need indicate this is appropriate. The State will consider the urgency, need, and distress of the applicant when making such decisions.

**Thresholds**

No applications will be accepted under the following circumstances:

* The applicant owes the state or federal government money and no repayment arrangement is in place.
* Disallowed costs have resulted from an ADECA review or audit and no resolution is finalized.
* The applicant has an open ESG grant from FY2011 or an earlier year.
* The private nonprofit organization, acting as the applicant or subrecipient, lacks 501(c) (3) status.

Where eligibility for the grant is subject to close-out of earlier grants, acceptable closeout documents which require no changes must have been received by ADECA by March 29, 2013, for the grant to be considered closed out.

**Grant Ceilings**

In order to address needs throughout the State, the Program will use a grant ceiling of $200,000 for applicants that will serve a single jurisdiction. An applicant that will serve multiple localities within a single county is defined as a single jurisdiction. An applicant that will serve multiple counties will have a grant ceiling of $400,000. In the event that all funds are not awarded through the one-time competitive application process, the State may negotiate with applicants to utilize all current year funds as well as recaptured funds that are available to be reallocated by the State. Initiation of negotiations will be done by the State based on (1) demonstrated need, (2) prior performance, and (3) other available resources. Reallocations of recaptured ESG funds or unutilized prior year funds may be made at the discretion of the ADECA Director based on the three factors listed above.

**Eligible Activities**

ESG funds may be used for the following activities allowed under the McKinney-Vento Homeless Assistance Act, as amended:

Street Outreach

Assistance provided must serve unsheltered homeless persons who are neither willing nor able to access housing, emergency shelter, or an appropriate health facility. The total amount that may be used for street outreach and emergency shelter expenditures combined cannot exceed the greater of:

* 60 percent of that fiscal year’s total ESG grant award; **or**
* The amount of FY2010 grant funds committed to street outreach and emergency shelter activities.

Eligible costs include:

1. Engagement – Activities to locate, identify, and build relationships with unsheltered homeless persons in an effort to provide intervention, immediate support, and connections with mainstream social services, homeless assistance programs, and/or housing programs.

2. Case Management – Services include the cost of assessing service and housing needs. Case managers will arrange, coordinate, and monitor the delivery of individualized services in order to meet the needs of the program participants.

3. Emergency Health Services – Eligible costs include the direct outpatient treatment of medical conditions. Services are provided by licensed medical professionals operating in community-based settings and other places where unsheltered homeless persons reside. ESG funds may be used only if other appropriate health services are unavailable or inaccessible in the area.

4. Emergency Mental Health Services – Eligible costs include the direct outpatient treatment of mental health conditions by licensed medical professionals operating in community-based settings and other places where unsheltered homeless persons reside.

5. Transportation – Eligible costs include travel by social workers, medical professionals, outreach workers, or other service providers when the travel takes place during the provision of eligible street outreach services.

6. Services to Special Populations – Eligible costs include eligible essential services that have been tailored to address the special needs of people living with HIV/AIDS, homeless youth, and/or victims of domestic violence and related crimes/threats.

Emergency Shelter

The types of assistance include providing essential services to homeless individuals or families in emergency shelters, operating costs for emergency shelters, costs associated with renovating buildings to be used as emergency shelter for homeless individuals and families, and assistance required under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA). Staff costs related to carrying out emergency shelter activities are eligible. The total amount that may be used for street outreach and emergency shelter expenditures combined cannot exceed the greater of:

* 60 percent of that fiscal year’s total ESG grant award; **or**
* The amount of FY2010 grant funds committed to street outreach and emergency shelter activities.

Eligible costs include:

1. Essential Services – case management, child care, life skills services, employment assistance and job training, education services, legal services, transportation, substance abuse treatment services, outpatient health services, mental health services, and services for special populations.

2. Shelter Operations – Rent, facility maintenance, utilities, food, insurance, furnishings, security, equipment, fuel, and supplies necessary for the operation of the emergency shelter. Hotel or motel vouchers are eligible only when no appropriate emergency shelter is available.

3. Renovation – Costs associated with renovating buildings to be used as emergency shelter for homeless individuals and families, including labor, materials, tools, and other costs including soft costs. The emergency shelter must be owned by a private nonprofit organization or a governmental entity. Types of renovation include:

* Conversion - A change in the use of a building to an emergency shelter for the homeless, where the cost of conversion and any rehabilitation costs exceed 75 percent of the value of the building after rehabilitation. (If ESG funds are used for conversion, the facility must be used as a shelter for the homeless for at least a ten-year period.)
* Major Rehabilitation – Rehabilitation that costs in excess of 75 percent of the value of the building before rehabilitation. (Where ESG funds are used for this purpose, the building must be used as a homeless shelter for at least a ten-year period.)
* Other Renovation – Rehabilitation that involves costs of 75 percent or less of the value of the building before rehabilitation. (Where ESG funds are used for this purpose, the building must be used as a shelter for at least a three-year period.)

Value of the building means the monetary value assigned to a building by an independent real estate appraiser, or as otherwise reasonably established by the grantee or the State recipient.

4. Assistance Required under URA – Costs of providing URA assistance, including relocation payments and other assistance to persons displaced by a project assisted with ESG funds.

Homelessness Prevention

Assistance may be provided to individuals and families who meet HUD’s definition of at risk or at imminent risk of homelessness. Individuals and families must have an income below 30% of Area Median Income. Staff salaries related to service provision are eligible. Eligible costs include:

1. Rental Assistance – Assistance may be short- or medium-term. Short term assistance may be provided for up to 3 months. Medium-term assistance may be provided for 4 to 24 months. Assistance may be provided during any 3-year period, including a one-time payment for up to 6 months of the tenant’s portion of rental arrears.

2. Housing Relocation and Stabilization Services – Consists of two types of assistance: financial assistance and services.

A. Financial Assistance – ESG funds may be used to pay utility companies, housing owners, and other third parties for the following types of costs: rental application fees, security deposits, last month’s rent, utility deposits, utility payments, and moving costs.

B. Services – ESG funds may be used to pay the costs of providing the following services:

1. Housing Search and Placement – Activities or services necessary to assist program participants in locating, obtaining, and retaining suitable permanent housing.

2. Housing Stability Case Management – Services necessary to assess, arrange, coordinate, and monitor the delivery of individualized services to facilitate housing stability.

3. Mediation – Mediation between the program participant and the owner or person(s) with whom the program participant currently resides to prevent the program participant from losing permanent housing in which they currently reside.

4. Legal Services – Services necessary to resolve a legal problem that prohibits the program participant from obtaining or maintaining permanent housing.

5. Credit Repair – Services necessary to assist program participants with critical skills related to household budgeting, money management, accessing a free personal credit report, and resolving personal credit problems.

Rapid Re-Housing

Assistance may be provided to individuals and families who meet HUD’s definition of being literally homeless. Staff salaries related to service provision are eligible. Eligible costs are the same as those for Homelessness Prevention.

Homeless Management Information System (HMIS)

HMIS is a statutory requirement of the HEARTH Act. Victim service providers cannot participate in HMIS. Legal services organizations may choose not to participate in HMIS. Providers that do not participate in HMIS must use a comparable database that produces unduplicated reports. Eligible costs include purchasing or leasing equipment or, computer hardware, purchasing software licenses, obtaining technical support, leasing office space, overhead charges such as electricity, phone, water, gas, and high-speed data transmission necessary to operate the HMIS, salaries necessary to operate HMIS, travel to attend HUD-sponsored and HUD-approved training on HMIS and programs authorized by Title IV of the McKinney-Vento Homeless Assistance Act, travel costs to conduct intake, and paying participation fees charged by the HMIS Lead Agency designated by the Continuum of Care to operate the area’s HMIS.

Administration

Administration includes the activities necessary to administer the grant in compliance with program objectives and regulations. Eligible administrative costs include staff to operate the program, preparation of progress reports, audits, and monitoring of recipients. This does not include staff and overhead costs directly related to carrying out other ESG eligible activities. No more than 7.5 percent of the State’s grant may be spent for administrative costs.

**Obstacles to Addressing Underserved Needs**

Various obstacles to addressing underserved community needs exist across the State. In the rural counties, transportation is a major issue. Nonexistent public transportation limits access to mainstream resources. Dwindling funding for mainstream resources at various levels of government further negatively impact the needs of persons experiencing homelessness. The shortage of affordable permanent housing presents another obstacle. Job loss, unemployment, and the lack of affordable healthcare are also obstacles.

**Proposed Activities**

The point-in-time surveys completed in 2012 for the State of Alabama documented 4,964 homeless persons. Of those, 1,300 were unsheltered and 3,664 were sheltered in emergency shelters, transitional shelters or safe havens. Because these numbers indicate needs for both sheltered and unsheltered homeless persons, the State has identified additional housing resources and case management services as priority needs in its Consolidated Plan. In an effort to address these needs, the State has chosen to allow applicants to request funding for all eligible activities.

For homeless assistance activities (emergency shelter and street outreach), the objective is to create a suitable living environment. The outcome is availability/accessibility.

For homelessness prevention and rapid re-housing activities, the objective is to provide decent affordable housing. The outcome is affordability.

**Application Process**

The application submission date for ESG funds will be announced during the ESG Application Workshop or through another widely distributed notification process. Applicants are limited to local units of government and private nonprofit organizations. Funds will be awarded competitively based on the factors reviewed below. The State may exercise discretion to fund requests fully or partially, if so warranted, to maximize impact on the State’s homeless and other ESG-eligible clientele. The State may conduct site visits to potential grantees. The site visits may influence funding decisions.

A. Identification of Homeless Assistance Needs 20 Points

Applicants will identify the homeless assistance needs they propose to address for their service area including the needs of other eligible clientele such as victims of domestic violence. Applicants should specifically address the needs of the unsheltered homeless persons in their service area. They should use quantifiable data, specific to their service area, to the maximum extent possible. Data should include the number of individuals and families actually served during the last calendar year.

B. Applicant’s Strategy to Address Homeless Problems 25 Points

Applicants will describe their strategy for addressing homeless problems. They will provide specific data quantifying the types of assistance or services provided to homeless individuals and families or those persons at risk of homelessness during the last calendar year. **Applicants will estimate the number of participants they propose to assist in relation to the types of assistance to be provided.** They should explain their strategy for targeting funds to the neediest persons, or to the geographic or functional areas where funds may have the greatest impact.

C. Capacity and Coordination 20 Points

Applicants will describe their management capacity, especially that of all sub-recipients, if any. Provide specific details relating to direct or related experience with service provision to homeless individuals and families or those at-risk of homelessness. Applicants will provide their plan to coordinate and integrate ESG-funded activities with other programs targeted to serving homeless persons and with mainstream resources for which program participants may be eligible.

D. Participation in a Continuum of Care 15 Points

The applicant will demonstrate a thorough understanding of the “continuum of care” concept and explain how the services provided by it or its sub-recipients are in line with this concept. This will include information concerning membership in an existing Continuum of Care Homeless Coalition. The applicant will explain the levels of participation of the applicant and the sub-recipients in the continuum and detail the strategies of their particular continuum for serving the homeless.

E. Match 10 Points

Points will be given based on the clarity of proposed match. Match (in-kind or cash) must be explained as to how its use relates to the activities allowed under the McKinney Homeless Assistance Act, as amended. Match must be verified to include resolutions and letters detailing sources of funds. If match comes from the city or the county, then the source of funds (general fund) must be identified. Letters from banks, organizations, or donors specifying donated items will be needed. Volunteer hours and fundraising efforts will need to be discussed in enough detail to establish validity. The service area or activities for which volunteer hours are used must be clearly indicated.

F. Budget 10 Points

The budget narrativemust consist of a thorough explanation of activities involved with the request. Each budget category (Administration, Street Outreach, Emergency Shelter, Homelessness Prevention, Rapid Re-Housing, and HMIS) must give a detailed description of costs. The applicant’s budget must be the aggregate of the sub-recipient(s) budget(s). In addition to the budget forms, each agency for which funds are requested should submit its annual budget that shows the source and amount of other funds received.

TOTAL POINTS AVAILABLE 100 Points

**Process for Making Sub-awards**

Applications should provide the applicants’ strategies to provide emergency shelter, street outreach, homelessness prevention and rapid re-housing assistance. Project reviews will include the following criteria:

* demonstrated need for assistance in the service area
* plan to provide services to the target population
* capacity to carry out program requirements
* activities to be performed
* coordination with local agencies serving similar target populations

If necessary, the State may request additional information to assist with reviews. State sub-recipients will be required to ensure that program information is available in the appropriate languages for the geographic area(s) to be served with ESG funds.

