## **STATE OF ALABAMA**

# Program Year 2021

# One-Year

Annual Action Plan

**CDBG**

**HOME**

**ESG**

**HOPWA**

**and HTF**

**Programs**

Alabama Department of Economic and Community Affairs

## **State of Alabama**

# Program Year 2021

# One-Year Annual Action Plan

## **for**

## **CDBG, HOME, ESG, HOPWA, and HTF Programs**

ALABAMA DEPARTMENT OF ECONOMIC AND COMMUNITY AFFAIRS

401 ADAMS AVENUE

POST OFFICE BOX 5690

MONTGOMERY, ALABAMA 36103-5690

### APRIL 1, 2021 – March 31, 2022

**STATE OF ALABAMA**

**Program Year 2021 (April 1, 2021-March 31, 2022)**

**One-Year Annual Action Plan for**

## **CDBG, HOME, ESG, HOPWA, and HTF Programs**

**Submitted in April 2021**

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to the PY2020 HOME Action Plan First Substantial Amendment,

PY2021 Housing Credit Qualified Allocation Plan,

PY2021 HOME Action Plan,

PY2021 National Housing Trust Fund Allocation Plan, and the

Addenda:

A. Summary of Proposed Changes to the PY2020 HOME Action

Plan Substantial Amendment

B. Summary of Proposed Changes to the PY2021 Housing Credit

Qualified Allocation Plan

C. Summary of Proposed Changes to the PY2021 HOME Action

Plan

D. Summary of Proposed Changes to the 2021 National Housing

Trust Fund Allocation Plan

E. Summary of Citizen Participation Process for PY2021 National

Housing Trust Fund Allocation Plan – Second Draft

**SETUP**

**AD-26 Administration**

Strategic Plan Beginning Year: 2021

Ending Year: 2022

Title: State of Alabama PY2021 One-Year Annual Action Plan (April 1, 2021 –

March 31, 2022)

Plan Version: #1 - Original

If Amendment: Not applicable

If Substantial Amendment, explain: Not applicable

Programs Included: 🗹 Community Development Block Grant Program (CDBG)

🗹 HOME Investment Partnerships Program (HOME)

🗹 Emergency Solutions Grants Program (ESG)

🗹 Housing Opportunities for Persons With AIDS Program (HOPWA)

🗹 National Housing Trust Fund 2021 Allocation Plan (HTF)

Is this Annual Action Plan associated with a Consolidated Plan?: Yes

Consolidated Plan Title: Alabama First Substantial Amendment to PY2020-PY2024

Five-Year Consolidated Plan – CARES Act Funds

Consolidated Plan Beginning Year: 2020

Consolidated Plan Ending Year: 2024

Consolidated Plan Version: 1

Consolidated Plan is for: Grantee

**AD-50 Verify Grantee/PJ Information in IDIS**

Grantee Information:

Lead Agency: Alabama

Year: 2021

Start Date: April 1, 2021 (start of PY2021)

End Date: March 31, 2022 (end of PY2021)

Address: Alabama Department of Economic and Community Affairs (ADECA)

Community and Economic Development Division

401 Adams Avenue, Room 500

Post Office Box 5690

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**PROCESS**

**AP-05 Executive Summary [see 24 CFR 91.300(c), 91.320(b)]**

**1. Introduction:**

The State of Alabama’s PY2021 One-Year Annual Action Plan is a joint effort between the Alabama Department of Economic and Community Affairs (ADECA), the Alabama Housing Finance Authority (AHFA), and AIDS Alabama. This Plan evidences the information-gathering and planning work conducted by these administrative agencies. This Plan’s information derives from Census data, American Community Survey (ACS) data, data provided by the U.S. Department of Housing and Urban Development (HUD), and public/community needs and fair housing survey documents developed for Alabama’s previous (2014-2015) *Analysis of Impediments to Fair Housing Choice* and current (2019-2020) *Analysis of Impediments to Fair Housing Choice*. Participants in these data collection efforts include Alabama's 144 Public Housing Authorities, the Alabama Public Housing Authority Directors Association, the 12 Regional Planning Commissions, the grant management firms who administer ADECA’s CDBG grant projects for non-entitlement cities and counties, banking and mortgage-lending institutions that are members of the Alabama Bankers Association (chartered by the Alabama State Banking Department), recipients of ADECA’s CDBG, ESG, HOME, HOPWA, and HTF grant funds, other state agencies and universities with whom ADECA conducts grant research work, mayors and additional local government staff contacted through the Alabama League of Municipalities, county commission chairmen and additional county government staff contacted through the Alabama Association of County Commissions, real estate professionals, nonprofit organization directors, private citizens, private sector consultants, and continuum of care staff, all of whom were allowed the opportunity to participate in the information-gathering process. As a result, the goal of this Plan is to serve as a continuing guide for administering the blending of federal dollars with local dollars to develop and implement local planning, housing, infrastructure, and economic development initiatives so that both the public and private sectors within Alabama can address the needs identified through their strategic planning and development processes.

The following housing priorities are in effect for the following five programs: For the CDBG Program, the housing-related priority is single family, owner-occupied housing rehabilitation.  For the ESG Program, the housing priority is to provide rental assistance to prevent homelessness and re-house homeless persons.  For the HOPWA Program, the housing priorities are rental assistance, development and operations of facilities based housing, and supportive services to keep people stably housed and in healthcare. For the HOME Program, the housing priority is new construction of affordable rental units across the State.  For the HTF Program, the housing priority is new construction of affordable rental units for households that are extremely low-income (ELI) and very low-income (VLI). For non-housing needs, the priorities consist of essential community facilities and the promotion of economic development programs.

More specifically, for the PY2021 One-Year Annual Action Plan, expenditure of Community Development Block Grant (CDBG) funds will focus on community development, local planning, economic development, and infrastructure improvement programs, health hazard and urgent need management, job creation/ growth/retention, housing rehabilitation, and Alabama’s Black Belt Region initiatives that have been operating since 2005. Expenditure of HOME Program funds will focus on new construction of multifamily rental housing across Alabama. The intent is that HOME Program tenants will include families, elderly citizens, and special needs households, all of whom will be low-income and in need of affordable housing units. Expenditure of the Emergency Solutions Grant (ESG) Program funds will facilitate Alabama’s homeless population needs, and will focus on facility conversion, rehabilitation, operating expenses, essential services, and homeless prevention assistance. Expenditure of Housing Opportunities for Persons With AIDS (HOPWA) Program funds will direct housing activities benefitting persons with HIV/AIDS and their households and supportive services needed by tenants to maintain housing stability and avoid homelessness. Such direct housing activities include operational costs for existing HIV/AIDS housing, rental assistance programs that are both tenant-based and project-based rental assistance programs, Short-term Rent, Mortgage, and/or Utility Assistance (STRMU) Payment Program, and development of additional facilities-based housing as funds allow. Anticipated activities also include providing housing information and outreach services to consumers, identifying resources for accessing and maintaining permanent and/or transitional supportive housing for persons with HIV disease and their families by partnering with each local Continuum of Care and other housing and service entities, assisting with the acquisition of land for new construction projects, and providing technical assistance to support efforts by local AIDS Service Organizations and other low income housing entities to increase local housing options. Expenditure of the HTF Program Funds will focus on the development of new construction of decent, safe, and sanitary rental housing which primarily targets a specific underserved ELI population in the State. The initial preference is to expand the overall housing supply for the benefit of ELI households with incomes at or below the poverty line (whichever is greater) for veterans or other populations with physical or mental disabilities who are located primarily in rural areas (or non-metropolitan areas).

**2. Summarize the objectives and outcomes identified in the Plan:** [This could be a restatement of items or a table listed elsewhere in the plan or a reference to another location. It may also contain any essential items from the housing and homeless needs assessment, the housing market analysis, or the strategic plan.]

Alabama’s objectives and outcomes identified in this Plan are designed to serve the needs of Alabama’s residents through professional and efficient management of the HUD programs and funds covered by this Plan. It is Alabama’s mission to distribute the funds and resources in an equitable manner, per the federal and state regulations and guidelines, through long-term and short-term objectives.

The Long-Term Objectives are to:

1. provide important community facilities that address all aspects of community development (CDBG);

2. promote economic development that creates new jobs, retains existing employment, and expands the local tax base (CDBG);

3. meet the affordable housing needs of low- and moderate-income Alabamians (HOME and CDBG);

4. provide assistance to homeless persons and victims of domestic abuse (ESG);

5. prevent homelessness (ESG);

6. provide housing and supportive services for persons with HIV/AIDS (HOPWA); and

7. meet affordable housing needs of ELI and VLI Alabamians (HTF).

The Short-Term (Five Year) Objectives are to:

1. allow communities to address the community development needs perceived to be the most important at the local level (CDBG);

2. encourage communities to develop and implement infrastructure plans for the near future (CDBG);

3. assist communities in responding to economic and development needs in a timely manner primarily through infrastructure assistance (CDBG);

4. provide a mechanism for managing health hazards and urgent needs so that communities can readily respond to crises (CDBG);

5. provide a mechanism for addressing a wide variety of community development needs including housing rehabilitation (CDBG);

6. utilize a combination of HOME funds, Low-Income Housing Tax Credits, and conventional lending sources (HOME);

7. fund the greatest number of grant assistance requests while maximizing the number of affordable rental units which will be made available to Alabama citizens (HOME);

8. upgrade existing homeless facilities and domestic abuse shelters (ESG);

9. meet the operating costs of homeless facilities and domestic abuse shelters (ESG);

10. provide essential services to homeless persons and victims of domestic abuse (ESG);

11. support and expand a statewide rental assistance program through qualified AIDS Service agencies to prevent homelessness and increase housing stability through project and tenant-based rental assistance and Short-Term Rent, Mortgage and Utility Assistance funds statewide (HOPWA);

12. provide supportive services statewide to those living with HIV/AIDS to prevent homelessness and increase housing stability (HOPWA);

13. support existing AIDS housing programs, continued operating costs, and continued supportive housing through existing programs in the state (HOPWA);

14. support housing information and outreach to low-income HIV-infected persons statewide (HOPWA);

15. provide technical assistance and support master leasing services statewide for AIDS Service Organizations to meet local needs and increase local housing options (HOPWA);

16. provide possible acquisition and new construction support as part of collaborative partnerships statewide to expand HIV/AIDS housing to meet increasing needs (HOPWA); and

17. provide forgivable grants and low-interest loans to increase and preserve the supply of decent, safe, and sanitary affordable housing for ELI and VLI households, including homeless and disabled populations, with a preference for military veterans, or persons with physical or mental disabilities (HTF).

**3. Evaluation of past performance: [**This is an evaluation of past performance that helped lead the grantee to choose its goals or projects.]

During previous years of HUD funding (2010-2020), ADECA’s CDBG Program allocated funds to projects designed to create suitable living environments by (i) improving the availability of local government services (through water, sewer, and street/road improvements), (ii) promoting and improving the sustainability of viable communities (through development of parks and playgrounds, senior centers, fire stations, and other community enhancement or limited clientele projects), and (iii) improving accessibility to and sustainability of fair housing through improved housing affordability and created economic opportunities (through housing rehabilitation and demolition, local planning, and economic development projects for job-creation and job-retention). AHFA allocated HOME funds combined with Low Income Housing Tax Credits within Alabama which helped to develop projects throughout the State providing housing units for low-income families. ADECA’s ESG Program provided emergency shelters, soup kitchens/meals, child care services, transitional housing, food pantries, services for homeless persons with alcohol/drug problems, vouchers for shelters, health care services, employment services, outreach services, mental health services, homeless prevention services, and drop-in shelters. AIDS Alabama’s HOPWA Program provided housing assistance services to AIDS clients that included rental assistance, provision of housing supportive services, and HIV/AIDS services. And AHFA's HTF Program, that was established by Congress under Title I of the Housing and Economic Recovery Act of 2008, is a formula grant program that targets Extremely Low-Income populations (ELI), with a preference to those who are homeless and those who are at-risk of becoming homeless veterans of the U.S. armed forces, or persons with physical or mental disabilities. Alabama, per the Veteran’s Administration’s 2021 data, has 377,310 veterans living in Alabama – and an estimated 29,047 veterans are in the ELI category. AHFA's HTF Program used a competitive application cycle and point scoring system similar to, but more concise than, its Low-Income Housing Tax Credit program, with the program's plan designed to provide funds to develop new construction of decent, safe and sanitary rental housing, with an initial preference for ELI homeless or transitioning veterans located primarily in Alabama's underserved rural areas, or persons with physical or mental disabilities.

For a more detailed evaluation of past performance, ADECA, AHFA, and AIDS Alabama together write and submit to HUD an annual report, termed the *Consolidated Annual Performance and Evaluation Report* (CAPER), detailing their respective programs’ yearly performances for the CDBG, ESG, HOME, HOPWA, and HTF Programs. The CAPER is submitted to HUD by June 30 each year - a date that is 90 days after the close of Alabama’s April 1-March 31 program year. Each CAPER is made available for public review and comment pursuant to the Citizen Participation Plan. Here is a sample of the last three years of CAPER submissions: The PY2017 CAPER, consisting of the programs’ activities that encompassed the period of April 1, 2017 through March 31, 2018, was submitted to HUD in June 2018 and can be viewed on ADECA's website at [www.adeca.alabama.gov](http://www.adeca.alabama.gov). The PY2018 CAPER, consisting of the programs’ activities that encompassed the period of April 1, 2018 through March 31, 2019, was submitted to HUD in June 2019 and can be viewed on ADECA's website at [www.adeca.alabama.gov](http://www.adeca.alabama.gov). And the PY2019 CAPER, consisting of the programs' activities that encompassed the period of April 1, 2019 through March 31, 2020, was submitted to HUD in June 2020 and can be viewed on ADECA’s website at [www.adeca.alabama.gov](http://www.adeca.alabama.gov). The PY2020 CAPER, which will consist of the programs' activities that encompass the period of April 1, 2020 through March 31, 2021, will be submitted to HUD in June 2021 and will be made available on the ADECA website in June 2021.

From the PY2017 CAPER submitted to HUD in June 2018, highlights of ADECA, AHFA, and AIDS Alabama meeting their PY2017 funding and programmatic goals were as follows:

● ADECA's use of its annual allocation of CDBG funds addressed the long-term and short-term objectives through the local communities' annual expenditure of the grant funds within the State's non-entitlement areas. ADECA closed-out 75 grants that were open/active during the April 1, 2017-March 31, 2018 CAPER reporting period, in that all 75 grants were closed-out as of March 31, 2018. These 75 grants had expended CDBG funds from Program Years 2009 through 2016, and are identified in that CAPER (at *Chart 9 - Program Year 2009 through Program Year 2017 CDBG Grants Closed During the Reporting Period of April 1, 2017 through March 31, 2018*). Of those 75 now-closed CDBG grants, the priority (primary) activities for the grants were as follows: 26 involved the sewer activity, 20 involved the water activity, 20 involved the streets / roads activity, 11 involved the drainage activity, 2 involved the demolition activity, 2 involved a local planning grant, 1 involved residential rehabilitation, 3 involved construction of senior centers, 1 involved the land clearance and grubbing, 4 involved construction of parks / recreation areas, 3 involved construction of a rail spur, and 1 involved construction of a food pantry.

● For ADECA's CDBG goals of job creation and infrastructure assistance, the CAPER reported that 16 economic development grants were closed-out that assisted 15 businesses in creating and/or retaining 1,247 jobs.

● As a result of ADECA's 75 total closed-out CDBG projects reported in the CAPER, a total of 16,862 beneficiaries in 7,749 households were served. Of these, a total of 12,826 were low and moderate-income beneficiaries, with 3,916 as moderate income, 4,483 as low income, and 4,427 as very low-income beneficiaries.

● For ADECA's CDBG Program Years encompassing 2009-2017, ADECA had 178 open CDBG grants that were open/active during the April 1, 2017-March 31, 2018 CAPER reporting period and that remained open as of March 31, 2018. For these 178 open grants (identified in that CAPER at *Chart* 1 through *Chart 8*), the priority (primary) activities for those open grants are as follows: 70 involved the sewer activity, 48 involved the water activity, 36 involved the roads / streets activity, 9 involved the drainage activity, 12 involved the demolition activity, 4 involved construction of senior centers, 2 involved construction of community centers, 5 involved residential rehabilitation, 2 involved building renovations, 1 involved a building purchase, 4 involved construction of parks / recreation areas/ swimming pool construction, 1 involved construction of an Emergency 911 Center, 1 involved the purchase of a fire truck, 4 involved a local planning grant, 4 involved construction of a rail spur or railroad crossing improvements, 1 involved sidewalk improvements, 5 involved infrastructure / site improvements, 1 involved downtown revitalization, and 1 involved incubator construction.

From the PY2018 CAPER submitted to HUD in June 2019, highlights of ADECA, AHFA, and AIDS Alabama meeting their PY2018 funding and programmatic goals were as follows:

● ADECA's use of its annual allocation of CDBG funds addressed the long-term and short-term objectives through the local communities' annual expenditure of the grant funds within the State's non-entitlement areas. ADECA closed-out 75 grants that were open/active during the April 1, 2018-March 31, 2019 CAPER reporting period, in that all 75 grants were closed-out as of March 31/April 1, 2019. These 75 grants had expended CDBG funds from Program Years 2009 through 2018, and are identified in that CAPER (at *Chart 11 - Program Year 2009 through Program Year 2018 CDBG Grants Closed During the Reporting Period of April 1, 2018 through March 31, 2019*). Of those 75 now-closed CDBG grants, the priority (primary) activities for the grants were as follows: 25 involved the sewer activity, 19 involved the water activity, 18 involved the roads activity, 6 involved the drainage activity, 1 involved the sidewalks activity, 8 involved the demolition activity (68 structures were demolished), 3 involved a local planning grant, 2 involved residential rehabilitation (31 houses were rehabbed), 1 involved a building renovation, 1 involved building site improvements, 4 involved construction of a senior center, 1 involved the purchase of a fire truck, 1 involved the construction of a park / recreation area, 1 involved the construction of a utility line, 1 involved construction of a railroad crossing, and 2 involved construction of a rail spur.

● For ADECA's CDBG goals of job creation and infrastructure assistance, the CAPER reported that 15 economic development grants were closed-out that assisted 15 businesses in creating and/or retaining 992 jobs, with 696 jobs going to persons of low and moderate income.

● As a result of ADECA's 75 total closed-out CDBG projects reported in the CAPER, a total of 34,379 beneficiaries in 15,222 households were served. Of these, a total of 23,838 were low and moderate-income beneficiaries, with 8,105 as moderate income, 6,811 as low income, and 8,623 as very low-income beneficiaries.

● For ADECA's CDBG Program Years encompassing 2009-2018, ADECA had 179 open CDBG grants that were open/active during the April 1, 2018-March 31, 2019 CAPER reporting period and that remained open as of March 31, 2019. For these 179 open grants (identified in that CAPER at *Chart* 1 through *Chart 10*), the priority (primary) activities for those open grants are as follows: 66 involved the sewer activity, 52 involved the water activity, 16 involved the drainage activity, 48 involved the roads activity, 1 involved the downtown revitalization activity, 7 involved the demolition and clearance activity, 1 involved the construction of a railroad crossing activity, 1 involved the construction of a railroad spur activity, 1 involved the construction of a fire station activity, 4 involved the parks and recreation activity, 3 involved the building rehabilitation activity, 5 involved the residential rehabilitation activity, 2 involved the construction of a senior center activity, 2 involved the construction of a community center activity, 1 involved the purchase of a building, 1 involved the construction of an Emergency 911 Center, 1 involved infrastructure / site improvements, 1 involved the construction of an incubator activity, 1 involved the removal of architectural barriers activity, 1 involved the construction of lighting for a truck stop activity, and 3 involved the planning activity.

● The State continued to make progress in providing affordable housing, both through the CDBG rehabilitation and the HOME housing program activities. AHFA allocated funds in combination with tax credits in the State that helped in the development of projects providing housing units for low-income families.

● The HOPWA Program was able to provide services to clients that included recipients of rental assistance and recipients of supportive services. HOPWA PY2019 goals include (1) support of a statewide rental assistance program through qualified AIDS Service Organizations, (2) provide existing housing programs in the State with supportive services, (3) support operating costs of current housing, (4) support local efforts to fill housing gaps and to provide housing in which consumers can learn permanent housing management skills, (5) support resource identification efforts, (6) support ongoing housing information efforts in the State, and (7) provide technical assistance training around housing and development in Alabama.

The HOPWA Program’s objectives related to goal (1) include the provision of Short-Term Rent/Mortgage Assistance for at least 50 households resulting in housing stability for homelessness diversion for 55 households and the provision of Tenant-Based Rental Assistance for at least 100 households resulting in housing stability in affordable, leased housing for 100% of clients. Objectives related to goal (2) include the provision of 20,000 legs of transportation to social service and medical appointments in addition to the provision of case management and supportive services to 2,750 consumers statewide. Objectives related to goal (3) include supplement of the operating costs of the permanent units serving a potential 180 consumers statewide. Objectives relating to goal (4) include supplement of the operating costs of the transitional housing with focus on support services to help consumers move to permanent housing. Objectives relating to goal (5) include support of collaboration among housing and HIV-positive service partners across the state to identify low-income housing and housing development efforts. Objectives relating to goal (7) include providing 7,600 individuals with HIV/AIDS housing information throughout the State so HIV-positive individuals will know how to find stable and affordable housing resources. Objectives relating to goal (8) include consultation and technical assistance to ASONA member agencies.

The HOPWA Program’s funds were expended so that 206 qualified consumers living with HIV and 145 household members received direct housing assistance. Over 16,454 legs of transportation were provided. HOPWA funding provided supportive services for over 5500 households throughout the state. Efforts to disseminate HIV-specific housing and resource information were provided to more than 2700 unduplicated households. Operational funds were used to support 74 units of housing statewide and a community facility.

● The ESG Program provided ESG shelters, meals, child care services, transitional housing, food pantries, services for homeless persons with alcohol/drug problems, vouchers for shelters, health care services, employment services, outreach services, mental health services, homeless prevention services, drop in shelters, and HIV/AIDS services, and this statewide coverage was achieved by utilizing several sub-recipients throughout the state.

● The HTF Program funds allocated to the AHFA were $3,000,000 per year for PY2016 – PY2019 and $3,123,706 for PY2020. AHFA anticipates an HTF allocation of $6,690,654 for PY2021. As of PY2020, ten (10) awards were issued for the development of sixty-seven (67) HTF rental housing units.

From the PY2019 CAPER submitted to HUD in June 2020, highlights of ADECA, AHFA, and AIDS Alabama meeting their PY2019 funding and programmatic goals were as follows:

● ADECA's use of its annual allocation of CDBG funds addressed the long-term and short-term objectives through the local communities' annual expenditure of the grant funds within the State's non-entitlement areas. ADECA closed-out 41 grants that were open/active during the April 1, 2019-March 31, 2020 CAPER reporting period, in that all 41 grants were closed-out as of March 31, 2020. These 41 grants had expended CDBG funds from Program Years 2009 through 2019, and are identified in that CAPER (at *Chart 12 - Program Year 2009 through Program Year 2019 CDBG Grants Closed During the Reporting Period of April 1, 2019 through March 31, 2020*). Of those 41 now-closed CDBG grants, the priority (primary) activities for the grants were as follows: 17 involved the sewer activity, 9 involved the water activity, 13 involved the roads activity, 4 involved the drainage activity, 1 involved a local planning grant, 1 involved the residential rehabilitation activity (20 houses rehabbed), 2 involved a building renovation, 1 involved a construction of an E-911 Center, 1 involved parks and recreation, and 1 involved demolition and clearance.

● For ADECA's CDBG goals of job creation and infrastructure assistance, the CAPER reported that 13 economic development grants were closed-out that assisted 14 businesses in creating and/or retaining 861 jobs, with 680 jobs going to persons of low and moderate income.

● As a result of ADECA's 41 total closed-out CDBG projects reported in the CAPER, a total of 28,192 beneficiaries in 11,826 households were served. Of these, a total of 16,847 were low and moderate-income beneficiaries, with 5,060 as moderate income, 5,696 as low income, and 6,077 as very low-income beneficiaries.

● For ADECA's CDBG Program Years encompassing 2009-2019, ADECA had 197 open CDBG grants that were open/active during the April 1, 2019-March 31, 2020 CAPER reporting period and that remained open as of March 31, 2020. For these 197 open grants (identified in that CAPER at *Chart 1* through *Chart 11*), the priority (primary) activities for those open grants are as follows: 68 involved the sewer activity, 60 involved the water activity, 24 involved the drainage activity, 56 involved the roads activity, 2 involved the downtown revitalization activity, 13 involved the demolition and clearance activity, 1 involved the construction of a railroad crossing activity, 1 involved the construction of a railroad spur activity, 1 involved the construction of a fire station activity, 3 involved the parks and recreation activity, 4 involved the building rehabilitation activity, 6 involved the residential rehabilitation activity, 5 involved the construction of a senior center activity, 2 involved the construction of a community center activity, 1 involved the purchase of a building, 1 involved the removal of architectural barriers activity, 1 involved the construction of lighting for a truck stop activity, and 3 involved the planning activity.

● The State continued to make progress in providing affordable housing, both through the CDBG rehabilitation and the HOME housing program activities. AHFA allocated funds in combination with tax credits in the State that helped in the development of projects providing housing units for low-income families.

● The HOPWA Program was able to provide services to clients that included recipients of rental assistance and recipients of supportive services. HOPWA PY2020 goals included (1) support of a statewide rental assistance program through qualified AIDS Service Organizations, (2) provide existing housing programs in the State with supportive services, (3) support operating costs of current housing, (4) support local efforts to fill housing gaps and to provide housing in which consumers can learn permanent housing management skills, (5) support resource identification efforts, (6) support ongoing housing information efforts in the State, and (7) provide technical assistance training around housing and development in Alabama.

The HOPWA Program’s objectives related to goal (1) included the provision of Short-Term Rent/Mortgage Assistance for at least 50 households that resulted in housing stability for homelessness diversion for 31 actual households, and the provision of Tenant-Based Rental Assistance for at least 100 households that resulted in housing stability in affordable, leased housing for 81 clients. Objectives related to goal (2) included the provision of transportation to social service and medical appointments in addition to the provision of case management and supportive services to consumers statewide. Objectives related to goal (3) included supplement of the operating costs of the permanent units serving 93 consumer households statewide, wherein operational funds were used to support 93 units of housing statewide and a community facility. Objectives relating to goal (4) included supplement of the operating costs of the transitional housing with focus on support services to help consumers move to permanent housing, wherein the HOPWA Program’s funds were expended so that 238 qualified consumers living with HIV received direct housing assistance. Objectives relating to goal (5) included support of collaboration among housing and HIV-positive service partners across the state to identify low-income housing and housing development efforts. Objectives relating to goal (7) included providing individuals with HIV/AIDS housing information throughout the State so HIV-positive individuals will know how to find stable and affordable housing resources. Objectives relating to goal (8) included consultation and technical assistance to ASONA member agencies.

● The ESG Program provided ESG shelters, meals, child care services, transitional housing, services for homeless persons with alcohol/drug problems, vouchers for shelters, health care services, employment services, outreach services, mental health services, homeless prevention services, shelters, and HIV/AIDS services, and this statewide coverage was achieved by utilizing several sub-recipients throughout the state.

● The HTF Program funds allocated to the AHFA were $3,000,000 per year for PY2016-PY2019 and $3,123,706 for PY2020. AHFA anticipates a HTF allocation of $6,690,654 for PY2021. As of PY2020, ten (10) awards were issued for the development of sixty-seven (67) HTF rental housing units.

**4. Summary of Citizen Participation Process and consultation process:** [Summary from the citizen participation section of plan.]

**CDBG**: Because citizen participation is encouraged in the development of all elements of the Consolidated Plan, any substantial amendments to the Plan elements, and the CAPER/ Performance Reports, participation is accomplished through public hearings in times and places accessible to the public (which includes low-income and moderate-income residents) and through coordination of data and people from various agencies representative of affected / impacted citizens. All materials and meetings are accessible to persons with disabilities and persons with Limited English Proficiency, upon request, where practicable. Plans and amendments are presented for review and comment in statewide public hearings, via online websites, and in paper format in both English and Spanish versions, as and when requested. Chief elected officials, citizen groups, and citizens/the general public are notified of the hearings by email announcements, public notices/advertisements published in one or more of the State’s major newspapers of general circulation, and announcements posted on the applicable agencies’ websites. Upon request, the plans/amendments/other pertinent information are provided in a format accessible to persons with disabilities and Limited English Proficiency.

For grant purposes, the State makes available to its citizens, public agencies, and interested parties information that includes the amount of HUD-related grant funds/assistance the State expects to receive, and the range of activities on which those funds will be expended. Such notice includes the estimated amount that will benefit persons of low- and moderate-income as well as plans to minimize displacement of persons and to assist any persons who are displaced. This is accomplished through a statewide advertisement in one or more of the State’s major newspapers of general circulation. Notices are also posted on the ADECA website at [www.adeca.alabama.gov](http://www.adeca.alabama.gov) and sent via email to chief elected officials of local governments, grant administrators, state agencies, and other interested parties. The State's published Notice contains a summary of the proposed Plan in the published versions of one or more of the State’s major newspapers of general circulation, in the posted Notice on the State’s website, and in the paper version made available at the State’s office. The summary describes the contents and purpose of the Plan and includes a list of locations where copies of the entire proposed Plan may be viewed. The State also provides a reasonable number of free copies of the plan to citizens and groups who request it.

The State then conducts at least one public hearing on housing and community development needs before the proposed Plan is published for public comment. The State publishes a Notice of the public hearing in one or more newspapers of general circulation at least two weeks prior to conducting the public hearing. The Notice includes adequate information to permit citizen comments on housing and community development needs. The public hearing may be held at a public facility accessible to persons of low and moderate-income, as well as persons with disabilities, and the public hearing may also be conducted virtually via Webex calls or Zoom calls. The length of time allocated for conducting the hearing is based on attendance at previous hearings. The State has also adopted a Language Access Plan, posted at <http://adeca.alabama.gov/Divisions/ced/cdp/Pages/default.aspx#Plans>, that provides guidance for the State and its sub-grantees so that persons with Limited English Proficiency (LEP) can effectively participate in, or benefit from, federally-assisted programs. LEP persons are asked to contact the State if an interpreter is needed, and when a significant number of requests result, then an interpreter is provided.

The State receives comments on the proposed Consolidated Plan for a period of 30 days. The State considers any comments or views of citizens and units of general government received in writing submitted by email or U. S. Mail or orally submitted at the public hearing, in preparing the final Plan. A summary of these comments or views is included in the final Plan, and reasons are given for comments or views not accepted. The State makes every effort to obtain viable citizen input when program amendments are made which substantially impact the respective program, and in such cases a public hearing is held and notices are given through one or more newspapers of general circulation. Two weeks’ notice is given for a public hearing and a 30-day comment period is also provided. The State, again, considers all comments or views and gives reasons for those views that were not accepted, and a summary is attached to the final amendment to the Plan. Citizens, public agencies, and other interested parties are allowed to have access to public information, documents, and records during regularly-scheduled working hours of the agencies administering the affected programs. The State will also provide a substantive written response to every written complaint concerning the Consolidated Plan, the Citizen Participation Plan, any Amendments, and the CAPER/ Performance Reports within 15 working days where practicable.

These processes were also utilized as strategies for community outreach when ADECA developed Alabama’s *Analysis of Impediments to Fair Housing Choice* in 2014-2015 and again in 2019-2020, and were used to understand, determine, and address the priority needs for fair and affordable housing, removal of barriers to fair housing infrastructure, non-housing community development, and access to social and supportive services within communities. The methodology utilized interviews, group sessions of interested parties, and consultations with stakeholder and advocacy groups, service agency personnel, state and local government officials and employees, and the general public. The interviews, sessions, and consultations focused on the current status of Alabama’s community development through HUD’s grant programs’ service delivery, the effectiveness of the programs’ delivery systems in addressing targeted client needs, any gaps in service levels, and any needs to address such gaps. The interviews, sessions, and consultations also put forth what best practices should be used in program implementation and enforcement, development of current and future opportunities for centralizing citizen outreach and education programs, and data-sharing needs and capabilities – all as a means to determine the needs of Alabama’s non-entitlement communities and their residents. Demographic data, designated by zip codes and census tracts, were also researched and analyzed in this process. The data and conclusions collected from the process, particularly regarding identified impediments and possible remedial actions, were then used to develop the recommendations contained in this Plan.

ADECA has made numerous attempts at inclusiveness with many individuals and groups who are interested in the issues of fair housing choice, community needs, and economic and community development. These efforts involved (1) formulating, publishing (in paper, electronic/email, and website link formats), and tabulating (by hand and electronically) the responses to surveys (the “2014 Alabama Fair Housing Choice Survey,” the “2014 Community Needs Survey," and the "2019 Alabama Fair Housing Survey”) that were used to solicit input from State agencies and local public sector, private sector, and non-profit entities during June-August 2014 and October 2019-March 2020; (2) forming outreach committees in 2014 (termed the “Regional Planning Commissions Outreach Committee” and the “Public Housing Authorities Outreach Committee”) and hosting monthly information-sharing webinars with each committee during September-December 2014 that collected committee members’ opinions; (3) forming three focus groups in 2014 (termed the “Real Estate Sales Professionals Focus Group,” the “Real Estate Rentals Professionals Focus Group,” and the “Local Government Planning and Zoning Focus Group”), hosting information-sharing webinars with each group in 2014-2015 that collected focus group members’ opinions; and (4) hosting information-sharing public forums in November 2014, December 2019, and March 2020 that collected opinions from the general public.

The “2014 Fair Housing Choice Survey” and the “2014 Community Needs Survey” recipients were State-level entities including Alabama’s Attorney General’s Office of Consumer Protection, Alabama’s Department of Human Resources, Department of Education, Department of Corrections, Department of Veterans Affairs, Department of Transportation, Department of Public Health, Department of Senior Services, Department of Children’s Affairs, State Banking Department, Indian Affairs Commission, the Alabama Building Commission, and the Alabama Housing Finance Authority; the Alabama Realtor’s Association; the Alabama Homebuilders Association; the Alabama Chamber of Commerce; Alabama’s chapter of the American Institute of Architects; Alabama’s Bankers Association; and Alabama’s Community Action Association. The local-level recipients included Alabama’s mayors (through the Alabama League of Municipalities) and county commissions (through the Alabama Association of County Commissions); Alabama’s three Fair Housing Centers (Fair Housing Center of Northern Alabama, Central Alabama Fair Housing Center, and Fair Housing Center of Mobile), all of Alabama’s public housing agencies (PHAs) and the members of the Alabama Association of Housing and Redevelopment Authorities; the 12 Regional Planning Commissions; all banks operating under the jurisdiction of the Alabama State Banking Department; city and county CDBG, ESG, HOME, and HOPWA program grant administrators; advocacy groups including the Alabama Coalition for Immigrant Justice, the Hispanic Interest Coalition of Alabama, and the Southern Poverty Law Center; and faith-based groups including the Alabama Governor’s Office of Faith-based and Community Initiatives, local churches, the YWCA, and the Salvation Army.

The “Regional Planning Commission Outreach Committee” consisted of 19 members employed within Alabama’s 12 Regional Planning Commissions, and the “Public Housing Authority Outreach Committee” included 18 members employed within Alabama’s 144 PHAs. Both outreach committees conducted one webinar per month during September through December 2014 (on September 22, 2014; October 29 and 30, 2014; November 25, 2014; and December 18, 2014). The “Real Estate Sales Professionals Focus Group” consisted of 17 members, the “Real Estate Rentals Professionals Focus Group” consisted of 28 members, and the “Local Government Planning and Zoning Focus Group” consisted of 23 members. Each of these focus groups participated in webinars presented on October 21, 2014. Additionally, the two public forums were conducted on November 13, 2014, hosted by ADECA in Orange Beach, Alabama, and involved 134 attendees, with 49 attending the first forum and 85 attending the second forum.

The 2014-2015 “Analysis of Impediments to Fair Housing Choice – Draft for Public Review” was posted on ADECA’s website for a 30-day public comment period that began on January 14, 2015 and that ended on March 2, 2015, via (i) a notice that was published in 4 Alabama newspapers on January 28, 2015 and (ii) a notice and the draft Analysis that was posted on ADECA’s website during that 30-day period. All public comments were received by the author of the Analysis and were included in the final version of the Analysis.

Synopses of the 2019-2020 “Analysis of Impediments to Fair Housing Choice” monthly data for October 2019 through March 2020 were posted on the ADECA website to keep the public informed as to data and results being collected on a monthly basis throughout the analysis process. And the 2019-2020 “Analysis of Impediments to Fair Housing Choice – Draft for Public Review” was posted on ADECA’s website for a 30-day public comment period from

February to March 2020 via (i) a notice published in the Montgomery, Alabama newspaper, and (ii) a notice and the draft Analysis posted on ADECA’s website during that 30-day period. All public comments received by ADECA were forwarded to the author of the Analysis (Western Economic Services, LLC of Portland, Oregon) and were included in the final version of the Analysis.

The Citizen Participation Process for the original PY2020-PY2024 Five-Year Consolidated Plan and PY2020 One-Year Annual Action Plan included publishing on November 15, 2019 in the Montgomery Advertiser newspaper the *Notice of Public Hearing and Notice of Availability* for the December 17, 2019 public hearing that was held at the ADECA headquarters building in Montgomery, which *Notice* was also posted on the ADECA website at [www.adeca.alabama.gov](http://www.adeca.alabama.gov) and emailed to interested parties, inviting the public to attend as well as provide public comments to be presented at the public hearing – and afterwards for a period of 30 days beginning after December 17, 2019. After conducting the December 17, 2019 public hearing – attended by 49 interested persons, ADECA received one written public comment on the CDBG Program’s PY2020-PY2024 Five-Year Consolidated Plan and PY2020 One-Year Annual Action Plan, which comment was received by the January 16, 2020 public comment submission deadline.

The Citizen Participation Process for the First Substantial Amendment to the PY2020-PY2024 Five-Year Consolidated Plan and PY2020 One-Year Annual Action Plan (that included the PY2020 CARES Act COVID-19 funds for the CDBG-CV, ESG-CV, and HOPWA-CV Programs) included publishing on October 16, 2020 in the Birmingham News newspaper the *Notice of Public Hearing* for the November 4, 2020 public hearing that was held remotely via a Webex conference call hosted by ADECA, which *Notice* was also posted on the ADECA website at [www.adeca.alabama.gov](http://www.adeca.alabama.gov) and emailed to interested parties, inviting the public to attend via Webex as well as provide public comments to be presented during the public hearing and afterwards for a period of 5 days beginning on November 4, 2020 and continuing through November 10, 2020. After remotely conducting that November 4, 2020 public hearing – attended by 113 persons, ADECA received three written public comments on the PY2020-PY2024 Five-Year Consolidated Plan and PY2020 One-Year Annual Action Plan, but those comments were submitted for the CARES Act's PY2020 CDBG-CV Program's Action Plan portion of that First Substantial Amendment. Also note here that HUD's October 22, 2020 notice to ADECA of an increase in grant funds for the PY2020 CDBG Program did not, according to the Citizen Participation Plan, require that another public notice be published and another public hearing be conducted by ADECA to notify the public of said change to the PY2020 CDBG One-Year Annual Action Plan - because such funding increase was not deemed to be a "substantial amendment" to the Five-Year Plan nor to the One-Year Plan.

For this PY2021 Plan, the Citizen Participation Process included publishing on February 3, 2021 in the Birmingham News newspaper the *Notice of Public Hearing* for the February 18, 2021 public hearing that was held remotely/virtually via a Webex conference call hosted by ADECA, AHFA, and AIDS Alabama, which *Notice* was also posted on the ADECA website at [www.adeca.alabama.gov](http://www.adeca.alabama.gov) and emailed to interested parties, inviting the public to attend via Webex call as well as provide public comments to be presented during the public hearing and afterwards for a period of 30 days beginning on February 18, 2021 and continuing through March 22, 2021. After remotely/virtually conducting the February 18, 2021 public hearing – attended by 81 persons, ADECA received no public comments on the PY2021 One-Year Annual Action Plan. In addition, AHFA had previously published in the Birmingham, Huntsville, Mobile, and Montgomery newspapers and posted on the AHFA's website information concerning the AHFA's July 21, 2020 public hearing for the PY2021 HOME and HTF Programs' Plans, and also emailed 1,493 notices of the draft Plans' availability to interested parties - notifying them of the 30-day public comment period that ended on August 20, 2020. AHFA received 91 written comments from 28 individuals and organizations, and then posted those comments on the AHFA's website. Subsequent changes were made to the Plans, and those changes were also discussed during the February 18, 2021 public hearing. No written comments were received as of the March 22, 2021 ending date for the public comment period.

**HOME**: In accordance with the Citizen Participation process, notices of the public hearing held on July 21, 2020, and the 30-day public commenting period for the 2020 HOME Action Plan Substantial Amendment, Draft 2021 Housing Credit Qualified Allocation Plan, Draft 2021 HOME Action Plan and Draft 2021 National Housing Trust Fund Allocation Plan (the Plans) were published in the Birmingham, Huntsville, Mobile, and Montgomery newspapers and on the AHFA website. AHFA emailed 1,493 notices of the draft Plans’ availability to interested parties, requesting that they make oral comments at the Public Hearing or submit written comments regarding the proposed Plans by 5:00 p.m. on August 20, 2021. During the designated commenting period, AHFA received written comments from 28 individuals and organizations that comprised 91 total comments. No comments were received relating to the 2020 HOME Action Plan Substantial Amendment or the Draft 2021 National Housing Trust Fund Allocation Plan.  *Please see the attached Summary of Citizen Participation Process and Proposed Changes to the 2020 HOME Action Plan Substantial Amendment, 2021 Housing Credit Qualified Allocation Plan, 2021 HOME Action Plan, and 2021 National Housing Trust Allocation Plan.* The revised Plans, Citizen Participation process and comments are available for review in their entirety on [www.ahfa.com](http://www.ahfa.com).

After completing the Citizen Participation process for the Draft 2021 National Housing Trust Fund Allocation Plan, AHFA received a request to allow the HTF to be allocated as a grant **or** a loan. AHFA incorporated this change into a 2nd Draft 2021 National Housing Trust Fund Allocation Plan. The subsequent change was presented during the public hearing for the State of Alabama’s Program Year 2021 One-Year Annual Action Plan for CDBG, ESG, HOPWA, HOME and HTF.

Notice of the PY2021 One-Year Annual Action Plan public hearing and 30-day public commenting period were published on February 3, 2021 in the Birmingham newspaper and posted on AHFA’s website at [www.ahfa.com](http://www.ahfa.com) and on ADECA’s website at [www.adeca.alabama.gov](http://www.adeca.alabama.gov). The public hearing was held remotely/virtually via a WebEx conference call hosted by ADECA, AHFA, and AIDS Alabama on February 18, 2021. Eighty-one (81) interested individuals participated in the WebEx call. Public comments were accepted through March 22, 2021. The 2021 HOME Plan and 2nd Draft 2021 National Housing Trust Fund Allocation Plan were posted on AHFA’s website at [www.ahfa.com](http://www.ahfa.com). AHFA received no public comments on the 2nd Draft National Housing Trust Fund Allocation Plan.

As the administrator of the Plans, AHFA’s goal is to develop written criteria which provide equal access to all types of affordable rental housing developments, including, but not limited to: new construction, diverse target populations (family, elderly, handicapped, special needs, etc.), and geographical characteristics (rural, metropolitan, qualified census tracts, distressed areas, etc.). In attempting to reach varied needs and population types across the state, AHFA’s greatest challenge is to develop a fair and balanced allocating methodology with the intent to ensure that all applications will have a fair chance of competing during each cycle for funding. To that end, certain perceived scoring impediments for a particular type of organization can be offset by other incentives in the Plans, which may not necessarily be applicable to other types of organizations. In addition, the Plans are not intended to serve as a replacement for other discontinued housing programs, which may have had different standards, costs or otherwise. This is especially true as it relates to construction design standards. Any applicant that proposes to include design standards which significantly exceed AHFA’s standards or to include other design standards mandated by other programs, must obtain additional sufficient funding sources to offset any additional costs, assuming the project’s costs exceed AHFA’s definition of reasonable costs. As an alternative and when feasible, applicants should consider submitting an application for tax-exempt multifamily bonds, which are subject to availability, provided on a first-come first-served basis, and subject to the criteria and requirements of the applicable Plan and the AHFA Multifamily Housing Revenue Bond Policy.