**Tie Breaker**

In the event of tied scores where funding is not available to all applicants, the Director will exercise discretion in funding requests with the most impact. The Director may also exercise discretion in adjusting funding awards to serve needs in a greater number of communities without significantly reducing the effectiveness of proposed programs.

**Consultation with Continuums of Care**

The State met with members of the continuums of care (CoC) in its jurisdiction on February 14, and March 23, 2012. The following topics were discussed: determining how to allocate ESG funds for eligible activities; developing the performance standards for activities funded under ESG; and developing funding, policies, and procedures for the operation and administration of the Homeless Management Information System (HMIS). In addition to the meeting, additional consultation was done by email. Collaborative consultation resulted in the following outcomes.

1. Determining how to allocate ESG funds for eligible activities

a. Membership in CoC – Agencies interested in applying for ESG funding must be active, participating members of the local continuum of care.

b. Service Provision – Services provided by the interested agencies must meet an established goal of the local CoC.

c. Capacity – Interested agencies must have demonstrated their capacity to carryout ESG or similar program activities.

d. Collaboration - Interested agencies must collaborate with local agencies that serve similar target populations.

e. Coordination - Interested agencies must coordinate with other agencies that provide mainstream resources to similar target populations.

2. Developing the Performance Standards for activities funded under ESG

a. Agencies funded with ESG funds must utilize written intake forms that clearly document eligibility for ESG assistance, and homeless status at program entry and program exit.

b. Funded agencies must report client data in HMIS, unless the agency is a victim service provider or legal service provider. In such cases, the funded agencies must report client data in a comparable database.

c. Funded agencies must set measurable targets to be accomplished throughout the life of the program.

d. Funded agencies and their respective CoC will periodically monitor program progress of all ESG-funded activities to document:

1. Impact of ESG-funded projects
2. Number of persons served by ESG-funded projects
3. Number of program participants obtaining mainstream benefits such as Temporary Assistance to Needy Families, Supplemental Nutrition Assistance Programs, VA Health and Pension Benefits, Supplemental Security Income/Social Security Disability Insurance, and Medicaid

3. Developing funding, policies, and procedures for the operation and administration of the HMIS

*PromisAL,* the Program Management Information System of Alabama, serves as a multi-implementation of HMIS. Every continuum in the state, with the exception of the Homeless Care Council of Northwest Alabama, utilizes *PromisAL*. *PromisAL* is operated under a Steering Committee which consists of members of each continuum across the State of Alabama. *PromisAL* has established policies and procedures. Funding for HMIS and related activities and costs will be limited to up to five percent of the grant award to individual sub-recipients.

**Written Standards for Provision of ESG Assistance**

Because the needs of program participants, and access and availability to assistance vary across the State, the State will require its sub-recipients to establish and implement their own written program standards. Program standards must not be designed to discriminate against any program participant. Program standards must be applied consistently to every program participant. At a minimum, program standards must include the following:

1. Policies and procedures for evaluating individuals’ and families’ eligibility for ESG assistance.
2. Policies and procedures for coordination among homelessness prevention and rapid re-housing assistance providers, emergency shelter providers, essential service providers, other homeless assistance providers, and mainstream service and housing providers.
3. Policies and procedures for determining and prioritizing which eligible individuals and families will receive homelessness prevention assistance and which eligible individuals and families will receive rapid re-housing assistance.
4. Standards for determining the length of time a particular program participant will be provided with rental assistance and if and how the amount of that assistance will be adjusted over time.
5. Standards for determining the share of rent and utilities costs that each program participant must pay, if any, while receiving homelessness prevention or rapid re-housing assistance.
6. Standards for determining the type, amount, and duration of housing stabilization and/or relocation services to provide a program participant. Include the limits, if any, on the homelessness prevention or rapid re-housing assistance that each program participant may receive (maximum amount of assistance, maximum number of months, or maximum number of times the program participants may receive assistance).
7. Standards for targeting and providing essential services related to street outreach activities. Include the limits, if any, on the street outreach assistance that each program participant may receive (maximum amount of assistance, maximum number of months, or maximum number of times the program participants may receive assistance).
8. Policies and procedures for admission, diversion, referral and discharge by emergency sheltersassisted under ESG, including standards regarding length of stay, if any, and safeguards to meet the safety and shelter needs of special populations, e.g., victims of domestic violence, dating violence, sexual assault, and stalking; and individuals and families who have the highest barriers to housing and are likely to be homeless the longest;

1. Policies and procedures for assessing, prioritizing, and reassessing individuals’ and families’ needsfor essential services related to emergency shelter.

**Performance Standards**

Funded agencies and their respective CoC will periodically monitor program progress of all ESG-funded activities to document:

* Impact of ESG-funded projects
* Number of persons served by ESG-funded projects
* Number of program participants obtaining mainstream benefits such as Temporary Assistance to Needy Families, Supplemental Nutrition Assistance Programs, VA Health and Pension Benefits, Supplemental Security

Income/Social Security Disability Insurance, and Medicaid

**Outcome Measures**

Outcome measures will be determined by performance indicators. Because the State’s ESG program will be implemented in different geographic areas with various needs, various social services programs and various degrees of access to service, the State chose not to develop performance indicators. The sub-recipients will develop performance indicators that best depict program accomplishments for their local areas. Performance indicators specific to geographic areas will be evaluated to determine program outcomes.

**Centralized or Coordinated Assessment**

The continuums of care have not yet developed a centralized or coordinated assessment system. Once the assessment system is developed, each ESG-funded program will utilize the system.

**Requirements for recipients who plan to use the risk factor under paragraph (1) (iii) (G) of the “at risk of homelessness” definition**

If the recipient plans to serve persons “at risk of homelessness”, based on the risk factor “otherwise lives in housing that has characteristics associated with instability and increased risk of homelessness” describe specific characteristics associated with instability and increased risk of homelessness.

The State accepts the following conditions to be indicative of housing instability and increased risk of homelessness:

1. Documented mental health conditions that limit or prohibit a person’s ability to work;
2. Documented physical health conditions that limit or prohibit a person’s ability to work;
3. Documented substance abuse that limits or prohibits a person’s ability to work
4. Person has a criminal background; or
5. Occurrences of domestic violence or abuse.

**One-year goals and specific action steps for reducing and ending homelessness through:**

Reaching outto homeless persons (especially unsheltered persons) and assessing their individual needs

The point-in-time count for 2012 showed that there were at least 1,300 unsheltered homeless persons in Alabama. The State’s goals are to decrease the number of unsheltered homeless persons and to increase the provision of services to them. In an effort to reach out to the unsheltered homeless persons and address their needs, the following action steps will be undertaken.

1. The ESG sub-grantees will work more closely with the continuum of care groups throughout the state to identify the unsheltered homeless persons in their service areas and determine their needs.
2. In addition to their established programs, the ESG sub-grantees will target unsheltered homeless persons in an effort to provide shelter and services to them.
3. The ESG sub-grantees will ensure that their case managers inform the unsheltered homeless of services available to them and coordinate with those service providers in an effort to facilitate the provision of those services.

Addressing the emergency shelter and transitional housing needs of homeless persons The point-in-time count for 2012 showed that there were 3,664 homeless persons in emergency shelter and transitional housing in Alabama. The State’s goals are to decrease the number of sheltered homeless persons and to increase the provision of services to them. In a continued effort to provide services to the sheltered homeless persons and address their needs, the following action steps will be undertaken.

1. The ESG sub-grantees will work more closely with mainstream service providers throughout the state to link the sheltered homeless persons in their service areas to the appropriate services.
2. The ESG sub-grantees will work more closely with housing agencies to determine availability for those sheltered homeless persons exiting the system.

Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access for homeless individuals and families to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again.

The State’s goals are to shorten the length of time any homeless person remains homeless, facilitate access to affordable housing units, and prevent reoccurrences of homelessness. However, according to the Low Income Housing Coalition of Alabama, there is a shortage of 90,000 available and affordable housing units in the state. This shortage creates a huge obstacle to obtaining these goals. However, case managers working with ESG funds will continue to seek supplemental assistance for their clients by coordinating with mainstream service providers.

Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families who are:

Being discharged from publicly funded institutions and systems of care, such as healthcare facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions

The State’s goal is to increase awareness of permanent housing, emergency shelter, and transitional housing availability. In order to accomplish this goal, the ESG sub-grantees will inform those publicly funded institutions of the available housing options in their service area. This information would then be made available to those persons being discharged. The ESG sub-grantees will also work more closely with mainstream agencies serving individuals and families that are at risk for homelessness in an effort to inform them of available permanent housing, emergency shelter, and transitional housing availability.

Receiving assistance from public and private agenciesthat address housing, health, social services, employment, education, or youth needs

The State’s goal is that ESG sub-grantees’ case managers will become more knowledgeable about the types of public and private assistance that address housing, health, social services, employment, education and youth needs. To accomplish this goal, case managers will work more closely with mainstream service providers and private agencies which address these needs. The case managers will provide this information to their clients and assist them in obtaining other eligible assistance.

The jurisdiction must specify the activities that it plans to undertake during the next year to **address the housing and supportive service needs** identified in accordance with §91.215(e) with respect to **persons who are not homeless but have other special needs.**

The Alabama Housing Finance Authority (AHFA), as the administrator of the HOME Program, provides opportunities for developer applicants to construct housing for some persons who are not homeless but may have other special needs. While AHFA does not specify what may be needed or desired in certain markets, they generally approve high quantities of housing for the elderly. Units for other persons with special needs are encouraged but not mandatory. HOME funds are not used for tenant-based rental assistance.

Information specific to the needs of non-homeless persons who may require supportive services or housing assistance is currently not reported to the State. However, to address these needs, the following steps will be taken. Where applicable, the continuum of care groups in the State will work towards expanding their membership to include agencies that provide services to the following persons who are non-homeless: elderly, persons with HIV/AIDS, persons with disabilities, persons with alcohol or other drug addictions, and public housing residents.

At a minimum, each continuum will coordinate with these agencies in its service area regarding the supportive services and housing needs of these persons. The continuums will summarize and prioritize these needs. Once this information is available, the continuums, service providers, and other interested agencies can begin to plan activities and coordinate efforts to address these needs.

###### COMMUNITY DEVELOPMENT

# Community Development

1. Identify the jurisdiction's priority non‑housing community development needs eligible for assistance by CDBG eligibility category.
2. Identify specific long‑term and short‑term community development objectives (including economic development activities that create jobs), developed in accordance with the statutory goals described in section 24 CFR 91.1 and the primary objective of the CDBG program to provide decent housing and a suitable living environment and expand economic opportunities, principally for low‑ and moderate‑income persons.

Program Year 4 Action Plan Community Development response:

As stated in the Five-Year Plan, The State of Alabama, in accordance with the statutory goals stated in 24 CFR 91.1, Community Planning and Development Programs Consolidation, has developed priority non-housing needs with both long-term and short-term objectives.

The statutory goals “to establish and maintain a suitable living environment, and expand economic opportunities for every American, particularly for very low-income and low-income persons”, are reinforced by the State of Alabama’s long-term objectives:

1. To provide important community facilities that address all aspects of community development.
2. To provide economic development that creates new jobs, retains existing employment, and expands the local tax base.
3. To meet the affordable housing needs of low-, and moderate-income Alabamians.

Additionally, in accordance with the Housing and Community Development Act, the State of Alabama requires that each CDBG funded activity meet at least one of the following three objectives:

1. Benefit principally low- and moderate-income persons; or
2. Aid in the prevention or elimination of slums and blight; or
3. Meet other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community, and other financial resources are not available to meet such needs.

With respect to short-term objectives, the State of Alabama has identified the following:

1. Allow communities to address the community development needs perceived to be the most important at the local level.
2. Encourage communities to plan for the future.
3. Assist communities in responding to economic development needs in a timely manner primarily through infrastructure assistance.
4. Provide a vehicle to deal with health hazards or urgent needs so that communities can readily respond to crises.
5. Provide a vehicle to address a wide variety of community development needs including housing rehabilitation.

Based on the results of a Community Needs Survey conducted while developing the Five-Year Plan, prior funding history, program experience, and the volume of need in Alabama, the CDBG priorities for Program Year Four remain the same as those for the Five-Year Plan: sewer, water, economic development, and road and drainage.