Note here that HUD's October 22, 2020 notice to ADECA and AHFA of an increase in grant funds for the PY2020 HOME Program does not, according to the Citizen Participation Plan, require that another public notice be published and another public hearing be conducted by AHFA to notify the public of said change to the PY2020 HOME One-Year Annual Action Plan - because such funding increase is not deemed to be a "substantial amendment" to the Five-Year Plan nor to the One-Year Plan.

**ESG**: The ESG Program is administered by ADECA, and it follows the ADECA CDBG Program’s Citizen Participation process stated above. ADECA received no written comments on the ESG Program’s PY2021 One-Year Annual Action Plan.

**HOPWA**: The HOPWA Program is administered on behalf of ADECA by AIDS Alabama, and it follows the ADECA CDBG Program’s Citizen Participation process stated above. ADECA and AIDS Alabama received no written comments on the HOPWA Program’s PY2021 One-Year Annual Action Plan.

**HTF**: The HTF Program is an affordable housing production program administered by AHFA. The Citizen Participation Process followed that of the CDBG Program, the HOME and the Housing Credit Qualified Allocation plans. See the summary of the Citizen Participation Process stated above.

To reach varied needs and population types across the state, AHFA’s fair and balanced allocation methodology allows all applications, regardless of the targeted population and construction type, to compete fairly during the funding cycle. [To](file:///C:\Users\bwallace\AppData\Local\Microsoft\Windows\Temporary%20Internet%20Files\Content.Outlook\K6Z8UICE\To) view a copy of comments received along with AHFA’s proposed changes to the draft version of the PY2021 HTF Plan, visit [www.AHFA.com](http://www.AHFA.com).

The PY2021 HTF Plan, included herein at **Attachment 5**, is available at [www.ahfa.com](http://www.ahfa.com), and at [www.adeca.alabama.gov](http://www.adeca.alabama.gov).The Summary of the Citizen Participation Process and Proposed Changes are included as a reference herein at **Attachment 6**.

**5. Summary of Public Comments:** This could be a brief narrative summary or reference an attached document from the Citizen Participation section of the Consolidated Plan.]

**CDBG**: The public comments received during the public comment period for the State of Alabama’s 2014-2015 *Analysis of Impediments to Fair Housing Choice* – from January 14, 2015 through March 2, 2015 – and throughout the AI’s development process, included the following:

1. The government banking and housing officials should look at bank loan denial rates when studying the “loan value versus the loan applicant’s income levels” in that since the 2008 recession, banks and mortgage lenders are processing loans to people with A+ credit ratings and in amounts that only exceed $75,000 because to process loans in lesser amounts and/or for persons with lower credit scores is not worth their time/effort as such loans are not profitable to those financial institutions.

2. Banks are now more consolidated with centralized operations, and local decisions by local bankers at the local level are no longer being made because the centralized bank makes those decisions by looking at other factors when deciding to approve a mortgage, and this is not racially discriminatory but is a financial decision by a business bank based on the creditworthiness of the loan applicant.

3. The housing rental market experiences far more fair housing law violations than does the housing sales and purchase market, but renters do not have knowledge of how fair housing laws can provide opportunities for them as well as protect and assist them with discrimination and fair housing issues they encounter, including tenant application approval and deposit requirements, acceptance of Section 8 assistance, providing housing in different types of buildings that are or are not be livable structures, and timely responding to requests for facility repairs.

4. NIMBYism exists, particularly regarding persons with mental illness who reside in temporary or permanent housing units or group homes located away from their families and that do not promote independent living environments, and housing providers who are less inclined to accommodate mentally-challenged prospective tenants who desire to live outside of supervised settings, so strategies involving property managers should be developed and implemented to assist with housing these special needs populations in neighborhoods that provide better independent living conditions for them.

5. Cheaper and less well-constructed housing (that includes mobile homes and personal trailers) is placed in locations where spot-zoning has occurred, and these re-zoned areas tend to be at odds with a neighborhood’s allowed housing types, leading to cheaper housing that benefits the re-zoned area’s residents but is detrimental to the general neighborhood’s residents.

6. Although the surveys requested information on whether or not housing complaints had been filed within the responding localities, very few survey responses indicated that any such complaints were filed, and from this a conclusion could be drawn that just because there were not a lot of housing complaints reported within the localities does not mean that there is a “cover up” underfoot by the locality to ensure that such complaints go unrecorded/unheeded.

7. Local people who are in-need are being assisted by agencies within their communities – such as tribal organizations taking care of local tribal residents, but such agencies are not “government agencies” and often do not get the credit for providing that assistance.

8. The surveys’ questions could have been misinterpreted or misunderstood by the variety of people responding to the surveys, and this could be one reason why unexpected and unexplainable survey responses were received;

9. Small towns deal with specific problems but do not deal with overall major policies (such as housing discrimination) because they cannot keep up with all of the laws and changes thereto, but that is where the work of the Regional Planning Commissions can serve those small communities – by being a vehicle for such education and outreach.

10. There are so many unfunded mandates with which local governments must comply, and the costs of studies and compliance far outweigh the amount of funds available, yet money must be spent to make the compliance work, so HUD should provide the funds required for communities to comply with such mandates.

11. In May 2012, Alabama Act 2012-384 became law. Known as the Alabama Housing Trust Fund law, it targets investments in housing for working families, seniors, persons with disabilities, victims of domestic violence, veterans, the homeless, persons with HIV/AIDS, and households living at or below 60% of the area’s median income. The law requires that at least half of the law’s funding must be allocated to households at or below 30% of the area’s median income, that at least 40% of the funding is to serve households in rural communities, and establishes a preference for funding awards to nonprofit developers. ADECA is the administrator of the Fund, which includes managing and distributing funds, developing and publicizing criteria for funds to be awarded, awarding funds through a competitive process, and publishing periodic housing needs assessments and annual reports on Fund investments. Applicants eligible for Fund awards include for-profit and non-profit developers, municipalities, counties, and public housing authorities. Funds can be spent on the development, rehabilitation, and maintenance of rental and ownership housing. An advisory committee composed of 16 appointed members is to advise ADECA on implementing and administering the Trust Fund and reviewing policies, procedures, fund-awarding processes, fund operations, and performance reports. The Committee’s members are to be selected by the Speaker of the House, Senate President, Lieutenant Governor, Alabama’s Association of Habitat Affiliates, the Low Income Housing Coalition of Alabama, the Community Action Association of Alabama, the Alabama Alliance to End Homelessness, the Alabama Department of Mental Health, the Alabama Association of Realtors, the Governor’s Statewide Interagency Council on Homelessness, Alabama’s Homebuilders Association, Independent Living Centers of Alabama, Alabama’s Council for Affordable and Rural Housing, the Alabama Bankers Association, the Alabama Manufactured Housing Association, and one Alabama resident earning an income at or below 60% of the area’s median income. Although this law was passed in 2012, the Legislature has never appropriated funds for the Trust Fund; thus, the efforts put forth to make effective the law’s intent have been financially curtailed.

12. The HUD-provided data on Alabama’s home mortgage lending rates from 2004 to 2014 could yield the conclusion that banking approval or denial of loans to loan applicants is based on the applicant’s race and gender, but instead, the results should be stated that loan denials are based on each loan applicant’s credit rating, ability to repay the home loan amount borrowed, and ability to obtain insurance on the home sought to be purchased with the loan proceeds, and such realistic conclusion could have been drawn if explanatory information was collected from personal interviews with bankers/housing providers/consumer advocates and personal researcher visits made to localities experiencing these loan denial rates - as opposed to relying solely on the HUD-provided statistics from which to draw the conclusion.

13. Regardless of race, gender, or other protected class category, persons seeking loans are going to patronize lending institutions that will work with them based on their credit rating score, income, and ability to repay the loan amount, and that if a loan applicant does not have the type of “good credit” history sought by chartered lending institutions, then there are other lending institutions that will work with those loan applicants who are not in possession of good credit histories, but they will do so using loan repayment terms that reflect the credit rating/status of the loan applicant rather than the loan applicant’s race, gender, or other protected class category – as that is the nature of the banking/loan business.

14. Some home loan seekers lack ability to obtain funds from a bank for the purchase of a factory-built “mobile home” compared with their ability to obtain funds from a bank for the purchase of a site-built “brick and mortar home,” as banks tend not to provide loans for mobile home purchases due to the “mobile” and “depreciation” factors related to that type of home.

15. The federal Community Reinvestment Act (CRA) encourages lenders to work with borrowers in all segments of the community – including those in low and moderate-income neighborhoods – to reduce predatory lending practices affecting those neighborhoods, but it is unclear if any federal regulatory agency tasked with examining banks for their CRA compliance is actually calling-out the banks for CRA compliance.

16. The total number of Alabama’s rental housing complaints filed with HUD from 2004 through 2014 (961 complaints), when compared to those deemed valid complaints (142 complaints), indicated that most were based on disability access (78 complaints) rather than race discrimination.

17. The three fair housing organizations operating in Alabama (the Fair Housing Center of Northern Alabama in Birmingham, the Central Alabama Fair Housing Center in Montgomery, and the Center for Fair Housing in Mobile) are tasked with conducting educational outreach to individuals most likely to experience housing discrimination, conducting training for housing professionals, investigating complaints, filing administrative actions with HUD, filing court actions, and mediating disputes on behalf of individual complainants; however, those three centers do not appear to be doing this advocacy work within Alabama’s non-entitlement areas.

18. Data collected from responses to ADECA’s “Impediments to Fair Housing Choice Survey” on the question of awareness of fair housing complaints within communities call into question whether the “lack of knowledge or understanding regarding fair housing” and the “lack of knowledge in how to file a housing complaint” are actually impediments to fair housing choice, because residents already are informed as to whom they can make their complaints known.

19. Family members in Alabama tend to live near each other, and poverty also tends to be concentrated in certain areas, but when these statistics are mapped, the results appear as the “clustering” of races and of undocumented residents in certain areas.

20. Certain areas of Alabama do have organized leadership in civil rights enforcement, and such leadership is used as a resource to address fair housing issues in those locations.

21. The steady closure of companies over the past decades resulted in a lack of jobs, an increase in the poverty rate, and hampered economic development efforts, but the localities are in need of help bringing jobs to their areas and in complying with government mandates, and these are the biggest impediments to fair housing choice; thus, it is not the lack of interest or knowledge in affirmatively furthering fair housing on the part of those smaller jurisdictions, it is their need for help in complying with the government’s mandates.

A public hearing for the 2020-2024 Five Year Consolidated Plan was conducted at ADECA’s headquarters office on December 17, 2019, wherein attendees were notified of the public hearing via (1) a Notice published on November 15, 2019 in the print edition and the online / electronic edition of the *Montgomery Advertiser* newspaper, (2) a notice being posted on the ADECA website at [www.adeca.alabama.gov](http://www.adeca.alabama.gov), and (3) email / electronic notifications sent to program clientele, local governments, grant administrators, and other interested parties / members of the public. In response, 49 persons attended that December 17, 2019 public hearing, and one comment was received concerning the CDBG Program during the 30-day public comment period (December 17, 2019 through January 16, 2020) following that December 17, 2019 public hearing. That one comment concerned the following:

“**Relative to the 2020 CDBG Action Plan under the Cost/Benefit Ratio**,

I would request that ADECA consider increasing the base level for housing projects

from $8,500.00 to **$10,500.00** per beneficiary. As you are aware, ADECA had

previously set the base level for housing at $12,500.00 before lowering it to $8,500.00.

I have administered seventy (70) housing rehabilitation projects that have been funded

by ADECA and have not encountered any significant problems in meeting the unit and

beneficiary commitments as outlined in the approved application; however, it has

become increasingly difficult to design and implement a successful housing

rehabilitation project in the recent past due to the $8,500.00 threshold per beneficiary.

Construction costs have increased dramatically over the past several months and many of

my projects are starting to have an increase in 1 person occupants; primarily elderly

occupants, which makes meeting our unit and beneficiary commitments harder to

achieve. In the past several months we have realized increases in the following

rehabilitation costs:

• Roofing has increased from $150.00 per square to $190.00 per square

• Plumbing and electrical costs have increased from $40.00 to $85.00 per hour

• Cabinets have increased from $150.00 to $225.00 per linear foot

• Vinyl siding has increased from $175.00 to $250.00 per square

• Heating and cooling costs have increased from $4,400.00 to $4,900.00 per unit.

Additionally, we have realized increases in costs for insulated windows, metal

insulated doors, insulation, floor covering, and mobile storage units. I have always

strived to administer successful housing rehabilitation programs; however, rising costs

associated with the housing industry and sub-contract work is making it increasingly

difficult to design and implement a rehabilitation project to my standards. Due to the

rising costs associated with the rehabilitation of a unit to meet the SBCC’s Minimum

Housing Standards and eliminate slum and blighting influences, I respectfully request

that ADECA increase the base level for housing projects to $10,500.00 per beneficiary.”

ADECA responded to this comment as follows:

“We will take your comments under advisement in the further development of these proposed Plans.”

Further, the first public meeting for the *2019-2020 Analysis of Impediments to Fair Housing Choice* was conducted at ADECA’s headquarters office on December 17, 2019, wherein attendees were notified of that public meeting via (1) a Notice published on November 15, 2019 in the print edition and the online / electronic edition of the *Montgomery Advertiser* newspaper, (2) a notice being posted on the ADECA website at [www.adeca.alabama.gov](http://www.adeca.alabama.gov), and (3) email / electronic notifications sent to program clientele, local governments, grant administrators, and other interested parties / members of the public. In response, 49 persons attended that December 17, 2019 public meeting and several oral comments were made (discussed herein below) during the meeting, but no other comments were received concerning the AI during the 30-day public comment period (through January 16, 2020) that followed the conclusion of the December 17, 2019 public meeting. The second public meeting for the *2019-2020 Analysis of Impediments to Fair Housing Choice* was conducted at ADECA’s headquarters office on March 4, 2020, wherein attendees were notified of that public meeting via (1) a Notice published on February 12, 2020 in the print edition and the online / electronic edition of the *Montgomery Advertiser* newspaper, (2) a notice being posted on the ADECA website at [www.adeca.alabama.gov](http://www.adeca.alabama.gov), and (3) email / electronic notifications sent to program clientele, local governments, grant administrators, and other interested parties / members of the public. In response, 37 persons attended that March 4, 2020 public meeting, several oral comments were made during the meeting, and three written comments were received concerning the AI during the 30-day public comment period of February 18, 2020 through March 18, 2020. Also, public comments were received during the public comment period for the AI’s accompanying “Alabama Fair Housing Survey” during that survey’s open response period of October 2019 through March 2020 (throughout the AI’s development process).

A summary of these comments includes the following:

1. ADECA needs to hear more recommendations for ways to assist with implementing the AI’s “recommended actions to be taken” to address identified impediments to fair housing choice in Alabama. ADECA can send out an email to its “All Interested Parties” list of recipients requesting that they respond to this AI public meeting’s discussion and to the conclusions contained in the draft AI.

2. ADECA is the responsible agency for implementing the recommendations stated in the AI; however, ADECA is not an enforcement agency tasked with enforcing the fair housing laws. ADECA does receive federal funds to implement the CDBG, ESG, and HOPWA Programs, and because of this position with these federal funds, HUD will be questioning ADECA concerning what has ADECA done with those federal funds to further fair housing in the state. People’s incomes and poverty status are the root of the many issues they experience in their lives, so by addressing their income/poverty status will make a lot of the impediments to fair housing go away. Although these are stated as high priorities in the AI for ADECA to address, ADECA will not be able to show a lot of positive results due to ADECA’s lack of control over people’s incomes and poverty status, so will HUD use that as a means to penalize ADECA for not addressing the AI’s identified impediments to fair housing? These issues have been in existence for a long time, and Alabama’s previous AIs show this to be true. It is suggested that ADECA keep records to show what ADECA has done to pass down these fair housing responsibilities to the local governments and to the state’s Fair Housing Initiatives Program organizations (FHIPs). Remember that HUD’s “new” requirement to affirmatively further fair housing (the new AFFH rule) was suspended by HUD because it gave HUD the authority to withhold federal funds from state and local (entitlement communities) grant program recipients until such time when HUD was satisfied of the actions taken by those recipients to affirmatively further fair housing in their jurisdictions. It is suggested that ADECA should inform the local grantees of what those grantees can do with regard to fair housing using their federal CDBG funds. ADECA could reach out to Alabama’s fair housing centers every year to assist with these efforts, and ADECA can then document what was done.

3. There are only so many aspects that can be categorized as “furthering fair housing,” yet so much responsibility is pulled into the “fair housing effort” to the point that the problems cannot be addressed. Why is it the responsibility of ADECA to solve fair housing issues if they don’t have control over the situation? By looking at the state’s demographics, we see that where people live is their choice. We should not consider people who are living in a rural area as people who are being discriminated against. Instead, we should look at the “wealth gap” – the income and job gaps. The bigger issue is that we do not have the money, so the result is that these impediments cannot be dealt with by the government at any level. The market forces do not have government/state controls, so why are we trying to put these fair housing items in the AI and then hold ADECA accountable if they cannot be addressed? HUD requires these impediments to be identified – per the federal fair housing laws, so data on the impediments must be recorded. It is suggested that you do what you can do based on what was identified in the data. Let your citizens know what impediments were identified, and then assess what can be done.

4. The responsibility is all too encompassing – with regard to what all ADECA has to do to improve our communities. To have all of these responsibilities under the “furthering fair housing” mandate is too much. These recommendations are just “recommended actions” that ADECA can take to further fair housing. So please submit your comments on the AI to ADECA to better assist ADECA with developing actions that can be taken to address fair housing impediments in Alabama’s non-entitlement communities. This citizen involvement helps bring transparency to the program. So, take the fair housing survey (that is posted on the ADECA website), and put your comments in that survey’s comment section.

5. The draft AI’s comments should also include that the AI’s data are focused on only housing people but do not also include a focus on the state’s federal CDBG grant funds being expended at the local government level to provide public infrastructure (water, sewer, roads, drainage, etc.) so as to show that local governments are taking public steps to enable private land owners to engage in bringing housing to low and moderate income residents in those communities.

6. The draft AI’s comments should also include that the AI’s data appear to have been “finalized” so as to appear that said data support the pre-determined conclusions used to describe Alabama’s housing situations.

7. Are our legislators are required to see this study? This is a public meeting, and they have the right to be here. They have the right to see the study, as it is going to be posted online, and the State could forward it to them. As a citizen of the state of Alabama, please share that information with your officials - local, state, and national, as most of the time they don't know the study exists, and they only hear about the problem when someone didn't get something.

8. The property ownership aspect, especially in the rural areas, could be historical - in that their grandma lives there, so they are going to live there and their children are going to live there, as it is their property and they just will not move as it is their choice.

9. Legislators may not be familiar - at a micro level - as to what is exactly happening in fair housing enforcement over the years that would bring development to various areas which have been "left behind" - but the state has been making progress. One example of a new program is the Opportunity Zone Program wherein Alabama's governor required every county to have at least one zone in that program, so now all 67 counties in Alabama have an opportunity zone. In addition, the State of Alabama is actually ahead of the game in putting $50 Million towards the opportunity zone projects. These are examples of areas that have been left behind.

10. Alabama has been incentivizing developers for the past four years to set aside units for more disabled, homeless, low income, deeper low income, and extremely low income residents. Alabama also has the Housing Trust Fund program, but people need to apply for those funds. Alabama has applicants that are applying for those additional funds, as they target extremely low income earners, and they have a preference for veterans and disabled individuals. Being extremely low income is a HUD requirement, and that makes it very difficult to comply. The reality is that low income and medium income people have difficulty in obtaining affordable housing, yet HUD is targeting extremely low income individuals with that program, and it is not that they don't have a housing need, but that requirement makes the program more difficult to implement. You have to have money to maintain the units over 30 years, and have someone to manage and operate those properties. HUD's program regulations are tough, and it is not the State's fault, as the State is trying to follow requirements.

11. The fair housing survey's preliminary data collection methodology had a three step process, and one concern involves holding public meetings when all of the information is not provided in detail prior to the meeting. The data and information that are accumulated will be made available via the public input process, and the preliminary findings will be put together in a draft report and the State will disseminate that draft report statewide for citizens to review and make comments. The people who are taking the survey will be reported in categories, such as bankers, realtors, etc., and how they identify themselves and what their role is. The survey's results will reflect the respondents' zip codes and specific geographic areas by county within Alabama.

12. Our agency has assisted cities and counties in using CDBG dollars in a ten-county region in southwest Alabama. The area served has historically experienced chronic unemployment and high poverty rates, and has a high percentage of the population that is minority. We recognize that fair housing accessibility is a need for our area, but some of the items recommended in the draft AI will result in a burden for our localities to try to solve the problem. We believe that everyone wishes to assist their citizens with fair housing education efforts by educating them to possibilities of funding for home ownership and personal budgeting growth, but a number of the other items are unfeasible in these areas. We don’t want ADECA to be forced to have excessive reporting on required goals of attainment, and for ADECA to be the agency that is in charge with correcting a problem that has been years in the making. ADECA doesn’t have enforcement power in fair housing matters, and lacks the funds to hire investigators and consultants to carry out the work, so to charge them with correcting the problems. We all are working towards improving the quality of life for our citizens, but hopefully will do so with minor constraints as we use these needed funds.

13. It appears as though the State of Alabama, and ADECA in particular, is potentially being held to a level of oversight and fair housing protection which is unreasonable due to circumstances that are beyond the agency's reach. It must be recognized that the State of Alabama has a long and remarkable past history of poverty and low education attainment. When trying to ensure access and opportunity with respect to fair housing, both of these factors play a major role in disparities seen throughout the State and as we compare to other States around the country. The ability to purchase and maintain a home is dependent on factors that ADECA cannot control. A resident’s income and education are the sole responsibility of that resident. It is not ADECA’s responsibility to make sure everyone, no matter their circumstances, can purchase a home. ADECA provides invaluable services to the citizens of this State by assisting with funding infrastructure projects such as water, sewer, drainage, etc. Municipalities around the State have the opportunity to utilize CDBG funds to provide sufficient and improved conditions which make the living environment for many Alabama residents, particularly low-to-moderate income residents, better. In addition, ADECA also provides funds for industry and commercial economic development which increases jobs and provides opportunities for residents of all incomes, races, and ethnicities. It is my opinion that ADECA is fully meeting its obligation to further fair housing by the programs it manages. To place responsibility on ADECA or the State for things not within its ability would be a disservice to an agency working hard to improve the State for all of its residents.

And for the CDBG Program's PY2021 One Year Annual Action Plan, 81 persons attended the February 18, 2021 virtual public hearing. ADECA did not receive any oral public comments during that public hearing, and did not receive any written public comments during that Plan's 30-day public comment period that ended on March 22, 2021.

**HOME**: The 2021 HOME Action Plan and reference to that Plan’s associated public comments are attached hereto at **Attachment 4 and Attachment 6** and are available for review on the AHFA website at [www.ahfa.com](http://www.ahfa.com)/multifamily.

**ESG**: The ESG Program followed the same format stated above for the CDBG Program. In response, 81 persons attended the February 18, 2021 public hearing, and no comments were received concerning the ESG Program’s PY2021 One-Year Annual Action Plan.

**HOPWA**: The HOPWA Program followed the same format stated above for the CDBG Program. In response, 81 persons attended the February 18, 2021 public hearing, and no comments were received concerning the HOPWA Program’s PY2021One-Year Annual Action Plan.

**HTF**: The 2021 HTF Allocation Plan and reference to that Plan’s associated public comments are attached hereto at **Attachment 5,** and **Attachment 6** and are available for review on the AHFA website at [www.ahfa.com/multifmaily](http://www.ahfa.com/multifmaily).

**6. Summary of comments or views not accepted and the reasons for not accepting them:**

All public comments and views made known to ADECA, AHFA, and AIDS Alabama were received, viewed, and responded to during the public comment processes.

**7. Summary:**

This Plan is derived from input collected via several avenues that included (i) Alabama’s 2014-2015 “Analysis of Impediments to Fair Housing Choice” encompassing the State’s non-entitlement areas (those cities and counties that do not include the cities of Anniston, Auburn, Bessemer, Birmingham, Decatur, Dothan, Florence, Gadsden, Huntsville, Mobile, Montgomery, Opelika, Tuscaloosa, Jefferson County, and Mobile County), (ii) responses to surveys conducted statewide on the topics of community needs and fair housing choice for the 2014-2015 *Analysis of Impediments to Fair Housing Choice*, (iii) Alabama’s 2019-2020 *Analysis of Impediments to Fair Housing Choice* encompassing the State’s non-entitlement areas identified above, (iv) responses to surveys conducted statewide on the topics of community needs and fair housing choice for the 2019-2020 *Analysis of Impediments to Fair Housing Choice*, (v) public comments that were received throughout the PY2020-PY2024 Five-Year Consolidated Plan research and public comments process, (vi) public comments that were received throughout the First Substantial Amendment to the PY2020-PY2024 Five-Year Consolidated Plan research and public comments process, and (vii) public comments that were received throughout the PY2021 One-Year Annual Action Plan research and public comments process. Such comments were solicited from elected officials in counties, large cities, and small cities (including mayors, county commissioners, probate judges, etc.), local government planning and zoning personnel, regional planning commission staff, public housing authorities, real estate sales and rentals professionals, nonprofit organizations, bankers, community residents, State agencies, private consultants, continuum of care staff, and the general public. All comments were appropriately responded to by ADECA and/or AHFA and/or AIDS Alabama as required.

**PROCESS**

**PR-05 Lead & Responsible Agencies [see 24 CFR 91.300(b)]**

**1. Describe agency/entity responsible for preparing the Consolidated Plan and those responsible for administration of each grant program and funding source:**

|  |  |  |
| --- | --- | --- |
| **Agency Role** | **Name** | **Department/Agency** |
| Lead Agency | Alabama | Alabama Department of Economic and Community Affairs (ADECA),  Community and Economic Development Division  (CED Division) |
| CDBG Administrator | Mr. Shabbir A. Olia | ADECA, CED Division |
| HOPWA Administrator | Ms. Kathie Hiers | AIDS Alabama |
| HOME Administrator | Mrs. Barbara Wallace | Alabama Housing Finance Authority |
| ESG Administrator | Ms. Shonda H. Gray | ADECA, CED Division |
| HTF Administrator | Mrs. Barbara Wallace | Alabama Housing Finance Authority |

**Narrative (optional):**

**CDBG:** The Alabama Department of Economic and Community Affairs (ADECA) is Alabama’s lead State agency that is responsible for preparing the Five-Year Consolidated Plan. ADECA is also the State agency responsible for administering the Community Development Block Grant (CDBG) Program, the Emergency Solutions Grant (ESG) Program, and the CDBG Disaster Program, all within Alabama. ADECA was created by a 1983 act of the Legislature (Alabama Act #83-194) and consolidated numerous agencies into a single department to streamline and professionalize the management of many federally-funded programs administered by the State so as to ensure that strict federal requirements for comprehensive monitoring, reporting, and auditing were implemented. ADECA’s enabling legislation is codified in the Code of Alabama at Title 41, Chapter 23, and ADECA’s duties are delineated therein to function as an arm of the Governor’s Office. ADECA’s Director is a member of the Governor’s Cabinet and serves at the pleasure of the Governor. A ten-member Legislative Oversight Committee monitors and evaluates ADECA’s operations and recommends to the Legislature the enactment of additional laws relating to ADECA. ADECA is responsible for administering a broad range of state and federal programs that contribute to the department’s mission of building better Alabama communities by distributing millions of dollars to cities, counties, non-profit organizations, and other entities. ADECA’s grant activity supports economic development projects, infrastructure improvements, job training (through the HUD Section 3 responsibilities), energy conservation, law enforcement, traffic safety, recreation development, and assistance to low-income and moderate-income families; it monitors and protects the State’s water resources; and it distributes state and federal surplus property to local governments and qualified organizations. ADECA’s programs are of benefit to businesses, local governments, schools, non-profit organizations, children, the elderly, victims of crime and abuse, the disadvantaged and poor, and the unemployed.

**HOME:** The Alabama Housing Finance Authority (AHFA) is the State entity responsible for administration of the HOME Investment Partnerships Program. AHFA was established by a 1980 act of the Legislature (Alabama Act #80-585) and serves as a public corporation dedicated to creating housing opportunities for low- and moderate-income citizens in Alabama through affordable financing of safe and sanitary single-family and multi-family housing. Among many other duties, AHFA issues tax-exempt mortgage revenue bonds that provide millions of dollars in financing for first-time home buyers. AHFA is governed by a Board of Directors whose members are appointed by the Governor (who appoints one member from each of Alabama’s seven congressional districts and consisting of two home builders, two real estate brokers, a lender, a mayor, a county commissioner, and a State-at-large member), the Lieutenant Governor and the Speaker of the House (each of whom appoints two members). The State’s Finance Director, Treasurer, and Superintendent of Banks also serve as members, but in an ex officio role. The Board provides policy direction, authorizes bond issues and program development, and evaluates AHFA’s efforts. AHFA prepares and maintains an extensive list of relevant parties from whom to make inquiries and gather information in the form of questionnaires and surveys which AHFA submits to State agencies, service providers, housing directors, and individuals. Based on the collected information and data, AHFA compiles the blueprint document for creating affordable housing across Alabama.

**ESG**: See the information for CDBG herein above.

**HOPWA**: AIDS Alabama is the State entity responsible for administering the Housing Opportunities for Persons with AIDS (HOPWA) Program. AIDS Alabama was formed in 1986 to provide HIV prevention education to the health care community. In the early 1990s, the agency received a grant from the U.S. Department of Health and Human Services to conduct a needs assessment of people living with HIV in Alabama. The results of the needs assessment demonstrated that affordable housing was an unmet need for those living with HIV/AIDS across Alabama. As a result of the assessment, AIDS Alabama began focusing on housing and prevention education services. An estimated 70% of all individuals living with the disease have experienced some form of homelessness or housing instability in their lifetimes. When stable housing is provided, individuals living with HIV are able to focus on their health care needs and to live more independent lives.

AIDS Alabama is a recognized leader in affordable housing for people living with HIV and is recognized nationally as in innovative leader in this area. AIDS Alabama’s CEO was the only southerner appointed to the Presidential Advisory Council on HIV/AIDS by President Obama in 2010, serving through 2014, and she leads the agency as a powerful advocate for persons living with HIV/AIDS.

Today, AIDS Alabama manages over 100 units of affordable housing throughout the state for people living with HIV (PLWH) and their families. AIDS Alabama facilitates four HOPWA programs that include the HOPWA State Entitlement funds through the Alabama Department of Economic and Community Affairs (ADECA); the HOPWA City Entitlement Area funds through the City of Birmingham; and two Competitive HOPWA grants (JASPER House for persons living with HIV and severe mental illness and the Alabama Rural AIDS Project). AIDS Alabama also receives funding through a local Continuum of Care (One Roof) for Permanent Supportive Housing, Transitional/Rapid Re-Housing, and Rapid Re-Housing.

**HTF:** The AHFA is the State entity responsible for administration of the National HTF. AHFA was established by a 1980 act of the Legislature (Alabama Act #80-585) and serves as a public corporation dedicated to creating housing opportunities for low- and moderate-income citizens in Alabama through affordable financing of safe and sanitary single-family and multi-family housing. Among many other duties, AHFA issues tax-exempt mortgage revenue bonds that provide millions of dollars in financing for first-time home buyers. AHFA is governed by a Board of Directors whose members are appointed by the Governor (who appoints one member from each of Alabama’s seven congressional districts and consisting of two home builders, two real estate brokers, a lender, a mayor, a county commissioner, and a State-at-large member), the Lieutenant Governor and the Speaker of the House (each of whom appoints two members). The State’s Finance Director, Treasurer, and Superintendent of Banks also serve as members, but in an ex officio role. The Board provides policy direction, authorizes bond issues and program development, and evaluates AHFA’s efforts. AHFA prepares and maintains an extensive list of relevant parties from whom to make inquiries and gather information in the form of questionnaires and surveys which AHFA submits to State agencies, service providers, housing directors, and individuals. Based on the information and data, AHFA compiles the blueprint document for creating affordable housing across Alabama.

The funding source for each of these federal programs (CDBG, ESG, HOME, HOPWA, and HTF) is the United States Department of Housing and Urban Development (HUD).

**Consolidated Plan Public Contact Information:**

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**AP-10 Consultation [see 24 CFR 91.110, 91.300(b), 91.315(l)]**

**Introduction:**

See the narrative in the sections below.

**Provide a concise summary of the State’s activities to enhance coordination between public and assisted housing providers and private and governmental health, mental health and service agencies [see 24 CFR 91.215(l)]:**

ADECA’s CDBG, ESG, and HOPWA Programs work with the Alabama Housing Finance Authority, AIDS Alabama, and units of local government (cities and counties) to enhance service provisions within the bounds of these programs. In terms of coordination between public and assisted housing providers and private and governmental health, mental health, and service agencies, the ESG Program case managers seek 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. Case managers will refer program participants to mainstream housing, health, mental health, education, employment, food and meal assistance, and youth programs. For the HOPWA Program, the AIDS Service Organizations (ASOs) in Alabama coordinate with the local medical, mental health, and service agencies in their respective areas to assure that services are available to all persons living with HIV/AIDS. AIDS Alabama coordinates with local public housing authorities to provide Shelter plus Care vouchers where eligible applicants present and assist in the provision of supportive services. Each ASO coordinates with and/or provides direct services for persons with substance abuse diagnosis. A number of persons living with HIV/AIDS present with a dual diagnosis, often mental health issues or substance abuse, and we provide services in coordination with other local providers as needed.

Additionally, ADECA, AHFA, and AIDS Alabama conducted information-gathering and planning activities through community needs surveys and/or fair housing surveys developed for Alabama’s 2014-2015 *Analysis of Impediments to Fair Housing Choice* and Alabama’s 2019-2020 *Analysis of Impediments to Fair Housing Choice*. Participants in those activities included Alabama’s 144 Public Housing Authorities; 123 members of the Alabama Public Housing Authority Director's Association; 12 Regional Planning Commissions; 15 grant management firms who administer ADECA’s CDBG grant projects for non-entitlement cities and counties; 154 banking and mortgage-lending institutions that are members of the Alabama Bankers Association and are chartered by the Alabama State Banking Department; all of ADECA’s regular CDBG, ESG, HOME, HTF, and HOPWA grant funds recipients; other state agencies with whom ADECA conducts grant research work; 462 mayors and additional local government staff contacted through the Alabama League of Municipalities; 67 county commission chairmen and additional county government staff contacted through the Alabama Association of County Commissions; real estate sales agencies and rentals professionals; nonprofit organization directors; private citizens; private sector consultants; and continuum of care staff, all of whom were part of the information-gathering process. Information was also collected from ADECA conducting two public forums on "impediments to fair housing" in November 2014 in Orange Beach, Alabama; as well as the public hearing conducted on the original 2015-2019 Five-Year Consolidated Plan in February 2015 in Montgomery, Alabama. For Alabama’s 2019-2020 *Analysis of Impediments to Fair Housing Choice*, participants in those activities included the entities identified above. Information was also collected from ADECA conducting two public forums on "impediments to fair housing" on December 17, 2019 and on March 4, 2020 in Montgomery, Alabama, as well as the public hearing conducted on the 2020-2024 Five-Year Consolidated Plan on December 17, 2019 in Montgomery, Alabama, and the remote/virtual public hearing conducted on the PY2021 One-Year Annual Action Plans on February 18, 2021.

ADECA's recent history of such activities includes the following. For the PY2017 Plans, a public hearing for the PY2017 One-Year Annual Action Plan was conducted at ADECA’s headquarters office on March 29, 2017, involving the CDBG, ESG, HOME, HOPWA, and HTF Programs, and the AHFA also conducted its public hearing on the original PY2017 HOME Program Plan on October 7, 2016. Public comments were accepted following each hearing. Further, on July 13, 2017, ADECA updated this PY2017 One-Year Annual Action Plan and the individual PY2017 One-Year Annual Action Plans for the CDBG, ESG, and HOPWA Programs, and notified the AHFA of these updated individual PY2017 One-Year Annual Action Plans that include (among other items) a “contingency clause” for how subsequent changes to the Plans would be administered. This information was published as a *Notice of Availability of Revised Plans and Public Comment Period* on July 15, 2017 in the Montgomery Advertiser newspaper, and the *Notice* allowed for a 14-day public comment period. The *Notice* was also posted on the ADECA website at [www.adeca.alabama.gov](http://www.adeca.alabama.gov) and emailed to interested parties, inviting public comments to be presented by the July 28, 2017 public comment submission deadline. ADECA received no written comments on the revised PY2017 Annual Plans.

For the PY2018 Plans, a public hearing for the PY2018 One-Year Annual Action Plans was conducted at ADECA’s headquarters office on April 26, 2018, involving the CDBG, ESG, HOME, HOPWA, and HTF Programs, and the AHFA also conducted its public hearing on the original PY2018 HOME Program Plan on July 10, 2017. The public hearing information was published as a *Notice of Public Hearing and Notice of Availability* on April 6, 2018 in the Montgomery Advertiser newspaper, and the *Notice* allowed for a 30-day public comment period. The *Notice* was also posted on the ADECA website at [www.adeca.alabama.gov](http://www.adeca.alabama.gov) and emailed to interested parties, inviting public comments to be presented by the May 26, 2018 public comment submission deadline. Public comments were accepted following the hearings.

For the PY2019 Plans, a public hearing for the PY2019 One-Year Annual Action Plans was conducted at ADECA’s headquarters office on March 22, 2019, involving the CDBG, ESG, HOME, HOPWA, and HTF Programs, and the AHFA also conducted its public hearing on the original PY2019 HOME Program Plan on June 26, 2018. The public hearing information was published as a *Notice of Public Hearing and Notice of Availability* on March 6, 2019 in the Montgomery Advertiser newspaper, and the *Notice* allowed for a 30-day public comment period. The *Notice* was also posted on the ADECA website at [www.adeca.alabama.gov](http://www.adeca.alabama.gov) and emailed to interested parties, inviting public comments to be presented by the April 22, 2019 public comment submission deadline. Public comments were accepted following the hearings.

For the PY2020-PY2024 Five-Year Plan and the PY2020 One-Year Plans, a public hearing was conducted at ADECA’s headquarters office on December 17, 2019, involving the CDBG, ESG, HOME, HOPWA, and HTF Programs. The public hearing information was published as a *Notice of Public Hearing and Notice of Availability* on November 15, 2019 in the Montgomery Advertiser newspaper, and the *Notice* allowed for a 30-day public comment period. The *Notice* was also posted on the ADECA website at [www.adeca.alabama.gov](http://www.adeca.alabama.gov) and emailed to interested parties, inviting public comments to be presented by the January 16, 2020 public comment submission deadline. Public comments were accepted following the hearing. The AHFA also conducted its public hearing on the original PY2020 HOME Program Plan and PY2020 HTF Plan on June 27, 2019 and accepted public comments during its June 27-July 29, 2019 public comment period. Further, public meetings for the *2019-2020 Analysis of Impediments to Fair Housing Choice* were conducted at ADECA’s headquarters office on December 17, 2019 and March 4, 2020, with public comment periods coupled therewith.

For the First Substantial Amendment to the PY2020-PY2024 Five-Year Plan (which added the PY2020 One-Year Plans for the CDBG-CV, ESG-CV, and HOPWA-CV Programs), a public hearing was conducted by ADECA and AIDS Alabama via Webex call on November 4, 2020, involving the newly-created CDBG-CV, ESG-CV, and HOPWA-CV Programs as well as the State’s Revised Citizen Participation Plan. The public hearing information was published as a *Notice of Public Hearing* on October 16, 2020 in the Birmingham News newspaper, and the *Notice* allowed for a 5-day public comment period. The *Notice* was also posted on the ADECA website at [www.adeca.alabama.gov](http://www.adeca.alabama.gov) and emailed to interested parties, inviting public comments to be presented by the November 10, 2020 public comment submission deadline. Public comments were accepted following the hearing.

For the PY2021 Plans, a public hearing for the PY2021 One-Year Annual Action Plans was conducted remotely/virtually by ADECA, AHFA, and AIDS Alabama on February 18, 2021, involving the CDBG, ESG, HOME, HOPWA, and HTF Programs, and the AHFA also conducted its public hearing on the amended PY2021 HOME Program Plan. The public hearing information was published as a *Notice of Public Hearing and Notice of Availability* on February 3, 2021 in the *Birmingham News* newspaper, and the *Notice* allowed for a 30-day public comment period. The *Notice* was also posted on the ADECA website at [www.adeca.alabama.gov](http://www.adeca.alabama.gov) and emailed to interested parties, inviting public comments to be presented by the March 22, 2021 public comment submission deadline. No public comments were submitted following the hearing. In addition, AHFA had previously published in the Birmingham, Huntsville, Mobile, and Montgomery newspapers and posted on the AHFA's website information concerning the AHFA's July 21, 2020 public hearing for the PY2021 HOME and HTF Programs' Plans, and also emailed 1,493 notices of the draft Plans' availability to interested parties - notifying them of the 30-day public comment period that ended on August 20, 2020. AHFA received 91 written comments from 28 individuals and organizations, and then posted those comments on the AHFA's website. Subsequent changes were made to the Plans, and those changes were also discussed during the February 18, 2021 public hearing. No written comments were received as of the March 22, 2021 ending date for the public comment period.

**Describe coordination with the Continuum of Care and efforts to address the needs of homeless persons (particularly chronically homeless individuals and families, families with children, veterans, and unaccompanied youth) and persons at risk of homelessness:**

The State maintains a close working relationship with the continuum of care groups in its jurisdiction. ADECA staff members frequently communicate with continuum of care staff via email, phone, and formal letters. To ensure that its subrecipients maintain a relationship with the continuum of care groups, the State has incorporated into its ESG application that applicants and agencies funded through the applications must be members of the local continuum of care group. Applications are scored based on the agencies’ membership and participation in the local continuum of care group. The continuum of care groups gather information on the homeless in the local area during the annual point in time homeless counts. The chronically homeless and other subpopulations of homeless persons are identified during the point in time counts. Once homeless persons are identified, they can be referred to mainstream social service or housing agencies. Case managers are available to assess the needs of homelessness individuals and persons at risk of homelessness. Once the needs are identified, the case managers make referrals for mainstream social service agencies and housing agencies in the local area.

The AIDS Service Organizations (ASOs) in Alabama coordinate with their local Continuums of Care (CoC) to provide services to homeless and chronically homeless individuals living with HIV in their respective service areas. ASOs must coordinate with the local CoC to take advantage of funding available through the Department of Housing & Urban Development provided through the local CoC to service the homeless and chronically homeless, especially given the correlation between linkage to care for persons living with HIV/AIDS and affordable housing. The National AIDS Housing Coalition states that housing assistance is a cost-effective HIV health care intervention. Each new HIV infection prevented through more stable housing saves countless life years and over $400,000 in lifetime medical costs according to the Centers for Disease Control and Prevention.

For the **HTF** Program, see **Attachment 5** hereto, the PY2021 HTF Plan, at Sections B, C, J, K, and L.

**Describe consultation with the Continuum(s) of Care that serves the State in determining how to allocate ESG funds, develop performance standards and evaluate outcomes, and develop funding, policies and procedures for the administration of Homeless Management Information Systems (HMIS):**

The State and the continuums of care (CoC) in its jurisdiction mutually agreed to maintain the following outcomes developed in 2012 for the ESG program.

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 *PromisSE,* a web-based data management system, serves as a multi-implementation of HMIS. Every continuum in the state, with the exception of the Homeless Care Council of Northwest Alabama, utilizes *PromisSE*. *PromisSE* is operated under a Steering Committee which consists of members of each continuum across the states of Alabama and Florida. *PromisSE* 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 subrecipients.

**2. Describe Agencies, groups, organizations and others who participated in the process and describe the State’s consultations with housing, social service agencies, and other entities:**

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| **#** | **Agency/Group/Organization** | **Agency/Group/Organization Type** | **What section of the Plan was addressed by consultation?** |
| 1 | Organization Name:  **Alabama Department of Economic and Community Affairs (ADECA)**  City: Montgomery  State: Alabama  DUNS #: 062620604  EIN/TIN#: 63-6000619 | 🞎 Housing  🞎 Public Housing Authority (PHA)  🞎 Services – Housing  🞎 Services – Children  🞎 Services – Elderly Persons  🞎 Services – Persons with Disabilities  🞎 Services – Persons with HIV/AIDS  🞎 Services – Victims of Domestic  Violence  🞎 Services – Homeless  🞎 Services – Health  🞎 Services – Education  🞎 Services – Employment  🞎 Services – Fair Housing  🞎 Services – Victims  🞎 Health Agency  🞎 Child Welfare Agency  🞎 Publicly Funded Institution /  System of Care  🞎 Other Government – Federal  🗹 Other Government – State  🞎 Other Government – County  🞎 Other Government – Local  🞎 Regional Organization  🞎 Planning Organization  🞎 Business Leaders  🞎 Civic Leaders  🞎 Business & Civic Leaders  🞎 Other: \_\_\_\_\_\_\_\_\_\_  **Optional Designation(s):**  🞎 Community Development  Financial Institution  🞎 Foundation  🞎 Grantee Department  🞎 Major Employer  🞎 Neighborhood Organization  🞎 Private Sector Banking / Financing | 🗹 Housing Needs Assessment  🞎 Public Housing Needs  🗹 Homeless Needs – Chronically  Homeless  🗹 Homeless Needs – Families with  Children  🗹 Homeless Needs – Veterans  🗹 Homeless Needs –  Unaccompanied Youth  🗹 Homelessness Strategy  🗹 Non-Homeless Special Needs  🗹 HOPWA Strategy  🗹 Market Analysis  🗹 Economic Development  🗹 Lead-Based Paint Strategy  🗹 Anti-Poverty Strategy  🗹 Other: Disaster Response,  CARES Act CDBG-CV Program  and ESG-CV Program |
| **Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?**  ADECA's CDBG and ESG Program managers, AHFA's HOME Program and HTF Program managers, and AIDS Alabama's HOPWA Program managers, as well as supervisory staff, individually and together, consult throughout the year with their clientele (cities, counties, local government planning and zoning staff, regional planning commissions, local grant administrators, Continuums of Care, etc.) throughout the State, with public housing agencies' directors and staff, with real estate sales and rentals professionals and their representative organizations, with state and federal legislators and state agency directors, with bankers and mortgage lenders, with colleagues in other states who manage similar programs, and with nationally-recognized professional organizations [for example, the Council of State Community Development Agencies (COSCDA), and the National Realtors Association] to gather information and input so as to enhance coordination between public and assisted housing providers and private and governmental health, mental health, and service agencies in developing the Five-Year Consolidated Plan and the One-Year Annual Action Plans. Also, elsewhere in this Plan are discussions of the entities and processes that were involved in researching, developing, and responding to the State of Alabama's 2019 "Fair Housing Survey" and the 2020-2024 "Analysis of Impediments to Fair Housing Choice." Those entities are too numerous to mention in this limited space.  For the public hearing pertaining to the First Substantial Amendment to the 2020-2024 Five-Year Consolidated Plan and the revised/updated Citizen Participation Plan, ADECA published a notice for the public hearing in the October 16, 2020 edition of *The Birmingham News*, and subsequently conducted a public hearing via a Webex call on November 4, 2020. Following the public hearing, ADECA allowed for a 5-day public comment period that ended on November 10, 2020. ADECA received written comments on that Plan (but those consisted of three written comments on the CDBG-CV Program’s Action Plan, six written comments on the ESG-CV Program’s Action Plan, and no written comments on the HOPWA-CV Program’s Action Plan), and no written comments on the revised/updated Citizen Participation Plan.  For the public hearing pertaining to the PY2021 One-Year Annual Action Plans for the CDBG, ESG, HOME, HOPWA, and HTF Programs, ADECA published a Notice for the public hearing in the February 3, 2021 edition of *The Birmingham News*, posted that Notice on the ADECA website, and emailed that Notice to ADECA's "All Interested Parties" listserv. ADECA, AHFA, and AIDS Alabama subsequently conducted the public hearing via a Webex call on February 18, 2021. Following the public hearing, ADECA allowed for a 30-day public comment period that ended on March 22, 2021. ADECA received no written comments on the Plans.  In addition, AHFA had previously published in the Birmingham, Huntsville, Mobile, and Montgomery newspapers and posted on the AHFA's website information concerning the AHFA's July 21, 2020 public hearing for the PY2021 HOME and HTF Programs' Plans, and also emailed 1,493 notices of the draft Plans' availability to interested parties - notifying them of the 30-day public comment period that ended on August 20, 2020. AHFA received 91 written comments from 28 individuals and organizations, and then posted those comments on the AHFA's website. Subsequent changes were made to the Plans, and those changes were also discussed during the February 18, 2021 public hearing. No written comments were received as of the March 22, 2021 ending date for the public comment period. | | | |

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| **#** | **Agency/Group/**  **Organization** | **Agency/Group/Organization Type** | **What section of the Plan was addressed by consultation?** |
| 2 | Organization Name:  **Alabama Housing Finance Authority**  City: Montgomery  State: Alabama  DUNS #: 836723106  EIN/TIN#: 63-0980480 | 🗹 Housing  🞎 Public Housing Authority (PHA)  🗹 Services – Housing  🗹 Services – Children  🗹 Services – Elderly Persons  🗹 Services – Persons with Disabilities  🞎 Services – Persons with HIV/AIDS  🞎 Services – Victims of Domestic  Violence  🗹 Services – Homeless  🞎 Services – Health  🞎 Services – Education  🞎 Services – Employment  🗹 Services – Fair Housing  🞎 Services – Victims  🞎 Health Agency  🞎 Child Welfare Agency  🞎 Publicly Funded Institution / System  of Care  🞎 Other Government – Federal  🞎 Other Government – State  🞎 Other Government – County  🞎 Other Government – Local  🞎 Regional Organization  🞎 Planning Organization  🞎 Business Leaders  🞎 Civic Leaders  🞎 Business & Civic Leaders  🞎 Other: \_\_\_\_\_\_\_\_\_\_  **Optional Designation(s):**  🞎 Community Development Financial  Institution  🞎 Foundation  🞎 Grantee Department  🞎 Major Employer  🞎 Neighborhood Organization  🞎 Private Sector Banking / Financing | 🗹 Housing Needs Assessment  🞎 Public Housing Needs  🞎 Homeless Needs – Chronically  Homeless  🞎 Homeless Needs – Families with  Children  🗹 Homeless Needs – Veterans  🞎 Homeless Needs –  Unaccompanied Youth  🞎 Homelessness Strategy  🞎 Non-Homeless Special Needs  🞎 HOPWA Strategy  🞎 Market Analysis  🞎 Economic Development  🞎 Lead-Based Paint Strategy  🞎 Anti-Poverty Strategy  🗹 Other: ELI & VLI |
| **Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?**  ADECA's CDBG and ESG Program managers, AHFA's HOME Program and HTF Program managers, and AIDS Alabama's HOPWA Program managers, as well as supervisory staff, individually and together, consult throughout the year with their clientele (cities, counties, local government planning and zoning staff, regional planning commissions, local grant administrators, Continuums of Care, etc.) throughout the State, with public housing agencies' directors and staff, with real estate sales and rentals professionals and their representative organizations, with state and federal legislators and state agency directors, with bankers and mortgage lenders, with colleagues in other states who manage similar programs, and with nationally-recognized professional organizations [for example, the Council of State Community Development Agencies (COSCDA), and the National Realtors Association] to gather information and input so as to enhance coordination between public and assisted housing providers and private and governmental health, mental health, and service agencies in developing the Five-Year Plan and the One-Year Annual Action Plans. Also, elsewhere in this Plan are discussions of the entities and processes that were involved in researching, developing, and responding to the State of Alabama's 2019 "Fair Housing Survey" and the 2020-2024 "Analysis of Impediments to Fair Housing Choice." Those entities are too numerous to mention in this limited space.  For the public hearing pertaining to the First Substantial Amendment to the 2020-2024 Five-Year Consolidated Plan and the revised/updated Citizen Participation Plan, ADECA published a notice for the public hearing in the October 16, 2020 edition of *The Birmingham News*, and subsequently conducted a public hearing via a Webex call on November 4, 2020. Following the public hearing, ADECA allowed for a 5-day public comment period that ended on November 10, 2020. ADECA received written comments on that Plan (but those consisted of three written comments on the CDBG-CV Program’s Action Plan, six written comments on the ESG-CV Program’s Action Plan, and no written comments on the HOPWA-CV Program’s Action Plan), and no written comments on the revised/updated Citizen Participation Plan.  For the public hearing pertaining to the PY2021 One-Year Annual Action Plans for the CDBG, ESG, HOME, HOPWA, and HTF Programs, ADECA published a Notice for the public hearing in the February 3, 2021 edition of *The Birmingham News*, posted that Notice on the ADECA website, and emailed that Notice to ADECA's "All Interested Parties" listserv. ADECA, AHFA, and AIDS Alabama subsequently conducted the public hearing via a Webex call on February 18, 2021. Following the public hearing, ADECA allowed for a 30-day public comment period that ended on March 22, 2021. ADECA received no written comments on the Plans.  In addition, AHFA had previously published in the Birmingham, Huntsville, Mobile, and Montgomery newspapers and posted on the AHFA's website information concerning the AHFA's July 21, 2020 public hearing for the PY2021 HOME and HTF Programs' Plans, and also emailed 1,493 notices of the draft Plans' availability to interested parties - notifying them of the 30-day public comment period that ended on August 20, 2020. AHFA received 91 written comments from 28 individuals and organizations, and then posted those comments on the AHFA's website. Subsequent changes were made to the Plans, and those changes were also discussed during the February 18, 2021 public hearing. No written comments were received as of the March 22, 2021 ending date for the public comment period. | | | |

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| **#** | **Agency/Group/**  **Organization** | **Agency/Group/Organization Type** | **What section of the Plan was addressed by consultation?** |
| 3 | Organization Name:  **AIDS Alabama**  City: Birmingham  State: Alabama  DUNS #: 834432999  EIN/TIN#: 581727755 | 🗹 Housing  🞎 Public Housing Authority (PHA)  🗹 Services – Housing  🞎 Services – Children  🞎 Services – Elderly Persons  🞎 Services – Persons with Disabilities  🗹 Services – Persons with HIV/AIDS  🞎 Services – Victims of Domestic  Violence  🗹 Services – Homeless  🗹 Services – Health  🗹 Services – Education  🞎 Services – Employment  🗹 Services – Fair Housing  🞎 Services – Victims  🞎 Health Agency  🞎 Child Welfare Agency  🞎 Publicly Funded Institution / System  of Care  🞎 Other Government – Federal  🞎 Other Government – State  🞎 Other Government – County  🞎 Other Government – Local  🞎 Regional Organization  🞎 Planning Organization  🞎 Business Leaders  🞎 Civic Leaders  🞎 Business & Civic Leaders  🞎 Other: \_\_\_\_\_\_\_\_\_\_  **Optional Designation(s):**  🞎 Community Development Financial  Institution  🞎 Foundation  🞎 Grantee Department  🞎 Major Employer  🞎 Neighborhood Organization  🞎 Private Sector Banking / Financing | 🗹 Housing Needs Assessment  🞎 Public Housing Needs  🗹 Homeless Needs – Chronically  Homeless  🗹 Homeless Needs – Families with  Children  🗹 Homeless Needs – Veterans  🗹 Homeless Needs –  Unaccompanied Youth  🗹 Homelessness Strategy  🞎 Non-Homeless Special Needs  🗹 HOPWA Strategy  🞎 Market Analysis  🞎 Economic Development  🞎 Lead-Based Paint Strategy  🞎 Anti-Poverty Strategy  🗹 Other: CARES Act HOPWA-CV  Program |
| **Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?**  ADECA's CDBG and ESG Program managers, AHFA's HOME Program and HTF Program managers, and AIDS Alabama's HOPWA Program managers, as well as supervisory staff, individually and together, consult throughout the year with their clientele (cities, counties, local government planning and zoning staff, regional planning commissions, local grant administrators, Continuums of Care, etc.) throughout the State, with public housing agencies' directors and staff, with real estate sales and rentals professionals and their representative organizations, with state and federal legislators and state agency directors, with bankers and mortgage lenders, with colleagues in other states who manage similar programs, and with nationally-recognized professional organizations [for example, the Council of State Community Development Agencies (COSCDA), and the National Realtors Association] to gather information and input so as to enhance coordination between public and assisted housing providers and private and governmental health, mental health, and service agencies in developing the Five-Year Plan and the One-Year Annual Action Plans. Also, elsewhere in this Plan are discussions of the entities and processes that were involved in researching, developing, and responding to the State of Alabama's 2019 "Fair Housing Survey" and the 2020-2024 "Analysis of Impediments to Fair Housing Choice." Those entities are too numerous to mention in this limited space.  For the public hearing pertaining to the First Substantial Amendment to the 2020-2024 Five-Year Consolidated Plan and the revised/updated Citizen Participation Plan, ADECA published a notice for the public hearing in the October 16, 2020 edition of *The Birmingham News*, and subsequently conducted a public hearing via a Webex call on November 4, 2020. Following the public hearing, ADECA allowed for a 5-day public comment period that ended on November 10, 2020. ADECA received written comments on that Plan (but those consisted of three written comments on the CDBG-CV Program’s Action Plan, six written comments on the ESG-CV Program’s Action Plan, and no written comments on the HOPWA-CV Program’s Action Plan), and no written comments on the revised/updated Citizen Participation Plan.  For the public hearing pertaining to the PY2021 One-Year Annual Action Plans for the CDBG, ESG, HOME, HOPWA, and HTF Programs, ADECA published a Notice for the public hearing in the February 3, 2021 edition of *The Birmingham News*, posted that Notice on the ADECA website, and emailed that Notice to ADECA's "All Interested Parties" listserv. ADECA, AHFA, and AIDS Alabama subsequently conducted the public hearing via a Webex call on February 18, 2021. Following the public hearing, ADECA allowed for a 30-day public comment period that ended on March 22, 2021. ADECA received no written comments on the Plans.  In addition, AHFA had previously published in the Birmingham, Huntsville, Mobile, and Montgomery newspapers and posted on the AHFA's website information concerning the AHFA's July 21, 2020 public hearing for the PY2021 HOME and HTF Programs' Plans, and also emailed 1,493 notices of the draft Plans' availability to interested parties - notifying them of the 30-day public comment period that ended on August 20, 2020. AHFA received 91 written comments from 28 individuals and organizations, and then posted those comments on the AHFA's website. Subsequent changes were made to the Plans, and those changes were also discussed during the February 18, 2021 public hearing. No written comments were received as of the March 22, 2021 ending date for the public comment period. | | | |

**Identify any Agency Types not consulted and provide rationale for not consulting:**

ADECA, AHFA, and AIDS Alabama have made many attempts to be inclusive of as many individuals and groups as possible in Alabama and its neighboring states who are interested in the subjects of fair housing choice, community needs, and community development, as is stated in the previous sections. If entities were not involved, the reason is because they were notified by ADECA and/or AHFA and/or AIDS Alabama but chose not to be involved in the planning and development process. As described in the sections above, ADECA consulted with many entities who are in addition to its CDBG clientele seeking funds under the CDBG Program, and also contracted with a private consultant (Western Economic Services, LLC in Portland, Oregon) to conduct the State's 2019-2020 *Analysis of Impediments to Fair Housing Choice*, through which research, data collection, and public outreach/public hearing processes many agency types were consulted. The AHFA consulted with its applicants seeking funds under the HOME Program and HTF Program. The ADECA ESG Program Manager consulted with the entities that receive funding under the ESG Program. AIDS Alabama consulted with the entities whom it serves under the HOPWA Program. And Continuums of Care located across the state were also consulted by ESG and HOPWA program managers, as the ESG and HOPWA Program managers partner with the local CoCs throughout the State.

**Describe other local/regional/state/federal planning efforts considered when preparing the Plan:**

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| # | Name of Plan | Lead Organization | How do the goals of your Strategic Plan overlap with the goals of each Plan? | Action |
| 1 | **Continuum of Care Groups** | ADECA is the State’s designated recipient of the federal grant funds for the ESG Program and the HOPWA Program | The goals for services provided to homeless persons and those at risk of homelessness are developed using data from the Continuum of Care Groups. | Continue coordination with Continuum of Care Groups |

**Narrative: (optional)**

**CDBG**: ADECA relies heavily on the numerous community development providers in the state to assist in the provision of community development services via the expenditure of CDBG funds. Working relationships with cities, counties, local grant administrators, regional planning commissions, housing authorities, building commissions, real estate professionals, engineering firms, etc. are continually evolving based on the CDBG project applications that ADECA receives and selects to be awarded grant funding. Program managers and their local counterparts (administrators, engineers, construction companies, local advocates, etc.) who are involved in the implementation of community development projects (housing rehabilitation, water/sewer/road/drainage developments and improvements, community enhancement services, parks and recreation areas, economic development projects, planning services, etc.) are consulted on a regular basis to determine the pertinent issues in locales that are most in need of addressing those issues. ADECA will continue to work with Alabama’s non-entitlement communities to assess and address the needs of those areas.

**HOME**: In its local/regional/state/federal planning efforts to prepare the PY2021 HOME Action Plan, the AHFA followed a citizen participation process included the 2021 HOME Action Plan and the citizen participation process stated above.

**ESG**: Alabama relies heavily on the numerous housing and social service providers in the state to assist in the provision of services. Working relationships vary based on the applications received and selected for funding. 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 of the Continuums of Care, interested Community Action Agencies, the Alabama Alliance to End Homelessness, and other groups to assess and address the needs of homeless persons.

**HOPWA**: HIV/AIDS represents a significant public health issue in the United States with an estimated 1.1 million individuals currently living with the virus (CDC, 2019). There were 38,739 new cases of HIV diagnosed in the U.S. in 2017 with 52% (or 19,968) of all new diagnoses being made in the South (CDC, 2018). In the same year, there were 14,054 individuals living with HIV in Alabama and 657 individuals were newly diagnosed (ADPH, 2017). Approximately 44% of Alabamians living with HIV-positive have progressed to Stage 3 disease (AIDS) and the health department estimates that there may be as many as 2,777 undocumented cases of HIV infection in the state (ADPH, 2017). The highest number of new HIV cases in Alabama are found in the urban counties of Jefferson, Mobile, Montgomery, Madison, and Tuscaloosa, but a disproportionately high percentage of new HIV cases are being diagnosed in rural parts of the state (ADPH, 2017).

HIV/AIDS disproportionately affects African Americans, men who have sex with men (MSM), and young adults. In 2017 African Americans made up only 13% of the U.S. population but represented 42% of new HIV diagnoses nationally (CDC, 2019). The picture in Alabama is similar. African Americans comprise 27% of the state’s population but account for 64% of all HIV-positive individuals (ADPH, 2017). African-American males represent 52% of all newly diagnosed HIV cases in Alabama, and the HIV incidence rate for African-Americans was nearly six times that of Caucasians (ADPH, 2017). According to the CDC, 66% of all new HIV diagnoses in 2017 were among the MSM population with male-to-male sexual contact being the most common form of HIV transmission (CDC, 2019). Male-to-male sexual contact accounted for 68% of all new HIV transmission in Alabama in 2017 (ADPH). Young adults between the ages of twenty and twenty-nine accounted for 44% of Alabama’s new HIV infections, which represents a downward shift in age at diagnosis across the state since 2008 (ADPH, 2017). Young adult men of color represented the most affected sub-population with regards to HIV, and there has been a 12% increase in the rates of HIV among gay and bisexual Hispanic men in recent years (CDC, 2019).

**HTF**: In its local/regional/state/federal planning efforts to prepare the PY2021 National Housing Trust Fund Allocation Plan, the AHFA followed the citizen participation process stated above.

**AP-12 Citizen Participation [see 24 CFR 91.115, 91.300(c)]**

**1. Summary of citizen participation process/Efforts made to broaden citizen participation:** See the discussion below.

**Summarize citizen participation process and how it impacted goal-setting:**

**CDBG**: This Plan’s citizen participation, community engagement, and public involvement process followed ADECA's Citizen Participation Plan that was revised and updated in October 2020. This is also described herein above at Section **AP-05 Executive Summary**. The revised Citizen Participation Plan and these processes and efforts are as follows:

*Citizen Participation Plan for Community Planning and Development Programs*

*Adoption of Citizen Participation Plan: In accordance with 24 CFR §91.115 (a), the State of Alabama, by and through the Alabama Department of Economic and Community Affairs (ADECA) and its Community and Economic Development Division (CED Division), does hereby revise its Citizen Participation Plan that was adopted on December 16, 2008 in accordance with the Housing and Community Development Act of 1974 at §104(a)(3). This revised Plan is effective as of July 1, 2020 upon compliance with all requirements of applicable laws.*

*Citizen Participation: The United States Department of Housing and Urban Development (HUD) encourages citizen participation in the development of all elements of the State of Alabama's Five-Year Consolidated Plans and One-Year Annual Action Plans that are produced as part of the State's administration of the federally-funded Community Development Block Grant Program (CDBG), the Emergency Solutions Grant Program (ESG), the HOME Investment Partnerships Program (HOME), the Housing Opportunities for Persons With AIDS Program (HOPWA), the Housing Trust Fund Program (HTF), the CDBG Disaster Recovery Program (CDBG-DR), and other HUD federally-funded grant programs (collectively, the “Community Planning and Development Programs” and/or “programs”) which may from time to time be awarded from HUD to be administered by the State through ADECA and/or its designee(s). This includes citizen participation in the development of the State's Citizen Participation Plan for these programs.*

*HUD also encourages citizen participation in the State's development of any substantial amendments to these Plans, and in the State's development of program performance evaluation reports that are generated for submission to HUD. Such citizen participation shall be accomplished through the presentation of public hearings – either by in-person meetings or by virtual or remote access to meetings – that are to be conducted in locations, in formats, and at times that are accessible to all citizens (particularly low-income and moderate-income citizens), and through the coordination of data and people from various agencies that are representative of citizens who are affected by the respective program(s). All meeting locations, formats, and materials will be accessible to persons with disabilities and to persons with Limited English Proficiency, where practicable, upon prior request made to the State.*

*Development of the Citizen Participation Plan: In developing this Citizen Participation Plan as well as any and all amendments, updates, and revisions hereto, such Plan et al. will be presented for review and comment in a public hearing format. Such public hearing format(s) may be either by in-person meetings or by virtual or remote access to meetings, and are to be conducted in locations, in formats, and at times that are accessible to all citizens (particularly low-income and moderate-income citizens). Chief elected officials of local governments, public agencies, citizen groups, and interested parties will be notified of such public hearing(s) via the publication of a notice in a newspaper of general circulation within the State of Alabama, and/or by the posting of a notice on the ADECA website and/or on the website of ADECA’s designee(s), and/or by email message(s) that is/are sent to interested parties, and/or by such other or additional manner(s) as may be requested or required. Upon request, such public hearing will be provided in a format accessible to persons with disabilities and to persons with Limited English Proficiency. Generally, a notice of public hearing will be published in a newspaper of general circulation in the State at a minimum of seven (7) days and at a maximum of fifteen (15) days prior to the date of said public hearing. ADECA may waive its requirements for publishing a notice of public hearing in situations where unusual circumstances justify alternative means of notifying the citizens of such public hearing. In those cases, shorter notice may be given for such a public hearing, and by other available means. A public comment period that may last for a minimum period of five (5) days to a maximum period of thirty (30) days will be provided after the conclusion of the public hearing. The shorter public comment time period may be considered if and when it is determined as being necessarily required to accommodate a specific situation. The State will consider all public comments received in the Plan's finalization process.*

*Development of the Five-Year Consolidated Plans, One-Year Annual Action Plans, and Plan Elements: In developing the Five-Year Consolidated Plans, One-Year Annual Action Plans, and elements of the Plans for the programs identified herein above, the State will provide notice of – and will make available to citizens, citizen groups, public agencies, and other interested parties – such information that will summarize the proposed Plan. The proposed Plan's summary will describe the contents and purpose of the Plan, and will consist of the amount of federal financial assistance (the grant program award amount) that the State anticipates receiving under the respective grant program, the range of program activities that may be undertaken with said program's funds, and the estimated amount of program funds that are to benefit persons of low-income and moderate-income where applicable. The summary may also contain the State's plan(s) to minimize the displacement of persons due to implementing program activities, and the State's method(s) for assisting any persons who are displaced as a result of such program activities. The summary will include information on the format(s) and location(s) for where a copy of the entire proposed Plan may be reviewed and examined. The State will make the proposed Plan(s) available electronically on ADECA's website. The State may also make paper copies of the proposed Plan(s) available to interested parties upon request made to the State, which paper copies would be obtained at ADECA's headquarters office location in Montgomery.*

*Prior to the time when the proposed Plan(s) is/are published for public comment, the State will conduct at least one public hearing to collect information on the State's housing and community development needs that are to be considered in the development of the Plan(s). Such public hearing format(s) may be either by in-person meetings or by virtual or remote access to meetings, and are to be conducted in locations, in formats, and at times that are accessible to all citizens (particularly low-income and moderate-income citizens). Chief elected officials of local governments, public agencies, citizen groups, and interested parties will be notified of such public hearing(s) via the publication of a notice in a newspaper of general circulation within the State of Alabama, and/or by the posting of a notice on the ADECA website and/or on the website of ADECA’s designee(s), and/or by email message(s) that is/are sent to interested parties, and/or by such other or additional manner(s) as may be requested or required. Upon request, such public hearing will be provided in a format accessible to persons with disabilities and to persons with Limited English Proficiency. Generally, a notice of public hearing will be published in a newspaper of general circulation in the State at a minimum of seven (7) days and at a maximum of fifteen (15) days prior to the date of said public hearing. ADECA may waive its requirements for publishing a notice of public hearing in situations where unusual circumstances justify alternative means of notifying the citizens of such public hearing. In those cases, shorter notice may be given for such a public hearing, and by other available means. A public comment period that may last for a minimum period of five (5) days to a maximum period of thirty (30) days will be provided after the conclusion of the public hearing. The shorter public comment time period may be considered if and when it is determined as being necessarily required to accommodate a specific situation. The State will consider all public comments received, and will provide reasons for the public comments that were not considered in the Plan's finalization process.*

*If the public hearing is held in-person at a facility, then such facility is to be accessible to persons of low-income and moderate-income and to persons with disabilities. If the public hearing is held by way of virtual participation via a computer screen or telephone conference call format, then such format is to be accessible to persons of low-income and moderate-income and to persons with disabilities. The time allotted for the conduct of such public hearing will be determined based on information gathered from conducting previous public hearings.*

*The State has adopted a Language Access Plan that provides guidance for the State and its grant recipients so that persons with Limited English Proficiency can effectively participate in, or benefit from, the HUD federally-funded grant programs identified herein. In the event that a language interpreter is needed during a public hearing as identified herein, persons with Limited English Proficiency may bring their own interpreter to the public hearing at no cost to the State, or they or their designee(s) may contact the State prior to such public hearing and request that an interpreter be provided so that the State can make the necessary and proper arrangements for an interpreter to be available during the public hearing.*

*The State will receive public comments on the proposed Plan(s). The period for accepting such public comments may be for a minimum period of five (5) days to a maximum period of thirty (30) days following the public hearing date. The shorter public comment time period may be considered if and when it is determined as being necessarily required to accommodate a specific situation. The State will accept all public comments submitted orally at the public hearing and received in writing after the conclusion of the public hearing. The State will take those comments into consideration when preparing the final Plan(s). A summary of those public comments will be included in the Plan's finalization process.*

*Substantial Amendments to the Five-Year Consolidated Plans and One-Year Annual Action Plans: The State will make reasonable efforts to obtain input from citizens when one or more "substantial amendments" to the Plan(s) are made wherein such amendments substantially impact the respective program(s). A "substantial amendment" to a Plan is viewed as a change to a Plan which alters the Plan's thresholds in one of the following ways:*

*● Adding or deleting a funding category within a program,*

*● Changing a program’s evaluation criteria in a substantive manner,*

*● Changing thresholds for eligibility to participate in a program,*

*● Changing the amount of a grant ceiling or the amount of a grant minimum for a program, and/or*

*● Reallocating funds from one funded activity to another funded activity within a program so that the cumulative reallocated amount is greater than five percent (5%) of the State's program allocation; the exception being that if there are insufficient requests for funds in a funding category, then some or all of the funds may be transferred to other funding categories, without limitation. Also, reallocations may be made to the HOPWA Program's budget line items as long as the cumulative reallocated amount is not greater than ten percent (10%) of the State's HOPWA Program's total annual allocation.*

*An amendment to a Plan that is not covered by the thresholds stated above will not be considered as a "substantial amendment" to a Plan; instead, it will be considered as a minor amendment to a Plan. Minor amendments may be made at the discretion of the State. Notice of such minor amendment(s) may be provided through the State's usual program communication processes to chief elected officials of local governments, public agencies, citizen groups, and interested parties. The State may also implement additional public notices, public hearings, and/or public comment periods which may be deemed necessary in order to meet a program’s requirements if/when unique circumstances arise (such as natural disasters, pandemics, emergency allocations of funds, and/or other situations that are not specifically mentioned herein).*

*Program Performance Evaluation Reports: The State will provide citizens with an opportunity to comment on Program Performance Evaluation Reports pertaining to the programs referenced herein, which reports are periodically required to be submitted to HUD. The State will announce the availability of said report(s) via a published notice stating that the report is available for review and comment, and providing the format(s) and location(s) where the report may be accessed for review. Chief elected officials of local governments, public agencies, citizen groups, and interested parties will be notified of such report availability via the publication of a notice in a newspaper of general circulation within the State of Alabama, and/or by the posting of a notice on the ADECA website and/or on the website of ADECA’s designee(s), and/or by email message(s) that is/are sent to interested parties, and/or by such other or additional manner(s) as may be requested or required. Upon request, the report(s) will be provided in a format accessible to persons with disabilities and to persons with Limited English Proficiency. A fifteen (15) day public comment period will be provided during which the State will accept public comments on the contents of said report(s). The State will consider all public comments received in the report's finalization process. A summary of the public comments received will be attached to the report(s).*

*Citizen Participation Requirements for Units of General Local Government: The following will serve as the State’s citizen participation requirements for units of general local government that receive CDBG funds from the State in accordance with 24 CFR §570.486.*

*The primary goal of a local government's Citizen Participation Plan is to provide its citizens with an opportunity to participate in an advisory role during the planning, implementation, assessment, and closeout phases of the community’s Action Plan for the program(s) that said local government proposes to administer. The local government's Citizen Participation Plan shall set forth policies and procedures for citizen participation which are designed to maximize the opportunities for citizen participation in the community development process. Special emphasis is to be placed on encouraging participation by persons of low-income and moderate-income, residents of slum and blighted neighborhoods, and residents of areas where community development funds are utilized.*

*With regard to the CDBG Program, citizens are to be encouraged to participate in all phases of a local government's program implementation, and shall be allowed to have full access to the local government's program information. Local government officials shall make reasonable efforts to involve their citizens in all phases of the development, implementation, assessment, and closeout of their community development programs.*

*A local government's community development processes are to be conducted by its local officials in an open and accessible manner. Citizens of the community are to be encouraged to participate during all phases of these processes, and shall be given access to program information during each phase of any CDBG-funded program as outlined herein. Local governments shall provide technical assistance to individual citizens and citizen groups, particularly citizens of low-income and moderate-income.*

*Citizen participation in the local government's community development process is to be conducted on a community-wide basis and is to actively involve the views and proposals of all citizens, especially persons of low-income and moderate-income and residents in those areas where CDBG-funded activities are proposed to be implemented or are currently in the implementation phase of the process. Public hearings are to be conducted during all phases of the community development process so as to allow citizens opportunities to provide opinions and offer proposals concerning the development and performance of CDBG-funded programs. A local government's public hearings are to be conducted in locations, in formats, and at times that are accessible to all citizens, particularly persons of low-income and moderate-income, residents of slum and blighted neighborhoods, and residents of areas where CDBG-funded projects are proposed to be implemented or are currently in the implementation phase of the process.*

*A local government's public hearings are to be scheduled for convenient times as determined by the local governing officials. Such public hearings may be conducted in locations, in formats, and at times which, in the opinion of the local governing officials, provide adequate opportunity and accessibility for citizens to participate.*

*A local government shall conduct at least one public hearing during any CDBG program fiscal year prior to that local government's submission to ADECA of a grant application seeking CDBG-funded grant assistance. The primary purposes for conducting the public hearing are (i) to identify and assess the community's needs and problems in an effort to determine what are the most critical needs to be addressed by the CDBG grant, and (ii) to present for the public’s review and comment the program’s activity/activities which have been selected by the local government as a means to address those identified needs.*

*A local government’s citizens are to be provided with information concerning the CDBG Program at the public hearing. This information shall include, but may not be limited to:*

*● the goals and objectives of the CDBG Program;*

*● the total amount of CDBG funds available;*

*● the role of citizens in their local government's grant program planning, implementation, assessment, and closeout processes;*

*● the range of activities which may be undertaken with CDBG grant funds;*

*● the process to be followed in developing a local government's grant application for CDBG funds;*

*● the CDBG grant application's timetables;*

*● the CDBG grant application's rating processes utilized by ADECA;*

*● the schedule of public hearings to be conducted in relation to the CDBG grant's program planning, implementation, assessment, and closeout processes;*

*● the CDBG grant activities that were previously funded in the community; and*

*● an identification of grant activities and/or local projects which could result in the relocation of area residents or businesses, and necessary actions that would be undertaken if such relocation(s) become necessary to implement the activity/project.*

*A local government is to assure the opportunity for citizen participation during the implementation of any CDBG-funded grants when changes or amendments to such grant projects are under consideration by the community. Citizen participation shall be obtained and considered in any amendments to be made to a CDBG-funded project which involve (i) changes in dollar amounts expended on any grant activity, (ii) changes in project beneficiaries, (iii) changes in the location of approved activities, and (iv) changes in budget amounts allotted for project activities.*

*For a local government to ensure adequate opportunity for citizen participation in its CDBG Program administration, the local government shall conduct a public hearing when considering making a formal amendment to its CDBG grant project that will require ADECA's approval. For local amendments that are not formal amendments (as defined by ADECA) and for other grant project changes which will not require ADECA's approval, public input from citizens concerning those amendments or changes may be received and considered at regularly-scheduled local government meetings.*

*A local government’s citizens are to be provided with the opportunity to comment on the performance of their local government’s officials, staff, grant writers and consultants, project engineers, and construction contractors in relation to work they performed on a CDBG-funded grant project, and on the actual expenditure of CDBG grant funds during the grant's implementation process. Citizens may be requested to assess their local government’s performance in addressing identified community development and housing needs, and to assess their local government's performance in achieving its goals and objectives for those needs. Continuing a local government's assessment of the effectiveness of its grant administration processes is considered to be essential to the overall success of the CDBG Program.*

*At the conclusion of a local government's CDBG-funded project, a public hearing shall be conducted as a means to review the CDBG-funded activities and to assess the grant program's performance. Such public hearing shall be conducted prior to the local government's submission to ADECA of its CDBG Performance Assessment Report (PAR) and all other required CDBG grant closeout documents. The public hearing is intended to ensure community-wide participation in the evaluation of the local government's CDBG Program.*

*Other public hearings may be held as deemed necessary by a local government in order to inform citizens of community development projects and activities, and to solicit citizen opinions and comments. All additional local government public hearings shall comply with the requirements set forth in this Citizen Participation Plan.*

*A local government’s officials shall follow the guidance provided in the State’s Language Access Plan to determine the local need to undertake reasonable actions that can facilitate the participation of persons with Limited English Proficiency in federally-funded grant programs.**Such actions may include the local government’s provision of a language interpreter when needed, and the provision of materials in appropriate languages and formats.*

*A notice of public hearing shall be published in a newspaper of general circulation in the locality at least seven (7) days prior to the date of a local government’s public hearing. The local government may waive its requirements for publishing a notice of public hearing in situations where unusual circumstances justify alternative means of notifying the citizens of such public hearing. In those cases, shorter notice may be given, and public notices that are posted in public places within the local government’s jurisdiction may be used instead of a notice that is published in a local newspaper. Each notice of public hearing shall include the time, date, format, location, topics, and procedures to be discussed at the public hearing. A notice of public hearing may be both published in a local newspaper and posted in public places within the local government’s jurisdiction, separately or together, as may be deemed necessary by the local government.*

*The citizen participation procedures outlined herein are designed to promote participation by a local government’s low-income and moderate-income citizens, residents of a local government’s slum and blighted areas, and residents in a local government’s neighborhoods where CDBG-funded projects are to be implemented. A local government’s officials may take additional steps to further promote participation by these citizens and citizen groups, and/or to target program-related information to these citizens when local officials believe that such citizens might otherwise be excluded from participation, or when the local government deems that additional action is necessary. Activities that can promote additional citizen participation may include (i) posting of notices in public places within slum and blighted areas within a local government’s jurisdiction, in a local government’s Limited English Proficiency neighborhoods, and in a local government’s places that are frequented by low-income and moderate-income persons, and (ii) conducting public hearings in a local government’s low-income and moderate-income neighborhoods and in areas where proposed or existing CDBG projects are located.*

*The format(s) and location(s) of public hearings as described herein shall be accessible to persons with disabilities. A local government shall provide a language interpreter whenever the local government is requested in advance to provide such interpreter for persons of Limited English Proficiency and/or for persons in need of a sign language provider.*

*A local government’s citizens shall be provided full access to all local government program information during all phases of the local government's CDBG-funded project. A local government’s officials shall make a reasonable effort to ensure that such CDBG Program information is available to all citizens, especially the local government’s persons of low-income and moderate-income, and those residents in areas where the CDBG-funded project is located.*

*CDBG Program information and materials concerning specific CDBG grant-funded projects shall be made available by a local government and distributed to the general public at the local government’s regularly-scheduled public hearings. A local government's materials that are to be made available shall include, but may not be limited to:*

*● The local government's Citizen Participation Plan;*

*● Records of public hearings, mailings, and promotional materials;*

*● Prior-submitted CDBG grant applications;*

*● Letters of approval of CDBG grant applications;*

*● CDBG grant agreements;*

*● The environmental review record for the funded CDBG grant project;*

*● Financial and procurement records;*

*● The project engineer's project design and construction specifications;*

*● Project performance and evaluation reports;*

*● Other program-related reports required to be submitted to ADECA (such as audit reports, etc.);*

*● Proposed and approved CDBG grant applications for the current year or for the current grant project;*

*● Written comments or complaints received by the local government concerning the CDBG Program and/or grant project, and the local government's written responses to those comments and complaints; and*

*● Applicable federal and state laws, rules, regulations, policies, procedures, and requirements governing and/or applicable to the CDBG Program.*

*All public hearings, as described in this Plan, are intended and designed to facilitate public participation in all phases of a local government's community development process. Citizens are encouraged to submit their comments and proposals on all aspects of a local government's community development program during the local government’s public hearing process. To ensure that citizens are allowed opportunities to assess and comment on all aspects of a local government's community development program on a continuing basis, citizens shall be allowed to submit written comments or complaints to the local government at any time.*

*Any citizen or citizen group who desires to submit comments pertaining to any phase of a local government's processes for planning, development, and/or approval of a grant application for CDBG funds, or for a local government’s implementation phase of a CDBG-funded project, should submit such comments in writing to the local government’s chief elected official. If, after a reasonable period of time, a citizen believes that his/her comment has not been properly addressed or properly considered by the local government’s chief elected official, then the aggrieved citizen may further his/her comment to the entire local governing body for consideration.*

*A local government shall make a reasonable effort to provide a written response to each citizen's comment(s) within fifteen (15) working days of the local government’s receipt of said comment(s). If a local government is unable to resolve a citizen's comment(s), then the local government may forward such correspondence to ADECA and request that ADECA initiate further action to address the matter.*

*At any time, a citizen may directly contact ADECA and/or HUD to submit comments and complaints concerning a local government's work pertaining to its CDBG grant application, grant administration, and grant program implementation processes. However, citizens are encouraged to first resolve their comments and complaints at the local government’s level prior to initiating an attempt to involve ADECA and/or HUD in their comment or complaint resolution process.*

*Records of the citizens’ comments and complaints that have been received by a local government concerning its CDBG Program, and records of the subsequent actions that have been taken by the local government in response to those comments and complaints, shall be maintained on file at the local government’s headquarters office, and shall be made available for public review and inspection upon request.*

*A local government’s grant procedures shall include that it will undertake a periodic review and discussion of the effectiveness of its Citizen Participation Plan, particularly with regard to how that Plan allows citizen participation throughout the community development process and in addressing the community development needs and goals identified by the local government’s citizens. The effectiveness of the Citizen Participation Plan should be discussed at public hearings held in conjunction with a local government's community development program. A local government may modify, amend, or otherwise revise the provisions of its Citizen Participation Plan as and when it is deemed necessary. Each proposed amendment to its Citizen Participation Plan shall be reviewed by the local government at a public hearing. If and when the proposed amendment is approved, it shall be adopted by a resolution of the local government and subsequently incorporated into its Citizen Participation Plan.*

*Availability to the Public: The Five-Year Consolidated Plans, the One-Year Annual Action Plans, the Citizen Participation Plan, and substantial amendments to the Plans shall be made available to the general public through information provided at public hearings scheduled throughout the Community Planning and Development Programs' processes. The Plans and their substantial amendments shall be made available to citizens, citizen groups, public agencies, and other interested parties upon request. These materials shall also be made available in various formats and languages, and shall be accessible to persons with disabilities and to persons of Limited English Proficiency upon request.*

*Access to Records: Citizens, citizen groups, public agencies, and other interested parties may be allowed access to program-related information, documents, and records during regularly-scheduled business hours of a local government, agency, and/or other entity that is responsible for administering the applicable program(s), or at such other time(s), location(s), and format(s) as may be decided by the affected local government, agency, or entity, and according to the applicable situation or circumstance.*

*Complaint and Grievance Procedure: The purpose of a complaint and grievance procedure is to provide a process for receiving, evaluating, investigating, and resolving complaints and grievances that are brought in response to actions and determinations made which affect the community planning and development programs discussed herein this Citizen Participation Plan as well as this Plan itself. The complaint and grievance procedure is intended (i) to ensure that all citizens are treated equally in the complaint or grievance process, (ii) to allow for the complaint or grievance process to proceed in a fair and timely manner, (iii) to provide to the responsible entities a method by which they can determine and implement any and all appropriate actions to resolve the complaint or grievance, and (iv) to establish recordkeeping responsibilities to be implemented by the responsible entities who are addressing the complaint or grievance.*

*A “complaint” and/or a “grievance” is defined as a wrong that is perceived by a citizen to have occurred or been committed during the implementation of this Citizen Participation Plan and/or with any of the programs discussed herein, wherein the citizen pursues resolution of that perceived wrong by bringing an action to be addressed by the affected entities and/or interested parties. Complaints and grievances are to be stated in writing by the aggrieved party or his/her representative, and are to be submitted to the applicable local, state, or federal government agency for resolution.*

*In situations wherein a unit of local government receives written comments and complaints concerning its community development programs and/or its citizen participation plan and processes described herein this Plan, that unit of local government is to follow its complaint resolution process to address those written comments and complaints within a reasonable time or otherwise when practicable.*

*In situations wherein ADECA receives written comments and complaints that concern the Five-Year Consolidated Plans, the One-Year Annual Action Plans, the Citizen Participation Plan, substantial amendments to the Plans, and Performance Evaluation Reports described herein this Plan, ADECA shall provide a written response to those written comments and complaints. Such written response(s) will be provided within a reasonable time or otherwise when practicable.*

*Additionally, in situations wherein a citizen directly contacts ADECA for the purpose of submitting a complaint or grievance concerning ADECA’s and/or a local government's work pertaining to a specific CDBG grant’s application, administration, and/or program implementation process, ADECA shall take the complaint or grievance seriously, and will work to provide due process regarding the investigation, management, and resolution of such complaint or grievance if it is found to be valid and if it is within ADECA’s purview to resolve. ADECA will also manage complaints and grievances that involve its department employment-related issues, grant program-related issues, and grant financial-related issues as they may apply to the State and its units of local government, all in a manner wherein such issues are addressed in accordance with ADECA’s personnel policies and Alabama’s State Merit System law codified in Title 36 of the Code of Alabama (1975, as amended), applicable federal grant program financial regulations published at 2 CFR Part 200, applicable CED Division guidelines for the respective grant program’s funding source, and other applicable legal and/or administrative resources as determined by ADECA so as to allow for notice, due process, the conduct of hearings, and methods of resolution for those complaints and grievances. Such due process will be provided by ADECA within a reasonable time or otherwise when practicable.*

*At any time, citizens may directly contact HUD to register their comments, complaints, and/or grievances concerning the items contained in this Citizen Participation Plan. However, citizens are encouraged to seriously attempt to resolve such matters at the local government level – or at ADECA’s level – as outlined herein above prior to contacting HUD for such attempts at resolution. All such comments, complaints, and grievances submitted to ADECA or to HUD shall be addressed in writing to the following points of contact:*

*For ADECA, comments are to be addressed to:*

*Alabama Department of Economic and Community Affairs (ADECA)*

*Community and Economic Development Division*

*401 Adams Avenue, Room 500; Post Office Box 5690*

*Montgomery, Alabama 36103-5690*

*For HUD, comments are to be addressed to:*

*United States Department of Housing and Urban Development*

*Office of Community Planning and Development*

*Medical Forum Building, Suite 900*

*950 22nd Street North*

*Birmingham, AL 35203*

*Records of citizens’ comments, complaints, and/or grievances that have been received by a local government and/or ADECA concerning the CDBG Program, and records of the subsequent actions that have been taken by the local government and/or ADECA in response to, and for resolution of, those matter(s) shall be maintained on file at the local government’s headquarters office (if the matter was resolved by the local government) or at ADECA’s headquarters office (if the matter was resolved by ADECA). These records shall be made available for public review and inspection upon request."*

These Citizen Participation Plan procedures were followed to impact this Plan's goal-setting process. Additional goal-setting input was obtained via ADECA's 2014-2015 "Analysis of Impediments to Fair Housing Choice," as described in the sections herein above, and the "Community Needs Survey" and "Impediments to Fair Housing Choice Survey" that were conducted by ADECA in June-August 2014. Further, goal-setting input was obtained during October 1, 2019 through March 2020 via ADECA conducting the 2019-2020 "Analysis of Impediments to Fair Housing Choice," as described in the sections herein above, and the 2019 "Alabama Fair Housing Choice Survey" that was conducted in October 2019-March 2020 in association with the AI. All of these processes were utilized to gather input from a broad swath of people and communities in Alabama and surrounding states, and such input was utilized to set the goals contained in this Plan.