ADECA expects the type of applications received and the funds allocated to follow the historical trend. Based on the continuing trend of reduced federal allocations, ADECA anticipates funding the following in Program Year Four: 15 sewer projects, 10 water projects, 10 economic development projects, 8 road and drainage projects, and 2 housing rehabilitation projects.

The State of Alabama plans to report CDBG accomplishments in accordance with the March 7, 2006, Federal Register Notice entitled “Notice of Outcome Performance Measurement System for Community Planning and Development Formula Grant Programs”. Reporting will take the form of entering individual grant objectives and outcomes in HUD’s Integrated Disbursement and Information System (IDIS).

**STATE OF ALABAMA 2013 CDBG ACTION PLAN**

The following policies will govern Alabama's CDBG program:

1. Let applicants compete fairly for funds to address essential community facility needs.
2. Let communities compete equally for their varying community development needs.
3. Insure that communities in the State can compete for funds on an equitable basis.
4. Allow for equitable competition by allowing, where feasible, small cities, large cities, and counties to compete in their respective categories.
5. Facilitate broader distribution of CDBG funds by funding a large number of applicants.
6. Facilitate funding of important economic development projects in a timely manner.
7. Encourage communities to plan for community conservation and development.
8. Give additional consideration to those communities who commit to do the most to help themselves, taking into account their level of resources.
9. Give consideration to the community's ability to maintain CDBG improvements.
10. Make funding decisions, to the extent feasible, that aid local and regional plans.
11. Insure that all grants are managed in a timely and effective manner.

## Proposed PY2013 Fund Allocation

(based upon PY2012 Allocation)

|  |  |
| --- | --- |
| Total Allocated to Alabama | $20,783,206 |
| County Fund | 2,500,000 |
| Large City Fund | 4,500,000 |
| Small City Fund Economic Development Fund | 5,000,000  4,500,000 |
| Planning Fund | 150,000 |
| Community Enhancement Fund | 3,409,710 |
| State Administration | 515,664 |
| State Technical Assistance | 207,832 |
|  |  |

NOTES:

1. The allocations are subject to the actual HUD allocation. At the discretion of the ADECA Director, allocations may be modified, or altogether eliminated, in order to maintain program integrity.

2. Balances in any fund will be used to either fund the Black Belt Region Projects or transfer to any other fund at the discretion of the Director. Such transfers will not count towards the five percent threshold established in the State’s Citizen Participation Plan.

3. Balances in the State’s Technical Assistance Fund and the State’s Administration Fund for any year may be transferred to the “Recaptured Fund” at the discretion of the Director. Such transfers will not count towards the five percent threshold established in the State’s Citizen Participation Plan.

4. All recaptured funds (other than Program Income as defined by regulations) will be placed in a "Recaptured Fund”. Any funds awarded via a Governor’s/Director’s award letter which are rescinded due to a grantee’s failure to satisfy a condition in the State’s Letter of Conditional Commitment or a grantee’s inability to implement the project as approved may be considered Recaptured Funds if a significant amount of time has lapsed. Likewise, any funds returned by grantees due to cost under-run will be considered Recaptured Funds. (This footnote does not include funds returned as the result of an ED Float Loan; please see the section on ED Float Loans for a description of how the return of those funds will be handled.) Persons interested in the amount of Recaptured Fund money available may inquire to ADECA in writing for this information.

5. Approximately $50,000 in Program Income is expected to be available during the course of this program year. The exact amount will depend on the rate of pay-off, defaults, and early settlements, but the money will generally be used to fund economic development projects. Persons interested in the amount of ED Funds and Program Income available may find out at any time by inquiring in writing. If the State's Letter of Credit is used by HUD to make payments on Section 108 Loans, the State will utilize Program Income, Recaptured Funds, and other available funds to insure that all commitments from the State are met. Recaptured Funds, Program Income, and other funds may also be used to pay-off, make payments on, or provide credit toward Section 108 Loan Guarantee projects and/or Float Loan projects.

6. Reallocated funds from HUD will be assigned to the most appropriate Fund by the Director and distributed in accordance with the methodology described in the Action Plan.

1. The State recognizes the applicant's right to retain Program Income within acceptable limits to the extent that the income is applied to continue the activity from which such income was derived.

8. From time to time, areas declared a disaster by the President will be addressed by a separate Disaster Program for the purposes of disaster relief, long-term recovery, and mitigation.

## METHODS OF ALLOCATION

The State's Community Development Block Grant money will be allocated as shown on the preceding pages and as described below. The application submission dates for these funds will be announced during the CDBG workshops or through other appropriate widely distributed public notifications.

Each activity funded must address at least one of the three National Objectives of the Community Development Block Grant program:

1. To benefit low and moderate income persons, of which at least 51% must be from low and moderate income households, except for single family housing activities which must benefit 100% low and moderate income households;

2. Aid in the prevention or elimination of slums and blight; or,

3. Meet other urgent community needs posing a serious and immediate threat to the health or welfare of the community where other financial resources are not available.

In addition to meeting at least one of the three National Objectives listed above, activities must meet one of the following three performance goals:

1. Create suitable living environments,
2. Provide decent affordable housing, or
3. Create economic opportunities.

Further, activities must demonstrate the ability to achieve or improve one or more of the following outcomes:

1. Improve availability or accessibility of units or services,
2. Improve affordability of housing or other services, and/or
3. Improve sustainability by promoting viable communities.

COUNTY FUND

This fund is a reservation of money for county governments to be awarded on a competitive basis. Eligible applicants are all counties, except Jefferson and Mobile, which meet eligibility requirements listed under Thresholds.

LARGE CITY FUND

This fund is a reservation of money for the State's larger municipalities to be awarded on a competitive basis. Eligible applicants are all non-entitlement cities with a population of 3,001 or more that are not members of the Jefferson or Mobile County consortiums, and which meet eligibility requirements listed under Thresholds.

SMALL CITY FUND

This fund is for the State's small cities/towns to be awarded on a competitive basis. Eligible applicants are all cities or towns with a population of 3,000 or less that are not members of the Jefferson or Mobile County consortiums, and which meet eligibility requirements listed under Thresholds.

ECONOMIC DEVELOPMENT FUND

This fund is to assist activities necessary for economic development projects. Economic development projects are those based on job creation or retention. These funds will be allocated on a continual basis. Applications may be submitted anytime during the program year. Eligible applicants are all non-entitlement local governments that meet eligibility requirements listed under Thresholds.

SECTION 108 LOAN GUARANTEES

This is a chance for communities to seek, through the Secretary of HUD, loan guarantees for the purpose of financing economic development activities as permitted in Title I of the Housing and Community Development Act of 1974, as amended. The State will not obligate for guarantees more than $10,000,000 per project, nor more than the HUD-established limit per year. In those instances where there is an exceptional economic impact, then a waiver on the ceiling may be granted. The State may use the ED Fund, the Recaptured Fund, Program Income, or other funds to provide credit toward and/or make payments on Section 108 Loan Guarantee projects.

PLANNING FUND

Planning funds will be awarded to those local governments who demonstrate the need for local planning. Eligible applicants are all non-entitlement local governments that meet the eligibility requirements listed under Thresholds.

COMMUNITY ENHANCEMENT FUND

This fund is a reservation of money to provide funding for eligible CDBG activities which communities consider important to enhance the quality of life for area/community residents. Eligible applicants are non-entitlement local governments who meet applicable thresholds.

RECAPTURED FUND

This fund will consist of any funds returned to the State during the program year, except Program Income as defined by applicable regulations. The Director, at his or her discretion, will use an appropriate amount of Recaptured Fund to fund the Black Belt Region Projects as well as assist eligible and fundable projects from any of the fund categories listed above. The Recaptured Fund may also be used to meet State commitments caused by 108 Loan underpayments or nonpayment of Float Loans. Money from the Recaptured Fund will be awarded based on the criteria applicable to each individual fund. It is estimated that the State will receive approximately $1,000,000 for this year.

In addition to the above, the Recaptured Fund may also be used to amend grants from any prior or current year grant when warranted by the circumstances presented to ADECA in the grantee's amendment request. Such amendments may cause the original grant to exceed formerly applicable grant ceilings if necessary to satisfactorily address project needs and National Objectives. Factors to be considered when evaluating such requests are: (1) positive impact (on low and moderate income persons or other National Objectives) to be expected if the amendment is approved, versus negative impact if the amendment is not approved; (2) efforts of grantee to address circumstances requiring amendment before requesting an amendment from ADECA; (3) economic distress of grantee as presented in the amendment request; and (4) other extenuating or unusual circumstances which may have caused the request.

BLACK BELT REGION PROJECTS

This category is designed to assist projects in the twelve counties of the Black Belt Region of the State. These counties include Bullock, Choctaw, Dallas, Greene, Hale, Lowndes, Macon, Marengo, Pickens, Perry, Sumter and Wilcox. Up to $1.5 million may be made available from Recaptured Fund and other transfers including transfer of balances from Funds listed above that are either not required or are not sufficient to fund an entire project or the majority of the projects applied for within those funds.

No separate applications will be required for the Black Belt Region Projects. Instead, the unsuccessful applications received from the twelve Black Belt counties, including communities within those counties, for all other funds will be considered under this Project. Award considerations for these projects will no longer be constrained by rating of these projects under individual Funds. The award of projects will be based primarily upon the impact these projects will have on the community and the region. The State will exercise necessary discretion to allow alteration of designs and grant requests to maximize the benefit for the region.

URGENT NEED PROJECTS

An eligible community may apply for funding to address urgent needs resulting from occurrence of recent events (generally not older than 18 months) such as storms and flooding posing a serious and immediate threat to the health or welfare of the community. Such projects will not be subject to particular grant ceilings, timing, match requirements, or other limitations and the Director will exercise full discretion by transferring available funds in different fund categories. These projects will be considered as special fund category projects.

JOINT PROJECTS

The PY2013 program allows two or more communities to jointly carry out activities to address their mutual needs. The following will serve as a guide in the eligibility and determination of joint projects:

1. A project will not be considered as a joint project when the benefits accruing to additional jurisdiction(s) are purely of a secondary nature or account for less than 30 percent of the total project beneficiaries. In such cases, the additional jurisdiction(s) will not be subject to the applicable thresholds.

2. A project applying for a single grant will be considered a joint project if two or more communities benefit from a project and each accounts for 30 or more percent of the beneficiaries. In such cases, the total beneficiaries as well as beneficiaries in each community must meet the National Objective, and the community with 50 or more percent beneficiaries will be subject to applicable State thresholds and restrictions. In addition, each community with 30 or more percent beneficiaries must meet separate citizen participation requirements, assess housing and community needs of low and moderate income persons, and must become a party to a Memorandum of Understanding that delineates appropriate responsibilities.

3. A joint project may seek a multi-grant ceiling if benefits for each community are sufficiently significant to qualify as a separate grant. Such projects will be filed under the joint names of participating jurisdictions and each community will be separately subject to the State threshold requirements. For such projects each community must meet separate citizen participation requirements, assess housing and community development needs of low and moderate income persons, and become a party to a Memorandum of Understanding that delineates appropriate responsibilities. For the purposes of grant administration, the State will permit one participating community to serve as lead applicant.

The State will use a common sense approach to review and rate joint projects to ensure that the State’s intent to maximize efficiency is realized and that the impact from such projects materializes. Applicants proposing joint projects seeking multi-grant ceilings must review their projects with the State prior to submittal.

STATE ADMINISTRATIVE FUND

This fund is a reservation of money for effective management of the CDBG program by the State and funds will be matched on a dollar for dollar basis, except for the $100,000 that does not have to be matched.

STATE TECHNICAL ASSISTANCE FUND

This fund is a reservation of money for the provision of technical assistance to the communities of Alabama for effective participation in the State's block grant program, to increase local capacities, and for other eligible purposes.

GRANT CEILINGS AND MINIMUMS

Figures shown below establish general ceilings and minimums on the amounts that may be requested. Consideration in the award of grants will be given to the size of the community requesting funds and to the requirements of the proposed project. An applicant must recognize that requesting the maximum grant amount allowable will not always be appropriate.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| County Fund | $350,000 | Ceiling |  |  |
| Large City Fund | $450,000 | Ceiling |  |  |
| Small City Fund | $350,000 | Ceiling |  |  |
| Community Enhancement Fund | $50,000 | Minimum/ | $250,000 | Ceiling |
| Planning Fund | $40,000 | Ceiling |  |  |
| 108 Loan Guarantees | $10,000,000 | Maximum |  |  |

|  |  |  |
| --- | --- | --- |
| Economic Development | Minimum | Maximum |
| ED Grants | $50,000 | $200,000 |
| ED Incubator | $50,000 | $250,000 |
| ED Loans | $50,000 | $250,000 |
| ED Float Loans | $1,000,000 | $10,000,000 |

NOTE:

The ceilings are subject to the actual HUD allocation. At the discretion of the ADECA Director, ceilings may be modified in order to maintain program integrity.

## THRESHOLDS

The following thresholds will apply to communities that wish to apply for PY2013 funds:

1. Cities and Counties with any open Economic Development or Planning Fund PY2010 or earlier grant funded in calendar year 2010 or earlier as of March 29, 2013, will sit-out for all funds except the Economic Development Fund.

2. Cities and Counties with an open grant (except Economic Development or Planning Fund) from any fund as of March 29, 2013, will sit out for all funds except for Economic Development.

3. Cities and Counties that have applied unsuccessfully for an eligible project three consecutive years will receive an additional consideration.

4. Cities and Counties eligible to apply for Competitive and Community Enhancement Funds will be limited to only one application from either one of the two funds.

5. A unit of government may not apply if it has an unresolved audit finding involving disallowed costs as the result of a determination made by a private audit, an ADECA financial review, or ADECA CDBG staff monitoring. (A waiver may be provided in cases where the Director has reviewed a grantee’s proposed response and has determined that repayments due the State are secured by an appropriate security instrument, stream of income, or other adequate measures.)

6. A unit of government may not apply if it owes the State or Federal government money as the result of determinations made by a private audit, or as the result of determinations made by an ADECA financial review, or ADECA CDBG staff monitoring. (A waiver may be provided in cases where the Director has determined that repayments due the State are secured by an appropriate security instrument, stream of income, or other adequate measures.)

7. A proposed project must stand alone to serve the proposed beneficiaries without the need for additional funds that are not shown in the application, unless the other necessary funds are known of and verifiable by the State. (Any other funds shown in the application must be verifiable by the State.)

8. Applicants must demonstrate the ability to maintain any facilities funded under the CDBG Program.

9. An applicant must not have been deemed by the State to lack capacity to carry out a CDBG project.

10. An applicant’s regular program must benefit at least 51 percent low and moderate income persons, unless it is a housing rehabilitation program in which case the beneficiaries must be 100 percent low and moderate income, or if it is a project that addresses slum and blight, in which case it must meet the slum and blight National Objective.

11. Applications for the Planning Fund must present thorough evidence showing how the activity will address one of the National Objectives applicable to planning grants.

NOTES:

1. Where eligibility for any grant is subject to close-out of earlier grants, acceptable closeout documents which require no changes must have been received by ADECA by March 29, 2013, for the grant to be considered closed out. State policies concerning funds retained for administrative/engineering costs will be considered when determining grant closeout dates.

2. Grants funded by special HUD allocations for programs such as disasters, neighborhood stabilization (NSP), or recovery (CDBG-R) will not prohibit jurisdictions from applying for PY2013 CDBG funds.

3. For any issue or subject not addressed in this Action Plan, or in the case of conflicting issues, the Director will make a final ruling based on the precedents, established practices, or otherwise what is in the best interest of the State. In rare cases, the Director may provide a waiver from the Thresholds if specific situations merit such a waiver.

APPLICATIONS FOR COUNTY, LARGE CITY, AND SMALL CITY FUNDS

COMPETITIVE PROCESS

CDBG funds allocated to the County, Large City, and Small City Funds will be distributed through a competitive process. Eligible communities may submit one competitive application and the competitive application may contain one or more activities that are designed to address single or multiple needs. The project may take a comprehensive scope designed to revitalize an identified project area, be a stand-alone activity to address a specific need, or may undertake two or more activities in a general project area that together enhance the scope of the project by way of cost efficiency, project visibility, public welfare or other reasons.

The aim of the competitive process is to compare all applications in the same funding category to each other within the framework of criteria set up to judge the merits of community development activities. This entails assigning points based on how well an application addresses each rating criterion. To insure that the competitive process is fair and even-handed, all applications must be submitted by a specific cut-off date and no changes may be made in an application after its submission to the State. The State may request clarification of the proposal that in no way affects the substance of the application or may require minor project modifications in the interest of enhancing the scope and/or impact of the project activities.

## CRITERIA FOR RATING COMPETITIVE GRANTS

All counties, large cities, and small cities will compete for funds from a respective category, i.e., County Fund, Large City Fund, and Small City Fund. All applications will be rated for a maximum score of 200 points. Applications will be funded in order of decreasing score until funds in a given category are exhausted. The criteria for rating applications will be as follows:

|  |  |
| --- | --- |
| Rating Criteria | Points |
| Nature of Benefits | 130 |
| Local Match | 20 |
| Cost/Benefit Ratio | 50 |
| Total | 200 |

## EXPLANATION OF RATING CRITERIA

Nature of Benefits

The following four evaluation areas will be used to determine points under the Nature of Benefits rating criteria. The PY2013 Application Guide will provide additional details for meeting the reporting and documentation requirements of these broad evaluation areas.

a. Needs Assessment – Assessment of community-wide needs associated with housing and essential community development facilities including the needs of low and moderate income households.

b. Project Development – Description of the need(s) to be addressed, the process used to identify the need(s), and the activities that would best address the need(s), including alternatives considered.

c. Impact – Qualitative and quantitative description of project impact in addressing the needs of the project area and/or the community including the number of beneficiaries, low and moderate income beneficiaries, directness of benefit, urgency or criticalness, secondary benefits, and life expectancy of improvements.

d. Other Considerations – Consideration of the adequacy of utility rates, operations and maintenance capacity, local participation, local capacity to implement a CDBG project, distress factors, cost efficiencies, utilization of innovative approaches, past efforts, or other relevant factors not previously discussed.

Local Match

Up to 20 points will be available for communities providing local match. Points will be awarded based on the percent of local funds divided by the total CDBG funds. Two points will be awarded for a one percent match, 4 points will be awarded for two percent match, up to 20 points for a ten percent match. In a jurisdiction determined by the 2010 Census to have 1,000 or less persons, no match will be required and the full 20 points will be awarded in this category.

Cost/Benefit Ratio

This is the measure of project cost per beneficiary, and the scoring will be based on a comparison of the applicant's cost per beneficiary for each activity to the base level ratio*.* A level ratio base of $4,000 for all public facilities, $8,500 for housing, and $14,500 for relocation has been established. Applicants with ratios at or below these levels for each activity will receive maximum points for these activities. For projects with more than one substantial activity, the point score will be based on the weighted average of the activity cost of all proposed substantial activities. The cost beneficiary ratio will be computed based only on the requested CDBG dollars.

The rating forms that will be used to score competitive applications will be publicly available at the CDBG Application Workshop. All eligible cities and counties will be notified about the date, time, and place of the CDBG Application Workshop.

APPLICATIONS FOR THE COMMUNITY ENHANCEMENT FUND

The purpose of the Community Enhancement Fund is to allow the State the flexibility to fund important projects through an evaluation and review process. The fund can be used to provide funding for eligible activities that communities consider important to enhance the community in a manner beyond providing for the more basic and essential needs, or for any other eligible CDBG activity. Examples of activities include facilities for fire protection, emergency 911 telephone service, senior centers, boys and girls clubs, recreational facilities, removal of architectural barriers, historic preservation, downtown/neighborhood revitalization, and community centers. Eligibleapplicants for the fund are all non-entitlement local governments who meet applicable thresholds. Applications for the fund must be submitted by the announced cut-off date.

CRITERIA FOR RATING COMMUNITY ENHANCEMENT GRANTS

The Community Enhancement applications will be reviewed by staff for compliance with a National Objective and eligibility thresholds. The applications will be reviewed for factors such as:

1. Assessment of need for project

2. Importance of activity to community

3. Clarity of benefit to low and moderate income persons or limited clientele

4. Community involvement/efforts or joining of two or more communities to address common needs

5. Project description

6. Financial feasibility

7. Cost reasonableness

8. Capacity for operation and maintenance

9. Local match

10. Past efforts

Special consideration will be given to projects that effectively demonstrate community involvement/efforts in the design, implementation, and promotion of the project. Consideration will also be given to projects where two or more eligible applicants jointly propose to carry out activities to address mutual needs. Depending on the nature of the needs and the type and extent of beneficiaries, a separate grant ceiling may be permitted. Funding and implementation of such joint projects will be subject to HUD rules.

The staff evaluation will be used to guide the selection of the projects although the Director may vary from the staff evaluation when a particularly strong need is perceived. The staff evaluation will consist of two independent reviews comprised of a 0-5 point scale where “0” indicates that the project is ineligible for one or more reasons, “1” indicates a weak project and “5” indicates a very strong project.

A grant ceiling of $250,000 and a minimum grant of $50,000 has been established for the fund. The Director may waive either of these limits.

The Fund will require a specific local match equal to or exceeding 10 percent of the CDBG request. In a jurisdiction determined by the 2010 Census to have 1,000 or less persons, no match will be required, if the applicant lacks the financial capacity to provide the match.

Projects will be funded from the total highest score in decreasing order until the monies are depleted. When funds are not available to fund all projects, the site evaluation will determine the project(s) to be funded.

## APPLICATIONS FOR THE PLANNING FUND

The purpose of the Planning Fund is to assist communities having a need for comprehensive or other planning. Eligible plans include comprehensive plans, elements of comprehensive plans, downtown revitalization plans, eligible components of regional studies, or other strategies and studies important to sound and effective community growth and development. The ceiling for these grants will be $40,000 with a provision for a waiver, although applications requesting smaller amounts will be viewed more favorably unless a very substantial need or opportunity is demonstrated. A cash match of 20 percent of the project cost will be required*.* However, for jurisdictions of 1,000 or less population (as determined by the 2010 Census) when the applicant lacks the financial capacity, the match may be waived. Applications will be considered on a continual basis until the cut-off date. The grant awards will be made based on the following considerations:

Evaluation Considerations

1. How the proposed project will contribute to principally benefiting low and moderate income persons, or how the proposed project will contribute to aiding in the prevention of slums and blight.
2. Need and urgency of planning activities proposed. (The State reserves the right not to fund a project if need or urgency is not clearly demonstrated and if the amount requested is not appropriate for the plan or the size of the planning area involved.)
3. How the proposed project will contribute to the development of a planning process which will serve as a guide for orderly and/or consistent growth and community development.
4. How the proposed project will aid in, or contribute to the involvement or creation of various community groups, advisory councils, planning/zoning districts, redevelopment authorities, etc., in the ongoing planning process.
5. Amount of funds requested relative to the size of the community, complexity of the proposed elements, and the final product. (This consideration will be particularly important where larger grant requests are involved.)

1. Prior year grants received as well as implementation of prior planning efforts.

## APPLICATIONS FOR THE ECONOMIC DEVELOPMENT FUND

The purpose of the Economic Development Fund (ED Fund) is to allow the State to fund activities necessary to take advantage of economic development opportunities that would result in the creation or retention of jobs. In addition to PY2013 money allocated for the ED Fund, approximately $50,000 is expected in Program Income from earlier loans that will be available for funding of ED projects. Also the CDBG Float Loan will be covered in this section on Applications for Economic Development, since Float Loans will be used only for economic development. However, funds used for short-term grants, or Float Loans, will come from all categories of grants. The ED projects will be funded under four distinct categories which are: 1) ED Grants; 2) ED Incubators; 3) ED Loans; and 4) ED Float Loans.

The eligible ED projects will be generally funded in the order they are received, regardless of the category under which they fall. Eligible applicants for ED Grants, Loans, and Float Loans are all non-entitlement local governments, provided other applicable thresholds are met. The applicable grant ceilings and minimums for ED projects will be as cited earlier in the section on grant ceilings. The rules and requirements which will govern ED Grants, Loans, and Float Loans are spelled out under respective headings in the following paragraphs.