**HOME**: For the HOME Plan’s citizen participation, community engagement, and public involvement process, AHFA followed the citizen participation process included in the 2021 HOME Action Plan and the citizen participation process stated above.

AHFA reviewed the comments received and revised the Plans based on certain comments submitted. While all comments were carefully reviewed and considered, only the most equitable comments pertaining to the process for the entire state and the variety of program participants resulted in changes being made to the final Plans. As the administrator of the Plans, AHFA’s goal is to develop written criteria for the Plans that will provide equal access to all types of affordable housing developments, which include but are not limited to: various construction types (new construction, acquisition, rehabilitation, and adaptive reuse, etc.); diverse target populations (families, seniors, persons with mental and physical disabilities, Veterans, and homeless populations, etc.); and geographical characteristics (rural, metropolitan, qualified census tracts, distressed areas, etc.). In attempting to reach varied needs and population types across the state, our greatest challenge is to develop a fair and balanced allocation methodology with the intent to ensure that all applications, regardless of the targeted population and construction type, will have a fair chance of competing during each application cycle.

**ESG**: The ESG Plan’s citizen participation, community engagement, and public involvement process followed ADECA's Citizen Participation Plan that was revised and updated in October 2020.

**HOPWA**: The HOPWA Plan’s citizen participation, community engagement, and public involvement process followed ADECA's Citizen Participation Plan that was revised and updated in October 2020.

**HTF**: For the HTF Plan’s citizen participation, community engagement, and public involvement process, AHFA followed the citizen participation process stated above.

A detailed summary of all comments received during the commenting period along with responses by AHFA can be found in their entirety at the following AHFA website link:

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

**Citizen Participation Outreach:**

|  |  |  |
| --- | --- | --- |
| **#** | **Mode of Outreach:** | **Target of Outreach:** |
| 1 | 🞎 Public Meeting  🗹 Public Hearing  🗹 Newspaper Ad  🗹 Internet Outreach  🞎 Other: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | 🞎 Minorities  🞎 Non-English Speaking (specify other language = (\_\_\_\_\_\_\_\_\_\_\_\_\_)  🞎 Persons with Disabilities  🗹 Non-targeted/broad community  🞎 Residents of Public and Assisted Housing  🞎 Other: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| **Summary of response/attendance** | | For the CDBG, ESG, and HOPWA Programs, following these points of community engagement, a public hearing for the 2020-2024 Five-Year Consolidated Plan was conducted at ADECA's headquarters office on December 17, 2019. Attendees were notified of this public hearing via an advertisement published in the print edition of the Montgomery Advertiser newspaper on Friday, November 15, 2019, as well as a notice posted on the ADECA website at [www.adeca.alabama.gov](http://www.adeca.alabama.gov), and email/electronic notification sent from ADECA, AHFA, and AIDS Alabama to their clientele, local governments, grant administrators, other interested parties, and members of the public. In response, 49 persons attended the December 17, 2019 public hearing. The public hearing allowed for a 30-day public comment period that lasted through to January 15, 2020 public comment submission deadline. ADECA received one written comment on the PY2020-2024 Five-Year Plan.  Also, a public hearing for the PY2021 One-Year Annual Action Plans for the CDBG, ESG, HOME, HOPWA, and HTF Programs was conducted remotely/virtually on February 18, 2021. Attendees were notified of this public hearing via an advertisement published in the print edition of the Birmingham News newspaper on February 3, 2021, as well as a notice posted on the ADECA website at [www.adeca.alabama.gov](http://www.adeca.alabama.gov), and email/electronic notification sent from ADECA, AHFA, and AIDS Alabama to their clientele, local governments, grant administrators, other interested parties, and members of the public. In response, 81 persons virtually attended the February 18, 2021 public hearing. The public hearing allowed for a 30-day public comment period that lasted through the March 22, 2021 public comment submission deadline. ADECA received no written comments on the PY2021 One-Year Annual Action Plans.  In addition, AHFA had previously published in the Birmingham, Huntsville, Mobile, and Montgomery newspapers and posted on the AHFA's website information concerning the AHFA's July 21, 2020 public hearing for the PY2021 HOME and HTF Programs' Plans, and also emailed 1,493 notices of the draft Plans' availability to interested parties - notifying them of the 30-day public comment period that ended on August 20, 2020. AHFA received 91 written comments from 28 individuals and organizations, and then posted those comments on the AHFA's website. Subsequent changes were made to the Plans, and those changes were also discussed during the February 18, 2021 public hearing. No written comments were received as of the March 22, 2021 ending date for the public comment period. |
| **Summary of Comments Received** | | All comments received concerning the CDBG, ESG, and HOPWA Programs are discussed herein above in Section **AP-05 Executive Summary** at **5. Summary of Public Comments**. |
| **Summary of comments not accepted and reasons** | | Not applicable, as all comments are accepted and considered. |
| **URL if applicable** | |  |

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| --- | --- | --- |
| **#** | **Mode of Outreach:** | **Target of Outreach:** |
| 2 | 🞎 Public Meeting  🗹 Public Hearing  🗹 Newspaper Ad  🗹 Internet Outreach  🞎 Other: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | 🞎 Minorities  🞎 Non-English Speaking (specify other language = (\_\_\_\_\_\_\_\_\_\_\_\_)  🞎 Persons with Disabilities  🗹 Non-targeted/broad community  🞎 Residents of Public and Assisted Housing  🞎 Other: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| **Summary of response/attendance** | | AHFA had published in the Birmingham, Huntsville, Mobile, and Montgomery newspapers and posted on the AHFA's website information concerning the AHFA's July 21, 2020 public hearing for the PY2021 HOME and HTF Programs' Plans, and also emailed 1,493 notices of the draft Plans' availability to interested parties - notifying them of the 30-day public comment period that ended on August 20, 2020. AHFA conducted its public hearing on the PY2021 HOME Action Plan and PY2021 HTF Allocation Plan on July 21, 2020. AHFA received 91 written comments on the 2021 HOME Action Plan and 2021 Housing Credit Qualified Allocation Plan. AHFA also participated in the PY2021 One-Year Action Plan public hearing for the CDBG, ESG, HOME, HOPWA, and HTF Programs on February 18, 2021. AHFA reviewed the comments submitted and made revisions to the Plans based on certain comments. The PY2021 HOME Action Plan is available at [www.ahfa.com](http://www.ahfa.com). The Summary of the Citizen Participation Process and Proposed Changes and public comments are available at <http://www.ahfa.com/multifamily>. |
| **Summary of Comments Received** | | The comments received concerning the HOME Program are discussed herein above in Section **AP-05 Executive Summary** at **5. Summary of Public Comments**. Also, for the HOME Program, the comments from the HOME Action Plan’s July 21, 2020 public hearing are referenced herein. |
| **Summary of comments not accepted and reasons** | | See the comments from the HOME Action Plan public hearing held on July 21, 2020 which are referenced herein. |
| **URL if applicable** | |  |

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| --- | --- | --- |
| **#** | **Mode of Outreach:** | **Target of Outreach:** |
| 3 | 🞎 Public Meeting  🗹 Public Hearing  🗹 Newspaper Ad  🗹 Internet Outreach  🞎 Other: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | 🞎 Minorities  🞎 Non-English Speaking (specify other language = (\_\_\_\_\_\_\_\_\_\_\_\_)  🞎 Persons with Disabilities  🗹 Non-targeted/broad community  🞎 Residents of Public and Assisted Housing  🞎 Other: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| **Summary of response/attendance** | | The AHFA conducted its public hearing on the 2021 HTF Plan on July 21, 2020. No public comments were received during the 30-day commenting period. However, AHFA received a comment after the commenting period deadline and incorporated that recommendation into a 2nd Draft HTF Allocation Plan. The subsequent change was presented during the public hearing on February 18, 2021 for the State of Alabama’s PY2021 One-Year annual Action Plan for CDBG, ESG, HOPWA, HOME and HTF programs. No comments were received during that 30-day commenting period. The Summary of Citizen Participation Process for the 1st and 2nd Draft 2021 HTF Allocation Plans are available at [www.ahfa.com](http://www.ahfa.com). |
| **Summary of Comments Received** | | No comments were submitted during the commenting period for the PY2021 HTF Plan. |
| **Summary of comments not accepted and reasons** | | See **Attachment 6** at Summary of Citizen Participation for the PY2021 HTF Plan. |
| **URL if applicable** | |  |

**ANNUAL ACTION PLAN**

**AP-15 Expected Resources [see 24 CFR 91.320(c)(1,2)]**

**Introduction:** The State of Alabama’s One-Year Annual Action Plan (AAP) for Program Year 2021 (PY2021) (which is Year Two of the 2020-2024 Five-Year term) is a collaboration between ADECA (the administrator of the CDBG Program and ESG Program), AHFA (the administrator of the HOME Program and the HTF Plan), and AIDS Alabama (the administrator of the HOPWA Program). This AAP’s goal is to provide guidance for expending federal dollars that effectively blend with local initiatives, both public and private, that are designed to address needs identified through Alabama’s strategic planning process. CDBG Program funds are expended to address community development, community planning, economic development (inlcuding infrastructure and loan programs), job creation, housing rehabilitation, health hazard situations and disasters/emergency crisis management, and Alabama’s Black Belt Region Initiative (that began implementation in 2005). HOME Program funds are expended on new multifamily rental housing across the state. HOME tenants typically include families, the elderly, and special needs populations, all of whom are low-income and in need of affordable housing. ESG Program funds are expended on addressing the needs of Alabama’s homeless population and persons at risk of homelessness, and such activities include street outreach, emergency shelter, homelessness prevention, rapid re-housing, and development of local Homeless Management Information System (HMIS) technology solutions for collecting and reporting client-level data and data on the provision of housing and services to the homeless and those at risk of homelessness. HOPWA Program funds are expended on direct housing activites benefitting individuals and households with HIV/AIDS, and on supportive service activities that assist this population with developing skills and accessing resources needed to maintain housing stability and avoid homelessness. The direct housing activities funds cover operational costs of existing HIV/AIDS housing, but also support the cost of rental assistance programs that include Tenant-Based Rental Assistance (TBRA), Project-Based Rental Assistance (PBRA), and Short Term Rent, Mortgage, and Utility Assistance (STRMU). Additional activities include facility-based housing subsidy for permanent housing, facility-based housing subsidy for transitional/ short term housing, housing information, technical assistance, and resource identification services. Housing information and technical assistance services strengthen the efforts of local AIDS Service Organizations (ASOs) to expand the current stock of HIV/AIDS-specific housing. Resource identification activities assist with marketing, planning, and developing affordable housing throughout the state, and include funding for the completion of the Statewide Needs Assessment. Identification of mainstream housing resources and connection to those programs will be delivered through housing information services. HOPWA funds also support other housing development efforts through technical assistance and resource identification categories that have maximized more mainstream housing fund dollars. HTF funds are expended on promoting housing priorities that include new construction of single-family rental homes, duplexes, or group care facilities and multi-family residential facilities. Proposed units to be constructed near a Veterans Administration facility will be given consideration, as they will be geographically located for access by extremely-low-income residents of such facilities who are veterans with limited transportation options.

The State of Alabama’s original Five-Year Consolidated Plan for 2020-2024 was submitted on April 6, 2020 for approval by HUD. That Five-Year Plan was amended via the First Substantial Amendment to the Plan to accommodate the new CARES Act COVID-19 CDBG-CV, ESG-CV, and HOPWA-CV Programs, and was submitted to HUD on December 2, 2020 for approval by HUD. This PY2021 One-Year Annual Action Plan for Program Year Two (PY2021) is being submitted in April 2021 for approval by HUD.

These Plans state how implementation of the objectives outlined in the current 2020-2024 Five-Year Plan will continue, and those objectives include providing decent housing, suitable living environments, and economic opportunities. In developing the previous Program Year One Annual Action Plan (PY2020), a public hearing was held on December 17, 2019 for the Five-Year Consolidated Plan (2020-2024) and for the PY2020 One-Year Annual Action Plan to discuss the CDBG, ESG, HOME, and HOPWA Programs, and notices were advertised in the state’s statewide major newspaper, e-mailed to interested parties, and posted on ADECA’s web site. A separate public hearing was conducted by the Alabama Housing Finance Authority on June 27, 2019 to discuss and accept public comments on the PY2020 One-Year Annual Action Plans for the HOME and HTF Programs, and notices were advertised in the state’s major newspapers, e-mailed to interested parties, and posted on AHFA’s web site.

In developing the First Substantial Amendment to the Five-Year Consolidated Plan so as to include the new CDBG-CV, ESG-CV, and HOPWA-CV Programs, notices were advertised in the state’s major newspaper, e-mailed to interested parties, and posted on ADECA’s and AHFA's websites. A public hearing was then conducted by ADECA and the AHFA on November 4, 2020 to discuss these new CARES Act COVID-19 Programs.

In developing this Program Year Two Annual Action Plan (PY2021), a public hearing was held on February 18, 2021 for the PY2021 One-Year Annual Action Plan to discuss the CDBG, HOME, ESG, HOPWA, and HTF Programs, and notices were advertised in the state’s major statewide newspaper, e-mailed to interested parties, and posted on ADECA’s web site and AHFA's website. A separate public hearing was also conducted by the Alabama Housing Finance Authority on July 21, 2020 to discuss the HOME Program, and notices were advertised in the state’s major newspapers, e-mailed to interested parties, and posted on AHFA’s web site.

Because the State of Alabama is required to report to HUD the outcomes of a just-completed Program Year’s programs in June of each year, the outcomes for the Program Year One (PY2020) will be reported to HUD in the June 2021 Consolidated Annual Performance Evaluation Report (CAPER).

In addition to quantitative outputs, these outcomes will be reported by the general categories of availability / accessibility, affordability, and sustainability. The documents containing this information will be made available for public review in June 2021 (for PY2020) on ADECA’s website at [www.adeca.alabama.gov](http://www.adeca.alabama.gov) as well as at ADECA's headquarters offices located in Montgomery, Alabama. In addition, the State of Alabama must annually report each Program Year’s 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” – requiring that such reporting be done by entering individual grant objectives and outcomes into HUD’s online Integrated Disbursement and Information System (IDIS), located on [www.hud.gov](http://www.hud.gov).

**Priority Table:**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Source of Funds** | **Source** | **Uses of Funds** | **Expected Amount Available:**  **Year 2** | **Expected Amount Available: Remainder of Con Plan** | **Narrative Description** | **Action** |
| **CDBG** | public-federal | Acquisition  Admin & Planning  Economic Development  Housing  Public Improvements  Public Services | Annual Allocation: $23,903,936  Program Income:  $0  Prior Year Resources:  $0  Total: $23,903,936 | $0 | CDBG Funds will be expended among the following Fund Categories:  County Fund =  $2,959,500;  Large City Fund =  $5,381,800;  Small City Fund =  $6,227,900;  Economic Development Fund = $5,158,750;  Planning Fund = $129,069;  Community Enhancement  Fund = $3,229,800;  State Administration = $578,078;  State Technical Assistance = $239,039.  The amounts allocated to each Fund category are determined by the amounts requested in the applications received each year.  Funds are awarded based on the quality of applications received.  Each applicant estimates the amounts needed for each activity. | **CDBG** |
| **HOME** | public-federal | Acquisition  Homebuyer Assistance  Homeowner Rehab  Multifamily Rental New Construction  Multifamily Rental Rehab  New Construction for Ownership  Tenant-Based Rental Assistance (TBRA) | Annual Allocation: $11,227,286  Program Income:  $5,852,130  Prior Year Resources: $4,026,410  Total: $21,105,826 | $0  Unknown at this time | HOME Funds will be expended according to the 2021 HOME Action Plan attached hereto. | **HOME** |
| **HOPWA** | public-federal | Permanent Housing in Facilities  Permanent Housing Placement  Short-term Rent, Mortgage, and Utility Assistance (STRMU)  Short Term or Transitional Housing Facilities  Supportive Services  Tenant-Based Rental Assistance (TBRA) | Annual Allocation: $2,823,192  Program Income:  $0  Prior Year Resources: $0  Total:  $2,823,192 | $0 | HOPWA Funds will be expended in the manner described in the narrative below. | **HOPWA** |
| **ESG** | public-federal | Conversion and Rehab for Transitional Housing  Financial Assistance  Overnight Shelter  Rapid Re-housing (rental assistance)  Rental Assistance  Services  Transitional Housing | Annual Allocation: $2,883,869  Program Income:  $0  Prior Year Resources: $0  Total: $2,883,869 | $0 | The amounts allocated to each activity are determined by the amounts requested in the applications received each year. Funds are awarded based on the quality of applications received. Each applicant estimates the amounts needed for each activity. | **ESG** |
| **HTF** | public-federal | Acquisition  Administration and Planning  Homebuyer Assistance  Multifamily Rental New Construction  Multifamily Rental Rehab  New Construction for Ownership | Annual Allocation: $6,690,654  Program Income:  $0  Prior Year Resources: $0  Total:  $6,690,654 | $0  Unknown at this time | HTF Funds will be expended according to the HTF Plan attached hereto. | **HTF** |

**Explain how federal funds will leverage those additional resources (private, State, and local funds), including a description of how matching requirements will be satisfied:**

**CDBG:** Alabama’s CDBG Program will provide financial grants and other assistance to the State’s non-entitlement areas consisting of those cities and counties that do not include the cities of Anniston, Auburn, Bessemer, Birmingham, Decatur, Dothan, Florence, Gadsden, Huntsville, Mobile, Montgomery, Opelika, and Tuscaloosa, and Jefferson County and Mobile County. These funds will be disbursed among 8 Fund categories that include County, Large City (cities with 3,001 or more population), Small City (cities with 3,000 or less population), Economic Development, Planning, Community Enhancement, State Technical Assistance, and State Administration, as is authorized under the Housing and Community Development Act of 1974, as amended. Additional categories can include funds for Section 108 Loan Guarantees, Recaptured Funds projects, Black Belt Region projects (that encompass the 14 counties of Bullock, Butler, Choctaw, Crenshaw, Dallas, Greene, Hale, Lowndes, Macon, Marengo, Perry, Pickens, Sumter, and Wilcox), Urgent Need projects, and multi-jurisdictions’ Joint projects. Because grants assist in providing community development, decent housing, suitable living environments, and expansion of economic opportunities that are principally for low-income and moderate-income persons, Alabama’s criteria for selecting local governments’ CDBG applications to receive funds rest, in part, on how those federal funds will be leveraged at the State and local levels. The State plans to leverage CDBG funds with the applicant local governments' matching funds. The State encourages its non-entitlement local governments to contribute their own funds in the CDBG application process, even if the project is a joint project to be administered via a collaboration between two participating jurisdictions.

The satisfaction of match requirements is explained more specifically as follows:

Alabama will receive $23,903,936 in PY2021 CDBG funds. For the State Administration Fund, the State will allocate $578,078, and will match its CDBG dollars on a dollar-for-dollar basis, except for the $100,000 that is not required to be matched. That $100,000 is reserved for expenditure on preparing the Five-Year Consolidated Plan, the One-Year Annual Action Plan, and the "Analysis of Impediments to Fair Housing Choice." The State will also allocate $239,039 for State Technical Assistance.

1. For the County Fund, Large City Fund, and Small City Fund categories, Alabama will allocate the following amounts: (1) County Fund = $2,959,500; (2) Large City Fund = $5,381,800; and (3) Small City Fund = $6,227,900. These funds will be allocated based on the quality of grant applications received from eligible non-entitlement communities seeking CDBG assistance. In the grant application rating and selection process, the State will assign up to 20 points to a community’s rating score if its application/project includes the contribution of local matching funds, and these points will be awarded based on the percent of local funds divided by the total CDBG funds requested, as follows: Two points will be awarded for a one percent (1%) matching funds contribution, 4 points will be awarded for a two percent (2%) matching funds contribution, and so forth up to 20 points being awarded for a ten percent (10%) matching funds contribution. 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 the County Fund, Large City Fund, or Small City Fund categories.

2. For the Community Enhancement Fund (for which the State will allocate $3,229,800), the State will require a local match amount equal to or exceeding 10 percent (10%) of the community’s requested CDBG amount. However, for these Funds, the State will not require that communities put forth the local matching funds if they have 1,000 or fewer population as determined by the 2010 Census; instead, the State will allow the full 20 points to be added to each such community’s application rating score.

3. For the Planning Fund (for which the State will allocate $129,069), the State will require a local match amount of 20 percent (20%) of the community’s CDBG amount requested in the application. However, the State will not require that communities put forth the local matching funds if they have 1,000 or fewer population as determined by the 2010 Census; instead, the State will allow the full 20 points to be added to each such community’s application rating score.

4. For the Economic Development Fund (for which the State will allocate $5,158,750), the State will require a local match amount of 20 percent (20%) of the community’s CDBG amount requested in the application. However, the State will not require that communities put forth the local matching funds if they have 1,000 or fewer population as determined by the 2010 Census; instead, the State will allow the full 20 points to be added to each such community’s application rating score. More specifically:

a. For ED Grants, the project must include a local match of at least 20 percent of the amount requested in the ED Grant application. 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. Under extremely extenuating circumstances, the ADECA Director may provide a waiver to the local match requirement.

b. For ED Incubator Projects, the factors to be considered in evaluating the worthiness of such proposals include evidence of local support (financial, professional, or other).

c. For ED Loans, applications for ED Loans will be reviewed for conformance with the thresholds and other factors such as the leverage ratio (private dollars as compared to CDBG dollars).

d. For ED Float Loans, applications for ED Float Loans will be considered based on a thorough review of the project, and the funding decisions will be based on the factors that include loan security, which security shall be in the form of an irrevocable letter of credit or such other security acceptable to the State.

5. Other matching funds involve the Section 108 Loan Guarantee Program, wherein Alabama’s non-entitlement communities can apply for this program’s funds, but the State is the entity that agrees to pledge a necessary amount of its own CDBG funds to secure such a loan.

6. For Urgent Need projects, the State does not require these to be subject to any matching funds requirements. Also, Alabama has put in place an option that is allowed by law and regulations to forgive up to $100,000 in required matching funds when circumstances of extreme need indicate that such action is appropriate. Alabama will consider the urgency, need, and distress of the applying community when making such matching funds decisions.

When each grant recipient has drawn down/received thirty percent (30%) or more of its project’s CDBG funds, the State will monitor that recipient’s grant project and documentation to verify compliance with CDBG Program requirements. Included in this monitoring visit is a review of the recipient’s matching funds contributed to/expended on the project up to that point in the project’s implementation schedule. The State’s matching funds monitoring document is entitled “Common Rule Compliance Checklist,” and the matching funds questions are stated therein at “Section II. Matching Share.”

**HOME**: Based on the PY2021 allocation, Alabama will receive $11,227,286 in HOME funds. The State plans to leverage HOME funds with Low Income Housing Tax Credits for the creation of rental housing. Additional funding sources are encouraged in the application process including, but not limited to, Federal Home Loan Bank affordable housing program funds, Federal Historic Tax Credit, Alabama Historic Rehabilitation Tax Credit, USDA Rural Development 515 funds, CDBG, CDBG Disaster Funds Rental Assistance Demonstration funds, Neighborhood Stabilization Program funds, Capital Fund Program Grant, Replacement Housing Factor Fund Grant, CHOICE Neighborhood funds, Promised Neighborhood funds, NeighborhoodWorks Capital Grant, Home Depot Foundation Grant and collaborations with other Participating Jurisdictions in Alabama. The satisfaction of match requirements is explained as follows (also, see the PY2021 HOME Action Plan under *VI. COMPLIANCE, E. Matching*). More specifically, the 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…provide financial assistance to HOME-eligible Alabama

households and a portion of this funding may count as match . . .”

**ESG**: ESG Program funds will provide assistance to homeless persons and victims of domestic abuse as defined under the Stewart B. McKinney Homeless Assistance Act, as amended. The State will receive $2,883,869 in PY2021 ESG funds. The State will allocate the funds based on the quality of applications received from local units of government and private nonprofit organizations. ESG funds will be 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. There are very limited resources at the State level to serve as match for the ESG funds. ESG funding used for the State’s administration of the program is matched by the State. All other ESG dollars must be matched on a dollar for dollar basis by the State’s subrecipients. Cash, donations, or in-kind services may be used as match. Donated property, space, equipment, and materials may also be used to satisfy the matching requirements. 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.

**HOPWA**: Based on the PY2021 allocation, Alabama will receive $2,823,192 in HOPWA funds. AIDS Alabama will work diligently to secure partnerships with private sector organizations. Previous partnerships with the MAC AIDS Fund, the Greater Birmingham Area Community Foundation, major banking institutions, and others have allowed AIDS Alabama to increase supportive services, improve existing housing, and increase prevention efforts throughout the State. Support from such groups is used as match and leverage to bring increased federal dollars and programs into Alabama. Each and every grant received by AIDS Alabama is used to leverage additional funding from other sources to expand the scope of that grant funding.

**HTF**: Based on the PY2021 allocation, AHFA expects to receive approximately $6,690,654 in HTF funds. The AHFA plans to follow leverage HTF funds in accordance with the attached PY2021 HTF Plan at Section I(1)e *Leveraging*. Section I(1)e *Leveraging* states that funding priority will be given to applicants that have a commitment from other non-federal sources.

**If appropriate, describe publicly-owned land or property located within the State of Alabama that may be used to address the needs identified in the Plan:**

**CDBG**: For the CDBG Program, Alabama’s CDBG-funded community development and public improvement project activities typically involve construction or reconstruction that is carried out on the respective local government’s publicly-owned land, and such work often involves water system projects (including new or expansion of water pipes, new or rehabilitation of water tanks, and water filtration plants), sewer system projects (new or expansion of sewer pipes, and drainage systems), fire protection projects (including fire stations and fire trucks, and new fire hydrants and flush valves), road projects (for new streets/roads or existing street/road improvement projects), improvements to public facilities that will benefit more than one business (such as railroad spurs), and community enhancement/quality of life projects (including construction of community centers, senior centers, parks and recreational areas, homeless shelters, emergency/ storm shelters), and similar activities. If and when this type of local publicly-owned land or property in Alabama is used to address a community’s needs that are authorized by/identified in this PY2021 One-Year Annual Action Plan, then the State requires that such land/property is to be geographically situated within the jurisdiction of the applicant community (county, large city, or small city), and such land/property be the location of, and thus subject to, the CDBG grant application’s approved project activities. And the local governments applying for CDBG Program funds often involve their own publicly-owned land or property located within their jurisdictions as the subject of the CDBG project's need that they intend to address via their application for said funds.

**HOME**: Not applicable.

**ESG**: Not applicable.

**HOPWA**: Not applicable.

**HTF**: Not applicable.

**Discussion:**

See the discussion contained in the sections herein above.

**AP-20 Annual Goals and Objectives [see 24 CFR 91.320(c)(3)&(e)]**

**Goals:**

**CDBG**: For the CDBG Program, the allocation to the State of Alabama for the PY2021 CDBG Program equals $23,903,936. With these funds, the overall goals of Alabama’s CDBG Program focus on expending the allocated funds to address the program’s three National Objectives within Alabama’s non-entitlement communities, which are defined as those cities and counties that do not include the cities of Anniston, Auburn, Bessemer, Birmingham, Decatur, Dothan, Florence, Gadsden, Huntsville, Mobile, Montgomery, Opelika, and Tuscaloosa, and Jefferson County and Mobile County. These goals are as follows:

Each CDBG-funded project must address at least one of the Program’s three National Objectives:

1. the activity must benefit low and moderate-income persons, of which at least 51% must be from low-income and moderate-income households, except for single family housing activities which must benefit 100% low and moderate income households;

2. the activity must aid in the prevention or elimination of slums and blight; or

3. the activity must 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.

Each CDBG-funded project must meet one of the following three performance goals:

1. the project must create suitable living environments;

2. the project must provide decent affordable housing; or

3. the project must create economic opportunities.

Each CDBG-funded project must demonstrate the ability to achieve or improve one or more of the following outcomes:

1. the project must improve availability or accessibility of units or services;

2. the project must improve affordability of housing or other services; and/or

3. the project must improve sustainability by promoting viable communities.

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.

The State of Alabama’s PY2021 One-Year Annual Action Plan is to provide a guide for administrating and effectively blending the $23,903,936 in federal PY2021 CDBG dollars with local initiatives, both public and private, to address those needs identified in the strategic planning process. To attain that goal, CDBG 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 back in 2005.

Through these goals, the short-term and long-term objectives that the State expects to achieve through expending its PY2021 funds involve serving the needs of those communities’ citizens by distributing the funds in an equitable manner per the federal and state regulations and guidelines. The short-term objectives are designed to assist Alabama’s non-entitlement communities in their immediate efforts to address important community development needs arising at the local level by encouraging these communities to develop plans for implementing infrastructure projects that will allow them to timely address and accommodate economic and development opportunities. Other immediate efforts can include providing health hazard and urgent need/emergency management assistance for these communities to access and activate when responding to disasters and crises, and providing mechanisms for them to use when addressing other development needs which can include housing rehabilitation, and infrastructure replacements and upgrades. The long-term objectives include providing for important community facilities intended/designed to address improving the residents’ quality-of-life within the community; promoting economic development that can expand the local tax base by creating new jobs and/or retaining existing employment; and meeting the long-term affordable housing needs of low- and moderate-income Alabamians.

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| --- | --- | --- | --- | --- |
| **Name:** | | Alabama's CDBG Program | | |
| **Category:** | | | | |
| Affordable Housing | | 🞎 | | |
| Public Housing | | 🞎 | | |
| Homeless | | 🞎 | | |
| Non-Homeless Special Needs | | 🞎 | | |
| Non-Housing Community Development | | 🗹 | | |
| Other | | 🞎 | | |
| If Other, specify: Disaster Recovery | | | | |
| **Start Year:** | | PY2021 | | |
| **End Year:** | | PY2024 (the end of the 5-Year Plan) | | |
| **Outcome:** | | Availability/accessibility | | |
| **Objective:** | | Create Economic Opportunities | | |
| **Geographic Areas Included:** No goal geo area available. | | | | |
| **Priority Needs Addressed:** No goal needs available. | | | | |
| **Funding Allocated:** | | | | |
| CDBG | | $23,903,936 | | |
| HOPWA | |  | | |
| HOME | |  | | |
| ESG | |  | | |
| HTF | |  | | |
| Other - CDBG-DR | |  | | |
| Total: | | $23,903,936 | | |
| **Goal Outcome Indicator** | | | | |
| **#** | **Goal Outcome Indicator** | | **Quantity** | **Use of Money (UoM)** |
| 1 | Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit | | 60,000 | Persons Assisted |
| 2 | Public Facility or Infrastructure Activities for Low/Moderate Income Housing Benefit | | 45 | Households Assisted |
| 3 | Public Service Activities other than Low/Moderate Income Housing Benefit | |  | Persons Assisted |
| 4 | Public Service Activities for Low/Moderate Income Housing Benefit | |  | Households Assisted |
| 5 | Façade Treatment / Business Building Rehabilitation | |  | Business |
| 6 | Brownfield Acres Remediated | |  | Acre |
| 7 | Rental Units Constructed | |  | Household Housing Unit |
| 8 | Rental Units Rehabilitated | |  | Household Housing Unit |
| 9 | Homeowner Housing Added | |  | Household Housing Unit |
| 10 | Homeowner Housing Rehabilitated | | 20 | Household Housing Unit |
| 11 | Direct Financial Assistance to Homebuyers | |  | Households Assisted |
| 12 | Tenant-based Rental Assistance / Rapid Rehousing | |  | Households Assisted |
| 13 | Homeless Person Overnight Shelter | |  | Persons Assisted |
| 14 | Overnight / Emergency Shelter / Transitional Housing Beds added | |  | Beds |
| 15 | Homelessness prevention | |  | Persons Assisted |
| 16 | Jobs created / retained | | 1,000 | Jobs |
| 17 | Businesses assisted | | 10 | Businesses Assisted |
| 18 | Housing for Homeless added | |  | Household Housing Unit |
| 19 | Housing for People with HIV / AIDS added | |  | Household Housing Unit |
| 20 | HIV / AIDS Housing Operations | |  | Household Housing Unit |
| 21 | Buildings Demolished | | 100 | Buildings |
| 22 | Housing Code Enforcement / Foreclosed Property Care | |  | Household Housing Unit |
| 23 | Other | |  | Other |

**HOME**: For the HOME Program, the allocation to the State of Alabama for the PY2021 HOME Program is $11,227,286. With these funds, the State plans to create as many new rental housing units across Alabama as is possible. By leveraging HOME funds with Housing Tax Credits, the HOME award per successful applicant is carefully underwritten in a way that stretches the HOME dollars farther and makes a much larger impact on the affordable rental housing stock needed by lower-income Alabamians. The State estimates possibly funding 5-7 HOME projects with 200-350 units with Program Year 2021 funds. At least fifteen percent (15%) of funding will be designated for CHDOs and the remainder will be awarded to a mixture of for-profit and non-profit developers.

Also, as the administrator of the Plans, AHFA’s goal is to develop written criteria for the Plans that will provide equal access to all types of affordable housing developments, which include (new construction); diverse target populations (family, elderly, handicapped, supportive services, mentally impaired, etc.); and geographical characteristics (rural, metropolitan, qualified census tracts, distressed areas, etc.). In attempting to reach varied needs and population types across the state, AHFA’s greatest challenge is to develop a fair and balanced allocating methodology with the intent to ensure that all applications, regardless of the targeted population and construction type, will have a fair chance of competing during each cycle for funding. To that end, certain perceived scoring impediments for a particular type of organization can be offset by other incentives in the Plans, which may not be necessarily applicable to other types of organizations. In addition, the Plans are not intended to serve as a replacement for other discontinued housing programs, which may have had different standards, costs or otherwise. This is especially true as it relates to construction design standards. Any applicant that proposes to include design standards which significantly exceed AHFA’s standards or to include other design standards mandated by other programs, must obtain additional funding sources to offset any additional costs, assuming the project’s costs exceed AHFA’s definition of reasonable costs. As an alternative and when feasible, applicants should consider submitting an application for tax-exempt multifamily bonds, which are subject to availability, provided on a first-come first-served basis, and subject to the criteria and requirements of the applicable Plan and AHFA Multifamily Housing Revenue Bond Policy.

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| --- | --- | --- | --- | --- |
| **Name:** | | Alabama's HOME Program | | |
| **Category:** | | | | |
| Affordable Housing | | 🗹 | | |
| Public Housing | | 🞎 | | |
| Homeless | | 🞎 | | |
| Non-Homeless Special Needs | | 🞎 | | |
| Non-Housing Community Development | | 🞎 | | |
| Other | | 🞎 | | |
| If Other, specify: Disaster Recovery | | | | |
| **Start Year:** | | PY2021 | | |
| **End Year:** | | PY2024 (the end of the 5-Year Plan) | | |
| **Outcome:** | | Affordability | | |
| **Objective:** | | Provide decent affordable housing | | |
| **Geographic Areas Included:** No goal geo area available. | | | | |
| **Priority Needs Addressed:** No goal needs available. | | | | |
| **Funding Allocated:** | | | | |
| CDBG | |  | | |
| HOPWA | |  | | |
| HOME | | $11,227,286 | | |
| ESG | |  | | |
| HTF | |  | | |
| Other - CDBG-DR | |  | | |
| Total: | | $11,227,286 | | |
| **Goal Outcome Indicator** | | | | |
| **#** | **Goal Outcome Indicator** | | **Quantity** | **Use of Money (UoM)** |
| 1 | Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit | |  | Persons Assisted |
| 2 | Public Facility or Infrastructure Activities for Low/Moderate Income Housing Benefit | |  | Households Assisted |
| 3 | Public Service Activities other than Low/Moderate Income Housing Benefit | |  | Persons Assisted |
| 4 | Public Service Activities for Low/Moderate Income Housing Benefit | |  | Households Assisted |
| 5 | Façade Treatment / Business Building Rehabilitation | |  | Business |
| 6 | Brownfield Acres Remediated | |  | Acre |
| 7 | Rental Units Constructed | | 200 | Household Housing Unit |
| 8 | Rental Units Rehabilitated | |  | Household Housing Unit |
| 9 | Homeowner Housing Added | |  | Household Housing Unit |
| 10 | Homeowner Housing Rehabilitated | |  | Household Housing Unit |
| 11 | Direct Financial Assistance to Homebuyers | |  | Households Assisted |
| 12 | Tenant-based Rental Assistance / Rapid Rehousing | |  | Households Assisted |
| 13 | Homeless Person Overnight Shelter | |  | Persons Assisted |
| 14 | Overnight / Emergency Shelter / Transitional Housing Beds added | |  | Beds |
| 15 | Homelessness prevention | |  | Persons Assisted |
| 16 | Jobs created / retained | |  | Jobs |
| 17 | Businesses assisted | |  | Businesses Assisted |
| 18 | Housing for Homeless added | |  | Household Housing Unit |
| 19 | Housing for People with HIV / AIDS added | |  | Household Housing Unit |
| 20 | HIV / AIDS Housing Operations | |  | Household Housing Unit |
| 21 | Buildings Demolished | | 100 | Buildings |
| 22 | Housing Code Enforcement / Foreclosed Property Care | |  | Household Housing Unit |
| 23 | Other | |  | Other |

**ESG**: For the ESG Program, the allocation to the State of Alabama for the PY2021 ESG Program equals $2,883,869. With these funds, the ESG Program may provide assistance to all areas of the state so as to upgrade existing homeless facilities and domestic abuse shelters, assist with paying operating costs of such facilities, provide essential services to both sheltered and unsheltered homeless persons, help prevent homelessness, re-house homeless persons, and assist in the costs of administering HMIS activities. The point-in-time surveys completed in 2020 for the State of Alabama documented 3,351 homeless persons. Of those, 1,299 were unsheltered and 2,052 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, with the outcome being availability/ accessibility. For homelessness prevention and rapid re-housing activities, the objective is to provide decent affordable housing, with the outcome being affordability. These objectives will be achieved through the following goals:

ESG Program Goal #1: Reducing and ending homelessness through reaching outto homeless persons (especially unsheltered persons) and assessing their individual needs.

The point-in-time counts for 2020 showed that there were 1,299 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:

a. The ESG subrecipients and second-tier subrecipients 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.

b. In addition to their established programs, the ESG subrecipients and second-tier subrecipients will target unsheltered homeless persons in an effort to provide shelter and services to them.

c. The ESG subrecipients and second-tier subrecipients 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.

ESG Program Goal #2: Reducing and ending homelessness through addressing the emergency shelter and transitional housing needs of homeless persons.

The point-in-time counts for 2020 showed that there were 2,052 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:

a. The ESG subrecipients and second-tier subrecipients 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.

b. The ESG subrecipients and second-tier subrecipients will work more closely with housing agencies to determine availability for those sheltered homeless persons exiting the system.

ESG Program Goal #3: Reducing and ending homelessness through 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 National Low Income Housing Coalition, Alabama has a shortage of 78,840 rental homes available and affordable for extremely low-income renters. 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.

ESG Program Goal #4: Reducing and ending homelessness through helping low-income individuals and families to 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, ESG subrecipients and second-tier subrecipients will inform those publicly-funded institutions of the available housing options in their service area. This information will be made available to those persons being discharged. The ESG subrecipients and second-tier subrecipients 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.

ESG Program Goal #5: Reducing and ending homelessness through helping low-income individuals and families to avoid becoming homeless, especially extremely low-income individuals and families who are receiving assistance from public and private agenciesthat address housing, health, social services, employment, education, or youth needs.

The State’s goal is that ESG subrecipients’ and second-tier subrecipients’ 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. 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.

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| --- | --- | --- | --- | --- |
| **Name:** | | Alabama's ESG Program | | |
| **Category:** | | | | |
| Affordable Housing | | 🞎 | | |
| Public Housing | | 🞎 | | |
| Homeless | | 🗹 | | |
| Non-Homeless Special Needs | | 🞎 | | |
| Non-Housing Community Development | | 🞎 | | |
| Other | | 🞎 | | |
| If Other, specify: Disaster Recovery | | | | |
| **Start Year:** | | PY2021 | | |
| **End Year:** | | PY2024 (the end of the 5-Year Plan) | | |
| **Outcome:** | | Availability/accessibility | | |
| **Objective:** | | Create suitable living environments | | |
| **Geographic Areas Included:** No goal geo area available. | | | | |
| **Priority Needs Addressed:** No goal needs available. | | | | |
| **Funding Allocated:** | | | | |
| CDBG | |  | | |
| HOPWA | |  | | |
| HOME | |  | | |
| ESG | | $2,883,869 | | |
| HTF | |  | | |
| Other - CDBG-DR | |  | | |
| Total: | | $2,883,869 | | |
| **Goal Outcome Indicator** | | | | |
| **#** | **Goal Outcome Indicator** | | **Quantity** | **Use of Money (UoM)** |
| 1 | Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit | |  | Persons Assisted |
| 2 | Public Facility or Infrastructure Activities for Low/Moderate Income Housing Benefit | |  | Households Assisted |
| 3 | Public Service Activities other than Low/Moderate Income Housing Benefit | |  | Persons Assisted |
| 4 | Public Service Activities for Low/Moderate Income Housing Benefit | |  | Households Assisted |
| 5 | Façade Treatment / Business Building Rehabilitation | |  | Business |
| 6 | Brownfield Acres Remediated | |  | Acre |
| 7 | Rental Units Constructed | |  | Household Housing Unit |
| 8 | Rental Units Rehabilitated | |  | Household Housing Unit |
| 9 | Homeowner Housing Added | |  | Household Housing Unit |
| 10 | Homeowner Housing Rehabilitated | |  | Household Housing Unit |
| 11 | Direct Financial Assistance to Homebuyers | |  | Households Assisted |
| 12 | Tenant-based Rental Assistance / Rapid Rehousing | | 100 | Households Assisted |
| 13 | Homeless Person Overnight Shelter | | 3500 | Persons Assisted |
| 14 | Overnight / Emergency Shelter / Transitional Housing Beds added | | 3500 | Beds |
| 15 | Homelessness prevention | | 200 | Persons Assisted |
| 16 | Jobs created / retained | |  | Jobs |
| 17 | Businesses assisted | |  | Businesses Assisted |
| 18 | Housing for Homeless added | | 100 | Household Housing Unit |
| 19 | Housing for People with HIV / AIDS added | |  | Household Housing Unit |
| 20 | HIV / AIDS Housing Operations | |  | Household Housing Unit |
| 21 | Buildings Demolished | |  | Buildings |
| 22 | Housing Code Enforcement / Foreclosed Property Care | |  | Household Housing Unit |
| 23 | Other | |  | Other |

**HOPWA**: For the HOPWA Program, the allocation to the State of Alabama for the PY2021 HOPWA Program equals $2,823,192. With these funds, the HOPWA Program intends to address the following four public policy imperatives as its goals:

1. Make subsidized, affordable housing - including supportive housing for those who need it - available to all persons with HIV.

2. Make the housing of homeless persons a top prevention priority, as stable housing is a powerful HIV prevention strategy.

3. Incorporate housing as a critical element of HIV health care.

4. Continue to collect and analyze data so as to assess the impact and effectiveness of various models of housing as an independent structural HIV prevention and health care intervention.

To attain these goals, AIDS Alabama will use the PY2019 HOPWA funds for the following programs:

1. Rental Assistance

2. Supportive Services that include case management, support staff, housing outreach, and transportation

3. Operations of existing housing

4. Master Leasing

5. Resource Identification

6. Housing Information

7. Technical Assistance

8. Administration.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Name:** | | Alabama's HOPWA Program | | |
| **Category:** | | | | |
| Affordable Housing | | 🞎 | | |
| Public Housing | | 🞎 | | |
| Homeless | | 🗹 | | |
| Non-Homeless Special Needs | | 🞎 | | |
| Non-Housing Community Development | | 🞎 | | |
| Other | | 🞎 | | |
| If Other, specify: Disaster Recovery | | | | |
| **Start Year:** | | PY2021 | | |
| **End Year:** | | PY2024 (the end of the 5-Year Plan) | | |
| **Outcome:** | | Availability/accessibility | | |
| **Objective:** | | Provide decent affordable housing | | |
| **Geographic Areas Included:** No goal geo area available. | | | | |
| **Priority Needs Addressed:** No goal needs available. | | | | |
| **Funding Allocated:** | | | | |
| CDBG | |  | | |
| HOPWA | | $2,823,192 | | |
| HOME | |  | | |
| ESG | |  | | |
| HTF | |  | | |
| Other - CDBG-DR | |  | | |
| Total: | | $2,823,192 | | |
| **Goal Outcome Indicator** | | | | |
| **#** | **Goal Outcome Indicator** | | **Quantity** | **Use of Money (UoM)** |
| 1 | Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit | |  | Persons Assisted |
| 2 | Public Facility or Infrastructure Activities for Low/Moderate Income Housing Benefit | |  | Households Assisted |
| 3 | Public Service Activities other than Low/Moderate Income Housing Benefit | |  | Persons Assisted |
| 4 | Public Service Activities for Low/Moderate Income Housing Benefit | |  | Households Assisted |
| 5 | Façade Treatment / Business Building Rehabilitation | |  | Business |
| 6 | Brownfield Acres Remediated | |  | Acre |
| 7 | Rental Units Constructed | |  | Household Housing Unit |
| 8 | Rental Units Rehabilitated | |  | Household Housing Unit |
| 9 | Homeowner Housing Added | |  | Household Housing Unit |
| 10 | Homeowner Housing Rehabilitated | |  | Household Housing Unit |
| 11 | Direct Financial Assistance to Homebuyers | |  | Households Assisted |
| 12 | Tenant-based Rental Assistance / Rapid Rehousing | | 100 | Households Assisted |
| 13 | Homeless Person Overnight Shelter | | 30 | Persons Assisted |
| 14 | Overnight / Emergency Shelter / Transitional Housing Beds added | |  | Beds |
| 15 | Homelessness prevention | |  | Persons Assisted |
| 16 | Jobs created / retained | |  | Jobs |
| 17 | Businesses assisted | |  | Businesses Assisted |
| 18 | Housing for Homeless added | |  | Household Housing Unit |
| 19 | Housing for People with HIV / AIDS added | |  | Household Housing Unit |
| 20 | HIV / AIDS Housing Operations | | 100 | Household Housing Unit |
| 21 | Buildings Demolished | |  | Buildings |
| 22 | Housing Code Enforcement / Foreclosed Property Care | |  | Household Housing Unit |
| 23 | Other | |  | Other |

**HTF**: For HTF funds, the AHFA expects to expend $6,690,654 annually in HTF funds during the five-year period encompassed in the 2021-2024 Five-Year Consolidated Plan. With these funds, the AHFA plans to create as many new rental housing units across Alabama as is possible. By leveraging HTF funds with other soft funds from non-federal sources for construction, permanent financing, and/or operating expenses, the HTF award per successful applicant would stretch the HTF dollars farther and make a larger impact on the affordable rental housing stock needed by lower-income Alabamians, particularly veterans.

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| --- | --- | --- | --- | --- |
| **Name:** | | Alabama’s HTF Program | | |
| **Category:** | | | | |
| Affordable Housing | | 🗹 | | |
| Public Housing | | 🞎 | | |
| Homeless | | 🞎 | | |
| Non-Homeless Special Needs | | 🞎 | | |
| Non-Housing Community Development | | 🞎 | | |
| Other | | 🞎 | | |
| If Other, specify: Disaster Recovery | | | | |
| **Start Year:** | | PY2021 | | |
| **End Year:** | | PY2024 (the end of the 5-Year Plan) | | |
| **Outcome:** | | Affordability | | |
| **Objective:** | | Provide decent affordable housing | | |
| **Geographic Areas Included:** No goal geo area available. | | | | |
| **Priority Needs Addressed:** No goal needs available. | | | | |
| **Funding Allocated:** | | | | |
| CDBG | |  | | |
| HOPWA | |  | | |
| HOME | |  | | |
| ESG | |  | | |
| HTF | | $6,690,654 | | |
| Other - CDBG-DR | |  | | |
| Total: | | $6,690,654 | | |
| **Goal Outcome Indicator** | | | | |
| **#** | **Goal Outcome Indicator** | | **Quantity** | **Use of Money (UoM)** |
| 1 | Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit | |  | Persons Assisted |
| 2 | Public Facility or Infrastructure Activities for Low/Moderate Income Housing Benefit | |  | Households Assisted |
| 3 | Public Service Activities other than Low/Moderate Income Housing Benefit | |  | Persons Assisted |
| 4 | Public Service Activities for Low/Moderate Income Housing Benefit | |  | Households Assisted |
| 5 | Façade Treatment / Business Building Rehabilitation | |  | Business |
| 6 | Brownfield Acres Remediated | |  | Acre |
| 7 | Rental Units Constructed | | 15 | Household Housing Unit |
| 8 | Rental Units Rehabilitated | |  | Household Housing Unit |
| 9 | Homeowner Housing Added | |  | Household Housing Unit |
| 10 | Homeowner Housing Rehabilitated | |  | Household Housing Unit |
| 11 | Direct Financial Assistance to Homebuyers | |  | Households Assisted |
| 12 | Tenant-based Rental Assistance / Rapid Rehousing | |  | Households Assisted |
| 13 | Homeless Person Overnight Shelter | |  | Persons Assisted |
| 14 | Overnight / Emergency Shelter / Transitional Housing Beds added | |  | Beds |
| 15 | Homelessness prevention | |  | Persons Assisted |
| 16 | Jobs created / retained | |  | Jobs |
| 17 | Businesses assisted | |  | Businesses Assisted |
| 18 | Housing for Homeless added | |  | Household Housing Unit |
| 19 | Housing for People with HIV / AIDS added | |  | Household Housing Unit |
| 20 | HIV / AIDS Housing Operations | |  | Household Housing Unit |
| 21 | Buildings Demolished | |  | Buildings |
| 22 | Housing Code Enforcement / Foreclosed Property Care | |  | Household Housing Unit |
| 23 | Other | |  | Other |

**Estimate the number of extremely low-income, low-income, and moderate-****income families to whom the jurisdiction will provide affordable housing as defined by HOME [see 24 CFR §91.215(b)]:**

**HOME:** The last several CAPER tables (in the CAPER at *Exhibit C – Summary of Housing Accomplishments*) show the following breakdown of HOME beneficiaries by income group:

**Program Year 2020**

            0-30% MFI     11%     Extremely Low-Income

            31-50% MFI   45%     Low-Income

            51-80% MFI   44**%**    Moderate Income

**Program Year 2019**

            0-30% MFI     15.5% Extremely Low-Income

            31-50% MFI   61.2% Low-Income

            51-80% MFI   23.3% Moderate Income

**Program Year 2018**

            0-30% MFI     11% Extremely Low-Income

            31-50% MFI   43% Low-Income

            51-80% MFI   46% Moderate Income

**Program Year 2017**

            0-30% MFI     16% Extremely Low-Income

            31-50% MFI   57% Low-Income

            51-80% MFI   27% Moderate Income

**Program Year 2016**

0-30% MFI 53% Extremely Low-Income

31-50% MFI 161% Low-Income

51-80% MFI 80% Moderate Income

**Program Year 2015**

0-30% MFI 54% Extremely Low-Income

31-50% MFI 225% Low-Income

51-80% MFI 165% Moderate Income

**Program Year 201~~4~~**

0-30% MFI 19% Extremely Low-Income

31-50% MFI 61% Low-Income

51-80% MFI 20% Moderate Income

**Program Year 2013**

0-30% MFI 16% Extremely Low-Income

31-50% MFI 52% Low-Income

51-80% MFI 32% Moderate Income

**Program Year 2012**

0-30% MFI 20% Extremely Low-Income

31-50% MFI 52% Low-Income

51-80% MFI 28% Moderate Income

**Program Year 2011**

0-30% MFI 25% Extremely Low-Income

31-50% MFI 52% Low-Income

51-80% MFI 23% Moderate Income

**Program Year 2010**

0-30% MFI 13% Extremely Low-Income

31-50% MFI 63% Low-Income

51-80% MFI 24% Moderate Income

The preceding statistics indicate that, historically, the bulk of HOME units that go into service each year are rented by Low-income Alabamians, or families at 31-50% MFI. Smaller percentages of Extremely Low-Income and Moderate-Income renters also benefit from the use of State HOME funding. If the annual HOME allocation from HUD allows the production of 200 units of affordable rental housing, it is estimated that 20% or 40 will be extremely low-income, 53% or 106 will be low-income, and 27% or 54 will be moderate-income. The actual number of beneficiaries will depend upon the amount of HOME funds the State will receive over the five years included in the Five-Year Consolidated Plan (2020-2024).

**AP-25 Allocation Priorities [see 24 CFR 91.320(d)]**

**Introduction:**

See the discussion contained in the sections herein below.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Program | Alabama's CDBG Program (%) | Alabama's HOME Program (%) | Alabama's ESG  Program (%) | Alabama's HOPWA  Program (%) | Alabama's  HTF  Program (%) | Total  (%) |
| CDBG | 100% |  |  |  |  | 100% |
| HOME |  | 100% |  |  |  | 100% |
| HOPWA |  |  |  | 100% |  | 100% |
| ESG |  |  | 100% |  |  | 100% |
| HTF |  |  |  |  | 100% | 100% |

**Funding Allocation Priorities:**

The allocation amounts stated herein this PY2021 One-Year Annual Action Plan for the CDBG, HOME, ESG, HOPWA, and HTF Programs are the amounts that the State-level agencies (ADECA, AHFA, and AIDS Alabama) anticipate receiving from HUD under the respective fiscal year’s federal budget; however, these amounts can change due to the award of supplemental allocation(s) or the issuance of other change(s) as and when determined by HUD. In the event of receipt of other final annual allocation amount(s) that are different from the ones identified hereinabove, the State-level agencies (ADECA, AHFA, and AIDS Alabama) will adjust the respective distribution of funds up or down by approximately the same percentage; the exception being the distribution of “State Administration” funds which will conform to HUD’s rule. ADECA will also update the respective Program Annual Plan(s) to reflect the actual fiscal year allocation(s).

**CDBG**: Alabama’s PY2021 CDBG funds in the amount of $23,903,936 will be divided among 8 project areas: (1) County funds = $2,959,500 is estimated to be awarded through grants in the amount of $400,000 each; (2) Large City funds (for cities with a population of 3,001 or more) = $5,381,800 is estimated to be awarded through grants in the amount of $500,000 each; (3) Small City funds (for cities with a population of 3,000 or less) = $6,227,900 is estimated to be awarded through grants in the amount of $350,000 each; (4) Economic Development funds = $5,158,750 is estimated to be awarded through grants in the amount of $400,000 each; (5) Community Enhancement funds = $3,229,800 is estimated to be awarded through grants in the amount of $300,000 each; (6) Planning funds = $129,069 is estimated to be awarded through grants in the amount of $40,000 each; (7) Technical Assistance funds = $239,039 is estimated to be expended in the provision of technical assistance services by the ADECA CDBG staff to grant applicants and grant recipients; and (8) Administration funds = $578,078 is estimated to be expended in the provision of grant management and administrative services by the ADECA CDBG staff in managing the PY2021 CDBG grant funds.

If total requests in one or more Funds is less than the allocated amounts, the balances in those Funds may be transferred to any other Fund at the discretion of the ADECA Director without impacting the State’s five percent (5%) threshold established in the State’s Citizen Participation Plan. For valid reasons, the ADECA Director may modify or altogether eliminate allocations in order to maintain program integrity. In such case(s), ADECA will follow the necessary citizen participation process stated in the State’s Citizen Participation Plan. 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 ADECA Director. Such transfers will not count towards the five percent (5%) threshold established in the State’s Citizen Participation Plan. 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 ADECA Director. Such transfers will not count towards the five percent (5%) threshold established in the State’s Citizen Participation Plan. Also, the State Technical Assistance Fund may be used for State Administration. All recaptured funds (other than as defined by regulations) will be placed in the Recaptured Fund. Any funds awarded via a Governor’s/ADECA 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. Likewise, any funds returned by grantees due to cost under-run will be considered Recaptured Funds. This does not include funds returned as the result of an ED Float Loan. Those funds will revert back to funds/projects from where the funds came. Persons interested in the amount of Recaptured Fund money available may inquire to ADECA in writing for this information. The State is not anticipating any Program Income to be available during the course of this program year. In case there is any program income, the money will generally be used to fund economic development projects. Reallocated funds from HUD will be assigned to the most appropriate Fund by the ADECA Director and distributed in accordance with the methodology described in this One-Year Annual Action Plan. 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, or for other CDBG eligible activities. 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 [NOTE: Nothing in this Action Plan will limit the eligibility of an applicant or activities to be addressed by the CDBG Disaster or COVID Programs, to the extent such eligibility and activities are permitted by the HUD Disaster or COVID Rules. Similarly, any activities funded by the CDBG Disaster or COVID Grants will not limit the applicant's ability to apply for a grant under this Action Plan, to the extent the applicant is otherwise eligible under this Action Plan].

**HOME**: For the HOME Program, please see the PY2021 HOME Action Plan under

“III. ALABAMA’S HOME PROGRAM” for information regarding allocation priorities and how the proposed distribution of funds addresses those priorities described in this Consolidated Plan. For the HOME funds, the allocation priorities are based on the PY2021 HOME Program allocation to the State of Alabama in the amount of $11,227,286.

The AHFA's allocation priorities for the PY2021 HOME Program funds include focusing on new construction of multifamily rental housing across Alabama. The reason for this is that the intent of the HOME Program is for tenants to include families, elderly citizens, and special needs households, all of whom are to be low-income and in need of affordable housing units. With these priorities, AHFA can create as many new rental housing units across Alabama as is possible. By leveraging HOME Program funds with Housing Tax Credits, the HOME award per successful applicant will be carefully underwritten in a way that stretches the HOME dollars farther and makes a much larger impact on the affordable rental housing stock needed by lower-income Alabamians. AHFA anticipates that its PY2021 allocation will be able to fund 5-7 HOME projects with 200-350 units. AHFA will also designate at least fifteen percent (15%) of the funding for CHDOs, and award the remainder of those funds to a mixture of for-profit and non-profit developers.

Also, as the administrator of the Plans, AHFA’s priority is to develop written criteria that will provide equal access to all types of affordable housing developments, which include but are not limited to: various construction types (new construction); diverse target populations (family, elderly, disabled, supportive services, mentally impaired, etc.); and geographical characteristics (rural, metropolitan, qualified census tracts, distressed areas, etc.).

**ESG**: The ESG Program's funding priorities are stated herein under sections AP-20 and AP-35. For the ESG funds, the allocation priorities are based on the PY2021 ESG Program allocation to the State of Alabama in the amount of $2,883,869.

ESG Program funds may provide assistance to all areas of the state so as to upgrade existing homeless facilities and domestic abuse shelters, assist with paying operating costs of such facilities, provide essential services to both sheltered and unsheltered homeless persons, help prevent homelessness, re-house homeless persons, and assist in the costs of administering HMIS activities. In an effort to address the State's priority 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 priority is to create a suitable living environment, with the outcome being availability/accessibility. For homelessness prevention and rapid re-housing activities, the priority is to provide decent affordable housing, with the outcome being affordability. 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 is choosing to allow its subrecipients to determine their priority needs at the local level. Therefore, each service-related ESG activity (street outreach, emergency shelter, homelessness prevention, and rapid re-housing) may be considered a priority.

The point in time counts conducted in January 2020 documented both sheltered and unsheltered homeless individuals and families. Additional affordable housing and case management services are identified as statewide priorities to address street outreach, emergency shelter, homelessness prevention, and rapid re-housing needs.

**HOPWA**: For HOPWA funds, the allocation priorities are based on the PY2021 HOPWA Program allocation to the State of Alabama in the amount of $2,823,192. AIDS Alabama has allocated those funds for the following programs:

**1. Short Term Rental Mortgage and Utility (STRMU) Assistance:**

Goal #1: To support a statewide Short Term Rental Mortgage and Utility (STRMU) assistance program through qualified AIDS Service Organizations.

Objective 1: Provide 50 households with emergency Short-Term Rent/Mortgage and Utility (STRMU) assistance between April 1, 2021 and March 31, 2022.

Outcome: At least 35 households will maintain stable housing and avoid homelessness because of temporary emergency situations.

Outcome: The network of AIDS Service Organizations that has formed will be maintained, ensuring any eligible Alabama resident access to HOPWA assistance.

AIDS Alabama and its ASONA partner agencies will use $111,612 to fund Short-Term Rental Mortgage Utility (STRMU) assistance on an as-needed basis across the state. Individuals will access this program by visiting AIDS Alabama or one of the eight partnering AIDS Service Organizations to complete an application with a HOPWA-certified staff member.

**2. Tenant Based Rental Assistance (TBRA):**

Goal #2: To support a statewide Tenant Based Rental Assistance (TBRA) program through qualified AIDS Service Organizations.

Objective 1: Provide 100 households with long-term, Tenant-Based Rental Assistance (TBRA) between April 1, 2021and March 31, 2022.

Outcome: At least 100 households will be assisted so that consumers can remain in affordable, leased housing and experience housing stability.

Outcome: The network of AIDS Service Organizations that has formed will be maintained, ensuring any eligible Alabama resident access to HOPWA assistance.

AIDS Alabama will use $650,000 to fund Tenant-Based Rental Assistance (TBRA) on an as-needed basis to individuals across the state. Individuals will access this program by visiting AIDS Alabama or one of the eight partnering AIDS Service Organizations to complete an application with a HOPWA-certified staff member.

**3. Facility Based Housing Subsidy Permanent Housing:**

Goal #3: Support permanent housing through facility based housing subsidy.

Objective: AIDS Alabama will use $650,000 to subsidize the cost of permanent housing units between April 1, 2021 and March 31, 2022, serving a potential 100 PLWH and their families 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 housing in the state as described in the previous section.

Outcome: All current residents in the various AIDS Alabama permanent housing programs will enjoy safe, secure, and stable housing.

**4. Facility Based Housing Subsidy Transitional/Short Term Housing:**

Goal #4: Support transitional/short term housing through facility based housing subsidy.

Objective: AIDS Alabama will use $75,000 to subsidize the cost of the transitional units between April 1, 2021 and March 31, 2022, serving a potential 50 PLWH and their families 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, transitional/short term housing in the state as described in the previous section.

Outcome: All current residents in the various AIDS Alabama facility based and short term housing will enjoy safe, secure, and stable housing.

**5. Supportive Services:**

Goal #5: Provide existing housing programs in the state with supportive services.

Objective 1: Provide 25,000 legs of transportation to social service and medical appointments between April 1, 2021 and March 31, 2022.

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 5,000 consumers statewide between April 1, 2021 and March 31, 2022.

Outcome: Consumers will be linked to mainstream resources that allow them to remain in stable housing and to live independently.

AIDS Alabama will use $909,261 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 will provide these services in the Birmingham Metropolitan Area and to the areas in their Public Health area. The eight ASONA partner organizations will provide these services in the other regions of the state.

**6. Resource Identification:**

Goal #6: Support resource identification efforts.

Objective 1: AIDS Alabama will spend $60,000 between April 1, 2021, and March 31, 2022, to support collaboration among housing and HIV-positive service partners across the state in order to identify low-income housing and housing development efforts.

Specific actions include:

a) Attend 100% of the appropriate HIV/AIDS housing and homelessness conferences.

b) Support the cost of meetings to foster collaborations that will expand affordable housing for low-income, HIV-positive consumers within the state housing organizations (e.g. the Low Income Housing Coalition of Alabama, Alabama Rural Coalition on Homelessness, and Alabama Poverty Project).

c) Explore the availability of possible land and/or buildings for purchase in the Mobile, AL area with the goal of expanding the HIV-related housing stock in that area of the State.

Outcome: AIDS Alabama staff members and contractors will be equipped to provide identification of low-income housing and housing development options with appropriate support services in the state for individuals and families living with HIV disease.

**7. Housing Information:**

Goal #7: Support ongoing housing information dissemination efforts across the state.

Objective: AIDS Alabama will use $80,000 to provide 2,500 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, 2021 and March 31, 2022.

Outcome: HIV-positive individuals in counties throughout the state will know how to find stable and affordable housing resources. AIDS Alabama will develop and publish new web-based information to broaden our reach to consumers.

**8. Technical Assistance:**

Goal #8: Provide technical assistance and training around housing programs and development in Alabama.

Objective: AIDS Alabama will use $5,000 to provide/receive at least two consultations and technical assistance sessions to/for ASONA member agencies who are engaged in specific, qualified projects between April 1, 2021 and March 31, 2022.

Outcome: Two consultations related to housing development programming will be provided to ASONA members to encourage and promote the development of additional housing services for HIV-positive individuals across the state.

**9. Administration:**

The fee for administration of the HOPWA program will be $282,319 (10% per regulations). The state service agency (ADECA) will receive $84,696 (3%) as the grantee, and the project sponsor (AIDS Alabama) will receive $197,623 (7%).

AIDS Alabama will draw on its committed sources of leverage in order to increase the capacity of the HOWPA program. Leveraged dollars come from Medicaid Targeted Case Management revenue, Ryan White case management billing, private foundation grants, other HUD grants, tenant rent payments, collaborations with the University of Alabama at Birmingham, and program income. These funding sources allow AIDS Alabama to stretch limited fiscal resources while continuing to provide quality supportive housing services to HIV-positive individuals across Alabama.

**Proposed PY 2021HOPWA State Budget**

|  |  |
| --- | --- |
| **Short Term Rental Mortgage and Utility (STRMU) Assistance** | $111,612 |
| **Tenant Based Rental Assistance (TBRA)** | $650,000 |
| **Facility Based Housing Subsidy Permanent Housing** | $650,000 |
| **Facility Based Housing Subsidy Transitional/Short Term Housing** | $75,000 |
| **Resource Identification** | $60,000 |
| **Supportive Services** | $909,261 |
| **Housing Information** | $80,000 |
| **Technical Assistance** | $5,000 |
| **Project Sponsor Administration** (7% AIDS Alabama) | $197,623 |
| **Grantee Administration** (3% ADECA) | $84,696 |
| **TOTAL** | **$2,823,192.00** |

**HTF**: For the HTF Program, please see the PY2021 HTF Allocation Plan under Sections C, D, H, I, J, and L for information regarding allocation priorities and how the proposed distribution of funds addresses those priorities described in this Plan. For the HTF funds, the allocation priorities are based on the PY2021 HTF Program allocation to the AHFA in the amount of approximately $6,690,654.

**Reason for Allocation Priorities:**

**CDBG**: Alabama’s allocation priorities for CDBG funds among the eight project areas (County, Large City, Small City, Economic Development, Community Enhancement, Planning, Technical Assistance, and Administration) and the five additional fund categories (Section 108 Loan Guarantees, Recaptured Funds, Black Belt projects, Urgent Need projects, and Joint projects) are based on the reasoning that HUD has entrusted the State with CDBG Program funds to address the Program’s three National Objectives: (1) to be of benefit to persons of low and moderate income, (2) to aid in the prevention or elimination of slums and blight, and (3) to meet urgent community needs that pose a serious and immediate threat to the health or welfare of the community wherein other financial resources are not available. The reasoning for these allocation priorities is that by developing these allocation priorities, ADECA can employ them as a guideline that assists grant applicants in developing local projects that focus on meeting one or more of the Program performance goals that are designed to create suitable living environments, provide decent affordable housing, and/or create economic opportunities for the citizens residing in those communities. And because each funded project is required to demonstrate the ability to improve the availability or accessibility of units or services, improve the affordability of housing or other services, and/or improve the sustainability by promoting viable communities, these allocation priorities will have a positive impact on the State’s plan to expend at least 80 percent (80%) of the PY2021 CDBG funds for activities that will primarily benefit low and moderate income persons, and the remaining 20 percent (20%) of the funds to prevent or eliminate slums and blight and to assist communities with imminent threats to public health and safety. Such allocations will ensure that the State implements this 80%-20% distribution of funds plan.

**HOME**: For the HOME Program, please see the PY2021 HOME Action Plan under

“III. ALABAMA’S HOME PROGRAM” for information regarding allocation priorities and how the proposed distribution of funds addresses those priorities described in the Consolidated Plan.

The AHFA’s allocation priorities for the PY2021 HOME Program funds include focusing on new construction of multifamily rental housing across Alabama. The reason for this is that the intent of the HOME Program is for tenants to include families, elderly citizens, and special needs households, all of whom are to be low-income and in need of affordable housing units. With these priorities, AHFA can create as many new rental housing units across Alabama as is possible. By leveraging HOME Program funds with Housing Credits, the HOME award per successful applicant will be carefully underwritten in a way that stretches the HOME dollars farther and makes a much larger impact on the affordable rental housing stock needed by lower-income Alabamians. AHFA anticipates that its PY2021 allocation will be able to fund 5-7 HOME projects with 200-350 units. AHFA will also designate at least fifteen percent (15%) of the funding for CHDOs, and award the remainder of those funds to a mixture of for-profit and non-profit developers.

Also, as the administrator of the Plans, AHFA’s priority is to develop written criteria that will provide equal access to all types of affordable housing developments, which include but are not limited to: various construction types (new construction); diverse target populations (family, elderly, handicapped, supportive services, mentally impaired, etc.); and geographical characteristics (rural, metropolitan, qualified census tracts, distressed areas, etc.).

**ESG**: The ESG Program's funding priorities are stated herein under sections AP-20 and AP-35. ESG Program funds may provide assistance to all areas of the state so as to upgrade existing homeless facilities and domestic abuse shelters, assist with paying operating costs of such facilities, provide essential services to both sheltered and unsheltered homeless persons, help prevent homelessness, re-house homeless persons, and assist in the costs of administering HMIS activities. In an effort to address the State's priority 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 priority is to create a suitable living environment, with the outcome being availability/accessibility. For homelessness prevention and rapid re-housing activities, the priority is to provide decent affordable housing, with the outcome being affordability. 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 is choosing to allow its subrecipients to determine their priority needs at the local level. Therefore, each service-related ESG activity (street outreach, emergency shelter, homelessness prevention, and rapid re-housing) may be considered a priority.

Case management should be utilized to identify services needed by applicants and program participants. The primary need for homeless or near homeless individuals is shelter. This may be provided through identification of rental units and emergency shelter or transitional housing facilities. However, according to the National Low Income Housing Coalition, Alabama has a shortage of 78,840 rental homes available and affordable for extremely low-income renters. 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. In addition to the provision of shelter, essential services, such as employment and educational training, child care, and physical and mental health care, can be coordinated by case managers. The State acknowledges the varying degrees of need and access to available services throughout its jurisdiction. Due to the various needs presented throughout the state and the services available in those areas, the State believes the individual subrecipients can target funds to the highest priorities at the local level.

**HOPWA**: For HOPWA funds, the allocation priorities are based on AIDS Alabama's research conducted for its needs assessment - that includes input from local governments and persons seeking and receiving AIDS Alabama's services. The needs of the target population were primarily determined by five sources of data:

1. The 2015 Comprehensive Statewide Needs Assessment performed by AIDS Alabama (AIDS Alabama will be updating its Needs Assessment in the future);

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 the latest data being from January 2017;

4. The 2013 Central Alabama Ryan White Statewide Coordinated Assessment of Need; and

5. The 2012-2016 Statewide Jurisdictional HIV Prevention Plan that was conducted by the Alabama Department of Public Health.

There have never been more people living in Alabama with HIV disease than there are now. The needs of this population are critical and not unlike those of other vulnerable populations, as the population's 2015 mean income was $800 per month, compared to $3,730 for that year's state per capita median monthly income. 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 2017 Birmingham Area Point In Time Survey, close to five percent (5%) of all homeless persons surveyed were HIV-positive. The 2015 AIDS Alabama survey indicated gaps in the availability of housing assistance for homeless persons. Of the 498 HIV-positive persons interviewed, almost 5% indicated that they were homeless or living in temporary housing. An additional 26% indicated that they were doubling up with friends or family. More than 60% felt that their housing situations were unstable. The 2015 Needs Assessment found that 39% of all HIV-positive households interviewed accessed some form of housing assistance in the last six months. Furthermore, the need for permanent supportive housing is apparent, as permanent supportive housing for the chronically homeless continues to be the highest priority of the local Continuum of Care.

Also, AIDS Alabama's reason for each of the allocation priorities is as follows:

1. Short Term Rental Mortgage and Utility (STRMU) Assistance: To support a statewide Short Term Rental Mortgage and Utility (STRMU) assistance program through qualified AIDS Service Organizations.

2. Tenant Based Rental Assistance (TBRA): To support a statewide Tenant Based Rental Assistance (TBRA) program through qualified AIDS Service Organizations.

3. Facility Based Housing Subsidy Permanent Housing: To support permanent housing through facility based housing subsidy.

4. Facility Based Housing Subsidy Transitional/Short Term Housing: To support transitional/short term housing through facility based housing subsidy.

5. Supportive Services: To provide existing housing programs in the State with supportive services.

6. Resource Identification: To support resource identification efforts.

7. Housing Information: To support ongoing housing information efforts in the State.

8. Technical Assistance: To provide technical assistance training around housing programs and development in Alabama.

9. Administration: To allow AIDS Alabama to provide administrative services in managing this program.

**HTF**: For the HTF Program, the reasons for the funding priorities are to comply with the HTF requirements stated in the PY2021 HTF Allocation Plan under Sections A and B. For the HTF funds, the allocation priorities are based on the PY2021 HTF Program allocation to the AHFA in the amount of approximately $6,690,654.

**How will the proposed distribution of funds address the priority needs and specific objectives described in the Consolidated Plan?**

**CDBG**: Alabama’s proposed distribution of its PY2021 CDBG Program funds will address program’s three National Objectives, because each CDBG-funded activity must address at least one of the three National Objectives of the CDBG program. These are as follows:

1. Benefit low and moderate-income persons, of which at least 51% must be from low and moderate income households; and for single family housing activities, these 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 that pose a serious and immediate threat to the health or welfare of the community, and where other financial resources are not available.

In addition to meeting at least one of these three National Objectives, 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, the selected 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.

Based on these HUD and State mandates, the CDBG program's proposed distribution of funds will address the priority needs and specific objectives by allowing Alabama's non-entitlement communities to establish - and select for submitting funding applications - their own local priorities from among the following commonly-funded eligible activities: water system improvements, sewer system improvements, road improvements, housing rehabilitation, community enhancement/quality of life improvement projects, economic development projects, local government planning projects, downtown planning or revitalization projects, and urgent need projects

**HOME**: The AHFA's proposed distribution of funds will address the priority needs and specific objectives described in the Consolidated Plan in that the Alabama Housing Finance Authority (AHFA), as the administrator of the HOME Program, provides opportunities for developer applicants to construct multifamily housing for projects that add to the affordable housing stock, and without such funds, would not likely set aside units for lower-income tenants. While AHFA does not specify what may be needed or desired in certain markets, it generally approves 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. Where applicable, the State recognizes a wide range of needs, encompassing individuals, families, and households of every possible age, race, physical location, and socio-economic status. As administrators of HOME for nearly 25 years, AHFA has a proven track record of exemplary stewardship and countless opportunities have been created for thousands of low-income Alabamians to live, often for the first time in their life, in housing that is new and clean and well-managed and, most importantly, affordable.

Also, based on the 2010 U. S. Census and multiple variations of the American Community Survey in one, three, or five-year estimates, statistical evidence shows widespread poverty in Alabama that is both alarming and predictable. Poverty, most often characterized by low median household or family income, certainly plays into the ability of Alabamians to reside in housing that is safe, sanitary, and affordable. With regards to the State of Alabama HOME Program, the creation of housing to meet those needs is the chief priority. Portions of the Consolidated Plan have indicated the great numbers of renters and owners with one or more housing problems. Of the four traditionally defined housing problems, the one that is the most pervasive and the one most difficult to mitigate is cost burden. Over 400,000 owners and renters in Alabama whose median income is less than 80% AMI carry a cost burden greater than 30%. An additional 216,000 owners and renters in the 0-80% AMI carry a cost burden greater than 50%. The actual numbers of renters who are cost-burdened at all levels is greater than the number of owners; 321,020 renters v. 303,530 owners. And because only 30% of Alabama households are renters overall, a large disproportionate need exists for renters. The top priority for the use of State HOME funds in 2015-2019 will be the production of affordable rental housing.

Thus, under *Affordable Housing*, the applicable activities and needs are as follows:

**ACTIVITY PRIORITY ACTION**

Rental Assistance Low None Planned

Production of new units High Certainty

Rehabilitation of existing units Low Non Planned

Acquisition of existing units Low Non Planned

While the primary activity for State HOME funds has historically been new construction, some funding sources (Housing Credits, Multifamily Bonds, etc.) have been used for the acquisition/rehabilitation of certain existing projects, such as older FmHA (USDA Rural Development) and HUD-financed properties.

Also, please see the AHFA’s “III. ALABAMA’S HOME PROGRAM” for information regarding allocation priorities and how the proposed distribution of funds addresses those priorities described in the Consolidated Plan.

**ESG**: The ESG Program's proposed distribution of funds will address the priority needs and specific objectives described in the Consolidated Plan in that ESG funds will be used to address needs identified in the 2020 point in time counts. The point-in-time surveys completed in 2020 for the State of Alabama documented 3,351 homeless persons. Of those, 1,299 were unsheltered and 2,052 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 (administration, emergency shelter, street outreach, Homeless Information Management System, homelessness prevention, and rapid re-housing).

**HOPWA**: The HOPWA Program's proposed distribution of funds will address the priority needs and specific objectives described in the Consolidated Plan in that the HOPWA Program funds will be expended to:

1. Make subsidized, affordable housing (including supportive housing for those who need it) available to all persons with HIV.

2. Make the housing of homeless persons a top prevention priority, as stable housing is a powerful HIV prevention strategy.

3. Incorporate housing as a critical element of HIV health care.

4. Continue to collect and analyze data so as to assess the impact and effectiveness of various models of housing as an independent structural HIV prevention and health care intervention.

By AIDS Alabama expending the HOPWA funds for 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, and administration services, AIDS Alabama will be able to devote its energy and resources statewide to helping people with HIV/AIDS live healthy and independent lives, along with working to prevent the spread of HIV. The agency will continue to focus on providing housing and supportive services, policy and advocacy work, HIV prevention education, and free and confidential HIV testing. AIDS Alabama will continue to assist consumers in working toward their goals of increased stability, income, and independence by providing case management, transportation, utility assistance, emergency financial assistance, vocational assistance, GED preparation/training, secondary HIV education, substance abuse treatment, mental health services, health insurance continuation, and support groups. AIDS Alabama will also be able to continue increasing the community’s level of HIV/AIDS knowledge and awareness through innovative interventions and targeted outreach by providing individual and group-level programs and outreach services at venues that include local colleges and universities, faith-based organizations, shelters, and correctional facilities.

**HTF**: The AHFA's proposed distribution of funds for the HTF Program will address the priority needs and specific objectives described in the Consolidated Plan in that the AHFA, as the administrator of the HTF Program, provides opportunities for applicants to construct housing for projects that add to the affordable housing stock, and without such funds, would not likely set aside units for lower-income residents. And as administrators of the HOME Program for nearly 25 years, AHFA has a proven track record of exemplary stewardship and countless opportunities have been created for thousands of low-income Alabamians to live in housing that is affordable. Also, a demographic analysis performed for the first Consolidated Plan 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.” Further, the Analysis of Impediments to Fair Housing (AI) was updated in 2019 for the Consolidated Plan in 2020, and the purpose of developing the AI is to identify impediments to fair housing choice existing within Alabama’s non-entitlement communities so as to determine courses of action designed to address those impediments. The AI identified ten (10) primary areas of impediment to fair housing, and outreach and education were the recommended courses of corrective action, either in part or in total, for eight (8) of the identified impediments. To that end, AHFA – in its administration of the HTF Program – will encourage and offer Fair Housing training in efforts to measurably overcome the identified impediments. Alabama’s Consolidated Plan and the Analysis of Impediments to Fair Housing are available at [www.adeca.alabama.gov](http://www.adeca.alabama.gov).

The HTF program will be administered by the AHFA and will be utilized to provide funds to develop decent, safe, and sanitary housing primarily targeting a specific underserved ELI population in the State. AHFA anticipates allocating available HTF funds to an initial preference of expanding the overall housing supply for the benefit of ELI households with incomes at or below the poverty line (whichever is greater) for homeless and/or transitioning veteran(s) located in primarily rural areas (or non-metropolitan areas). See the HTF Program Plan for additional information regarding allocation priorities and how the proposed distribution of funds addresses those priorities described in the Consolidated Plan.

**AP-30 Method of Distribution [see 24 CFR 91.320(d), and (k)]**

**Introduction:**

See the discussion contained in the sections herein below.

**Distribution Methods**

|  |  |
| --- | --- |
| **State Program Name:** | **Funding Sources:** |
| CDBG: The Community Development Block Grant Program | ◙ CDBG  □ HOME  □ HOPWA  □ ESG  □ HTF |
| HOME: The HOME Partnerships Program | □ CDBG  ◙ HOME  □ HOPWA  □ ESG  □ HTF |
| ESG: The Emergency Solutions Grants Program | □ CDBG  □ HOME  □ HOPWA  ◙ ESG  □ HTF |
| HOPWA: The Housing for Persons With AIDS Program | □ CDBG  □ HOME  ◙ HOPWA  □ ESG  □ HTF |
| HTF: The National Housing Trust Fund Program | □ CDBG  □ HOME  □ HOPWA  □ ESG  ◙ HTF |

**Describe the State program addressed by the Method of Distribution:**

**CDBG**: The information regarding the CDBG Program's selection criteria, allocation of resources, threshold factors, and outcome expectations allowed under the Housing and Community Development Act of 1974, as amended, for PY2021 is as follows:

**STATE OF ALABAMA**

**PY2021 CDBG ONE-YEAR ANNUAL 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. Ensure 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 funding of important economic development projects in a timely manner.

6. Encourage communities to plan for community conservation and development.

7. Give additional consideration to those communities who commit to do the most to help

themselves, taking into account their level of resources.

8. Give consideration to the community's ability to maintain CDBG improvements.

9. Make funding decisions, to the extent feasible, that aid local and regional plans.

10. Ensure that all grants are managed in a timely and effective manner.

## **PY2021 CDBG Fund Allocation**

Total Allocation to Alabama: $23,903,936

County Fund $2,959,500

Large City Fund $5,381,800

Small City Fund $6,227,900

Economic Development Fund $5,158,750

Planning Fund $129,069

Community Enhancement Fund $3,229,800

State Administration $578,078

State Technical Assistance $239,039

**NOTES:**

1. The stated amount is based on the recent announcement by HUD under the 2021 fiscal year’s federal budget; however, this amount can change based on a revised annual allocation and/or subsequent action by HUD. Upon receipt of an otherwise final annual allocation amount, ADECA will adjust the distribution of funds up or down by approximately the same percentage; the exception being the distribution of “State Administration” and “State Technical Assistance” funds which will conform to HUD’s rule. Therefore, if and when necessary, ADECA will update the distribution of funds stated in this Annual Plan to reflect such otherwise final annual allocation amount.

2. If total requests in one or more Funds is less than the allocated amounts, the balances in those Funds may be transferred to any other Fund at the discretion of the ADECA Director without impacting the State’s five percent (5%) threshold established in the State’s Citizen Participation Plan.

3. For valid reasons, the ADECA Director may modify or altogether eliminate allocations in order to maintain program integrity. In such case(s), ADECA will follow the necessary citizen participation process stated in the State’s Citizen Participation Plan.

4. 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 ADECA Director. Such transfers will not count towards the five percent (5%) threshold established in the State’s Citizen Participation Plan.

5. 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 ADECA Director. Such transfers will not count towards the five percent (5%) threshold established in the State’s Citizen Participation Plan. Also, the State Technical Assistance Fund may be used for State Administration.

6. All recaptured funds (other than as defined by regulations) will be placed in the Recaptured Fund. Any funds awarded via a Governor’s/ADECA 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. Likewise, any funds returned by grantees due to cost under-run will be considered Recaptured Funds. This does not include funds returned as the result of an ED Float Loan. Those funds will revert back to funds/projects from where the funds came. Persons interested in the amount of Recaptured Fund money available may inquire to ADECA in writing for this information.

7. The State is not anticipating any Program Income to be available during the course of this program year. In case there is any program income, the money will generally be used to fund economic development projects.

8. Reallocated funds from HUD will be assigned to the most appropriate Fund by the ADECA Director and distributed in accordance with the methodology described in this One-Year Annual Action Plan.

9. 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, or for other CDBG eligible activities.