ED GRANTS

Eligible applicants may apply for ED Grants to provide land, facilities, and infrastructure such as water lines, sewer lines, rail spurs, docks, cranes, access roads, etc., to facilitate creation and/or retention of jobs by a new or existing business. The eligible applicants may also apply for grants to assist a public, private, nonprofit, or such other entity including a business in support of an economic development project that will result in the creation of jobs, including jobs for unemployed, under-employed, and recipients of welfare assistance. The State will exercise maximum flexibility and maximum controls in considering activities that will have a direct and significant impact on the creation of jobs. The assistance to public, private, or any such entity may be in the form of a grant, loan, or deferred payment loan and may pay for activities eligible under the CDBG Program including day care and related facilities, transportation, and operations. A grant ceiling of $200,000 and a floor of $50,000 will apply. Applications may be submitted anytime during the program period and applications will be funded on an "as needed" basis. The State will maintain the right to deny funding of any application during the program period depending on the quality of the project or the results of past projects; or considerations such as labor supply, wage levels, environmental effects, etc. The State may waive the $200,000 grant ceiling if the merit of the project shows a significant long-term economic benefit for the State.

In rare and exceptional cases, the State may award an ED Grant using ED Fund, Recaptured Fund, Program Income, or other funds in support of Section 108 Loan Guarantee projects. ED Grants may be used toward loan payments, debt retirement, and other eligible purposes. The amount and appropriateness of such grants may take into consideration factors such as the size of the project, magnitude of local support, overall impact, and unique features associated with the project. Projects involving such grants will be governed by Section 108 requirements and may be granted exemptions from the ED Threshold requirements.

Threshold requirements for the ED Grants are listed below. These thresholds are in addition to overall thresholds listed earlier in the Action Plan.

Thresholds

1. The proposed activities must be associated with the location of a new business or an expansion of an existing business generally creating 15 or more jobs. (Projects proposing job retention will generally not qualify for ED Grants unless, in the opinion of the State, significant job losses will have a long-term detrimental effect on the community and low and moderate income people.) For projects involving job creation (or retention) without a capital expansion, the State may disregard such expansion requirement if, in the opinion of the State, significant economic impact and benefit to low and moderate income persons merit such a decision.

2. The applicant must have a commitment from the business to create and/or retain jobs as described in the application.

3. The project must generally fall in the SIC Code 20 through 39, or consist of major warehousing or distribution centers, or such other activities having a prospect of significant economic impact.

4. At least 51 percent of the project beneficiaries specified in the application must be persons of low and moderate income.

5. The project must include a local match of at least 20 percent of the requested ED grant. This amount may be eliminated for projects when the applicant's population, as determined by the 2010 Census, was 1,000 or less and the applicant lacks the financial capacity to provide the match. (Under extremely extenuating circumstances, the Director may provide a waiver to the local match requirement.)

6. The proposed project must not involve intrastate relocation of a business, except when such relocation may have been necessitated due to inadequacies associated with the existing location and a move to a new location will result in a greater number of jobs (subject to 24 CFR Part 570 prohibition on use of Community Development Block Grant assistance for job-pirating activities).

7. Grants from the CDBG ED Fund will not be made in cases where construction of the private facility has already started prior to grant award or the earliest possible date of Release of Environmental Conditions by ADECA. If such start is unavoidable, a waiver may be granted if a request is made to ADECA to do so prior to the start of any construction activity at the project site.

Evaluation Criteria

Applications for ED Grants will be considered on a continuous basis. Such applications will be reviewed for conformance with the thresholds and the funding decision will be guided by the following factors:

1. Importance of the proposed activities to the location or expansion of a business

2. Number and certainty of proposed jobs

3. Proposed local match

4. Scope of a new business or expanding business, i.e., products, product markets, current or projected employment and payroll, labor skills required

5. Urgency of proposed activities

6. Importance of the project to further welfare reform objectives

## ED INCUBATOR PROJECTS

The State will provide assistance to eligible communities from the ED Fund to support incubator projects that will commit to create new jobs. For the purposes of the State program, an “Incubator” is “a building and program operated either by a private entity, a nonprofit organization, or a unit of local government for the primary purpose of aiding fledgling businesses in their efforts to survive and grow during the first 3 to 5 years of existence. Such aid may come in the form of subsidized floor space, equipment, professional services, or other assistance viewed as appropriate by the State.” Eligible applicants may apply for ED Incubator grants anytime during the program period. A grant ceiling of $250,000 will apply. The State will maintain the right to deny funding of any incubator project depending on the quality and/or certainty of the proposal.

Thresholds

Threshold requirements listed earlier in the Action Plan will apply to all incubator projects.

Evaluation Criteria

Factors to be considered in evaluating the worthiness of “Incubator” proposals will be:

1. Criteria or system to be set up by an “Incubator” program to assure that 51 percent of the beneficiaries of the program are low and moderate income persons.

2. Desirability of Incubator site

a. Proximity to a metropolitan area or other center of economic activity

b. Accessibility of jurisdiction

c. Accessibility of site

d. Quality and suitability of structure or proposed structure

e. Level of infrastructure serving site

3. Evidence of Local Support

a. Financial

b. Professional

c. Other

4. Feasibility of Program

a. Clarity of Program

b. Certainty that program will be carried out for specific period

c. Background and credentials of personnel in program

d. Nature of program

ED LOANS

Eligible applicants may apply for ED Funds anytime during the program period to make loans to private businesses for locating or expanding in the community and creating or retaining jobs for low and moderate income persons. ED Loans can be used for purchasing land, buildings and equipment, site improvements, construction or renovation of buildings, operating capital, or any other CDBG-eligible activity. A reasonable percentage of an ED Loan project may be a grant to cover administrative costs. Deferred payment loans will have a write-off provision. Loans made from the CDBG Revolving Loan Fund will be governed by the same requirements as loans from the CDBG ED Fund. ED Funds used by communities to make loans to private businesses will have a payback requirement. The determination as to the local government’s disposition of the proceeds of repayment of loans will generally be made at the time an ED loan is funded. As required by Section 104(j) of the Housing and Community Development Act, the State will, as part of all application reviews, recognize the applicant’s right to retain Program Income to the extent such income is applied to continue the activity from which such income was derived. The repayments may be allowable to the regional commissions/councils to be used for similar purposes if they are determined to be nonprofit organizations serving the development needs of the communities in non-entitlement areas.

A grant ceiling of $250,000 will apply to applications requesting ED Loans, although there is a waiver provision. The State will maintain the right to deny funding of any application or activity during the program period depending on the quality of the loan, or appropriateness of the proposed project; or the capacity of the community to undertake such a project. Threshold requirements for the ED loans are listed as follows and are in addition to overall thresholds listed earlier in the Action Plan.

Thresholds

1. The proposed activities generally must be associated with an economic development project creating and/or retaining permanent jobs.

2. The proposed project must not involve intrastate relocation of a business, except when such relocation may have been necessitated due to inadequacies associated with the existing location and a move to a new location will result in a greater number of jobs.

3. The applicant must have a commitment from the business to create or retain jobs.

4. Beneficiaries of ED Fund projects must be at least 51 percent low and moderate income persons.

Evaluation Criteria

Applications for ED Loans will be considered on a continuous basis. Each application will be reviewed for conformance with the thresholds and other regulatory requirements. The following factors will be considered in making funding decisions:

1. CDBG dollars per permanent job

2. Leverage ratio (private dollars as compared to CDBG dollars)

3. The actual number of permanent jobs to be created or retained

4. Potential for spin-off benefits

5. Job diversification

6. Loan pay-back/collateral

ED FLOAT LOANS

ED Float Loans are short-term loans which will be made out of appropriated, but unexpended, CDBG program funds (such funds may be from any fiscal year) that may have been allocated to specific program activities. The purpose of ED Float Loans is to allow the State to fund activities necessary to take advantage of economic development opportunities, which will principally benefit low and moderate income persons. Funds used for short-term loans will come from all categories of grants. A reasonable amount of Program Income or Recaptured Funds may be used to provide a grant to administer a Float Loan. As loans are repaid, the repayment of principal will be used to restore all funds from which the monies initially came, while the interest will generally be used to increase the State's CDBG ED Fund. (As indicated above under the Section on ED Loans, the State will recognize the local government's right to retain Program Income when such income is to be applied to continue the activity from which the income was derived.) The amount of funds available for the Float Loan program will be determined by careful monitoring of the fund flow needs of the CDBG program. Because the State recognizes that the Float Loan program entails some risk, each request will be analyzed on the basis of the need of grants previously funded. Float Loans will be made only after it has been determined, to the maximum extent possible, that the amount and term of any Float Loan will not commit the State's letter of credit balance to the degree that other previously funded grants are delayed or jeopardized. Float Loans may come from more than one year's funds with the amount from one year being less than the minimum. Eligible applicants for ED Float Loans are all non-entitlement local governments that meet eligibility thresholds listed earlier. The Float Loan program will be governed by the following requirements:

Program Objective

A primary objective of the Float Loan program is to expand economic opportunities, principally for persons of low and moderate income. Normally, the program will be used only to aid in the creation of new jobs and on projects where there is likely to be a substantial economic development impact. In exceptional circumstances the Float Loan program may be used to help retain jobs. Of the jobs to be created (or retained), at least 51 percent must be occupied by or made available to low and moderate income persons. If Float Loans are made in order to retain jobs, the applicant must clearly demonstrate that, without CDBG assistance, the jobs would be lost.

Eligible Activities

The Float Loans can be used to finance any necessary activity including acquisition, site preparation, new construction, renovation, purchase of machinery and equipment, working capital, refinancing, and other CDBG-eligible activities approved by the State.

Loan Amounts and Terms

The minimum loan amount shall be $1 million and the maximum loan amount shall be $10 million. The maximum and minimum loan amounts may be waived by the State when significant long-term economic benefits for low and moderate income persons are involved. The loan term will normally be for one year with an option to extend for one more year. Interest earned on Float Loans will be treated as Program Income and will be used for CDBG-eligible activities.

Evaluation Criteria

Applications for ED Float Loans will be considered on a continuous basis. However, due to the unique nature of this program, the State intends to fund only a limited number of projects. Prior to accepting any application, the State will require a thorough review of the project with the State. Float Loan funding decisions will be based on the following factors:

1. Conformance with the National Objective

2. Loan security (Loan security shall be in the form of an irrevocable letter of credit or such other security acceptable to the State.)

3. Number of jobs involved

4. Private investment

5. Unemployment/community distress

6. Job diversification

7. Indirect/spin-off benefits

## SECTION 108 LOAN GUARANTEES

The purpose of Section 108 Loan Guarantees is to provide communities with an opportunity to seek loan guarantees to finance economic development activities as permitted in Title I of the Housing and Community Development Act of 1974, as amended. Guarantees must be approved by the Secretary of HUD. The applicable ceiling is $10,000,000 per project with a waiver provision. No more than the HUD-established limit will be committed annually. Eligible applicants are all non-entitlement communities who meet the thresholds listed earlier in the Action Plan as well as those thresholds listed below. For projects with significant economic impact, the State may use the ED Fund, Recaptured Fund, Program Income, or other funds to grant an appropriate amount toward Section 108 Loan Guarantee payments and for debt retirement.

Thresholds

1. The proposed activities generally must be associated with an economic development project creating and/or retaining permanent jobs.

2. The proposed project must not involve intrastate relocation of a business, except when such relocation may have been necessitated due to inadequacies associated with the existing location and a move to a new location will result in a greater number of jobs.

3. The applicant must have a commitment from the business to create (or retain) jobs and make private investment as described in the application. In those instances where a business has not yet been identified, then the applicant must commit to create a certain number of jobs within a specified amount of time acceptable to the State.

4. Beneficiaries of Section 108 Loan Guarantee projects must be at least 51 percent low and moderate income persons.

Evaluation Criteria

Applications for Section 108 Loan Guarantees will be considered on a continuous basis, since opportunities for economic development may arise at any time. Loans will be evaluated in accordance with 24 CFR Part 570, the Section 108 Final Rule, along with consideration being given to:

1. Section 108 dollars per permanent job;

2. Actual number of jobs to be created or retained;

3. Potential for spin-off benefits.

## ELIGIBLE ACTIVITIES

Eligible activities under the State CDBG program are all activities listed as eligible under the Housing and Community Development Act of 1974, as amended, including public service activities proposed separately or jointly with other non-service type activities.