10. 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.\*

## \* Nothing in this Action Plan will limit the eligibility of an applicant or activities to be addressed by the CDBG Disaster or COVID Programs, to the extent such eligibility and activities are permitted by the HUD

## Disaster or COVID Rules. Similarly, any activities funded by the CDBG Disaster or COVID Grants will not

## limit the applicant's ability to apply for a grant under this Action Plan, to the extent the applicant is otherwise

## eligible under this Action Plan.

## **METHODS OF ALLOCATION**

The State of Alabama's PY2021 Community Development Block Grant (CDBG) 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 and through other appropriate widely distributed public notifications.

Each activity funded with CDBG funds must address at least one of the three National Objectives of the CDBG program. These objectives are:

1. To benefit low-income and moderate-income persons, of which at least 51% must be from low-income and moderate-income households, except for single family housing activities which must benefit 100% low-income 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.

Eligible applicants for the State of Alabama’s CDBG Program are non-entitlement cities and counties whose residents are the primary beneficiaries of the proposed activities.

The Categories of Funds from which PY2021 CDBG monies will be allocated are as follows:

**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 2010 Census 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 2010 Census 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 (ED FUND)**

This Fund is to assist activities necessary for economic development projects. Economic development projects are those which result in the creation or retention of jobs. 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 Fund provides an opportunity 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 loan guarantees more than $10 Million per project, nor more than the HUD-established limit per year. In those instances where there is an exceptional economic impact, then a waiver of the $10 Million per project 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. The State will require guarantees from the applicant government to support loan payments in event of a default by the business/industry.

**PLANNING FUND**

This Fund’s monies 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 or de-obligated due to cost underruns or grantees’ failure to satisfy corrections during the program year, except Program Income as defined by applicable regulations. The ADECA 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, including Urgent Need projects. Money from the Recaptured Fund for such projects will be awarded based on the criteria applicable to each individual Fund. The Recaptured Fund may also be used to meet State commitments caused by Section 108 Loan Guarantee underpayments or nonpayment of ED Float Loans. It is estimated that the State will receive approximately $750,000 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 Fund 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. An appropriate amount based on need and availability of funds will be made available from the 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 Fund categories.

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 the Black Belt Region Projects. Award considerations for Black Belt Region Projects will no longer be constrained by rating of these projects under individual Funds. The award of Black Belt Region 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 urgent need projects will not be subject to particular grant ceilings, timing, match requirements, or other limitations, and the ADECA 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 PY2021 program allows two or more communities to jointly carry out activities to address their mutual needs. The following elements will serve as a guide in the eligibility and determination of such 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 the most beneficiaries will be required to be the applicant and 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-income 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-income 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 ADMINISTRATION/PLANNING**

The State Administration is a reservation of money for effective management of the CDBG program by the State, and these 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 CDBG program, to increase local capacities,

and for other eligible purposes. The State Technical Assistance Fund may also be used for the State Administration.

**GRANT CEILINGS AND MINIMUMS**

The figures stated below establish general ceilings and minimums on the grant amounts that may be requested per Fund. 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.

**FUND** **CEILING/MINIMUM**

County Fund $400,000 Ceiling

Large City Fund $500,000 Ceiling

Small City Fund $350,000 Ceiling

Community Enhancement Fund $300,000 Ceiling/$50,000 Minimum

Planning Fund $40,000 Ceiling

Section 108 Loan Guarantees $10,000,000 Maximum

**Economic Development Fund** **Minimum** **Maximum**

ED Grants $50,000 $400,000

ED Incubator $50,000 $400,000

ED Loans $50,000 $250,000

ED Float Loans $1,000,000 $10,000,000

**NOTE:**

These ceilings are subject to HUD’s actual CDBG allocation to the State of Alabama. At the discretion of the ADECA Director, these ceilings may be modified in order to maintain program integrity.

## **THRESHOLDS**

The following thresholds will apply to communities seeking to apply for PY2021 CDBG funds:

1. Cities and Counties with an open Economic Development Fund or Planning Fund PY2018 or earlier grant funded in calendar year 2018 or earlier, as of a date determined by ADECA, will sit-out for all Funds except for the Economic Development Fund. The term “sit-out,” as used herein, is defined as “a city or county will not be eligible to apply for PY2021 CDBG funds except for the Economic Development Fund.”

2. Cities and Counties with an open grant (except Economic Development Fund or Planning Fund) from any Fund, as of a date determined by ADECA, will sit-out for all Funds except for the Economic Development Fund. The term “sit-out,” as used herein, is defined as “a city or county will not be eligible to apply for PY2021 CDBG funds except for the Economic Development Fund.”

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 Funds (the County Fund, Large City Fund, and Small City Fund) and the Community Enhancement Fund will be limited to only one application from either one of these 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 an ADECA CDBG staff monitoring review. A waiver may be provided in cases where the ADECA Director has reviewed a grantee’s proposed response and has determined that repayments due to 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 an ADECA CDBG staff monitoring review. A waiver may be provided in cases where the ADECA Director has determined that repayments due to 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 (51%) low and moderate income persons or qualify under the Area Benefit under the HUD rule, 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 a date determined by ADECA 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 coronavirus (COVID) and other infectious diseases, disasters, neighborhood stabilization (NSP), or recovery (CDBG-R) will not prohibit jurisdictions from applying for PY2021 CDBG funds.

3. For any issue or subject not addressed in this PY2021 One-Year Annual Action Plan, or in the case of conflicting issues, the ADECA 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 ADECA Director may provide a waiver from these Thresholds if specific situations merit granting such a waiver.

**APPLICATIONS FOR COUNTY, LARGE CITY, AND SMALL CITY FUNDS**

**COMPETITIVE PROCESS**

CDBG funds allocated to the County Fund, Large City Fund, and Small City Fund, also known as Competitive Funds, will be distributed through a competitive grant application 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, may 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 ensure 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 the application after it has been submitted to the State. The State may request clarification of the proposal that in no way affects the substance of the application, or the State 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 the Competitive Funds from a respective Fund category, i.e., County Fund, Large City Fund, or Small City Fund. All grant applications will be rated for a maximum score of 200 points. Applications will be awarded funds in order of decreasing score until funds in a given Fund category are exhausted. The rating criteria for scoring 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 elements will be used to determine points under the Nature of Benefits rating criteria. The PY2021 CDBG Application Manual will provide additional details for meeting the reporting and documentation requirements of these broad evaluation elements.

a. Needs Assessment – This is an assessment of community-wide needs associated with housing and essential community development facilities, including the needs of low-income and moderate-income households.

b. Project Development – This is a 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 – This is a 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 – This is a 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 a local match. Points will be awarded based on the percent of local funds divided by the total amount of requested CDBG dollars. Two points will be awarded for a one percent match, 4 points will be awarded for a two percent match, up to 20 points awarded 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 Fund category.

**Cost/Benefit Ratio**

This is the measure of the project’s cost per beneficiary, and the scoring will be based on a comparison of (i) the applicant's cost per beneficiary for each activity to (ii) the base level ratio. A base level ratio of $4,000 for all public facilities, $8,500 for housing, and $14,500 for relocation has been established by ADECA. 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 amount of requested CDBG dollars.

The rating forms that will be used to score Competitive applications will be included with the application materials.

**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. This Fund can be used to provide funding for eligible activities that communities consider important to enhance the community in a manner that is 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 this Fund must be submitted by the announced cut-off date.

**Criteria for Rating Community Enhancement Grants**

The Community Enhancement Fund grant applications will be reviewed by ADECA CDBG staff for compliance with a National Objective and eligibility Thresholds. The applications will be reviewed for factors that include:

1. Assessment of need for project

2. Importance of activity to community

3. Clarity of benefit to low-income 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 their 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 ADECA CDBG staff evaluation will be used to guide the selection of the projects, although the ADECA Director may vary from the ADECA CDBG staff evaluation when a particularly strong need is perceived. The ADECA CDBG staff evaluation will consist of two independent reviews comprised of a 0-5 point scoring scale, wherein a score of “0 points” indicates that the project is ineligible for one or more reasons, a score of “1 point” indicates a weak project, and a score of “5 points” indicates a very strong project.

A grant ceiling amount of $300,000 and a minimum grant amount of $50,000 have been established for the Community Enhancement Fund. The ADECA Director may waive either of these limits.

The Community Enhancement Fund will require a specific local match equal to or exceeding 10 percent of the amount of CDBG funds requested in the application. 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.

Community Enhancement Fund projects will be awarded based on the total highest score in decreasing order until the Fund’s monies are depleted. When funds are not available to fund all projects with similar scores, the ADECA CDBG Staff’s 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), the match may be waived when the applicant lacks the financial capacity. Applications will be considered on a continual basis until the cut-off date.

**Evaluation Considerations**

The Planning Fund grant awards will be made based on the following 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. The need and urgency of planning activities proposed. The State reserves the authority to not fund a project if the 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. The amount of funds requested relative to the size of the community, the complexity of the proposed elements, and the final product. This consideration will be particularly important where larger grant requests are involved.

6. The community’s 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 PY2021 money, any unanticipated receipt of program income will be available for funding of ED projects. Also, ED Float Loans will be covered in this section, since ED Float Loans will be used only for economic development. However, funds used for short-term grants, or ED Float Loans, will come from all categories of grants. The ED Fund projects will be funded under the following four distinct categories: (1) ED Grants, (2) ED Incubator Projects, (3) ED Loans, and (4) ED Float Loans.

The eligible ED Fund projects will be generally funded in the order they are received, regardless of the Fund category under which they fall. Eligible applicants for ED Grants, ED Loans, and ED Float Loans are all non-entitlement local governments, provided other applicable thresholds are met. The applicable grant ceilings and minimums for ED Fund projects will be as cited earlier in the section on grant ceilings. The rules and requirements which will govern ED Grants, ED Loans, and ED 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, a loan, or a 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 $400,000 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 award or deny funding of any application during the program period, depending on the quality of the project, benefit to low and moderate income communities, the results of past projects, or on considerations such as labor supply, wage levels, environmental effects, etc. The State may waive the $400,000 grant ceiling if the merit of the project shows a significant long-term economic benefit for the State.

The Threshold requirements for ED Grants are listed below. These Thresholds are in addition to overall Thresholds listed earlier in this PY2021 One-Year Annual Action Plan. The Director may grant exemptions form the Threshold requirements.

**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-income 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-income and moderate-income persons merit such a decision.

2. The applicant must have a commitment from the business to create and/or retain the 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. The grant may also be used for repair or renovation of a facility owned by a city, county, industrial development authority, or such other public entity, provided that the applicant city/county is at least 51% low and moderate income.

4. At least 51 percent of the project’s 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 amount requested in the ED Grant application. 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 ADECA 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 the use of CDBG assistance for job-pirating activities.

7. ED Grants will not be made in cases where construction of the private facility has already started prior to the grant award date 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 continual 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 ED 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 Project grants anytime during the program period. A grant ceiling of $400,000 will apply. The State will maintain the right to deny funding of any ED Incubator Project, depending on the quality and/or certainty of the proposal.

**Thresholds**

Threshold requirements listed earlier in this PY2021 One-Year Annual Action Plan will apply to all ED Incubator Projects.

**Evaluation Criteria**

Factors to be considered in evaluating the worthiness of ED Incubator Project proposals will include:

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-income 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 Loans 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-income 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. ED Loans made from the Revolving Loan Fund will be governed by the same requirements as ED Loans made from the ED Fund. ED Funds used by communities to make ED 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 of 1974, as amended, 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, the appropriateness of the proposed project, or the capacity of the community to undertake such a project. Threshold requirements for ED Loans are listed as follows, and are in addition to overall Thresholds listed earlier in this PY2021 One-Year Annual 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 continual 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

It is generally not the intention of the State to use CDBG funds to make loans. However, the State is retaining the ability to make loans to ensure a significant economic development opportunity is not lost due to the absence of such ability.

**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-income and moderate-income persons. ED Float Loan funds used for short-term loans will come from all Fund categories of grants. A reasonable amount of Program Income or Recaptured Funds may be used to provide a grant to administer an ED Float Loan. As ED Float 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 is 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 ED Float Loan program will be determined by careful monitoring of the fund flow needs of the CDBG program. Because the State recognizes that the ED Float Loan program entails some risk, each request will be analyzed on the basis of the need of grants previously funded. ED Float Loans will be made only after it has been determined, to the maximum extent possible, that the amount and term of any ED Float Loan will not commit the State's letter of credit balance to the degree that other previously-funded grants are delayed or jeopardized. ED 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 previously herein this PY2021 One-Year Annual Action Plan.

The ED Float Loan program will be governed by the following requirements:

**Program Objective**

A primary objective of the ED 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 ED 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-income and moderate-income persons. If ED 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**

ED 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 ED Float Loan amount shall be $1 Million, and the maximum ED Float Loan amount shall be $10 Million. These maximum and minimum loan amounts may be waived by the State when significant long-term economic benefits for low-income and moderate-income persons are involved. The loan term will be for one year, and can be extended for one additional year. Interest earned on ED 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 continual basis. However, due to the unique nature of the ED Float Loan program, the State intends to fund only a limited number of ED Float Loan projects. Prior to accepting any application, the State will require a thorough review of the project with the State. ED Float Loan funding decisions will be based on the following factors:

1. Conformance with the National Objective

2. Loan security, which 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 the Section 108 Loan Guarantee program 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 Million 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 this PY2021 One-Year Annual 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, 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-income and moderate-income persons.

5. The applicant shall guarantee the required loan repayments should the participating business default.

**Evaluation Criteria**

Applications for Section 108 Loan Guarantees will be considered on a continual basis, since opportunities for economic development may arise at any time. Section 108 Loan Guarantees will be evaluated in accordance with 24 CFR Part 570, the Section 108 Final Rule, along with consideration being given to the following:

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’s CDBG program are all activities listed as eligible under the Housing and Community Development Act of 1974, as amended, except public service activities proposed separately or jointly with other non-service type activities will generally be available only in rare and unique situations.

ESTIMATED FUNDS FOR ACTIVITIES BENEFITING

LOW-INCOME AND MODERATE-INCOME PERSONS

The Housing and Community Development Act of 1974, as amended, 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 PY2021 CDBG funds will be used for activities that primarily benefit low-income and moderate-income persons. The remaining 20 percent of PY2021 CDBG 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 PLAN FOR MINIMIZING DISPLACEMENT**

**FROM USE OF CDBG FUNDS**

The Housing and Community Development Act of 1974, as amended, 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.” The following four elements shall serve as the State of Alabama’s “Plan for Minimizing Displacement for Programs Utilizing U.S. Department of Housing and Urban Development Funds.”

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.

3. Local Plan for Grant Recipients: The State of Alabama requires that that all localities applying HUD funds through the State certify that, “The City/County will minimize displacement of persons as a result of activities with CDBG funds and will assist persons actually displaced as a result of such activities.” Further, upon funding, all recipients shall be required to keep a local Plan for Minimizing Displacement in the program files.

4. Grievance Procedure: The State will follow the grievance procedure identified in the Complaints section of the State’s Citizen Participation Plan.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_End of PY2021 CDBG Action Plan\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**HOME**: For the HOME Program, please see the **PY2021 HOME Action Plan** at **ATTACHMENT 4** for information regarding selection criteria, allocation of resources, threshold factors, and outcome expectations.

**ESG**: The information regarding the ESG Program's selection criteria, allocation of resources, threshold factors, and outcome expectations allowed under the McKinney-Vento Homeless Assistance Act, as amended, is as follows:

**STATE OF ALABAMA**

**PROPOSED PY2021 ESG ACTION PLAN**

**History**

The Emergency Shelter Grant Program was first enacted under Title V of the U.S. Department of Housing and Urban Development’s (HUD) 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 Grants (ESG) 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 Homeless Management Information System 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. The State will receive $2,883,869 in PY2021 ESG funds. The State will allocate funds based on the quality of applications received from local units of government 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 subrecipients. 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.

The stated allocation amount is the amount that ADECA anticipates receiving from HUD under the respective fiscal year’s federal budget. However, this amount can increase due to the award of supplemental allocation(s) or decrease as and when determined by HUD. Upon receipt of the final annual allocation amount, ADECA will adjust the distribution of funds up or down by approximately the same percentage; the exception being the distribution of “State Administration” funds which will conform to HUD’s rule. ADECA will also update the Annual Action Plan to reflect ADECA’s actual fiscal year allocation.

**Pre-Award Costs**

The State requests permission to receive reimbursement for administration costs incurred prior to the award date of the agreement between HUD and ADECA. The costs would include eligible functions performed by ADECA’s staff members during the State’s administration of the ESG Program.

**Thresholds**

No applications will be accepted under any of 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 FY2019 or an earlier year.
* The private nonprofit organization (acting as the applicant or the second-tier subrecipient) does not meet the following criteria:
  + is a secular or religious organization described in section 501 (c) of the Internal Revenue Code of 1986;
  + is exempt from taxation under subtitle A of the Code;
  + has an accounting system and a voluntary board; and
  + practices nondiscrimination in the provision of assistance.

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 a date determined by ADECA 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 $400,000 for applicants that will serve a single jurisdiction. A single jurisdiction is defined as one municipality or one county serving both municipalities and unincorporated communities within that county. An applicant that will serve multiple counties will have a grant ceiling of $500,000. Demonstrated need, prior performance, capacity, and other factors may be used to determine the actual award amount. An applicant may not be listed as a second-tier subrecipient in another application. However, a second-tier subrecipient may be listed as a second-tier subrecipient in more than one application. 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. Initiation of negotiations will be done by the State based on (1) demonstrated need; (2) prior performance; and (3) other available resources. Grant ceilings may be waived in efforts to utilize all current year funds.

**Recaptured Funds**

Recaptured funds 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 funds or unutilized prior year funds to assist eligible and fundable projects from the program year in which the funds are returned. The State may negotiate with subrecipients to reallocate all recaptured funds and unutilized prior year funds.

In the event of the availability of recaptured or unutilized prior year funds, subrecipients that have not exceeded the grant ceilings will be notified first. Subrecipients will submit a written response of their interest in receiving the recaptured or unutilized prior year funds. If all funds are not awarded after the first notification, the remaining subrecipients will be allowed to submit a written response expressing their interest in receiving the recaptured or unutilized prior year funds. Grant ceilings may be waived in efforts to award all recaptured or unutilized prior year funds.

Factors to be considered when reallocating funds include: (1) estimated number of program participants to be served; (2) impact on the community if the persons are not served; (3) other extenuating or unusual circumstances which may have necessitated the additional funding, (4) prior performance of the subrecipients’ grant administration, (5) the subrecipients’ demonstrated ability to expend funds in a timely manner, and (6) the subrecipients’ ability to supply the required matching funds.

**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 the State’s 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 the State’s 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:

1. 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.)
2. 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.)
3. 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 homeless 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 subrecipient or the second-tier subrecipient.

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 the 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 the 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 (CoC) 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 subrecipients and second-tier subrecipients. 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, underemployment, and rising healthcare costs are also obstacles.

**Proposed Activities**

The 2020 point-in-time surveys for the State of Alabama documented 3,351 homeless persons. Of those, 1,299 were unsheltered and 2,052 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. 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 subrecipients. The site visits may influence funding decisions. Funds will be awarded competitively based on the factors reviewed below.

1. 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.

2. Applicant’s Strategy to Address Homeless Problems: 20 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.

3. Capacity and Coordination: 20 Points

Applicants will describe their federal grant management and administrative capacity, especially that of all second-tier subrecipients, 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.

4. Participation in a Continuum of Care: 20 Points

The applicant will demonstrate a thorough understanding of the “continuum of care”

concept and explain how the services provided by it or its second-tier subrecipients are in line with this concept. This will include information concerning membership in an existing Continuum of Care Homeless Coalition. Explain the levels of participation for the applicant and that of the second-tier subrecipients regarding continuum initiatives, activities, and programs. The applicant will provide details regarding the strategies of the particular continuum for serving the homeless. The applicant will provide information regarding the agencies’ utilization of the continuum’s coordinated assessment system.

5. 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-Vento 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 will be used must be clearly indicated.

6. 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 second-tier subrecipients’ budgets. 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; and
* coordination with local agencies, including the CoC, that serve similar target populations.

If necessary, the State may request additional information to assist with reviews.

**Tie Breaker**

In the event of tied scores where funding is not available to all applicants, ADECA’s 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.

**Monitoring Plan**

ADECA staff will monitor each ESG grant on-site at least once prior to project close-out. Areas reviewed for compliance include adherence to the Program’s national objective and eligibility requirements, progress and timeliness, citizen participation, environmental, shelter standards, housing habitability standards, rent reasonableness, affirmative outreach, fair housing, equal employment opportunity, procurement, and financial management.

After each monitoring visit, written correspondence will be sent to the subrecipient describing the results of the review in sufficient detail to clearly describe the areas that were covered and the basis for the conclusions. 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, or reimbursement of disallowed costs.

If the subrecipient has not responded within 30 days after the date of ADECA’s letter, ADECA staff will work with the subrecipient through phone calls, e-mails, or written correspondence to obtain the requested information. No grant can be closed until all monitoring findings have been satisfactorily resolved.

ADECA maintains an “ESG Projects Schedule” spreadsheet which is used as a tracking system to ensure each ESG grant is monitored at least once prior to close-out. Monitoring visits will be scheduled at the time when at least 40 percent of the funds have been drawn. This spreadsheet is also used to track monitoring findings, receipt of the requested responses, and the date of project close-out.

ADECA retains the option to schedule additional monitoring visits as may be necessitated by problems identified in the monitoring visit or when grant conditions demonstrate a need for additional ADECA review. Further, ADECA may also incorporate additional monitoring and review techniques not listed here in order to ensure program compliance.

**Consultation with Continuums of Care**

The State and the CoCs in its jurisdiction mutually agreed to maintain the following outcomes developed in 2012 for the ESG Program.

1. Determining how to allocate ESG funds for eligible activities:

a. Membership in a CoC – Agencies interested in applying for ESG funding must be active, participating members of the local CoC.

b. Service Provision – Services provided by those agencies must meet an established goal of the local CoC.

c. Capacity – Those agencies must have demonstrated their capacity to carryout ESG or similar program activities.

d. Collaboration - Those agencies must collaborate with local agencies that serve similar target populations.

e. Coordination - Those 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; and
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:

*PromisSE, a* web-based data management system, serves as a multi-implementation of HMIS. Every continuum in the state, with the exception of the Homeless Care Council of Northwest Alabama, utilizes *PromisSE*. *PromisSE* is operated under a Steering Committee which consists of members of each continuum across the states of Alabama and Florida. *PromisSE* has established policies and procedures. Funding for HMIS and related activities and costs will be capped at 5 percent of the grant award to individual subrecipients.

**Written Standards for Provision of ESG Assistance**

Because the needs of program participants and their access to available assistance vary across the State, the State will require its subrecipients 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 and individuals and families who have the highest barriers to housing and are likely to be homeless the longest. Special populations include victims of domestic violence, dating violence, sexual assault, and stalking.

9. Policies and procedures for assessing, prioritizing, and reassessing individuals’ and families’ needsfor essential services related to emergency shelter.

10. Procedures to guarantee that reasonable steps are taken to ensure meaningful access to program activities for persons of limited English proficiency.

11. Standards for terminating assistance. Include requirements of a formal process to terminate assistance. At a minimum, the process should contain:

* a written notice to the participant stating the reason for termination of assistance;
* a review of the decision, where the participant is given the opportunity to present written or oral objections; and
* prompt written notice of the final decision to the participant.

**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; and

● 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. The State chose not to develop performance indicators because its ESG Program will be implemented in different geographic areas with various needs, social services programs, and degrees of access to services. The subrecipients 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**

Each CoC has an established centralized or coordinated assessment system for its service area. Implementation of the systems varies by continuum. All ESG-funded projects utilize the coordinated assessment system developed by the local CoC.

**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 out**to homeless persons (especially unsheltered persons) and assessing their individual needs*

The point-in-time surveys for 2020 showed that there were 1,299 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 subrecipients and second-tier subrecipients will work more closely with the CoC 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 subrecipients and second-tier subrecipients will target unsheltered homeless persons in an effort to provide shelter and services to them.

3. The ESG subrecipients and second-tier subrecipients 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 surveys for 2020 showed that there were 2,052 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 subrecipients and second-tier subrecipients 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 subrecipients and second-tier subrecipients 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 National Low Income Housing Coalition, Alabama has a shortage of 78,840 rental homes available and affordable for extremely low-income renters. 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 subrecipients and second-tier subrecipients 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 subrecipients and second-tier subrecipients 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 agencies**that address housing,health, social services, employment, education, or youth needs.*

The State’s goal is that ESG subrecipients’ and second-tier subrecipients’ 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 CoC 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.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_End of PY2021 ESG Action Plan\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**HOPWA**: The information regarding the HOPWA Program's selection criteria, allocation of resources, threshold factors, and outcome expectations are as follows:

**STATE OF ALABAMA**

**HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS (HOPWA) PROGRAM**

**PY2021 ONE-YEAR ANNUAL ACTION PLAN**

**Introduction**

HIV/AIDS represents a significant public health issue in the United States with an estimated 1.1 million individuals currently living with the virus (CDC, 2019). There were 38,739 new cases of HIV diagnosed in the U.S. in 2017 with 52% (or 19,968) of all new diagnoses being made in the southern region (CDC, 2018). In the same year, there were 13,299 individuals living with HIV in Alabama and 656 individuals newly diagnosed (ADPH, 2019). Approximately 44% of Alabamians living with HIV have progressed to Stage 3 (AIDS) disease and the health department estimates that there may be as many as 2,777 undocumented cases of HIV infection in the state (ADPH, 2017). The highest number of new HIV cases in Alabama are found in the urban counties of Jefferson, Mobile, Montgomery, Madison, and Tuscaloosa, but a disproportionately high percentage of new HIV cases are being diagnosed in rural parts of the state (ADPH, 2017).

HIV/AIDS disproportionately affects African-Americans, men who have sex with men (MSM), and young adults. In 2017, African-Americans made up only 13% of the U.S. population but represented 42% of new HIV diagnoses nationally (CDC, 2019). The picture in Alabama is similar. African-Americans comprise 27% of the state’s population but account for 64% of all HIV-positive individuals (ADPH, 2017). African-American males represent 52% of all newly diagnosed HIV cases in Alabama, and the HIV incidence rate for African-Americans was nearly six times that of Caucasians (ADPH, 2017). According to the CDC, 66% of all new HIV diagnoses in 2017 were among the MSM population with male-to-male sexual contact being the most common form of HIV transmission (CDC, 2019). Male-to-male sexual contact accounted for 68% of all new HIV transmission in Alabama in 2017 (ADPH). Young adults between the ages of twenty and twenty-nine account for 44% of Alabama’s new HIV infections each year, which represents a downward shift in age at diagnosis across the State since 2008 (ADPH, 2017). Young adult men of color represented the most affected sub-population with regards to HIV, and there has been a 12% increase in the rates of HIV among gay and bisexual Hispanic men in recent years (CDC, 2019).

There is a significant relationship between HIV and poverty in the United States. Communities with large income gaps and high rates of psychosocial disadvantage among minority populations experience disproportionately high rates of HIV infections (Pellowski et al, 2014). Improving HIV-related health disparities requires communities and health providers to address the social and structural barriers to health and healthcare (Pellowski et al, 2014). Access to stable, affordable housing for individuals living with HIV/AIDS and their families is one such structural barrier that has been shown, when addressed, to improve individual HIV health outcomes and to reduce the rates of transmission within the community (Aidala et al, 2016).

The Housing Opportunities for Persons with AIDS (HOPWA) Program is an important component of the safety network for low-income, HIV-positive Americans. Stable housing for People Living with HIV (PLWH) has been linked with improved HIV-related clinical markers, increased rates of antiretroviral therapy adherence, and longer life-expectancy (Aidala et al, 2016). Stable housing is also associated with higher rates of HIV primary care utilization and with lower rates of HIV-related emergency department visits and inpatient admissions (Aidala et al, 2016). Finally, improved housing circumstances for HIV-positive individuals have been shown to reduce HIV risk behaviors (including sexual and drug-related behaviors) and to reduce the likelihood of forward transmission of the virus (Aidala et al, 2016).

In 2015, AIDS Alabama coordinated a statewide needs assessment of individuals living with HIV in the State. Interviews were completed with four hundred ninety-eight HIV-positive individuals across the state as part of the needs assessment, and 10% of individuals were found to have no source of income. Additionally, 52% of respondents reported that their primary source of income was from SSI, and 36% of respondents received food benefits. Of the individuals interviewed, 21% reported experiencing some degree of housing insecurity within the previous six months and 12% reported moving three or more times in the previous three years. At the time of this needs assessment, African-American males and females were at an increased risk for housing instability, and 20% of respondents had experienced problems with housing. These findings demonstrate widespread economic disadvantage among the HIV-positive population in Alabama and underscore the need for HOPWA services across the state.

**HOPWA Service Coordination**

AIDS Alabama facilitates the Alabama HOPWA Program through a partnership with the member organizations that make up the AIDS Service Organization Network of Alabama (ASONA). There are currently nine members of ASONA located in regional hubs throughout the State. This partnership allows for the extension of HOPWA service to all regions of the State and to individuals living in each of the State’s 67 counties. Each of the nine ASONA member organizations participates in the statewide needs assessments compiles programmatic data, and participates in developing the protocols used to administer HOPWA funds. AIDS Alabama will only make changes to the HOPWA rental assistance program after receiving input from all partnership organizations, providing at minimum a 30-day notice of change to each agency and ensuring that all changes are HUD compliant.

Below is a list of the ASONA membership agencies providing HOPWA services throughout Alabama:

* AIDS Alabama, Inc.-Birmingham, AL
* AIDS Alabama South-Mobile, AL
* Birmingham AIDS Outreach-Birmingham, AL
* Five Horizons Health Center-Tuscaloosa,
* Health Services Center-Anniston, AL
* Medical Advocacy and Outreach-Montgomery, AL
* Selma AIDS Information and Referral-Selma, AL
* Thrive Alabama, Inc.-Huntsville, AL
* Unity Wellness Center-Auburn, AL

**Summary of Client Services**

AIDS Alabama and the other ASONA membership agencies provide the following housing related services to HIV-positive individuals and their families across Alabama:

**I. Rental Assistance**

AIDS Alabama and its partner organizations facilitate three rental assistance programs across the state for the purpose of assisting clients to achieve and maintain stable housing. Descriptions of each of the programs follow:

a) **Short-Term Rent, Mortgage, and Utility Assistance (STRMU)** provides assistance to households facing a crisis or housing emergency that could result in displacement from their current housing situation or that could result in homelessness. In order to receive STRMU assistance, qualified individuals must work with a case manager to develop a housing plan designed to increase self-sufficiency and to avoid homelessness.

b) **Tenant-Based Rental Assistance (TBRA)** provides ongoing financial assistance paid to a tenant’s landlord to cover the difference between fair 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. In order to receive TBRA assistance, the individual must have a long-term housing plan to pursue Section 8 or other permanent, mainstream housing options.

c) **Project-Based Rental Assistance (PBRA**) offers low-income individuals 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.

**II. Short Term/Emergency Housing**

1. AIDS Alabama operates an emergency shelter for individuals living with HIV who are receiving substance abuse treatment through the Living in Balance Chemical Addiction Program.

1. AIDS Alabama is in the process of purchasing land adjacent to our Ensley, AL Campus with the potential goal of increasing our Short Term/Emergency Housing options for individuals living with HIV.

**III. Living in Balance Chemical Addiction Program (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) and accepts referrals for individuals living across Alabama.

**IV. Permanent Housing**

Permanent housing is available to HIV-positive individuals throughout Alabama and includes the following:

a) **Agape House and Agape II** offer permanent, apartment complex living in Birmingham for persons with HIV/AIDS. There are 25 one-bedroom units, three two-bedroom units, and two three-bedroom units in these two complexes.

b) **Magnolia Place** is located in Mobile and offers 14 two-bedroom units and a one-bedroom unit.

c) **The Mustard Seed** triplex offers three one-bedroom units in Birmingham.

d) **Alabama Rural AIDS Project (ARAP)** is a permanent supportive housing program that provides 13 units of housing in rural areas of the state through the use of TBRA vouchers. An additional house in Dadeville is also used for the project.

e) **The Rapid Re-Housing and Ascension Project** offers rapid re-housing services to homeless clientele. Though the program is not limited to HIV-positive individuals, the program continues to primarily serve this population.

f) **The LeTransclusive Project** offers permanent supportive housing to trans-identified and/or adults living with HIV who are chronically homeless clientele. Though the program is not limited to HIV-positive individuals, the program continues to serve this population almost exclusively.

g) AIDS Alabama is in the process of purchasing land adjacent to our Ensley, AL Campus with the potential goal of increasing our permanent housing options for individuals living with HIV.

**V. Service Enriched Housing**

Service Enriched Housing is available to HIV-positive individuals from across the state who meet the program criteria. These programs include:

a) **JASPER House** is located in Birmingham, AL, and 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. The program is funded through HUD as a HOPWA Competitive grant and is certified as an Adult Residential Care facility by the Alabama Department of Mental Health.

**HOPWA Funding and Resource Allocation**

The HUD PY2021 HOPWA Fund allocation to the State of Alabama is $2,823,192. Given the preceding statistics and needs represented, AIDS Alabama will use the PY2021 HOPWA funds for the following activities in support of the client programs outlined above:

1. Short Term Rental Mortgage and Utility Assistance

2. Tenant Based Rental Assistance

3. Facility Based Housing Subsidy - Permanent Housing

4. Facility Based Housing Subsidy - Transitional/Short Term Facilities

5. Supportive Services (including case management, support staff, housing outreach, and transportation)

6. Resource Identification

7. Housing Information

8. Technical Assistance

9. Administration.

**Each of these programs is defined in more detail below:**

**1. Short Term Rental Mortgage and Utility (STRMU) Assistance:**

Goal #1: To support a statewide Short Term Rental Mortgage and Utility (STRMU) assistance program through qualified AIDS Service Organizations.

Objective 1: Provide 50 households with emergency Short-Term Rent/Mortgage and Utility (STRMU) assistance between April 1, 2021 and March 31, 2022.

Outcome: At least 35 households will maintain stable housing and avoid homelessness because of temporary emergency situations.

Outcome: The network of AIDS Service Organizations that has formed will be maintained, ensuring any eligible Alabama resident access to HOPWA assistance.

AIDS Alabama and its ASONA partner agencies will use $111,612 to fund Short-Term Rental Mortgage Utility (STRMU) assistance on an as-needed basis across the state. Individuals will access this program by visiting AIDS Alabama or one of the eight partnering AIDS Service Organizations to complete an application with a HOPWA-certified staff member.

**2. Tenant Based Rental Assistance (TBRA):**

Goal #2: To support a statewide Tenant Based Rental Assistance (TBRA) program through qualified AIDS Service Organizations.

Objective 1: Provide 100 households with long-term, Tenant-Based Rental Assistance (TBRA) between April 1, 2021and March 31, 2022.

Outcome: At least 100 households will be assisted so that consumers can remain in affordable, leased housing and experience housing stability.

Outcome: The network of AIDS Service Organizations that has formed will be maintained, ensuring any eligible Alabama resident access to HOPWA assistance.

AIDS Alabama will use $650,000 to fund Tenant-Based Rental Assistance (TBRA) on an as-needed basis to individuals across the state. Individuals will access this program by visiting AIDS Alabama or one of the eight partnering AIDS Service Organizations to complete an application with a HOPWA-certified staff member.

**3. Facility Based Housing Subsidy Permanent Housing:**

Goal #3: Support permanent housing through facility based housing subsidy.

Objective: AIDS Alabama will use $650,000 to subsidize the cost of permanent housing units between April 1, 2021 and March 31, 2022, serving a potential 100 PLWH and their families 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 housing in the state as described in the previous section.

Outcome: All current residents in the various AIDS Alabama permanent housing programs will enjoy safe, secure, and stable housing.

**4. Facility Based Housing Subsidy Transitional/Short Term Housing:**

Goal #4: Support transitional/short term housing through facility based housing subsidy.

Objective: AIDS Alabama will use $75,000 to subsidize the cost of the transitional units between April 1, 2021 and March 31, 2022, serving a potential 50 PLWH and their families 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, transitional/short term housing in the state as described in the previous section.

Outcome: All current residents in the various AIDS Alabama facility based and short term housing will enjoy safe, secure, and stable housing.

**5. Supportive Services:**

Goal #5: Provide existing housing programs in the state with supportive services.

Objective 1: Provide 25,000 legs of transportation to social service and medical appointments between April 1, 2021 and March 31, 2022.

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 5,000 consumers statewide between April 1, 2021 and March 31, 2022.

Outcome: Consumers will be linked to mainstream resources that allow them to remain in stable housing and to live independently.

AIDS Alabama will use $909,261 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 will provide these services in the Birmingham Metropolitan Area and to the areas in their Public Health area. The eight ASONA partner organizations will provide these services in the other regions of the state.

**6. Resource Identification:**

Goal #6: Support resource identification efforts.

Objective 1: AIDS Alabama will spend $60,000 between April 1, 2021, and March 31, 2022, to support collaboration among housing and HIV-positive service partners across the state in order to identify low-income housing and housing development efforts.

Specific actions include:

a) Attend 100% of the appropriate HIV/AIDS housing and homelessness conferences.

b) Support the cost of meetings to foster collaborations that will expand affordable housing for low-income, HIV-positive consumers within the state housing organizations (e.g. the Low Income Housing Coalition of Alabama, Alabama Rural Coalition on Homelessness, and Alabama Poverty Project).

c) Explore the availability of possible land and/or buildings for purchase in the Mobile, AL area with the goal of expanding the HIV-related housing stock in that area of the State.

Outcome: AIDS Alabama staff members and contractors will be equipped to provide identification of low-income housing and housing development options with appropriate support services in the state for individuals and families living with HIV disease.

**7. Housing Information:**

Goal #7: Support ongoing housing information dissemination efforts across the state.

Objective: AIDS Alabama will use $80,000 to provide 2,500 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, 2021 and March 31, 2022.

Outcome: HIV-positive individuals in counties throughout the state will know how to find stable and affordable housing resources. AIDS Alabama will develop and publish new web-based information to broaden our reach to consumers.

**8. Technical Assistance:**

Goal #8: Provide technical assistance and training around housing programs and development in Alabama.

Objective: AIDS Alabama will use $5,000 to provide/receive at least two consultations and technical assistance sessions to/for ASONA member agencies who are engaged in specific, qualified projects between April 1, 2021 and March 31, 2022.

Outcome: Two consultations related to housing development programming will be provided to ASONA members to encourage and promote the development of additional housing services for HIV-positive individuals across the state.

**9. Administration:**

The fee for administration of the HOPWA program will be $282,319 (10% per regulations). The state service agency (ADECA) will receive $84,696 (3%) as the grantee, and the project sponsor (AIDS Alabama) will receive $197,623 (7%).

AIDS Alabama will draw on its committed sources of leverage in order to increase the capacity of the HOWPA program. Leveraged dollars come from Medicaid Targeted Case Management revenue, Ryan White case management billing, private foundation grants, other HUD grants, tenant rent payments, collaborations with the University of Alabama at Birmingham, and program income. These funding sources allow AIDS Alabama to stretch limited fiscal resources while continuing to provide quality supportive housing services to HIV-positive individuals across Alabama.

**Proposed PY 2021HOPWA State Budget**

|  |  |
| --- | --- |
| **Short Term Rental Mortgage and Utility (STRMU) Assistance** | $111,612 |
| **Tenant Based Rental Assistance (TBRA)** | $650,000 |
| **Facility Based Housing Subsidy Permanent Housing** | $650,000 |
| **Facility Based Housing Subsidy Transitional/Short Term Housing** | $75,000 |
| **Supportive Services** | $909,261 |
| **Resource Identification** | $60,000 |
| **Housing Information** | $80,000 |
| **Technical Assistance** | $5,000 |
| **Grantee Administration** (3% ADECA) | $84,696 |
| **Project Sponsor Administration** (7% AIDS Alabama) | $197,623 |
| **TOTAL** | **$2,823,192** |

**Pre-Award Costs**

* The State requests permission to receive reimbursement for Short Term Rental Mortgage and Utility (STRMU) assistance costs incurred after the end of last year’s contract and prior to the executed award date of the agreement between the U.S. Department of Housing and Urban Development and ADECA.  The costs would include eligible expenditures by both the grantee, ADECA, and project sponsor, AIDS Alabama, during the continuation of the HOPWA program.
* The State requests permission to receive reimbursement for Tenant Based Rental Assistance (TBRA) costs incurred after the end of last year’s contract and prior to the executed award date of the agreement between the U.S. Department of Housing and Urban Development and ADECA.  The costs would include eligible expenditures by both the grantee, ADECA, and project sponsor, AIDS Alabama, during the continuation of the HOPWA program.
* The State requests permission to receive reimbursement for facility based housing subsidy for permanent housing costs incurred after the end of last year’s contract and prior to the executed award date of the agreement between the U.S. Department of Housing and Urban Development and ADECA.  The costs would include eligible expenditures by both the grantee, ADECA, and project sponsor, AIDS Alabama, during the continuation of the HOPWA program.
* The State requests permission to receive reimbursement for master leasing costs incurred after the end of last year’s contract and prior to the executed award date of the agreement between the U.S. Department of Housing and Urban Development and ADECA.  The costs would include eligible expenditures by both the grantee, ADECA, and project sponsor, AIDS Alabama, during the continuation of the HOPWA program.
* The State requests permission to receive reimbursement for supportive services costs incurred after the end of last year’s contract and prior to the executed award date of the agreement between the U.S. Department of Housing and Urban Development and ADECA.  The costs would include eligible expenditures by both the grantee, ADECA, and project sponsors during the continuation of the HOPWA program. The project sponsors are AIDS Alabama, AIDS Alabama South, Birmingham AIDS Outreach, Five Horizons Health Services, Health Service Center, Medical Advocacy and Outreach, Selma AIDS Information & Referral, Thrive Alabama, and Unity Wellness Center.
* The State requests permission to receive reimbursement for resource identification costs incurred after the end of last year’s contract and prior to the executed award date of the agreement between the U.S. Department of Housing and Urban Development and ADECA.  The costs would include eligible expenditures by both the grantee, ADECA, and project sponsor, AIDS Alabama, during the continuation of the HOPWA program.
* The State requests permission to receive reimbursement for housing information costs incurred after the end of last year’s contract and prior to the executed award date of the agreement between the U.S. Department of Housing and Urban Development and ADECA.  The costs would include eligible expenditures by both the grantee, ADECA, and project sponsor, AIDS Alabama, during the continuation of the HOPWA program.
* The State requests permission to receive reimbursement for technical assistance costs incurred after the end of last year’s contract and prior to the executed award date of the agreement between the U.S. Department of Housing and Urban Development and ADECA.  The costs would include eligible expenditures by both the grantee, ADECA, and project sponsor, AIDS Alabama, during the continuation of the HOPWA program.
* The State requests permission to receive reimbursement for administrative costs incurred after the end of last year’s contract and prior to the executed award date of the agreement between the U.S. Department of Housing and Urban Development and ADECA.  The costs would include eligible expenditures by both the grantee, ADECA, and project sponsor, AIDS Alabama, in the administration of the grant during the continuation of the HOPWA program.

Questions for AIDS Alabama may be directed to Kevin Finney, Director of Operations (Financial); Katherine McMullen, Director of Programs Administration; or Kathie M. Hiers, Chief Executive Officer at 205-324-9822.

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**HTF**: For the HTF Program, please see the **PY2021 HTF Plan** at **ATTACHMENT 5** for information regarding selection criteria, allocation of resources, threshold factors, and outcome expectations.

**Describe all of the criteria that will be used to select applications, and the relative importance of these criteria:**

**CDBG**: The criteria that ADECA will use to select applications for funding – per the respective CDBG Program Fund category – are stated below. Because eligible activities under the State’s 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, the relative importance of these criteria is that such criteria function as the policies that govern Alabama’s CDBG program, in that they:

1. Allow applicants to compete fairly for funds to address essential community facility needs.

2. Allow communities to compete equally for their varying community development needs.

3. Ensure 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 funding of important economic development projects in a timely manner.