ESTIMATED FUNDS FOR ACTIVITIES BENEFITING

LOW AND MODERATE INCOME PERSONS

The Housing and Community Development Act requires that the State furnish its citizens with "the estimated amount (of funds) proposed to be used for activities that will benefit persons of low and moderate income." The State estimates that at least 80 percent of its PY2013 CDBG funds will be used for activities that primarily benefit low and moderate income persons. The remaining funds are anticipated to be used for the prevention or elimination of slums and blight (such as the Planning Fund grants), and to assist communities with imminent threats to public health and safety when no other financial resources are available.

ALABAMA’S INTERIM PLAN FOR MINIMIZING DISPLACEMENT

FROM USE OF CDBG FUNDS

The Housing and Community Development Act requires that the State furnish citizens with its "plans for minimizing displacement of persons as a result of activities assisted with such funds and to assist persons actually displaced."

1. Minimizing Displacement: The State will discourage applicants from designing programs that involve extensive displacement. Applicants should displace persons and businesses only when there is no reasonable alternative to accomplishing the purposes of their program. The State's rating system addresses the higher costs of programs which involve displacement by making more expensive solutions to problems less competitive.

2. Persons Actually Displaced: Applicants shall plan for the probability of displacement in program design by requesting sufficient funds to accommodate the costs of displacement. Grantees shall provide from CDBG, or their own resources, for the reasonable costs associated with all displacement necessary to carry out the purposes of the grantee’s program.

# Antipoverty Strategy

1. Describe the actions that will take place during the next year to reduce the number of poverty level families.

Program Year 4 Action Plan Antipoverty Strategy response:

According to the Alabama Department of Industrial Relations, the estimated unemployment rate for the State of Alabama in November, 2012, was 6.7 percent. This is up from the 2000 estimate of 6.4 percent. The U.S. unemployment rate for the same period was estimated to be 7.4 percent, up from the 2000 rate of 5.3 percent. According to the most recent American Community Survey, the 2009 estimate for percentage of Alabamians living below the poverty level is 17.5 percent. In 2005, the estimate was 17 percent. The estimate for the nation for 2009 was 14.3 percent of the population living below the poverty level, up from 13.3 percent in 2005.

Because poverty is affected by so many factors, particularly the economy, it is impossible to predict what the poverty rate will be from year to year. Furthermore, the State of Alabama is currently experiencing a shift in its economic base. The State has successfully created thousands of new jobs through an aggressive economic development program. At the same time however, the State has been losing textile and other manufacturing jobs at a disturbing rate.

Consequently, the State’s current goals regarding poverty are to maintain the status quo, to strive to keep the unemployment rate within two percentage points of the national unemployment rate, and to keep the percentage of the population living below poverty level within five percent of the national average. The State’s primary tool in achieving this goal is its aggressive economic development strategy. Of the consolidated plan programs, the CDBG program is the one most directly utilized for economic development. Certainly, the quality of life of people living below the poverty level is improved by the other programs. Additionally, large construction projects generated by these programs contribute jobs to the State.

The following is a summary of Alabama’s anti-poverty strategy for 2013:

1. Continue to fund CDBG economic development projects that create large numbers of jobs and have the potential for spin-off jobs.
2. Continue to provide affordable housing by rehabilitating the existing stock through CDBG and building new affordable homes with HOME.
3. Design and implement more affordable housing programs.
4. Through the CDBG, HOME, ESG, and HOPWA programs, continue to provide funding to programs that improve the quality of life of those living below the poverty level.
5. When possible, fund projects that address a multitude of problems and utilize more than one source of funding.
6. Continue to collaborate with USDA, ARC, DRA, EDA, and EPA to efficiently fund projects that have the potential to affect the poverty level and improve the quality of life of those living below the poverty level.
7. Foster collaboration with poverty programs funded through the Department of Human Resources (Child Support Enforcement Program, the Job Opportunities and Basic Skills Training (JOBS) Program, etc.) and Community Service Block Grants (community action agencies).
8. Continue to utilize CDBG funds for programs that provide enhanced educational and social opportunities.

###### NON-HOMELESS SPECIAL NEEDS HOUSING

# Non-homeless Special Needs (91.220 (c) and (e))

1. Describe the priorities and specific objectives the jurisdiction hopes to achieve for the period covered by the Action Plan.
2. Describe how Federal, State, and local public and private sector resources that are reasonably expected to be available will be used to address identified needs for the period covered by this Action Plan.

Program Year 4 Action Plan Specific Objectives response:

Please see the preceding HOME and the following HOPWA Year 5 Action Plans.

# Housing Opportunities for People with AIDS (HOPWA)

1. Provide a Brief description of the organization, the area of service, the name of the program contacts, and a broad overview of the range/type of housing activities to be done during the next year.
2. Report on the actions taken during the year that addressed the special needs of persons who are not homeless but require supportive housing, and assistance for persons who are homeless.
3. Evaluate the progress in meeting its specific objective of providing affordable housing, including a comparison of actual outputs and outcomes to proposed goals and progress made on the other planned actions indicated in the strategic and action plans. The evaluation can address any related program adjustments or future plans.
4. Report on the accomplishments under the annual HOPWA output goals for the number of households assisted during the year in: (1) short-term rent, mortgage and utility payments to avoid homelessness; (2) rental assistance programs; and (3) in housing facilities, such as community residences and SRO dwellings, where funds are used to develop and/or operate these facilities. Include any assessment of client outcomes for achieving housing stability, reduced risks of homelessness and improved access to care.
5. Report on the use of committed leveraging from other public and private resources that helped to address needs identified in the plan.
6. Provide an analysis of the extent to which HOPWA funds were distributed among different categories of housing needs consistent with the geographic distribution plans identified in its approved Consolidated Plan.
7. Describe any barriers (including non-regulatory) encountered, actions in response to barriers, and recommendations for program improvement.
8. Please describe the expected trends facing the community in meeting the needs of persons living with HIV/AIDS and provide additional information regarding the administration of services to people with HIV/AIDS.
9. Please note any evaluations, studies or other assessments that will be conducted on the local HOPWA program during the next year.

Action Plan HOPWA response:

**STATE OF ALABAMA 2013 HOPWA ACTION PLAN**

**Introduction**

In August of 2009, the Center for Disease Control and Prevention (CDC) stated that HIV Prevention in the United States is at a critical crossroad. They further stated that the science is clear: HIV prevention can and does save lives. Scores of scientific studies have identified effective prevention interventions for numerous populations, and it is estimated that prevention efforts have averted more than 350,000 HIV infections in the United States to date. In addition to the lives saved from HIV, it is estimated that more than $125 billion in medical costs alone have been averted. But the HIV crisis in America is far from over.

The CDC reports that in the United States alone HIV/AIDS has claimed the lives of more than 550,000 persons. Additional data from the CDC estimates that approximately 48,100 people were newly infected with HIV in 2009 (the most recent year that data are available). More than sixty-percent of these new infections occurred in gay and bisexual men. Black/African-American men and women were also disproportionately affected; the incidence rate in this population than was seven times greater than among whites. CDC estimates that roughly one in five people infected with HIV in the United States is unaware of his or her infection and may be unknowingly transmitting the virus to others.

The CDC concludes that the heavy burden of HIV in the United States is neither inevitable nor acceptable. It is possible to end the U.S. epidemic, but such an achievement will require that we dramatically expand access to proven HIV prevention programs, make tough choices about directing available resources, and effectively integrate new HIV prevention approaches into existing programs.

A rapidly evolving body of research leaves no doubt that homelessness and housing instability are one cause of the continuing AIDS crisis in America. HIV prevention efforts in the United States are stalled with the number of new infections in recent years remaining steady or even increasing.[[1]](#footnote-2)

Findings reported at the North American Housing Research Summits and in the special issue of *AIDS & Behavior* show that homelessness and unstable housing are associated with increased rates of HIV sex and drug risk behaviors; that unstable housing increases HIV risk behaviors even among those at highest HIV risk; that homelessness and unstable housing are directly related to delayed HIV-related care, poor access to care, decrease likelihood of treatment adherence; and that the association between lack of stable housing and greater HIV risk behaviors remains even among persons who have received risk reduction services.[[2]](#footnote-3) [[3]](#footnote-4)

Controlling for age and income, homeless men as compared to stably housed men in the urban South of the United States were 2.6 times more likely to report sharing needles, 2.4 times more likely to have four or more sex partners, and 2.4 times more likely to have had sex with other men[[4]](#footnote-5).

In a recent study of 833 low-income women, homeless African-American women and Hispanic women were two to five times more likely than their housed counterparts to report multiple sex partners in the last six months, in part due to recent victimization by physical violence.[[5]](#footnote-6)

Young men who have sex with men (YMSM) who experience residential instability, who have been forced to leave their homes because of their sexuality, and/or who are precariously housed are at significantly greater risk for drug use and involvement in HIV risk-related behaviors.[[6]](#footnote-7)

Homeless youth are four to five times more likely to engage in high-risk drug use than youth in housing with some adult supervision and over twice as likely to engage in high-risk sex.[[7]](#footnote-8)

The Southern HIV/AIDS Strategy Initiative (SASI) launched their findings on risk and Health disparities in the South in 2011. Their findings under the aegis of the Center for Health Policy and Inequalities Research at Duke University set the stage for this section of the Proposal in describing the target population, healthcare disparities and need for intervention. The study showed that the Southern states, including Alabama, had the highest rates of new HIV infections with 35% of new HIV infections with only 22% of the U.S. population. *[[8]](#footnote-9)*

Another set of important findings is that HIV risk-reduction interventions shown to be effective in general populations are less effective among persons homeless/unstably housed than among housed counterparts, including counseling-based, needle exchange, and other behavioral interventions. Unstably housed needle-exchange participants are twice as likely to report high-risk receptive needle sharing than are stably housed participants.[[9]](#footnote-10)

Female drug users with unstable housing conditions report higher levels of HIV drug and sex-related HIV risk behavior than their housed counterparts, and their levels of behavioral change over time are lower.[[10]](#footnote-11)

HIV healthcare disparities are also a factor. As observed by researchers from the CDC, “[t]he higher levels of HIV observed in the blood of unstably housed persons living with HIV compared to those who are stably housed has ominous implications for the health of unstably housed people living with HIV and increases their biological potential to transmit HIV to others.”[[11]](#footnote-12)

Four public policy imperatives emerged from the findings:

• Make subsidized, affordable housing (including supportive housing for those who need it) available to all persons with HIV;

• Make housing homeless persons a top prevention priority, since housing is a powerful HIV prevention strategy;

• Incorporate housing as a critical element of HIV health care; and

• Continue to collect and analyze data to assess the impact and effectiveness of various models of housing as an independent structural HIV prevention and healthcare intervention.

The CDC estimates that there are currently more than 1.1 million individuals living with HIV disease in the United States. A report released by the Southern HIV/AIDS Strategy Initiative (SASI) states that 50% of all newly diagnosed individuals reside in the South. Alabama is ranked 11th in the nation for the rate of new infections in 2009 according to reports from the CDC. AIDS housing experts estimate that about 72% of all HIV-positive persons will need some form of housing assistance during the course of their illness.[[12]](#footnote-13) At current funding levels, the federal Housing Opportunities for Persons with AIDS (HOPWA) program serves only 58,367 households per year. While in addition, there is not a single county in the United States where a person who relies on the maximum federal Supplemental Security Income (SSI) payment ($674 in 2011) can afford even a studio apartment.[[13]](#footnote-14)

There are almost 11,639 Alabamians living with HIV disease, according to data released by the Alabama Department of Public Health. As of September 2012, a combined total of 18,175HIV/AIDS cases have been reported in Alabama. These totals do not include persons tested in other states who have relocated to Alabama or persons who are not aware of their HIV status. African-Americans represent 26% of the state’s population; however, 64% (11,386) of all reported cases are in this group. Alabama Department of Public Health Demographic Statistics as of September 30, 2012, yield the data that there are 11,639 HIV-positive individuals living in Alabama bringing cumulative totals for the state to 18,175.00. Of new cases in 2012, 65% were African-American though they comprise 26% of the state’s populations. Of these new cases, 51% were Men who have Sex with Men (MSM).[[14]](#footnote-15)

Living with HIV disease is expensive. According to AIDS Alabama’s 2010 Needs Assessment, 28% of Alabama’s low-income, HIV-positive persons are actively employed and contributing to their communities. These individuals are considered the working poor. This number does not include an additional 19% who are unemployed but seeking employment. Financial support and supportive services are critical to maintaining housing for this population**.**

The first year of HOPWA funding began in September 1992. To date, AIDS Alabama has assisted several thousand unique households with rental and utility payments to prevent homelessness of those living with HIV. AIDS Alabama continues to work with local providers to increase capacity to develop and operate HIV-specific housing. Today AIDS Alabama contracts with eight other AIDS Service Organizations (ASOs) to provide case management, rental assistance, direct housing, and outreach services statewide.

AIDS Alabama administers five types of housing programs geared toward persons living with HIV and AIDS. These programs are available to all eligible persons throughout the State. Those programs are:

Rental Assistance

AIDS Alabama provides a statewide rental assistance program with the purpose of keeping persons stably housed. This assistance consists of three types:

* Short-Term Rent, Mortgage, and Utility Assistance (STRMU) assists households facing a housing emergency or crisis that could result in displacement from their current housing or result in homelessness. The recipient must work with a case manager to maintain a housing plan designed to increase self-sufficiency and to avoid homelessness.
* Tenant-Based Rental Assistance (TBRA) is ongoing assistance paid to a tenant’s landlord to cover the difference between market rents and what the tenant can afford to pay. Tenants find their own units and may continue receiving the rental assistance as long as their income remains below the qualifying income standard and other eligibility criteria are met. However, the tenant must have a long-term housing plan to pursue Section 8 or other permanent mainstream housing options.
* Project-Based Rental Assistance (PBRA) offers low-income persons with HIV/AIDS the opportunity to occupy housing units that have been developed and maintained specifically to meet the growing need for low-income units for this population. PBRA costs have been cut from the HOPWA ADECA plan and are being funded through another fund source. It is possible that a partnering ASO may be able to develop another such option in their area.

## Emergency Shelter

* There is one emergency shelter with beds dedicated to HIV/AIDS consumers in the State. The shelter is operated by the Health Services Center of Anniston. Other existing emergency shelters provide emergency housing to persons with HIV/AIDS throughout the State. These shelters include the Firehouse Shelter, Salvation Army, SafeHouse, Jimmy Hale Mission, First Light, Pathways, and others. AIDS Alabama partners with these agencies to make referrals and to seek long-term solutions for persons utilizing emergency shelters. Additionally, AIDS Alabama operates one emergency bed, which is located in the Transitional Housing Program

## Transitional Housing and the Living in Balance Chemical Addiction Program (LIBCAP)

## The Transitional Housing Program is available to homeless, HIV-positive individuals throughout the State. This program, located in Birmingham, provides 33 individual beds in eleven two-bedroom apartments. The Transitional Program also houses the third phase of LIBCAP.

## AIDS Alabama operates the LIBCAP to provide treatment and recovery services to adults who are HIV-positive and who have a chemical addiction problem. LIBCAP operates as an Intensive Outpatient Program (IOP). The three residential programs whose residents participate in the LIB IOP are:

## LIB Rectory Program Housing, serving as the LIB continuum entry point, has 12 beds. LIB Rectory is a tightly structured program on AIDS Alabama’s campus property. Consumers remain in the program until they complete their intensive treatment goals – a range from 30 to 45 days, based on individual achievement.

## LIB NextStep Program Housing is the mid-level intensity program where consumers transition when the Rectory program goals are accomplished. LIB NextStep provides six apartments with 18 transitional housing beds. This program focuses on continued abstention from substance use, plus vocational, educational, and independent living skills training. Currently, these beds are funded through a Substance Abuse and Mental Health Services Administration (SAMHSA) grant.

## LIB Re-Entry Program is housed in the current Transitional Housing Program. During this phase, the consumers implement the re-entry plan that was developed in NextStep. Consumer treatment goals focus on movement into permanent housing with a solid housing plan, income management plan, and a housing stability plan. Consumers can remain in this phase from six to twenty-four months.

## LIB AfterCare Program serves consumers in the transition to their own permanent housing placements and provides support, case management, and weekly AfterCare groups to increase housing stability and to prevent relapse.

## Permanent Housing

* Agape House and Agape II offer permanent apartment complex living in Birmingham for persons with HIV/AIDS. There are 30 one-bedroom units, three two-bedroom units, and two three-bedroom units in these two complexes.
* Magnolia Place in Mobile offers 14 two-bedroom units and a one-bedroom unit.
* Family Places is a Birmingham-based program comprised of five two-and three-bedroom, scattered-site houses for low-income families living with HIV/AIDS. As a permanent supportive housing option, tenants must agree to have a lease and a program agreement in order to participate.
* Alabama Rural AIDS Project (ARAP) is a permanent supportive housing program that provides 14 units of housing in rural areas. The Rural Studio facilities, built in collaboration with the Auburn University School of Architecture, are in Lee County, AL. This campus offers five units of communal living. One structure contains three units and the other structure contains two units. There is one house in Dadeville that is used for the project. The other eight units of housing are all manufactured homes. ARAP was funded in 1995 by HUD’s HOPWA Competitive program and is still being funded. The aging of the eight trailers originally bought for the project have deteriorated resulting in costly repairs and high utility bills for tenants. In 2011, HUD approved a proposed waiver by AIDS Alabama to address the high maintenance issues. The trailers are being sold and the funds received added back to the ARAP grant operations line item. Added operational funds allow AIDS Alabama to institute a master leasing arrangement to replace these trailers. This arrangement ensures continued safe housing. It also has given the agency the opportunity to place the master leases in areas of great need that were not in the original ARAP partnership such as Selma, AL. The ARAP Waiver should be complete by May of 2013.
* Through the Neighborhood Stabilization Program (NSP), AIDS Alabama offers two three-bedroom, permanent housing units for low-income, HIV-positive individuals and families. These units are located in Birmingham. Residents of this housing may access case management and transportation services through AIDS Alabama.
* The Le Project, AIDS Alabama newest housing program, offers seven Master Leasing units to homeless and chronically homeless, HIV-positive individuals and families. While a participant of the Le Project, consumers are required to participate in ongoing, intensive case management, including the development of a housing case plan, coordination of mainstream services, and regular home-visits.

## Service Enriched Housing

* The only program in the State of its kind, JASPER House in Birmingham offers 14 beds in a single room occupancy model for persons who are unable to live independently due to their dual HIV and mental illness diagnoses. All occupants are low-income and the project is funded through HUD as a HOPWA Competitive grant.

Needs Assessment

The needs of the population are primarily determined by five sources of data:

1. The 2010 comprehensive Statewide Needs Assessment performed by AIDS Alabama;
2. The 2009, 2010, and 2011 National AIDS Housing Coalition’s (NAHC) North American Housing and HIV/AIDS Research Summits;
3. The Point-in-Time survey completed by One Roof, the local Continuum of Care, and Continuum of Care membership agencies with latest data from January, 2012;
4. The 2012 Central Alabama Ryan White Consortium, Statewide Coordinated Assessment of Need; and
5. The 2009-2013 Comprehensive Plan for HIV Prevention in Alabama, conducted by the Alabama Department of Public Health.

There have never been more people living in Alabama with HIV disease than today. The needs of the population are critical and not unlike those of other vulnerable populations. The average income of respondents participating in the 2010 Needs Assessment was less than $950 per month, compared to $1,894 for the 2009 state per capita median monthly income.

Recent findings from the National AIDS Housing Coalition state that “3% to 10% of all homeless persons are HIV-positive – ten times the rate of infection in the general population.” This issue becomes more apparent when viewed locally. According to the 2012 Birmingham Area Point In Time Survey, eight percent (8%) of all homeless persons surveyed were HIV-positive. The 2010 AIDS Alabama survey indicated gaps in the availability of housing assistance for homeless persons. Of the 537 HIV-positive persons interviewed, almost 10% indicated that they were homeless or living in temporary housing. An additional 28% indicated that they were doubling up with friends or family. More than half the total persons interviewed felt that their housing situations were unstable.

The Needs Assessment found that 37% of all HIV-positive households interviewed were in immediate need of some form of housing assistance. Furthermore, the need for transitional and permanent supportive housing is apparent, as permanent supportive housing is the highest priority of the local Continuum of Care.

Given the preceding statistics and needs represented, AIDS Alabama will use HOPWA funding for the following programs:

* Rental Assistance;
* Supportive Services (including case management, support staff, housing outreach, and transportation);
* Operations of existing housing;
* Master Leasing;
* Resource Identification;
* Housing Information;
* Technical Assistance;

# *Funding Amount and Usage: 2013 HOPWA Funds – $1,419,006.00*

Rental Assistance

Goal #1: Support a statewide rental assistance program through qualified AIDS Service Organizations.

Outcome:

The network of AIDS Service Organizations that has formed will be maintained ensuring any Alabama resident access to HOPWA assistance.

Objective 1:

Provide 45 households with emergency Short-Term Rent/Mortgage and Utility (STRMU) assistance between April 1, 2013, and March 31, 2014.

Outcome:

At least 45 households will maintain stable housing and avoid homelessness because of a temporary emergency situation.

Objective 2:

Provide 50 households with long-term, Tenant-Based Rental Assistance (TBRA) between April 1, 2013, and March 31, 2014.

Outcome:

At least 50 households will be assisted so that consumers can remain in affordable leased housing and experience housing stability.

AIDS Alabama will use $407,000.00 to fund both short-term and Tenant Based Rental Assistance (TBRA), as well as Project-Based Rental Assistance (PBRA) on an as-needed basis.

Due to the Agency’s success at providing consumers with long-term rental assistance (TBRA), the budget for other rental assistance must be monitored closely and strictly managed. Cost containment measures were instituted with the approval of the AIDS Service Organization Network of Alabama (ASONA), which serves as the HOPWA advisory body for AIDS Alabama. STRMU was limited to three months, and expenditures for first month’s rent and deposit were frozen. However, recent cost analyses had shown that the success of the Homeless Prevention and Rapid Re-Housing Program (HPRP) had somewhat alleviated the rental assistance program’s financial burden. However, HPRP ended for the agency and its partners on March 31, 2012, and another HPRP grant proposal through ESG funds was not funded. Therefore, a decision was made to increase the maximum benefit to 17 weeks of STRMU assistance.

Historically, new TBRA applications remained frozen while the waiting list grew. Stimulus Act Programs, such as HPRP, had provided some relief to the Tenant-Based Rental Assistance Program during the last several years, but they were only a temporary respite. However, by monitoring this program closely, AIDS Alabama was able to open the TBRA waiting list during the current program year. Each AIDS Service Organization was given an additional TBRA voucher; these were quickly filled. Additional guidelines were set to allow the AIDS Service Organizations to use vouchers that became available through attrition.

Clients access this program by visiting AIDS Alabama or one of the nine partnering AIDS Service Organizations. They then complete an application with a HOPWA-certified and trained staff member of that agency. ASONA members involved in the decision-making process about how the rental assistance funds are expended include:

* AIDS Action Coalition – Huntsville;
* Health Services Center – Anniston
* Unity Wellness Center – Auburn;
* Medical AIDS Outreach of Alabama – Montgomery;
* Birmingham AIDS Outreach;
* AIDS in Minorities – Birmingham;
* Selma AIDS Information & Referral;
* AIDS Alabama South (formerly South Alabama CARES\*) – Mobile; and
* West Alabama AIDS Outreach – Tuscaloosa.

\*South Alabama CARES (SACARES) of Mobile has become a LLC as of 10/17/2012. It is now AIDS Alabama South and operates as a part of AIDS Alabama. This came about because South Alabama CARES had been unable to continue existence due to severe financial reversals. The SACARES Board approached AIDS Alabama in the Fall of 2012 requesting assistance. AIDS Alabama has taken over the agency, stabilized the agency financially, hired all their employees, hired a new Executive Director, and will be focused on helping the agency continue serving the more than 1,000 HIV-positive consumers in the South Alabama area.

Input from these agencies, combined with data from focus groups, surveys, and needs assessments, drive the protocols used in the rental assistance program. AIDS Alabama analyzes this information and adjusts the program to facilitate balancing the amount of funds available with the ultimate goal of avoiding homelessness, keeping families stably housed, and increasing consumer empowerment to succeed in a permanent housing setting. AIDS Alabama never seeks a change to the rental assistance program without:

* Receiving input from all subcontracting agencies;
* Providing a minimum of a 30-day notice to each agency; and
* Ensuring that changes are compliant with HOPWA regulations.

For the Short-Term Rental, Mortgage, and Utility program (STRMU), applicants must re-apply and supply proof of need for each month of assistance for up to five months (four months currently in Alabama, until restrictions are lifted) in an assistance year.