6. Encourage communities to plan for community conservation and development.

7. Give additional consideration to those communities who commit to do the most to help themselves, taking into account their level of resources.

8. Give consideration to the community’s ability to maintain CDBG improvements.

9. Make funding decisions, to the extent feasible, that aid local and regional plans.

10. Ensure that all grants are managed in a timely and effective manner.

The relative importance of the criteria also lies in the fact that such criteria are employed by ADECA staff to determine which eligible activities under the State’s CDBG Program will be approved to receive grant funds pursuant to the requirements of the Housing and Community Development Act of 1974, as amended. Of particular importance is the Housing and Community Development Act’s requirement 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.” Because the State estimates that at least 80 percent of its PY2021 CDBG funds will be used for activities that primarily benefit low and moderate income persons, and because the State estimates that the remaining 20 percent of funds are 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, the development of and adherence to such evaluation criteria will ensure that the State achieves this 80%-20% distribution of funds goal.

1. Applications for County Fund, Large City Fund, and Small City Fund (Competitive Process)

CDBG funds allocated to the County Fund, Large City Fund, and Small City Fund, also known as Competitive Funds, will be distributed through a competitive grant application 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, may 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 ensure 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 the application after it has been submitted to the State. The State may request clarification of the proposal that in no way affects the substance of the application, or the State may require minor project modifications in the interest of enhancing the scope and/or impact of the project activities.

The criteria for rating these Competitive Grants is as follows: All counties, large cities, and small cities will compete for the Competitive Funds from a respective Fund category, i.e., County Fund, Large City Fund, or Small City Fund. All grant applications will be rated for a maximum score of 200 points. Applications will be awarded funds in order of decreasing score until funds in a given Fund category are exhausted. The rating criteria for scoring applications will be as follows:

**Rating Criteria Points**

Nature of Benefits 130

Local Match 20

Cost/Benefit Ratio 50

Total 200

The explanation of the rating criteria is as follows:

Nature of Benefits:

The following four evaluation elements will be used to determine points under the Nature of Benefits rating criteria. The PY2021 CDBG Application Manual will provide additional details for meeting the reporting and documentation requirements of these broad evaluation elements.

a. Needs Assessment – This is an assessment of community-wide needs associated with housing and essential community development facilities, including the needs of low-income and moderate-income households.

b. Project Development – This is a 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 – This is a 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 – This is a 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 a local match. Points will be awarded based on the percent of local funds divided by the total amount of requested CDBG dollars. Two points will be awarded for a one percent match, 4 points will be awarded for a two percent match, up to 20 points awarded 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 Fund category.

Cost/Benefit Ratio:

This is the measure of the project’s cost per beneficiary, and the scoring will be based on a comparison of (i) the applicant's cost per beneficiary for each activity to (ii) the base level ratio. A base level ratio of $4,000 for all public facilities, $8,500 for housing, and $14,500 for relocation has been established by ADECA. 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 amount of requested CDBG dollars.

The rating forms that will be used to score Competitive applications will be included with the application materials.

2. Applications for 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. This Fund can be used to provide funding for eligible activities that communities consider important to enhance the community in a manner that is 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 this Fund must be submitted by the announced cut-off date.

Criteria for Rating Community Enhancement Grants:

The Community Enhancement Fund grant applications will be reviewed by ADECA CDBG staff for compliance with a National Objective and eligibility Thresholds. The applications will be reviewed for factors that include:

1. Assessment of need for project

2. Importance of activity to community

3. Clarity of benefit to low-income 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 their 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 ADECA CDBG staff evaluation will be used to guide the selection of the projects, although the ADECA Director may vary from the ADECA CDBG staff evaluation when a particularly strong need is perceived. The ADECA CDBG staff evaluation will consist of two independent reviews comprised of a 0-5 point scoring scale, wherein a score of “0 points” indicates that the project is ineligible for one or more reasons, a score of “1 point” indicates a weak project, and a score of “5 points” indicates a very strong project.

A grant ceiling amount of $300,000 and a minimum grant amount of $50,000 have been established for the Community Enhancement Fund. The ADECA Director may waive either of these limits.

The Community Enhancement Fund will require a specific local match equal to or exceeding 10 percent of the amount of CDBG funds requested in the application. 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.

Community Enhancement Fund projects will be awarded based on the total highest score in decreasing order until the Fund’s monies are depleted. When funds are not available to fund all projects with similar scores, the ADECA CDBG Staff’s site evaluation will determine the project(s) to be funded.

3. Applications for 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), the match may be waived when the applicant lacks the financial capacity. Applications will be considered on a continual basis until the cut-off date.

Evaluation Considerations:

The Planning Fund grant awards will be made based on the following 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. The need and urgency of planning activities proposed. The State reserves the authority to not fund a project if the 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. The amount of funds requested relative to the size of the community, the complexity of the proposed elements, and the final product. This consideration will be particularly important where larger grant requests are involved.

6. The community’s prior year grants received, as well as implementation of prior planning efforts.

4. Applications for 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 PY2021 money, any unanticipated receipt of program income will be available for funding of ED projects. Also, ED Float Loans will be covered in this section, since ED Float Loans will be used only for economic development. However, funds used for short-term grants, or ED Float Loans, will come from all categories of grants. The ED Fund projects will be funded under the following four distinct categories: (1) ED Grants, (2) ED Incubator Projects, (3) ED Loans, and (4) ED Float Loans.

The eligible ED Fund projects will be generally funded in the order they are received, regardless of the Fund category under which they fall. Eligible applicants for ED Grants, ED Loans, and ED Float Loans are all non-entitlement local governments, provided other applicable thresholds are met. The applicable grant ceilings and minimums for ED Fund projects will be as cited earlier in the section on grant ceilings. The rules and requirements which will govern ED Grants, ED Loans, and ED Float Loans are spelled out under respective headings in the following paragraphs.

4(a). 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, a loan, or a 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 $400,000 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 award or deny funding of any application during the program period, depending on the quality of the project, benefit to low and moderate income communities, the results of past projects, or on considerations such as labor supply, wage levels, environmental effects, etc. The State may waive the $400,000 grant ceiling if the merit of the project shows a significant long-term economic benefit for the State.

Additional Threshold Requirements for ED Grants: The ED Grant threshold requirements are as follows:

The Threshold requirements for ED Grants are listed below. These Thresholds are in addition to overall Thresholds listed earlier in the PY2021 One-Year Annual Action Plan. The ADECA Director may grant exemptions from the Threshold requirements.

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-income 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-income and moderate-income persons merit such a decision.

2. The applicant must have a commitment from the business to create and/or retain the 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. The grant may also be used for repair or renovation of a facility owned by a city, county, industrial development authority, or such other public entity, provided that the applicant city/county is at least 51% low and moderate income.

4. At least 51 percent of the project’s 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 amount requested in the ED Grant application. 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 ADECA 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 the use of CDBG assistance for job-pirating activities.

7. ED Grants will not be made in cases where construction of the private facility has already started prior to the grant award date 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.

Criteria for Rating ED Grants: Applications for ED Grants will be considered on a continual basis. Such applications will be reviewed for conformance with the Thresholds, and the funding decision will be guided by the following factos:

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

4(b). ED Incubator Projects: The State will provide assistance to eligible communities from the ED Fund to support ED 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 Project grants anytime during the program period. A grant ceiling of $400,000 will apply. The State will maintain the right to deny funding of any ED Incubator Project, depending on the quality and/or certainty of the proposal.

Threshold requirements listed earlier in this PY2021 One-Year Annual Action Plan will apply to all ED Incubator Projects.

Factors to be considered in evaluating the worthiness of ED Incubator Project proposals will include:

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-income 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. Othe r

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

4(c). ED Loans: Eligible applicants may apply for ED Loans 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-income 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. ED Loans made from the Revolving Loan Fund will be governed by the same requirements as ED Loans made from the ED Fund. ED Funds used by communities to make ED 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 of 1974, as amended, 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, the appropriateness of the proposed project, or the capacity of the community to undertake such a project.

Threshold requirements for ED Loans are listed as follows, and are in addition to overall Thresholds listed earlier in this PY2021 One-Year Annual Action Plan.

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.

Applications for ED Loans will be considered on a continual 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

It is generally not the intention of the State to use CDBG funds to make loans. However, the State is retaining the ability to make loans to ensure a significant economic development opportunity is not lost due to the absence of such ability.

4(d). 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-income and moderate-income persons. ED Float Loan funds used for short-term loans will come from all Fund categories of grants. A reasonable amount of Program Income or Recaptured Funds may be used to provide a grant to administer an ED Float Loan. As ED Float 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 is 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 ED Float Loan program will be determined by careful monitoring of the fund flow needs of the CDBG program. Because the State recognizes that the ED Float Loan program entails some risk, each request will be analyzed on the basis of the need of grants previously funded. ED Float Loans will be made only after it has been determined, to the maximum extent possible, that the amount and term of any ED Float Loan will not commit the State's letter of credit balance to the degree that other previously-funded grants are delayed or jeopardized. ED 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 previously herein this PY2021 One-Year Annual Action Plan.

The ED Float Loan program will be governed by the following requirements:

A primary objective of the ED 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 ED 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-income and moderate-income persons. If ED Float Loans are made in order to retain jobs, the applicant must clearly demonstrate that without CDBG assistance the jobs would be lost.

ED 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.

The minimum ED Float Loan amount shall be $1 Million, and the maximum ED Float Loan amount shall be $10 Million. These maximum and minimum loan amounts may be waived by the State when significant long-term economic benefits for low-income and moderate-income persons are involved. The loan term will be for one year, and can be extended for one additional year. Interest earned on ED Float Loans will be treated as Program Income, and will be used for CDBG-eligible activities.

Applications for ED Float Loans will be considered on a continual basis. However, due to the unique nature of the ED Float Loan program, the State intends to fund only a limited number of ED Float Loan projects. Prior to accepting any application, the State will require a thorough review of the project with the State. ED Float Loan funding decisions will be based on the following factors:

1. Conformance with the National Objective

2. Loan security, which 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

5. Applications for Section 108 Loan Guarantees

The purpose of the Section 108 Loan Guarantee program 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 Million 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 this PY2021 One-Year Annual 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, 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-income and moderate-income persons.

5. The applicant shall guarantee the required loan repayments should the participating business default.

Evaluation Criteria:

Applications for Section 108 Loan Guarantees will be considered on a continual basis, since opportunities for economic development may arise at any time. Section 108 Loan Guarantees will be evaluated in accordance with 24 CFR Part 570, the Section 108 Final Rule, along with consideration being given to the following:

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’s CDBG program are all activities listed as eligible under the Housing and Community Development Act of 1974, as amended, except public service activities proposed separately or jointly with other non-service type activities will generally be available only in rare and unique situations.

Estimated Funds For Activities Benefitting Low-Income and Moderate-Income Persons: The Housing and Community Development Act of 1974, as amended, 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 PY2021 CDBG funds will be used for activities that primarily benefit low-income and moderate-income persons. The remaining 20 percent of PY2021 CDBG 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 Plan for Minimizing Displacement From Use of CDBG Funds: The Housing and Community Development Act of 1974, as amended, 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.” The following four elements shall serve as the State of Alabama’s “Plan for Minimizing Displacement for Programs Utilizing U.S. Department of Housing and Urban Development Funds.”

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.

3. Local Plan for Grant Recipients: The State of Alabama requires that that all localities applying HUD funds through the State certify that, “The City/County will minimize displacement of persons as a result of activities with CDBG funds and will assist persons actually displaced as a result of such activities.” Further, upon funding, all recipients shall be required to keep a local Plan for Minimizing Displacement in the program files.

4. Grievance Procedure: The State will follow the grievance procedure identified in the Complaints section of the State’s Citizen Participation Plan.

**HOME**: For the HOME Program, see the PY2021 HOME Action Plan under

“III. ALABAMA’S HOME PROGRAM” for information regarding allocation priorities and how the proposed distribution of funds addresses those priorities described in the Consolidated Plan.

**ESG**: For the ESG Program, 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:

a. demonstrated need for assistance in the service area;

b. plan to provide services to the target population;

c. capacity to carry out program requirements;

d. activities to be performed; and

e. coordination with local agencies serving similar target populations.

**HOPWA**: Not applicable. AIDS Alabama is the recipient of the HOPWA Program funds from ADECA. AIDS Alabama subsequently works with its service providers to deliver the HOPWA services.

**HTF**: For the HTF Program, see the PY2021 HTF Plan under “B. Development of AHFA’s Use and Allocation of Housing Trust Funds” for information regarding allocation priorities described in the Consolidated Plan.

**If only summary criteria were described, how can potential applicants access application manuals or other State publications describing the application criteria? (CDBG only):**

**CDBG**: ADECA’s CDBG Program information (including grant application, program compliance, financial, monitoring, close-out, and record retention information) and related documents (including application manuals and other publications) are posted on the ADECA website at [www.adeca.alabama.gov](http://www.adeca.alabama.gov), under the “Community and Economic Development Division” heading, at the “Community Development Block Grant (CDBG)” section. This information is also available in paper format at the ADECA Community and Economic Development Division’s headquarters office located at 401 Adams Avenue, Room 500 in Montgomery, Alabama 36130. Inquiries for such information may also be made to Mr. Shabbir Olia, Division Chief of the ADECA Community and Economic Development Division, at that same address, and by telephone number 334-242-5468, and by the email address [Shabbir.olia@adeca.alabama.gov](mailto:Shabbir.olia@adeca.alabama.gov). Also, ADECA’s annual CDBG grant application manuals are distributed at ADECA’s CDBG Application Workshop that is conducted annually in the Spring. Announcements for such workshops are posted on the ADECA website, and information is also emailed to all interested parties. All potential grant applicants are encouraged to utilize these documents and attend the annual grant application workshops when drafting and submitting CDBG grant applications to ADECA. ADECA's PY2021 CDBG grant application submission deadline for CDBG funds is July 2, 2021, at 12 noon.

**HOME**: Not applicable.

**ESG**: Not applicable.

**HOPWA**: Questions for AIDS Alabama may be directed to Katherine McMullen, Director of Programs Administration; Kevin Finney, Director of Operations (Financial); or Kathie M. Hiers, Chief Executive Officer, at 205-324-9822.

**HTF**: Not applicable.

**Describe the process for awarding funds to State recipients, and how the State will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations (ESG only):**

**CDBG**: Not applicable.

**HOME**: Not applicable.

**ESG**: ADECA's grant application submission date for ESG funds is May 28, 2021 at 12 noon. 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 subrecipients. The site visits may influence funding decisions. Applications will be rated in the following areas:

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 = 20 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 second-tier subrecipients, 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 = 20 Points

The applicant will demonstrate a thorough understanding of the “continuum of care” concept and explain how the services provided by it or its second-tier subrecipients are in line with this concept. This will include information concerning membership in an existing Continuum of Care Homeless Coalition. Explain the levels of participation for the applicant and that of the second-tier subrecipients regarding continuum initiatives, activities, and programs. Provide details regarding the strategies of the particular continuum for serving the homeless. The applicant will provide information regarding the agencies’ utilization of the continuum’s coordinated assessment system.

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 will be 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 second-tier subrecipients’ budgets. 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

If necessary, the State may request additional information to assist with reviews.

In the event of tied scores where funding is not available to all applicants, the ADECA Director will exercise discretion in funding requests with the most impact. The ADECA 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.

**HOPWA**: Not applicable.

**HTF**: Not applicable.

**Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations) (HOPWA only):**

**CDBG**: Not applicable.

**HOME**: Not applicable.

**ESG**: Not applicable.

HOPWA: AIDS Alabama annually contracts with eight other AIDS Service Organizations (ASOs) to provide case management, rental assistance, direct housing, and outreach services statewide. AIDS Alabama works with eight partnering AIDS Service Organizations for rental assistance funds, and these include:

● AIDS Alabama South-Mobile, AL

● Birmingham AIDS Outreach-Birmingham, AL

● Five Horizon’s Health Center-Tuscaloosa, AL

● Health Services Center – Anniston, AL

● Medical AIDS Outreach of Alabama-Montgomery, AL

● Selma AIDS Information and Referral-Selma, AL

● Unity Wellness Center – Auburn, AL

South Alabama CARES (SACARES) of Mobile has become a LLC with its own federal tax identification number as of 10/17/2012. The agency is now AIDS Alabama South and operates as a part of AIDS Alabama. This change came about because South Alabama CARES had been unable to continue existence due to severe financial reversals. The SACARES board of directors approached AIDS Alabama in the Fall of 2012 requesting assistance. AIDS Alabama created a new, financially stable agency, hired all of the South Alabama CARES employees, hired a new Executive Director, and continues to focus on helping the agency to serve the more than 1,000 HIV-positive consumers in the South Alabama area.

In providing rental assistance, the Master Leasing category offers two units that are leased by AIDS Alabama and sublet to consumers who need low-income housing; an additional unit operates in the Mobile area. In providing emergency shelter, two emergency shelters with beds dedicated to HIV/AIDS consumers operate in Alabama. The shelters are managed by the Health Services Center of Anniston and AIDS Alabama, Inc. 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.

In providing permanent housing, Agape House and Agape II offer permanent apartment complex living in Birmingham for persons with HIV/AIDS - there are 25 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. The Mustard Seed triplex offers three one-bedroom units in Birmingham. Alabama Rural AIDS Project (ARAP) is a permanent supportive housing program that provides 10 units of housing in rural areas through the use of TBRA - an additional house in Dadeville is also used for the project. ARAP was founded in 1995 by HUD’s HOPWA Competitive program and is still being funded. The Le Project offers eleven 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. In providing 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; the project is funded through HUD as a HOPWA Competitive grant and is certified as an Adult Residential Care facility by the Alabama Department of Mental Health.

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 have allowed AIDS Alabama to increase supportive services, improve existing housing, and increase prevention efforts throughout the State.

**HTF**: Not applicable.

**Describe how resources will be allocated among funding categories:**

**CDBG**: The State of Alabama’s PY2021 CDBG Program award in the amount of $23,903,936 will be allocated among the following funding categories:

## **PY2021 CDBG Fund Allocation**

Total Allocation to Alabama: $23,903,936

**Funding Category CDBG Amount**

County Fund $2,959,500

Large City Fund $5,381,800

Small City Fund $6,227,900

Economic Development Fund $5,158,750

Planning Fund $129,069

Community Enhancement Fund $3,229,800

State Administration $578,078

State Technical Assistance $239,039

**HOME**: The State of Alabama’s PY2021 HOME Program award in the amount of $11,227,286 will be allocated as stated in the PY2021 HOME Action Plan under “III. ALABAMA’S HOME PROGRAM.” That Plan contains information regarding allocation priorities and how the proposed distribution of funds addresses those priorities described in the Consolidated Plan.

**ESG**: The State of Alabama’s PY2021 ESG Program award in the amount of $2,883,869 will be allocated among the eligible funding categories: administration, street outreach, emergency shelter, HMIS (Homeless Management Information System), homelessness prevention, and rapid re-housing. The allocation among funding categories depends on the applications received and the amounts requested and selected for funding.

**HOPWA**: The State of Alabama’s PY2021 HOPWA Program award in the amount of $2,823,192 will be allocated among the following funding categories:

**HOPWA Fund Category Federal Amount**

|  |  |
| --- | --- |
| **Short Term Rental Mortgage and Utility (STRMU) Assistance** | $111,612 |
| **Tenant Based Rental Assistance (TBRA)** | $650,000 |
| **Facility Based Housing Subsidy Permanent Housing** | $650,000 |
| **Facility Based Housing Subsidy Transitional/Short Term Housing** | $75,000 |
| **Resource Identification** | $60,000 |
| **Supportive Services** | $909,261 |
| **Housing Information** | $80,000 |
| **Technical Assistance** | $5,000 |
| **Project Sponsor Administration** (7% AIDS Alabama) | $197,623 |
| **Grantee Administration** (3% ADECA) | $84,696 |
| **TOTAL** | **$2,823,192** |

**HTF**: AHFA anticipates receiving approximately $6,690,654 in PY2021 HTF funds. AHFA will allocate funds based on the eligible activities and funding priorities outlined in AHFA’s Housing Trust Fund Allocation Plan (HTF Plan). AHFA will award HTF funds as forgivable grants or low interest rate loans to applicants whose proposed developments are approved for funding.

**PY2021 HTF Funds:** $ 6,690,654

**USES:**

Grants: $ 6,021,589

Administration Fee: $ 669,065

**NOTE:** Each stated allocation amount is the amount that the State anticipates receiving from HUD under the respective fiscal year’s federal budget; however, this amount can change due to the award of supplemental allocation(s) as and when determined by HUD. Upon receipt of each final annual allocation amount, the State will adjust the distribution of funds up or down by approximately the same percentage; the exception being the distribution of “State Administration” funds which will conform to HUD’s rule. The State will also update the respective Annual Plan(s) to reflect the State’s actual fiscal year allocation(s).

**Describe threshold factors and grant size limits:**

**CDBG**: CDBG Program Thresholds: The following thresholds will apply to communities seeking to apply for PY2021 CDBG funds:

[NOTE: The County Fund, the Large City Fund, and the Small City Fund collectively are referred to herein as “Competitive Funds.”]

The following thresholds will apply to communities seeking to apply for PY2021 CDBG funds:

1. Cities and Counties with an open Economic Development Fund or Planning Fund PY2018 or earlier grant funded in calendar year 2018 or earlier, as of a date determined by ADECA, will sit-out for all Funds except for the Economic Development Fund. The term “sit-out,” as used herein, is defined as “a city or county will not be eligible to apply for PY2021 CDBG funds except for the Economic Development Fund.”

2. Cities and Counties with an open grant (except Economic Development Fund or Planning Fund) from any Fund, as of a date determined by ADECA, will sit-out for all Funds except for the Economic Development Fund. The term “sit-out,” as used herein, is defined as “a city or county will not be eligible to apply for PY2021 CDBG funds except for the Economic Development Fund.”

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 Funds (the County Fund, Large City Fund, and Small City Fund) and the Community Enhancement Fund will be limited to only one application from either one of these 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 an ADECA CDBG staff monitoring review. A waiver may be provided in cases where the ADECA Director has reviewed a grantee’s proposed response and has determined that repayments due to 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 an ADECA CDBG staff monitoring review. A waiver may be provided in cases where the ADECA Director has determined that repayments due to 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 (51%) low and moderate income persons or qualify under the Area Benefit under the HUD rule, 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.

Also:

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 a date determined by ADECA 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 coronavirus (COVID) and other infectious diseases, disasters, neighborhood stabilization (NSP), or recovery (CDBG-R) will not prohibit jurisdictions from applying for PY2021 CDBG funds.

3. For any issue or subject not addressed in this PY2021 One-Year Annual Action Plan, or in the case of conflicting issues, the ADECA 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 ADECA Director may provide a waiver from these Thresholds if specific situations merit granting such a waiver.

[NOTE: Additional CDBG thresholds for the ED Grants, ED Loans, and Section 108 Loan Guarantees are listed herein under this **AP-30 Method of Distribution** section.]

CDBG Grant Size Limits/Ceilings: In order to address needs throughout Alabama’s non-entitlement areas of the State, the PY2021 CDBG Program will use the following grant size limits/ ceilings. The figures stated below establish general ceilings and minimums on the grant amounts that may be requested per Fund. 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.

**FUND** **CEILING/MINIMUM**

County Fund $400,000 Ceiling

Large City Fund $500,000 Ceiling

Small City Fund $350,000 Ceiling

Community Enhancement Fund $300,000 Ceiling/$50,000 Minimum

Planning Fund $40,000 Ceiling

Section 108 Loan Guarantees $10,000,000 Maximum

**Economic Development Fund** **Minimum** **Maximum**

ED Grants $50,000 $400,000

ED Incubator $50,000 $400,000

ED Loans $50,000 $250,000

ED Float Loans $1,000,000 $10,000,000

These ceilings are subject to HUD’s actual CDBG allocation to the State of Alabama. At the discretion of the ADECA Director, these ceilings may be modified in order to maintain program integrity.

**HOME**: For the HOME Program, see the PY2021 HOME Action Plan under

“III. ALABAMA’S HOME PROGRAM” for information regarding threshold factors and grant size limits as well as allocation priorities and how the proposed distribution of funds addresses those priorities described in the Consolidated Plan.

**ESG**: The PY2021 ESG Program Thresholds are as follows: An applicant may not be listed as a second-tier subrecipient in another application. However, a second-tier subrecipient may be listed as a second-tier subrecipient in more than one application. No applications will be accepted under the following circumstances:

a. The applicant owes the state or federal government money and no repayment arrangement is in place.

b. Disallowed costs have resulted from an ADECA review or audit and no resolution is finalized.

c. The applicant has an open ESG grant from FY2019 or an earlier year.

d. The private nonprofit organization (acting as the applicant or the second-tier subrecipient) does not meet the following criteria:

○ is a secular or religious organization described in section 501 (c) of the Internal Revenue Code of 1986;

○ is exempt from taxation under subtitle A of the Code;

○ has an accounting system and a voluntary board; and

○ practices nondiscrimination in the provision of assistance.

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 May 28, 2021 for the grant to be considered closed out.

The ESG Grant Ceilings are as follows: In order to address needs throughout the State, the Program will use a grant ceiling of $400,000 for applicants that will serve a single jurisdiction. A single jurisdiction is defined as one municipality or one county serving both municipalities and unincorporated communities within that county. An applicant that will serve multiple counties will have a grant ceiling of $500,000. Demonstrated need, prior performance, capacity, and other factors may be used to determine the actual award amount. 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. Initiation of negotiations will be done by the State based on (1) demonstrated need; (2) prior performance; and (3) other available resources. Grant ceilings may be waived in efforts to utilize all current year funds.

**HOPWA**: Not applicable.

**HTF**: For the HTF Program, see the PY2021 HTF Plan at Sections C - G for information regarding threshold factors and grant size limits as well as allocation priorities and how the proposed distribution of funds addresses those priorities described in the Consolidated Plan.

**What are the outcome measures expected as a result of the method of distribution?**

**CDBG**: In general, outcome measures of Alabama’s CDBG Program are designed to measure whether or not the authorized funds were expended to address the program’s three National Objectives of benefiting low and moderate-income persons, addressing slums or blight, or meeting a particularly urgent community development need.

In particular, each activity funded with CDBG funds must address at least one of the three National Objectives of the CDBG program. These objectives are:

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.

**HOME**: For the HOME Program, please see the PY2021 HOME Action Plan under

“III. ALABAMA’S HOME PROGRAM” for information regarding the outcome measures expected as a result of the method of distribution (the allocation and how the proposed distribution of funds addresses those priorities described in the Consolidated Plan).

**ESG**: 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 subrecipients 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.

**HOPWA**: For the HOPWA Program, the outcome measures are as follows:

For Rental Assistance: At least 100 households will be assisted so that consumers can remain in affordable, leased housing and experience housing stability.

For Supportive Services: Consumers will be linked to mainstream resources that give them the ability to remain in stable housing and to live independently.

For Operating Costs: All current residents in AIDS Alabama housing will enjoy safe, secure, and healthy stable housing.

For Master Leasing: AIDS Service Organizations other than AIDS Alabama will learn how to maintain and utilize housing in their areas to meet housing gaps.

For Resource Identification: 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

For Housing Information: HIV-positive individuals in counties throughout the State will know how to find stable and affordable housing resources.

For Technical Assistance: Two consultations related to housing development and programming will be provided to ASONA members to encourage and promote the development of additional services for HIV-positive individuals across the state.

**HTF**: For the HTF Program, see the PY2021 HTF Plan at Section L for information regarding the outcome measures expected as a result of the method of distribution (the allocation and how the proposed distribution of funds addresses those priorities described in the Consolidated Plan).

**Discussion:**

See the discussion contained in the sections herein above.

**AP-35 Projects** (Optional)

**Introduction:**

The projects authorized to be funded under each of Alabama’s HUD-funded Programs (CDBG, HOME, ESG, HOPWA, and HTF) are further identified and described below.

**Projects:**

**CDBG**: Alabama’s PY2021 CDBG funds in the amount of $23,903,936 will be divided among the following 8 project areas: (1) County funds = $2,959,500 is estimated to be awarded through grants in the amount of $400,000 each; (2) Large City funds (for cities with a population of 3,001 or more) = $5,381,800 is estimated to be awarded through grants in the amount of $500,000 each; (3) Small City funds (for cities with a population of 3,000 or less) = $6,227,900 is estimated to be awarded through grants in the amount of $350,000 each; (4) Economic Development funds = $5,158,750 is estimated to be awarded through grants in the amount of $400,000 each; (5) Community Enhancement funds = $3,229,800 is estimated to be awarded through grants in the amount of $300,000 each; (6) Planning funds = $129,069 is estimated to be awarded through grants in the amount of $40,000 each; (7) Technical Assistance funds = $239,039 is estimated to be expended in the provision of technical assistance services by the ADECA CDBG staff to grant applicants and grant recipients; and (8) Administration funds = $578,078 is estimated to be expended in the provision of grant management and administrative services by the ADECA CDBG staff in managing the PY2021 CDBG grant funds.

1. The County Fund is a reservation of money for county governments that is awarded on a competitive basis, and eligible applicants include all counties, except Jefferson and Mobile, which meet the threshold eligibility requirements.

2. The Large City Fund is a reservation of money for larger municipalities that is awarded on a competitive basis, and eligible applicants include all of Alabama’s non-entitlement cities with a 2010 Census population of 3,001 or more, which cities are not members of the Jefferson or Mobile County consortiums, and which meet the threshold eligibility requirements.

3. The Small City Fund is a reservation of money for small cities/towns that is awarded on a competitive basis, and eligible applicants include all of Alabama’s cities or towns with a 2010 Census population of 3,000 or less, which cities are not members of the Jefferson or Mobile County consortiums, and which meet the threshold eligibility requirements.

4. The Economic Development Fund is used to assist activities necessary for economic development projects that are based on job creation or job retention, and these funds are allocated on a continual basis – the grant applications for which may be submitted anytime during the program year. Eligible applicants include all of Alabama’s non-entitlement local governments that meet the threshold eligibility requirements.

5. The Community Enhancement Fund is a reservation of money for eligible CDBG activities which communities consider important to enhance the quality of life for that community’s residents, and eligible applicants include non-entitlement local governments which meet the threshold eligibility requirements.

6. The Planning Fund is a reservation of money for local governments who demonstrate the need for local planning, and eligible applicants include all non-entitlement local governments that meet the threshold eligibility requirements.

7. The Technical Assistance Fund is a reservation of money for ADECA to provide technical assistance to Alabama’s communities to render their effective participation in the CDBG Program, to increase local capacities, and to address other eligible purposes.

8. The Administration Fund is a reservation of money for ADECA’s staff to effectively manage the CDBG program, and these funds will be matched on a dollar-for-dollar basis; the exception being the $100,000 that does not require a match, as that amount is reserved for Planning purposes for ADECA to prepare or to contract for the preparation of a Five-Year Consolidated Plan, a One-Year Annual Action Plan, and/or an Analysis of Impediments to Fair Housing Choice.

Additionally, ADECA can fund the following 5 types of projects: (9) Section 8 Loan Guarantee projects, (10) Recaptured Funds projects, (11) Black Belt Region projects,

(12) Urgent Need projects, and (13) Joint projects.

9. The Section 8 Loan Guarantee Fund provides an opportunity 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 loan guarantees more than $10 Million per project, nor more than the HUD-established limit per year. In those instances where there is an exceptional economic impact, then a waiver of the $10 Million per project 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. The State will require guarantees from the applicant government to support loan payments in event of a default by the business/industry.

10. The Recaptured Fund will consist of any funds returned to the State or de-obligated due to cost underruns or grantees’ failure to satisfy corrections during the program year, except Program Income as defined by applicable regulations. The ADECA 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, including Urgent Need projects. Money from the Recaptured Fund for such projects will be awarded based on the criteria applicable to each individual Fund. The Recaptured Fund may also be used to meet State commitments caused by Section 108 Loan Guarantee underpayments or nonpayment of ED Float Loans. It is estimated that the State will receive approximately $750,000 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.

11. The Black Belt Project Fund 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. An appropriate amount based on need and availability of funds will be made available from the 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 Fund categories. 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 the Black Belt Region Projects. Award considerations for Black Belt Region Projects will no longer be constrained by rating of these projects under individual Funds. The award of Black Belt Region 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.

12. The Urgent Need Fund allows that 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 urgent need projects will not be subject to particular grant ceilings, timing, match requirements, or other limitations, and the ADECA Director will exercise full discretion by transferring available funds in different Fund categories. These projects will be considered as special Fund category projects.

13. The Joint Project Fund allows two or more communities to jointly carry out activities to address their mutual needs. The following elements will serve as a guide in the eligibility and determination of such 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 the most beneficiaries will be required to be the applicant and 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-income 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-income 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.

**HOME**: Alabama’s PY2021 HOME funds are in the amount of $11,227,286. The Alabama Housing Finance Authority (AHFA) is the State entity that serves as a public corporation dedicated to creating housing opportunities for low- and moderate-income citizens in Alabama through affordable financing of safe and sanitary single-family and multi-family housing. AHFA will issues tax-exempt mortgage revenue bonds that provide millions of dollars in financing for first-time home buyers. AHFA will continue to be governed by a Board of Directors whose members are appointed by the Governor (who appoints one member from each of Alabama’s seven congressional districts and consisting of two home builders, two real estate brokers, a lender, a mayor, a county commissioner, and a State-at-large member), the Lieutenant Governor and the Speaker of the House (each of whom appoints two members). The State’s Finance Director, Treasurer, and Superintendent of Banks also serve as members, but in an ex officio role. The Board will continue to provide policy direction, authorize bond issues and program development, and evaluate AHFA’s efforts. AHFA will continue to prepare and maintain an extensive list of relevant parties from whom to make inquiries and gather information in the form of questionnaires and surveys which AHFA will submit to State agencies, service providers, housing directors, and individuals. Based on the collected information and data, AHFA will compile the blueprint document for creating affordable housing across Alabama.

**ESG**: For the ESG Program, the allocation to the State of Alabama for the PY2021 ESG Program equals $2,883,869. The projects that may be funded with these funds include providing assistance to all areas of the state so as to upgrade existing homeless facilities and domestic abuse shelters, assisting with paying operating costs of such facilities, providing essential services to both sheltered and unsheltered homeless persons, helping prevent homelessness, re-housing homeless persons, and assisting in the costs of administering HMIS activities.

The point-in-time surveys completed in 2020 for the State of Alabama documented 3,351 homeless persons. Of those, 1,299 were unsheltered and 2,052 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 this 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 projects are to create a suitable living environment, with the outcome being availability/accessibility. For homelessness prevention and rapid re-housing activities, the projects are to provide decent affordable housing, with the outcome being affordability.

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 to allow its subrecipients to determine their priority needs at the local level. Therefore, each service-related ESG activity (street outreach, emergency shelter, homelessness prevention, and rapid re-housing) may be considered a priority. However, 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.

**HOPWA**: Alabama’s PY2021 HOPWA funds are in the amount of $2,823,192. AIDS Alabama administers five types of housing programs geared toward persons living with HIV and AIDS. These five housing programs are available to all eligible persons throughout the State. These programs are:

1. Rental Assistance: AIDS Alabama provides a statewide rental assistance program with the purpose of keeping persons stably housed. This assistance consists of three types:

a. Short-Term Rent, Mortgage, and Utility Assistance (STRMU): This 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.

b. Tenant-Based Rental Assistance (TBRA): This 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.

c. Project-Based Rental Assistance (PBRA): This 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.

2. Emergency Shelter: Two emergency shelters with beds dedicated to HIV/AIDS consumers operates in Alabama. The shelters are managed by the Health Services Center of Anniston and AIDS Alabama, Inc. 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.

3. The Living in Balance Chemical Addiction Program (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).

4. Permanent Housing: Permanent housing is available to homeless, HIV-positive individuals throughout Alabama, and includes the following:

a. Agape House and Agape II offer permanent apartment complex living in Birmingham for persons with HIV/AIDS. There are 25 one-bedroom units, three two-bedroom units, and two three-bedroom units in these two complexes.

b. Magnolia Place in Mobile offers 14 two-bedroom units and a one-bedroom unit.

c. The Mustard Seed triplex offers three one-bedroom units in Birmingham.

d. Alabama Rural AIDS Project (ARAP) is a permanent supportive housing program that provides 13 units of housing in rural areas through the use of TBRA. An additional house in Dadeville is also used for the project. ARAP was funded in 1995 by HUD’s HOPWA Competitive program and is still being funded.

e. The Le Project offers eleven 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.

f. The Rapid Re-Housing and Ascension Project offers rapid re-housing services to homeless clientele. Though the program is not limited to HIV-positive individuals, the program continues to serve this population heavily.

g. The Transclusive Project offers permanent supportive housing to trans-identified chronically homeless clientele. Though the program is not limited to HIV-positive individuals, the program continues to serve this population almost exclusively.

5. Service Enriched Housing: Service Enriched housing is available to homeless, HIV-positive individuals throughout Alabama, and includes the following:

a. 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; the project is funded through HUD as a HOPWA Competitive grant and is certified as an Adult Residential Care facility by the Alabama Department of Mental Health.

**HTF**: Alabama’s PY2021 HTF funds are expected to be approximately $6,690,654. The Alabama Housing Finance Authority (AHFA) is the State entity that serves as a public corporation dedicated to creating housing opportunities for low- and moderate-income citizens in Alabama through affordable financing of safe and sanitary single-family and multi-family housing. AHFA will administer the HTF Program, and will continue to be governed by a Board of Directors whose members are appointed by the Governor (who appoints one member from each of Alabama’s seven congressional districts and consisting of two home builders, two real estate brokers, a lender, a mayor, a county commissioner, and a State-at-large member), the Lieutenant Governor and the Speaker of the House (each of whom appoints two members). The State’s Finance Director, Treasurer, and Superintendent of Banks also serve as members, but in an ex officio role. The Board will continue to provide policy direction, authorize program development, and evaluate AHFA’s HTF efforts. AHFA will continue to prepare and maintain a list of relevant parties from whom to make HTF inquiries and gather information in the form of questionnaires and surveys which AHFA will submit to State agencies, service providers, housing directors, and individuals. Based on the collected information and data, AHFA will compile the blueprint document for creating affordable housing across Alabama.

For the HTF funds, the projects authorized to be funded under AHFA’s HTF Program are further identified and described in the attached PY2021 HTF Plan, and more specifically at Sections B, C, D, and I.

**Describe the reasons for allocation priorities and any obstacles to addressing underserved needs:**

**CDBG**: Alabama’s allocation priorities for CDBG funds among the eight project areas (County, Large City, Small City, Economic Development, Community Enhancement, Planning, Technical Assistance, and Administration) and the five additional fund categories (Section 108 Loan Guarantees, Recaptured Funds, Black Belt projects, Urgent Need projects, and Joint projects) are based on the reasoning that HUD has entrusted the State with CDBG Program funds to address the Program’s three National Objectives: (1) to be of benefit to persons of low and moderate income, (2) to aid in the prevention or elimination of slums and blight, and (3) to meet urgent community needs that pose a serious and immediate threat to the health or welfare of the community wherein other financial resources are not available. The reasoning for these allocation priorities is that by developing these allocation priorities, ADECA can employ them as a guideline that assists grant applicants in developing local projects that focus on meeting one or more of the Program performance goals that are designed to create suitable living environments, provide decent affordable housing, and/or create economic opportunities for the citizens residing in those communities. And because each funded project is required to demonstrate the ability to improve the availability or accessibility of units or services, improve the affordability of housing or other services, and/or improve the sustainability by promoting viable communities, these allocation priorities will have a positive impact on the State’s plan to expend at least 80 percent (80%) of the PY2021 CDBG funds for activities that will primarily benefit low and moderate income persons, and the remaining 20 percent (20%) of the funds to prevent or eliminate slums and blight and to assist communities with imminent threats to public health and safety. Such allocations will ensure that the State implements this 80%-20% distribution of funds plan.

The major obstacle to addressing underserved needs would be the lack of an appropriate amount of funds that could continually be made available for expenditure on addressing the entirety of CDBG Program’s issues facing Alabama’s non-entitlements areas. There are always more – and evolving – needs than there are moneys available to address those needs. In using taxpayer dollars in concert with private dollars as a continual infusion of funds from all levels of government – federal, state, county, and city – and from affected public and private entities, businesses, and citizens, such accumulation would assist in eliminating this obstacle.

Another major obstacle is the degree of attention that is focused upon these CDBG Program needs. If attention is continually focused upon addressing the targeted activities through to their fruition, then goals and intended results are more likely to be achieved/realized. Conversely, if attention is not continually focused upon addressing the targeted activities through to their fruition – due to numerous interferences that demand immediate attention and action (such as unexpected disasters or other urgent needs), then goals and intended results are less likely to be achieved/ realized and more likely to be supplanted or replaced, or become less important and fade into the background due to other urgent needs and/or changing political leadership and varying priorities that intervene as time passes.

An additional obstacle is the lack of knowledge and understanding of Alabama’s fair housing laws on the part of both housing providers and housing consumers, as was pointed out in the 2014-2015 "Analysis of Impediments to Fair Housing Choice" and in the 2019-2020 "Analysis of Impediments to Fair Housing Choice." With one focal point of the CDBG Program being “to affirmatively further fair housing,” the ability to address underserved needs on this point can be improved by expending CDBG funds to conduct outreach and education to both the providers and consumers on the fair housing laws, mortgage and credit-related laws, and consumers' rights under those state and federal fair housing laws.

Finally, what can also be considered as an obstacle would be a local community's inability to apply for CDBG funds - whether it be due to its lack of matching funds to contribute to a project (and subsequent failure to seek and obtain from ADECA a waiver of such matching funds requirement), or its political leadership not wanting to be beholden to HUD funding and all of its accompanying compliance requirements, or the lack of its desire to assist its residents within its borders, or for various other reasons. Even though many local governments exist with Alabama's non-entitlement areas of the State, not all of those local governments - who are eligible - submit applications for annual CDBG funding, so attaining the goals of the established funding priorities will not be accomplished within those locations.

**HOME**: The AHFA's allocation priorities for the PY2021 HOME Program funds include focusing on new construction of multifamily rental housing across Alabama. The reason for this is that the intent of the HOME Program is for tenants to include families, elderly citizens, and special needs households, all of whom are to be low-income and in need of affordable housing units. With these priorities, AHFA can create as many new rental housing units across Alabama as is possible. By leveraging HOME Program funds with Housing Tax Credits, the HOME award per successful applicant will be carefully underwritten in a way that stretches the HOME dollars farther and makes a much larger impact on the affordable rental housing stock needed by lower-income Alabamians. AHFA anticipates that its PY2021 allocation will be able to fund 5-7 HOME projects with 200-350 units. AHFA will also designate at least15 percent of the funding for CHDOs, and award the remainder of those funds to a mixture of for-profit and non-profit developers.

Also, as the administrator of the Plans, AHFA’s priority is to develop written criteria that will provide equal access to all types of affordable housing developments, which include new construction, diverse target populations (family, elderly, handicapped, supportive services, mentally impaired, etc.), and geographical characteristics (rural, metropolitan, qualified census tracts, distressed areas, etc.).

In attempting to reach varied needs and population types across the state, AHFA’s greatest obstacle is the challenge to develop a fair and balanced allocating methodology with the intent to ensure that all applications, regardless of the targeted population and construction type, will have a fair chance of competing during each cycle for funding. To that end, certain perceived scoring impediments for a particular type of organization can be offset by other incentives, which may not be necessarily applicable to other types of organizations. In addition, these Plans are not intended to serve as a replacement for other discontinued housing programs, which may have had different standards, costs or otherwise. This is especially true as it relates to construction design standards. Any applicant that proposes to include design standards which significantly exceed AHFA’s standards, or to include other design standards mandated by other programs, must obtain additional funding sources to offset any additional costs, assuming the project’s costs exceed AHFA’s definition of reasonable costs. As an alternative and when feasible, applicants should consider submitting an application for tax-exempt multifamily bonds, which are subject to availability, provided on a first-come first-served basis, and subject to the criteria and requirements of the applicable Plan and the AHFA Multifamily Housing Revenue Bond Policy.