For the Tenant-Based Rental Assistance (TBRA) and Project-Based Rental Assistance, the resident is responsible for a portion of the rent based on their income. Clients are expected to maintain quarterly contact with their social workers, as well as pay the appropriate portion of the rent and maintain utilities.

ASONA serves as AIDS Alabama’s HOPWA planning council. To access rental assistance, AIDS Alabama requires annual certification of these programs by the community-based organizations that are their partners.

## Supportive Services

Goal #2: Provide existing housing programs in the State with supportive services.

Objective 1:

Provide 16,000 legs of transportation to social service and medical appointments between April 1, 2013, and March 31, 2014.

Outcome:

Transportation to mainstream support services promotes healthier and more socially connected consumers who can live independently and remain in stable housing.

Objective 2:

Provide case management and support services to 2,300 consumers statewide between April 1, 2013, and March 31, 2014.

Outcome:

Consumers will be linked to mainstream resources that give them the ability to remain in stable housing and to live independently.

AIDS Alabama will use $400,000 to support housing programs in the State. This support will include supportive services such as transportation, case management, first month’s rent and deposit (if available), and housing outreach. AIDS Alabama provides these services in the Birmingham Metropolitan Area and to the non-Jefferson County areas in their Public Health area. Furthermore, AIDS Alabama contracts for these services with nine other AIDS Service Organizations across the State, allowing HOPWA supportive services to be available in all 67 counties.

#### Operating Costs

Goal #3: Support operating costs of current housing.

Objective:

AIDS Alabama will use $406,106.00 to supplement the operating cost of the permanent and transitional units between April 1, 2013, and March 31, 2014, serving a potential 300 persons statewide. These funds cover furnishings, utility supplements, property management expenditures (lawn care, basic maintenance, and repair), security services, and support to ensure appropriate upkeep for all HIV-specific permanent and transitional housing in the State as described in the previous section.

AIDS Alabama reduced the number of units to be supported in this category from 118 to 80 but will increase the amount of funds used in this category due to several reasons:

* + - 1. The aging of current property has meant astronomical increases in maintenance costs. Housing staff must constantly inspect and repair existing properties to keep current housing stock operational as safe housing for consumers.
      2. The agency has launched a capital campaign that is resulting in increased funds for some project but costs continue to rise.
      3. The agency has been able to obtain a HOME grant from the City of Mobile to help with a massive rehabilitation of the Magnolia Place Property. This relief has been great but existing properties elsewhere across the state continue to require high rehab funding.

Outcome:

All current residents in AIDS Alabama housing will enjoy safe, secure, and healthy stable housing.

#### Master Leasing

Goal #4: AIDS Alabama will support local efforts to fill housing gaps and to provide housing in which consumers can learn permanent housing management skills.

Objective:

Between April 1, 2013 and March 31, 2014, AIDS Alabama will use $20,000.00 to provide funding for the cost of two Master leases for two-bedroom units to be used for intermediate housing with focus on support services to help consumers move towards permanent housing. Units will provide the consumer stable housing while the case manager links them to permanent housing options and helps them to avoid homelessness.

Outcome:

AIDS Service Organizations other than AIDS Alabama will learn how to maintain and utilize housing in their areas to meet housing gaps.

AIDS Alabama will fund master leasing to AIDS Alabama South in the Mobile area as planned. However, there is planned expansion of this option to at least one other unit in an area of greatest need. Medical AIDS Outreach of Alabama in Montgomery has need and has expressed interest.

## Resource Identification

Goal #5: Support resource identification efforts.

Objective 1:

AIDS Alabama will spend $5,000.00 between April 1, 2013, and March 31, 2014, to support collaboration among housing and HIV-positive service partners across the state to identify low income housing and housing development efforts. Specific actions:

A. Attend 100% of the appropriate HIV/AIDS housing and homeless conferences.

B. Support the cost of meetings to foster collaborations that will expand affordable housing for low-income, HIV-positive consumers with in-state housing organizations such as Low Income Housing Coalition of Alabama, Alabama Rural Coalition on Homelessness, the Alabama Poverty Project, and others.

Outcome:

AIDS Alabama staff members and contractors will be equipped to provide identification of low-income housing and housing development options in the State for persons and families living with HIV disease.

Objective 2:

AIDS Alabama will spend $30,000.00 to fund the Statewide Needs Assessment between April 1, 2013 and March 31, 2014. This assessment is a 45 minute interview conducted by trained staff/peers to at least 5% of all HIV-positive consumers living in the state. Each area’s demographics are used to target a relevant number and demographic compositions of consumers to ensure the highest relevance of the data.

Outcome:

The Needs Assessment data will be used by the Alabama Department of Public Health and all ASOs and their partners in planning and grant making processes. HUD sees the state’s commitment to completing this assessment as a major accomplishment and urges other states to complete a similar process.

Housing Information

Goal #6: Support ongoing housing information efforts in the State.

Objective:

AIDS Alabama will use $7,000.00 to provide 7,600 individuals with HIV/AIDS housing information in a variety of venues, including health fairs, trade day events, HIV-awareness events, churches, non-traditional medical clinics, community clubs, shelters, substance abuse programs, beauty shops, jails, prisons, schools, and through other community service providers statewide between April 1, 2013, and March 31, 2014. This amount is less than the previous year because of the ability to leverage ARAP and other funds for marketing material and added outreach.

Outcome:

HIV-positive individuals in counties throughout the State will know how to find stable and affordable housing resources.

## Technical Assistance

Goal #7: Provide technical assistance training around housing development in Alabama.

Objective:

AIDS Alabama will use $2,000.00 to provide at least two consultations and technical assistance sessions to ASONA member agencies who are engaged in specific, qualified projects between April 1, 2013 and March 31, 2014.

Outcome:

Two consultations related to housing development programming to Selma AIDS Information and Referral and Medical AIDS Outreach of Alabama in Montgomery will help them to have improved goal attainment in their HOPWA contracts. Both programs have the opportunity to become part of their local Continuums of Care and position themselves to develop a housing grant for their homeless consumers.

Administrative Fee

The administrative fee is $141,900 (10% per regulations). The state service agency, ADECA, will receive 3% ($42,570) as the grantee, and AIDS Alabama will receive 7% ($99,330) as the project sponsor.

AIDS Alabama continues to draw on its committed sources of leverage in order to increase the capacity of the HOWPA program. Leveraged dollars from private and public sources, such as Medicaid Targeted Case Management, Ryan White Case Management, Prevention Education Outreach, Development Newsletter, as well as private Foundation grants, other HUD grants, tenant rent payments, properties, and program income allow AIDS Alabama to stretch limited fiscal resources, while continuing to provide quality supportive housing service to its consumers.

Questions may be directed to Kevin Finney, Director of Operations (Financial); Elaine Cottle, Executive Director; or Kathie M. Hiers, Chief Executive Officer at 205-324-9822.

**Budget Summary**

|  |  |
| --- | --- |
| Rental Assistance | $407,000 |
| Supportive Services | $400,000 |
| Operating Cost | $406,106 |
| Master Leasing | $ 20,000 |
| Resource Identification | $ 35,000 |
| Housing Information | $ 7,000 |
| Technical Assistance | $ 2,000 |
| Administrative | $141,900 |
| Total | $1,419,006 |

# Specific HOPWA Objectives

Describe how Federal, State, and local public and private sector resources that are reasonably expected to be available will be used to address identified needs for the period covered by the Action Plan.

Specific HOPWA Objectives response:

As well as collaborating with State and Federal entities, AIDS Alabama works diligently to secure partnerships with private sector organizations. Partnerships with the MAC AIDS Fund, the Greater Birmingham Area Community Foundation, major banking institutions, and others, has allowed AIDS Alabama to increase supportive services, improve existing housing, and increase prevention efforts throughout the State. Support from such groups is also used as match and leverage to bring increased federal dollars and programs into Alabama.

Please see the preceding HOPWA Year 5 Action Plan.

**State Table 1** **(Required)**

### Housing, Homeless and Special Needs

(based on 2000 Census)

### Housing Needs

| **Household Type** | **Elderly**  **Renter** | **Small**  **Renter** | **Large**  **Renter** | **Other**  **Renter** | **Total Renter** | Owner | **Total** |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **0 –30% of MFI** |  |  |  |  |  |  |  |
| %Any housing problem | 51.7 | 68.8 | 81.2 | 67.0 | 65.2 | 66.3 | 65.7 |
| %Cost burden  > 30 | 50.2 | 64.9 | 66.3 | 65.5 | 62.0 | 64.3 | 63.0 |
| %Cost Burden > 50 | 30.7 | 49.7 | 47.3 | 53.4 | 46.6 | 45.6 | 46.1 |
| **31 - 50% of MFI** |  |  |  |  |  |  |  |
| %Any housing problem | 38.8 | 56.8 | 69.2 | 67.8 | 56.8 | 46.9 | 51.0 |
| %Cost burden  > 30 | 37.9 | 53.0 | 42.9 | 66.4 | 52.5 | 44.4 | 47.8 |
| %Cost Burden > 50 | 12.6 | 11.1 | 5.3 | 19.6 | 13.5 | 21.9 | 18.4 |
| **51 - 80% of MFI** |  |  |  |  |  |  |  |
| %Any housing problem | 25.5 | 23.7 | 45.6 | 28.4 | 27.5 | 32.1 | 30.6 |
| %Cost burden  > 30 | 24.1 | 18.0 | 10.2 | 26.5 | 21.0 | 29.2 | 26.5 |
| %Cost Burden > 50 | 5.9 | 1.6 | 1.0 | 2.3 | 2.4 | 7.8 | 6.0 |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| State Table 1 (Required)Housing, Homeless and Special Needs (cont’d) **Homeless**  **Continuum of Care: UNMET NEED (January 2012)** | | | | | | | | | | | | | | | | |
|  | |  | | |  | |  | |  | |  | | |  |  |  |
| **All Year-Round Beds/Units** | | | | | | | | | | | | **Seasonal** | **Overflow** | | | |
|  | Beds for Households with at Least One Adult and One Child | | Units for Households with at Least One Adult and One Child | Beds for Households without Children | | Beds for Households with Only Children | | Units for Households with Only Children | | Total Year-Round Beds | | Total Seasonal Beds | Overflow Beds | | | |
| Emergency Shelter | 151 | | 38 | 159 | | 27 | | 25 | | 337 | | 30 | 50 | | | |
| Transitional Housing | 215 | | 33 | 525 | | 15 | | 15 | | 755 | |  |  | | | |
| Safe Haven |  | |  | 145 | |  | |  | | 145 | |  |  | | | |
| Permanent Supportive Housing | 310 | | 34 | 1,322 | | 6 | | 6 | | 1,638 | |  |  | | | |

**State Table 2A** (Required)

**Priority Housing/Special Needs/Investment Plan**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **PART 1. PRIORITY HOUSING NEEDS** | | | **Priority Level**  **Indicate H**igh**, M**edium**, L**ow**, checkmark, Yes, N**o | |
|  |  | 0-30% | High |
|  | **Small Related** | 31-50% | High |
|  |  | 51-80% | Medium |
|  |  | 0-30% | High |
|  | **Large Related** | 31-50% | High |
|  |  | 51-80% | High |
| **Renter** |  | 0-30% | High |
|  | **Elderly** | 31-50% | High |
|  |  | 51-80% | Medium |
|  |  | 0-30% | High |
|  | **All Other** | 31-50% | High |
|  |  | 51-80% | Medium |
|  |  | 0-30% | Medium |
| **Owner** |  | 31-50% | Medium |
|  |  | 51-80% | Medium |

**State Table 2A** (Required)

**Priority Housing/Special Needs/Investment Plan** (cont’d)

|  |  |  |
| --- | --- | --- |
| PART 2 PRIORITY SPECIAL NEEDS | | **Priority Level**  **Indicate H**igh**, M**edium**, L**ow**, checkmark, Yes, N**o |
| **Elderly** |  | Medium |
| Frail Elderly |  | Medium |
| Severe Mental Illness |  | Medium |
| Developmentally Disabled |  | Medium |
| Physically Disabled |  | Medium |
| Persons w/ Alcohol/Other Drug Addictions | | Medium |
| Persons w/HIV/AIDS |  | High |
| Victims of Domestic Violence | | Medium |
| Other |  |  |

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