**ESG**: The ESG Program's funding priorities are stated herein under sections **AP-20** and **AP-35**. ESG Program funds may provide assistance to all areas of the state so as to upgrade existing homeless facilities and domestic abuse shelters, assist with paying operating costs of such facilities, provide essential services to both sheltered and unsheltered homeless persons, help prevent homelessness, re-house homeless persons, and assist in the costs of administering HMIS activities. In an effort to address the State's priority 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 priority is to create a suitable living environment, with the outcome being availability/accessibility. For homelessness prevention and rapid re-housing activities, the priority is to provide decent affordable housing, with the outcome being affordability. 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 is choosing to allow its subrecipients to determine their priority needs at the local level. Therefore, each service-related ESG activity (street outreach, emergency shelter, homelessness prevention, and rapid re-housing) may be considered a priority.

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.

**HOPWA**: For HOPWA funds, the allocation priorities are based on AIDS Alabama's research conducted for its needs assessment - that includes input from local governments and persons seeking and receiving AIDS Alabama's services. The needs of the target population were primarily determined by five sources of data:

1. The 2015 Comprehensive Statewide Needs Assessment performed by AIDS Alabama (AIDS Alabama will be updating its Needs Assessment in the future);

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 the latest data being from January, 2015;

4. The 2013 Central Alabama Ryan White Statewide Coordinated Assessment of Need; and

5. The 2012-2016 Statewide Jurisdictional HIV Prevention Plan that was conducted by the Alabama Department of Public Health.

There have never been more people living in Alabama with HIV disease than there are now. The needs of this population are critical and not unlike those of other vulnerable populations, as the population's 2015 mean income was $800 per month, compared to $3,730 for that year's state per capita median monthly income. 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 2015 Birmingham Area Point In Time Survey, five percent (5%) of all homeless persons surveyed were HIV-positive. The 2015 AIDS Alabama survey indicated gaps in the availability of housing assistance for homeless persons. Of the 498 HIV-positive persons interviewed, almost 5% indicated that they were homeless or living in temporary housing. An additional 26% indicated that they were doubling up with friends or family. More than 60% felt that their housing situations were unstable. The 2015 Needs Assessment found that 39% of all HIV-positive households interviewed accessed some form of housing assistance in the last six months. Furthermore, the need for permanent supportive housing is apparent, as permanent supportive housing for the chronically homeless continues to be the highest priority of the local Continuum of Care.

The PY2021 HOPWA Program allocation to the State of Alabama equals $2,823,192. Given the preceding statistics and needs represented, AIDS Alabama's allocation priorities for expending those funds are as follows:

1. Rental Assistance

2. Supportive Services (including case management, support staff, housing outreach, and transportation)

3. Operations of existing housing

4. Master Leasing

5. Resource Identification

6. Housing Information

7. Technical Assistance

8. Administration.

The lack of adequate funding, the continually-rising population of HIV-positive persons who need services, and the lack of more service providers established to address those needs, all comprise AIDS Alabama's obstacles to addressing the remaining underserved needs of the AIDS and HIV-positive population.

**HTF**: For the HTF funds, the allocation priorities were based on the AHFA’s Needs Assessment in its PY2021 HTF Plan at Section B, and from input from local governments and public meetings. The lack of funding is the AHFA’s obstacle to addressing remaining underserved needs.

**AP-40 Section 108 Loan Guarantee [see 24 CFR 91.320(k)(1)(ii)]**

**Will the State of Alabama help non-entitlement units of general local government to apply for Section 108 loan funds?**

Yes \_\_\_\_ No \_\_X\_\_

**If yes, then describe available grant amounts:**

NOTE: The purpose of the Section 108 Loan Guarantee program 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 Million 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 this PY2021 One-Year Annual 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.

**If yes, then describe how applications will be accepted:**

The State of Alabama has adopted the following Section 108 Loan Guarantee 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, 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-income and moderate-income persons.

5. The applicant shall guarantee the required loan repayments should the participating business default.

The State of Alabama has adopted the following Section 108 Loan Guarantee Evaluation Criteria: Applications for Section 108 Loan Guarantees will be considered on a continual basis, since opportunities for economic development may arise at any time. Section 108 Loan Guarantees will be evaluated in accordance with 24 CFR Part 570, the Section 108 Final Rule, along with consideration being given to the following:

1. Section 108 dollars per permanent job;

2. Actual number of jobs to be created or retained;

3. Potential for spin-off benefits.

**AP-45 Community Revitalization Strategies [see 24 CFR 91.320(k)(1)(ii)]**

**Will the State of Alabama allow units of general local government to carry out community revitalization strategies?**

Yes \_\_X\_\_ No \_\_\_\_

**Describe the State of Alabama’s process and criteria for approving local government’s revitalization strategies:**

**CDBG**: Each of Alabama’s CDBG-authorized activities, including community revitalization activities, that are described in an eligible community’s CDBG grant application, are required to address at least one of the three National Objectives: (1) to benefit low and moderate income persons - of which at least 51% must be from low and moderate income households, (2) to aid in the prevention or elimination of slums and blight, or (3) to meet other urgent community needs that pose a serious and immediate threat to the health or welfare of the community where other financial resources are not available. In addition, the revitalization activities must meet one of the following three performance goals: (1) to create suitable living environments, (2) to provide decent affordable housing, or (3) to create economic opportunities. The revitalization activities must also 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.

Because each application is based on the local government's needs analysis, ADECA's CDBG staff will rate the submitted applications based on the Thresholds and the scoring criteria for each Fund Category as described herein above in section **AP-30 Method of Distribution**.

**HOME**: Not applicable.

**ESG**: Not applicable.

**HOPWA**: Not applicable.

**HTF**: Not applicable.

**AP-50 Geographic Distribution [see 24 CFR 91.320(f)]**

**Description of the geographic areas of the State of Alabama (including areas of low-income and minority concentration) where assistance will be directed:**

**CDBG**: Alabama’s CDBG Program funds are authorized to be expended in the non-entitlement areas of Alabama, defined as those cities and counties that do not include the cities of Anniston, Auburn, Bessemer, Birmingham, Decatur, Dothan, Florence, Gadsden, Huntsville, Mobile, Montgomery, Opelika, and Tuscaloosa, and Jefferson County and Mobile County. These geographic areas, including areas of low-income and minority concentration, include counties, large cities (those with a population of 3,001 or more) and small cities (those with a population of 3,000 or less). Other than this non-entitlement area requirement and the State’s CDBG Program eligibility requirements for each Fund category, the State cannot specifically direct PY2021 CDBG Program funds to be expended in any particularly-designated area of Alabama. The determinations are based upon the grant applications that are submitted to ADECA each year. The exception to this stance would be that in the event of an emergency situation such as a disaster (for example, a tornado) or an urgent need, the State (the ADECA Director) could direct a portion of its CDBG Program funds to the geographic areas that are affected by that emergency situation or urgent need.

**HOME**: For the HOME Program, please see the PY2021 HOME Action Plan for information regarding geographic distribution and rationale of priorities as it relates to location.

**ESG**: The ESG Program may provide assistance to all areas of the state. Geographic areas range from metropolitan to rural. These areas are inhabited by persons of various economic and demographic backgrounds. Various types of need and services exist throughout the state. Because the capacity to provide assistance depends on many factors, especially the subrecipients’ ability to provide matching funds, ESG assistance will not be directed to any particular geographic area. The degree of unmet need, availability of local services, capacity to administer the grant, and the ability to provide the matching funds determine which entities apply and therefore receive funding.

**HOPWA**: The HOPWA Program funds are distributed by AIDS Alabama, which contracts for services with eight other AIDS Service Organizations across the State, allowing HOPWA supportive services to be available in all 67 counties.

**HTF**: For the HTF Program, see the PY2021 HTF Plan at Sections C(1) and I(1) for information regarding geographic distribution and rationale of priorities as it relates to location (the geographic areas of the State of Alabama where assistance will be directed).

**Geographic Distribution:**

|  |  |
| --- | --- |
| **Target Area:** | **Percentage of Funds:** |
| CDBG: Alabama's non-entitlement communities | 100% |
| HOME: Alabama Statewide | 100% |
| ESG: Alabama Statewide | 100% |
| HOPWA: Alabama Statewide | 100% |
| HTF: Alabama Statewide | 100% |

**Rationale for the priorities for allocating investments geographically:**

**CDBG**: Alabama does not allocate CDBG Program funds geographically. Instead, all of Alabama’s non-entitlement areas are eligible to apply for CDBG funds. The non-entitlement areas are defined as those cities and counties that do not include the cities of Anniston, Auburn, Bessemer, Birmingham, Decatur, Dothan, Florence, Gadsden, Huntsville, Mobile, Montgomery, Opelika, and Tuscaloosa, and Jefferson County and Mobile County. All eligible non-entitlement communities may apply for CDBG funds, and compete for these funds in 6 funding categories: (1) the County Fund, (2) the Large City Fund - for cities with a population of 3,001 or more per the most recent U.S. Census, (3) the Small City Fund - for cities with a population of 3,000 or less per the most recent U.S. Census, (4) the Community Enhancement Fund, (5) the Planning Fund, and (6) the Economic Development Fund. The remaining CDBG funds are set aside for (7) the State's Grant Administration allocation, and (8) the State's Technical Assistance allocation. Additional categories can include funds for Section 108 Loan Guarantees, Recaptured Funds projects, Black Belt Region projects (that encompass the 14 counties of Bullock, Butler, Choctaw, Crenshaw, Dallas, Greene, Hale, Lowndes, Macon, Marengo, Perry, Pickens, Sumter, and Wilcox), Urgent Need projects, and multi-jurisdictions’ Joint projects.

**HOME**: The HOME Program's general allocation priorities are that for the HOME Program, the State will conduct competitive application cycles for HOME funds. As required by HOME regulations, AHFA, as administrators of the State of Alabama HOME Program, will develop selection criteria to determine housing priorities for the State. The selection criteria include ranking each project in accordance with its location with an effort to balance distribution of HOME funds throughout the state in terms of geographic regions, counties, and urban/rural areas, fulfillment of housing needs, project and applicant characteristics, and participation of local tax-exempt organizations. AHFA also utilizes an evaluation process outlined in the PY2021 HOME Plan, Addendum A – 2021 HOME Point Scoring System. Lastly, AHFA develops compliance monitoring procedures to test for compliance with HOME regulations and for notifying HUD of noncompliance. Each year, the HOME Action Plan seeks to ensure that, wherever 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 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 solutions for their respective communities. AHFA has established certain priorities to be used in the distribution of HOME funds. At this time, AHFA seeks to promote the following housing priorities in the allocation cycles for 2021: (1) Projects that add to the affordable housing stock; (2) Projects that, without HOME funds, would likely not set aside units for lower income tenants, inclusive of tenants with disabilities and/or those who are homeless; (3) Projects that use additional assistance through federal, state, or local subsidies; (4) Projects that promote healthy living and tenant quality of life by providing tenant services such as blood pressure screening, CPR and first aid training, promoting nutrition and healthy eating, budget counseling and various other quality of life services; and (5) Balanced distribution of HOME funds throughout the state in terms of geographical regions, counties, and urban/rural areas.

**ESG**: The ESG Program's general allocation priorities are that the ESG Program may provide funding assistance to all areas of the State of Alabama.

**HOPWA**: The HOPWA Program's general allocation priorities are that AIDS Alabama administers the five housing programs (rental assistance, emergency shelter, the "Living in Balance Chemical Addiction Program," permanent housing, and service enriched housing) by making them available to all eligible persons throughout the State of Alabama.

**HTF**: For the HTF Program, see the PY2021 HTF Plan at Sections B, I, and J for information regarding rationale of priorities for allocating investments geographically.

**Discussion:**

See the discussion contained in the sections herein above.

**AP-55 Affordable Housing [see 24 CFR 91.320(g)]**

**Introduction:**

See the discussion contained in the sections herein below.

**One Year Goals for the Number of Households to be Supported:**

|  |  |
| --- | --- |
| **Homeless:** | 600 |
| **Non-Homeless:** | 80 |
| **Special Needs:** | 0 |
| **Total:** | 680 |

**One Year Goals for the Number of Households Supported Through:**

|  |  |
| --- | --- |
| **Rental Assistance:** | 300 |
| **The Production of New Units:** | 350 |
| **Rehab of Existing Units:** | 370 |
| **Acquisition of Existing Units:** | 0 |
| **Total:** | 1020 |

**HTF**:

**One Year Goals for the Number of Households to be Supported:**

|  |  |
| --- | --- |
| **Homeless:** | 5 |
| **Non-Homeless:** | 5 |
| **Special Needs:** | 5 |
| **Total:** | 15 |

**One Year Goals for the Number of Households Supported Through:**

|  |  |
| --- | --- |
| **Rental Assistance:** | 0 |
| **The Production of New Units:** | 15 |
| **Rehab of Existing Units:** | 0 |
| **Acquisition of Existing Units:** | 0 |
| **Total:** | 15 |

**Discussion:**

See the discussion contained in the sections herein above.

**AP-60 Public Housing [see 24 CFR 91.320(j)]**

**Introduction:**

Not applicable.

**Actions planned during the next year to address the needs to public housing:**

**CDBG**: Not applicable.

**HOME**: Not applicable.

**ESG**: Not applicable.

**HOPWA**: Not applicable.

**HTF**: Not applicable.

**Actions to encourage public housing residents to become more involved in management and participate in homeownership:**

**CDBG**: Not applicable.

**HOME**: Not applicable.

**ESG**: Not applicable.

**HOPWA**: Not applicable.

**HTF**: Not applicable.

**If the public housing authority (PHA) is designated as troubled, describe the manner in which financial assistance will be provided, or other assistance:**

**CDBG**: Not applicable.

**HOME**: Not applicable.

**ESG**: Not applicable.

**HOPWA**: Not applicable.

**HTF**: Not applicable.

**Discussion:**

Not applicable.

**AP-65 Homeless and Other Special Needs Activities [see 24 CFR 91.320(h)]**

**Introduction:**

Each year, the United States Department of Housing and Urban Development (HUD) requires a count of sheltered 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 2020 for the State of Alabama. Across the state of Alabama, 3,351 people were reported homeless. Of them, 1,299 were unsheltered; meaning living on the street, in cars, in abandoned buildings or other places unsuitable for human habitation. The remaining 2,052 were in some form of emergency or transitional shelter.

**Describe the jurisdiction’s one-year goals and actions for reducing and ending homelessness, including:**

**1. Reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs:**

**CDBG**: If and when any CDBG funds are expended to address the needs of homeless persons, then such funds shall be “disaster funds” which are allocated by HUD following the declaration of such eligible “disaster” areas within the State. Any of the State’s plans to expend such “disaster funds” would be included in the State’s application for those funds that would be submitted to HUD as and when requested; therefore, such plans will not be stated in this AAP.

**HOME**: Not applicable.

**ESG**: The point-in-time counts for 2020 showed that there were 1,299 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 subrecipients and second-tier subrecipients 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 subrecipients and second-tier subrecipients will target unsheltered homeless persons in an effort to provide shelter and services to them.
3. The ESG subrecipients and second-tier subrecipients 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.

**HOPWA**: As of September 30, 2016, the Alabama Department of Public Health's Demographic Statistics indicated that there are 20,107 HIV-positive individuals living in Alabama. That is up from 18,782 HIV-positive individuals living in Alabama in 2013. Of new cases in 2014, 70.7% were African-American, and of new cases in 2015, 70.6% were African-American, although they comprise only 26% of the state’s population. Of the new cases in 2014, 76% were men who have sex with men. Research indicates that (i) homelessness and unstable housing are associated with increased rates of HIV sex and drug risk behaviors, (ii) unstable housing increases HIV risk behaviors even among those at highest HIV risk, (iii) homelessness and unstable housing are directly related to delayed HIV-related care, poor access to care, and decreased likelihood of treatment adherence, and (iv) the association between lack of stable housing and greater HIV risk behaviors remains even among persons who have received risk reduction services. Homeless men as compared to stably-housed men in the urban South region of the United States were more likely to report sharing needles, more likely to have four or more sex partners, and more likely to have had sex with other men. Homeless African-American women and Hispanic women are 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. Young men who have sex with men 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. And homeless youth are more likely to engage in high-risk drug use than youth in housing with some adult supervision, and are as likely to engage in high-risk sex. In 2015, AIDS Alabama started the Ascension Project, a rapid re-housing project for youth 18-24, to provide housing as prevention regardless of serostatus. There have never been more people living in Alabama with HIV disease than there are now. The needs of this population are critical and not unlike those of other vulnerable populations, as the population's 2015 mean income was $800 per month, compared to $3,730 for that year's state per capita median monthly income. Thus, reaching out to this homeless population, assessing their individual needs, and associating them with service providers who can target and address those needs, are all critical parts of the HOPWA Program's focus of addressing the homeless issues with which this population is involved.

Using PY2021 HOPWA funds, AIDS Alabama will assist households with rental and utility payments to prevent homelessness of those living with HIV/AIDS. It will work with local providers to increase capacity to develop and operate HIV-specific housing. Currently, AIDS Alabama contracts with eight other AIDS Service Organizations (ASOs) to provide case management, rental assistance, direct housing, and outreach services statewide.

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 PY2021 HOPWA funds to support housing programs in the State, which will include supportive services such as transportation, case management, and housing outreach. AIDS Alabama will provide these services in the Birmingham Metropolitan Area and to the non-Jefferson County areas in its Public Health area. Furthermore, AIDS Alabama contracts for these services with eight other AIDS Service Organizations across the State, allowing HOPWA supportive services to be available in all 67 counties. AIDS Alabama will also use PY2021 HOPWA funds to serve up to 180 persons statewide in paying for 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.

To obtain their clientele and coordinate these services, AIDS Alabama fosters collaborations with in-state housing organizations that include the Low Income Housing Coalition of Alabama, Alabama Rural Coalition on Homelessness, Alabama Poverty Project, and others, and this work results in the expansion of affordable housing for low-income, HIV-positive consumers. AIDS Alabama also works with or attends 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 other community service providers statewide to contact clientele so that HIV-positive individuals in counties throughout the State will know how to find stable and affordable housing resources.

**HTF**: For the HTF Program, see the PY2021 HTF Plan at Sections B, C, I, and J for information regarding addressing the housing needs of homeless or unsheltered persons.

**2. Addressing the emergency shelter and transitional housing needs of homeless persons:**

**CDBG**: If and when any CDBG funds are expended to address the emergency shelter and transitional housing needs of homeless persons, then such funds shall be “disaster funds” which are allocated by HUD following the declaration of such eligible “disaster” areas within the State. Any of the State’s plans to expend such “disaster funds” would be included in the State’s application for those funds that would be submitted to HUD as and when requested; therefore, such plans will not be stated in this AAP.

**HOME**: Not applicable.

**ESG**: The point-in-time counts for 2020 showed that there were 2,052 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 subrecipients and second-tier subrecipients 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 subrecipients and second-tier subrecipients will work more closely with housing agencies to determine availability for those sheltered homeless persons exiting the system.

**HOPWA**: AIDS Alabama's 2015 needs assessment found that 39% of all HIV-positive households interviewed accessed some form of housing assistance in the last six months. Furthermore, the need for permanent supportive housing is apparent, as permanent supportive housing for the chronically homeless is the highest priority of the local Continuum of Care. Additional research conducted in 2013 and issued from AIDS Alabama indicates that unmet needs for emergency shelter included 151 beds for households with at least one adult and one child, 38 units for households with at least one adult and one child, 159 beds for households without children, 27 beds for households with only children, 25 units for households with only children, 337 total year-round beds, 30 total seasonal beds, and 50 overflow beds. The 2013 research also indicates that unmet needs for transitional housing included 215 beds for households with at least one adult and one child, 33 units for households with at least one adult and one child, 525 beds for households without children, 15 beds for households with only children, 15 units for households with only children, and 755 total year-round beds. AIDS Alabama will address the emergency shelter needs of homeless persons by:

1. Providing Rental Assistance: AIDS Alabama will provide a statewide rental assistance program with the purpose of keeping persons stably housed. For emergency shelter, this assistance will consist of Short-Term Rent, Mortgage, and Utility Assistance (STRMU), which 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. The objective is to provide 50 households with emergency Short-Term Rent/Mortgage and Utility (STRMU) assistance between April 1, 2021, and March 31, 2022, with the outcome being that at least 35 households will maintain stable housing and avoid homelessness because of temporary emergency situations.

2. Providing Emergency Shelter: Two emergency shelters with beds dedicated to HIV/AIDS consumers operates in Alabama. The shelters are managed by the Health Services Center and AIDS Alabama, Inc. 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.

3. Providing the Living in Balance Chemical Addiction Program (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).

4. Providing Facility Based Housing Subsidy for Permanent Housing: AIDS Alabama will use HOPWA funds to subsidize the cost of permanent housing units between April 1, 2021 and March 31, 2022, serving a potential 100 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 housing in the State.

5. Providing Facility Based Housing Subsidy for Transitional/Short Term Housing: AIDS Alabama will use HOPWA funds to subsidize the cost of transitional/short term housing units between April 1, 2021, and March 31, 2022, serving a potential 80 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 housing in the State.

**HTF**: Not applicable.

**3. 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:**

**CDBG and HOME**: For these Programs' funds, the needs of these groups are handled by the Continuum of Care agencies, which is outside of the purview of the State’s CDBG Program, HOME Program, and HTF Program. The AHFA HOME Action Plan includes a point preference for homeless and disabled populations.

**ESG**: 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 National Low Income Housing Coalition, Alabama has a shortage of 78,840 rental homes available and affordable for extremely low-income renters. 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.

**HOPWA**: AIDS Alabama's 2015 needs assessment found that that 39% of all HIV-positive households interviewed accessed some form of housing assistance in the last six months. AIDS Alabama's 2013 research indicates that unmet needs for permanent supportive housing included 310 beds for households with at least one adult and one child, 34 units for households with at least one adult and one child, 1,322 beds for households without children, 6 beds for households with only children, 6 units for households with only children, and 1,638 total year-round beds. Furthermore, the need for transitional and permanent supportive housing is apparent, as permanent supportive housing for the chronically homeless is the highest priority of the local Continuum of Care. AIDS Alabama will address the homeless persons transitioning to permanent housing needs by:

1. Providing Rental Assistance through the following:

a. AIDS Alabama will provide a statewide rental assistance program with the purpose of keeping persons stably housed. This assistance will consist of providing Tenant-Based Rental Assistance (TBRA): This 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.

b. The Living in Balance Chemical Addiction Program (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).

c. Permanent housing is available to homeless, HIV-positive individuals throughout Alabama, and includes the following:

i. Agape House and Agape II offer permanent apartment complex living in Birmingham for persons with HIV/AIDS. There are 25 one-bedroom units, three two-bedroom units, and two three-bedroom units in these two complexes.

ii. Magnolia Place in Mobile offers 14 two-bedroom units and a one-bedroom unit.

iii. The Mustard Seed triplex offers three one-bedroom units in Birmingham.

iv. Alabama Rural AIDS Project (ARAP) is a permanent supportive housing program that provides 10 units of housing in rural areas through the use of TBRA. An additional house in Dadeville is also used for the project. ARAP was funded in 1995 by HUD’s HOPWA Competitive program and is still being funded.

v. The Le Project offers eleven 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.

vi. The Rapid Re-Housing and Ascension Project offers rapid re-housing services to homeless clientele. Though the program is not limited to HIV-positive individuals, the program continues to serve this population heavily.

vii. The Transclusive Project offers permanent supportive housing to trans-identified chronically homeless clientele. Though the program is not limited to HIV-positive individuals, the program continues to serve this population almost exclusively.

2. Providing Facility Based Housing Subsidy for Permanent Housing- AIDS Alabama will use HOPWA funds to subsidize the cost of the permanent units between April 1, 2021 and March 31, 2022, serving a potential 100 persons living with HIV and their families 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.

3. Providing Facility Based Housing Subsidy for Transitional/Short Term Housing- AIDS Alabama will use HOPWA funds to subsidize the cost of the transitional/short term units between April 1, 2021, and March 31, 2022, serving a potential 80 persons living with HIV and their families 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.

**HTF**: For the HTF Program, see the PY2021 HTF Plan at Section I for information that addresses the housing needs of ELI Veterans and ELI populations with physical or mental disabilities.

**4. Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are being discharged from publicly-funded institutions and systems of care (such as health care facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions), or receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs:**

**CDBG and HOME**: For these Programs' funds, the needs of these groups are handled by the Continuum of Care agencies, which is outside of the purview of the State’s CDBG Program and HOME Program. The AHFA HOME Action Plan includes a point preference for homeless and disabled populations.

**ESG**: 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 subrecipients and second-tier subrecipients 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 subrecipients and second-tier subrecipients 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. Another one of the State’s goals is that ESG subrecipients’ and second-tier subrecipients’ 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.

**HOPWA**: AIDS Alabama will provide or make available housing programs to all eligible persons throughout the State as follows:

1. Providing Rental Assistance: AIDS Alabama will provide a statewide rental assistance program with the purpose of keeping persons stably housed. This assistance will consist Project-Based Rental Assistance (PBRA): This 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. Also, Master Leasing category offers two units that are leased by AIDS Alabama and sublet to consumers who need low income housing; an additional unit operates in the Mobile area.

**HTF**: For the HTF Program, see the PY2021 HTF Plan at Section I for information that addresses the housing needs of ELI Veterans and ELI populations with physical or mental disabilities.

**Discussion:**

See the discussion contained in the sections herein above.

**AP-70 HOPWA Goals [see 24 CFR 91.320(k)(4)]**

|  |  |
| --- | --- |
| **One-year goals for the number of households to be provided housing through the use of HOPWA for:** | |
| **Short-term rent, mortgage, and utility assistance payments** | 50 |
| **Tenant-based rental assistance (TBRA)** | 100 |
| **Units provided in permanent housing facilities developed, leased, or operated with HOPWA funds** | 74 |
| **Units provided in transitional short-term housing facilities developed, leased, or operated with HOPWA funds** | 12 |
| **Total** | 236 |

**AP-75 Action Plan Barriers to Affordable Housing [see 24 CFR 91.320(i)]**

**Introduction:**

**CDBG**: Alabama provides the following outline of barriers to affordable housing. The State has reviewed many locally-produced Analyses of Impediments that were conducted by local governments, and in so doing the State has learned more about what local communities have identified as the most important barriers to affordable housing opportunities at the local level. These are:

1. Land Use Restrictions: Land use regulations have been recognized for some time 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.

2. 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.

3. Absence of Land Use Regulation: 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.

4. Credit Environment: With the exception of “bubble” years that occurred in the past, lending institutions have historically been conservative and restrictive in their lending practices. 5. Fair Housing Issues/Discrimination: Some Alabama counties and cities have continued to note that discrimination exists as a barrier to affordable housing, but fortunately there are many signs of progress on this front.

6. The NIMBY Syndrome: The "not in my backyard" (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.

7. 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.

8. 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.

9. 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.

10. 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.

Also, during the research, survey, data collection, and focus group/committee outreach, and public forum participation processes that were conducted during 2014-2015 and 2019-2020 when the State of Alabama worked on producing its 2014-2015 "Analysis of Impediments to Fair Housing Choice" and its 2019-2020 "Analysis of Impediments to Fair Housing Choice," several factors were identified as impediments considered to be barriers to fair housing and affordable housing in Alabama’s local communities. The research revealed that Alabama’s residents seeking housing in the real estate rental market and/or in the real estate sales/purchasing market can face a myriad of barriers when attempting to obtain and maintain affordable housing. Such barriers include:

1. Their ability to rent apartments/homes due to real or perceived discrimination against them (or a member of their family with whom they are associated) emanating from the housing provider based on the renter’s race, color, religion, gender, disability, familial status, or national origin (discriminatory refusal to rent);

2. Their ability to afford decent and affordable housing in their geographic area – based on their income level, employment status, and/or other economic situations;

3. Their ability to apply for/be qualified for/be approved for a mortgage from a financial lending institution that issues mortgages to qualified home buyers – based on their credit history, FICO score, and financial obligations, which can then lead to more frequent denials of home purchase loans;

4. Their ability to possess enough funds with which to use for a down payment on a home;

5. Their ability to speak English – even as a second language – to communicate and understand the requirements with which they have to comply in order to obtain and maintain such mortgage and housing;

6. Their ability to obtain financial loans from a non-predatory lender, and/or at an interest rate, wherein they are not put into a predatory lending cycle from which they will find it difficult to escape;

7. Their knowledge and understanding of their rights and obligations under Alabama’s Fair Housing laws – the enforcement of which is the responsibility of ADECA (Code of Alabama 1975, as amended, at §24-8-1 through §24-8-15), and the federal Fair Housing Act of 1968 that is administered by HUD;

8. The lack of knowledge on the part of the housing provider to not discriminate against prospective renters or owners in providing housing and information on housing that is available;

9. The ability of the housing provider to make affordable housing available to disabled persons due to the housing provider’s failure to make a reasonable accommodation or modification to the property;

10. The insufficient amount of “fair housing testing” and enforcement of the fair housing laws being conducted in Alabama’s non-entitlement areas by the State’s three Fair Housing Initiative Program providers (the Fair Housing Center of Northern Alabama in Birmingham, the Central Alabama Fair Housing Center in Montgomery, and the Mobile Fair Housing Center, Inc. in Mobile) as a means of detecting fair housing abuses in the rural areas of the State; and

11. The local communities’ overall ability/inability to attract business and industry to locate therein which would provide residents with employment opportunities and good-paying jobs so that they could improve their – and the community’s – economic situation, with affordable housing being one of the results of such economic improvement.

**HOME**: See the discussion under CDBG above.

**ESG**: See the discussion under CDBG above.

**HOPWA**: See the discussion under CDBG above.

**HTF**: See the discussion under CDBG above.

**Actions it planned to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing, such as land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the return on residential investment:**

**CDBG**: Alabama provides the following outline of strategies designed to address and overcome barriers to affordable housing. The State has reviewed many locally-produced Analyses of Impediments that were conducted by local governments, and in so doing the State has learned more about what local communities have identified as the most important barriers to affordable housing opportunities at the local level. These are:

1. Land Use Restrictions: While in the poor principally rural state like Alabama, land use regulations are unlikely to be adopted and/or enforced, given the opportunity, the strategy would 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.

2. Building Codes: Given the opportunity, the strategy would be to:

●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.

3. Absence of Land Use Regulation: Given the opportunity, the strategy would be to:

**●** 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.

4. Credit Environment: While the lending practices may have been vindicated by the recent housing crisis resulting from loose lending practices, given the opportunity, the strategy would 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.

5. Fair Housing Issues/Discrimination: Given the opportunity, the strategy would be to:

● Continue to monitor – and educate – financial institutions about possible discriminatory practices.

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

6. The NIMBY Syndrome: Given the opportunity, the strategy would be to:

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

7. Land Ownership Patterns: Given the opportunity, the strategy would be to:

●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.

8. Costs Associated With Accessibility Compliance: Given the opportunity, the strategy would be to:

●Continue present policy and enforcement.

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

9. Fire Protection Costs: Given the opportunity, the strategy would be to:

●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.

10. Transportation Costs: Given the opportunity, the strategy would be to:

● 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.

While so many of the priorities that form barriers to affordable housing are essentially local practices, the State may take the steps that it can to encourage and promote this goal. The State can continue to work to upgrade its Fair Housing Law to one that is equivalent to the national law. The State can 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 can 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.

Also, the State of Alabama's 2014-2015 "Analysis of Impediments to Fair Housing Choice" and 2019-2020 "Analysis of Impediments to Fair Housing Choice" suggested several strategies that could be employed by the State of Alabama (meaning ADECA as the recipient of CDBG Program funds) so as to remove or ameliorate the barriers to fair housing and affordable housing. These strategies are as follows:

1. The State of Alabama, through ADECA, could conduct outreach and provide education to the citizens of Alabama – both housing providers and housing consumers – concerning the State’s Fair Housing laws (*Code of Alabama 1975*, as amended, at §24-8-1 through §24-8-15), and the federal Fair Housing Act of 1968 that is administered by HUD, and their rights and obligations under those State and federal laws, particularly actions that would be in violation of fair housing laws.

2. The State of Alabama, through ADECA, could conduct outreach and provide education to the citizens of Alabama concerning how prospective housing consumers can acquire and maintain good credit – as part of their effort to afford a home purchase or rent for an apartment.

3. The State of Alabama, through ADECA, could conduct outreach and provide education to the citizens of Alabama concerning the characteristics and attributes of a predatory lending style of loan.

4. The State of Alabama, through ADECA, could identify lenders in Alabama who have disproportionately engaged in predatory-style lending within the State, and then publish the findings so that consumers could more easily obtain this information about these lenders.

5. The State of Alabama, through ADECA, could conduct audit testing to determine the number of properties currently in violation of the fair housing laws, and in particular the disability/accessibility standards concerning housing.

6. The State of Alabama, through ADECA, could contract with the State’s three Fair Housing Initiative Program providers (the Fair Housing Center of Northern Alabama in Birmingham, the Central Alabama Fair Housing Center in Montgomery, and the Mobile Fair Housing Center, Inc. in Mobile) or other entities to conduct audit testing and track enforcement activities, particularly in the non-entitlement areas of the State, as a means of detecting fair and affordable housing abuses, determining the extent of existing affordable housing barriers, determining the success of strategies implemented to remove or ameliorate the identified barriers to affordable housing, and determining the extent of enforcement of the fair housing laws within the State.

7. The State of Alabama, through ADECA, could form a task force to devise and oversee methods for positively affecting the identified barriers to affordable housing, and provide reports to ADECA on the task force’s activities.

8. ADECA could post on its website ([www.adeca.alabama.gov](http://www.adeca.alabama.gov)) information on fair housing, affordable housing, and related information concerning how to file a complaint under the State’s fair housing laws.

9. The State of Alabama, through ADECA, could work in tandem with other State agencies, local governments, and prospective business and industry when recruiting economic development at the local level so that all parties involved would be aware of affordable housing news and issues in those locations.

**HOME**: See the discussion under CDBG above. Also, For the HOME Program, please see the PY2021 HOME Action Plan under *III. B. Establishment of Housing Priorities* for information regarding actions to remove barriers.

**ESG**: See the discussion under CDBG above.

**HOPWA**: See the discussion under CDBG above.

**HTF**: See the discussion under CDBG above. Also, for the HTF Program, see the PY2021 HTF Plan at Section J.

**Discussion:**

See the discussion contained in the sections herein above.

**AP-85 Other Actions [see 24 CFR 91.320(j)]**

**Introduction:**

See the discussion contained in the sections herein below.

**Actions planned to address obstacles to meeting underserved needs:**

**CDBG**: At the CDBG Program level, Alabama plans to continue maintaining its eligibility to apply for and receive/be awarded federal CDBG Program funds that are annually made available from HUD. Alabama achieves this by employing ADECA staff who maintain the State’s compliance with HUD’s CDBG Program requirements pursuant to the laws, rules, regulations, and policy letters governing same. Alabama may continue to encourage its non-entitlement communities to maintain their eligibility to apply for and receive CDBG Program funds by providing training and technical assistance to those communities on grant program eligibility, application, and compliance requirements, financial (accounting and audit) responsibilities, and all other aspects regarding the operation of the CDBG Program at the local level.

At the local level, Alabama may work toward providing information on compliance with federal and state fair housing laws through education and outreach to housing providers and housing consumers throughout the State. Alabama may work toward providing, or contracting for the provision of, outreach and education to residents in local communities on topics that include acquiring and keeping good credit, mortgage lending practices – including predatory lending-style loans, fair housing laws (particularly those pertaining to discriminatory terms and refusal to rent aspects and other conditions, privileges, or facilities relating to rental housing), and disability access laws (particularly those pertaining to rental housing with respect to discrimination, and facilities’ reasonable accommodations and modifications). Alabama may continue to make available to the public the State of Alabama’s “Analysis of Impediments to Fair Housing Choice” by posting this document on the ADECA website ([www.adeca.alabama.gov](http://www.adeca.alabama.gov)). Alabama may continue to accumulate information and statistical data on housing trends from surveys and from the Census and the American Community Survey websites so as to keep current with how the “Analysis of Impediments to Fair Housing Choice” is having a housing impact through citizens’ responses due to the outreach and education activities described herein. Alabama may continue to correspond with and attempt to work with each of the three fair housing centers in the State (the Fair Housing Center of Northern Alabama located in Birmingham, the Central Alabama Fair Housing Center located in Montgomery, and the Mobile Fair Housing Center located in Mobile) and other active local fair housing entities (such as those who work with the Hispanic population and the Asian population, and those who work with special needs populations including the disabled and the elderly residents) so that they are actively engaged in providing education and outreach to their targeted populations within these localities, and so that they are periodically providing to ADECA information on the outcomes and impacts that their outreach activities are experiencing. Alabama may continue to observe the month of April as Fair Housing Month within the State by obtaining a proclamation from the Governor’s Office declaring same, distributing fair housing posters to housing providers and interested consumers throughout the State, and by focusing education efforts and outreach activities designed specifically to highlight Fair Housing Month.

Alabama may consider forming a “Fair Housing Commission” that would serve in an advisory capacity to discuss and broadly analyze the fair housing issues facing Alabama’s citizens, provide input on developing necessary program and grant-related documents, and make recommendations for policy and legislative initiatives to the Governor, Legislature, and ADECA Director.

**HOME**: AHFA will implement its actions as they are stated in the PY2021 HOME Action Plan.

**ESG**: Actions taken at various levels address some of the obstacles to meeting underserved needs. Job loss and unemployment are identified as obstacles. The lack of affordable healthcare is also identified as an obstacle to meeting underserved needs. However, the state has benefitted from job creation. With the increase in employment, more citizens are better able to afford healthcare. With the passage of the Affordable Care Act, residents are offered better access, options, and values in their search for health care.

**HOPWA**: AIDS Alabama will implement its actions as they are stated in the PY2021 HOPWA One-Year Annual Action Plan stated in sections **AP-15** through **AP-35** herein above.

**HTF**: AHFA will implement its actions as they are stated in the PY2021 HTF Plan.

**Actions planned to foster and maintain affordable housing:**

**CDBG**: The State of Alabama’s two most recent “Analysis of Impediments to Fair Housing Choice” were conducted in 2014-2015 and 2019-2020. During the research, survey, data collection, and focus group/committee outreach, and public forum participation processes that were conducted when the State of Alabama worked on producing these two "Analysis of Impediments to Fair Housing Choice," several factors were identified as impediments considered to be barriers to fair housing and affordable housing in Alabama’s local communities. The research revealed that Alabama’s residents seeking housing in the real estate rental market and/or in the real estate sales/purchasing market can face a myriad of barriers when attempting to obtain and maintain affordable housing. Such barriers include:

1. Their ability to rent apartments/homes due to real or perceived discrimination against them (or a member of their family with whom they are associated) emanating from the housing provider based on the renter’s race, color, religion, gender, disability, familial status, or national origin (discriminatory refusal to rent);

2. Their ability to afford decent and affordable housing in their geographic area – based on their income level, employment status, and/or other economic situations;

3. Their ability to apply for/be qualified for/be approved for a mortgage from a financial lending institution that issues mortgages to qualified home buyers – based on their credit history, FICO score, and financial obligations, which can then lead to more frequent denials of home purchase loans;

4. Their ability to possess enough funds with which to use for a down payment on a home;

5. Their ability to speak English – even as a second language – to communicate and understand the requirements with which they have to comply in order to obtain and maintain such mortgage and housing;

6. Their ability to obtain financial loans from a non-predatory lender, and/or at an interest rate, wherein they are not put into a predatory lending cycle from which they will find it difficult to escape;

7. Their knowledge and understanding of their rights and obligations under Alabama’s Fair Housing laws – the enforcement of which is the responsibility of ADECA (*Code of Alabama 1975*, as amended, at §24-8-1 through §24-8-15), and the federal Fair Housing Act of 1968 that is administered by HUD;

8. The lack of knowledge on the part of the housing provider to not discriminate against prospective renters or owners in providing housing and information on housing that is available;

9. The ability of the housing provider to make affordable housing available to disabled persons due to the housing provider’s failure to make a reasonable accommodation or modification to the property;

10. The insufficient amount of “fair housing testing” and enforcement of the fair housing laws being conducted in Alabama’s non-entitlement areas by the State’s three Fair Housing Initiative Program providers (the Fair Housing Center of Northern Alabama in Birmingham, the Central Alabama Fair Housing Center in Montgomery, and the Mobile Fair Housing Center, Inc. in Mobile) as a means of detecting fair housing abuses in the rural areas of the State; and

11. The local communities’ overall ability/inability to attract business and industry to locate therein which would provide residents with employment opportunities and good-paying jobs so that they could improve their – and the community’s – economic situation, with affordable housing being one of the results of such economic improvement.

These two "Analysis of Impediments to Fair Housing Choice" also suggested several strategies that could be employed by the State of Alabama (meaning ADECA as the recipient of CDBG Program funds) so as to remove or ameliorate the barriers to fair housing and affordable housing. These strategies are as follows:

1. The State of Alabama, through ADECA, could conduct outreach and provide education to the citizens of Alabama – both housing providers and housing consumers – concerning the State’s Fair Housing laws (*Code of Alabama 1975*, as amended, at §24-8-1 through §24-8-15), and the federal Fair Housing Act of 1968 that is administered by HUD, and their rights and obligations under those State and federal laws, particularly actions that would be in violation of fair housing laws.

2. The State of Alabama, through ADECA, could conduct outreach and provide education to the citizens of Alabama concerning how prospective housing consumers can acquire and maintain good credit – as part of their effort to afford a home purchase or rent for an apartment.

3. The State of Alabama, through ADECA, could conduct outreach and provide education to the citizens of Alabama concerning the characteristics and attributes of a predatory lending style of loan.

4. The State of Alabama, through ADECA, could identify lenders in Alabama who have disproportionately engaged in predatory-style lending within the State, and then publish the findings so that consumers could more easily obtain this information about these lenders.

5. The State of Alabama, through ADECA, could conduct audit testing to determine the number of properties currently in violation of the fair housing laws, and in particular the disability/accessibility standards concerning housing.

6. The State of Alabama, through ADECA, could contract with the State’s three Fair Housing Initiative Program providers (the Fair Housing Center of Northern Alabama in Birmingham, the Central Alabama Fair Housing Center in Montgomery, and the Mobile Fair Housing Center, Inc. in Mobile) or other entities to conduct audit testing and track enforcement activities, particularly in the non-entitlement areas of the State, as a means of detecting fair and affordable housing abuses, determining the extent of existing affordable housing barriers, determining the success of strategies implemented to remove or ameliorate the identified barriers to affordable housing, and determining the extent of enforcement of the fair housing laws within the State.

7. The State of Alabama, through ADECA, could form a task force to devise and oversee methods for positively affecting the identified barriers to affordable housing, and provide reports to ADECA on the task force’s activities.

8. ADECA could post on its website ([www.adeca.alabama.gov](http://www.adeca.alabama.gov)) information on fair housing, affordable housing, and related information concerning how to file a complaint under the State’s fair housing laws.

9. The State of Alabama, through ADECA, could work in tandem with other State agencies, local governments, and prospective business and industry when recruiting economic development at the local level so that all parties involved would be aware of affordable housing news and issues in those locations.

ADECA may consider expending PY2021 CDBG Program funds to assist with implementing some or all of these suggested actions during PY2021.

**HOME**: AHFA will implement its actions as they are stated in the PY2021 HOME Action Plan.

**ESG**: Not applicable. See the response for **CDBG** herein above.

**HOPWA**: See the response for **CDBG** herein above. AIDS Alabama will also implement its actions as they are stated in the PY2021 HOPWA One-Year Annual Action Plan stated in sections **AP-15** through **AP-35** herein above.

**HTF**: AHFA will implement its actions as they are stated in the PY2021 HTF Plan.

**Actions planned to reduce lead-based paint hazards:**

**CDBG**: Historically, about half of the housing units in Alabama were built during or after 1980, and the other half were built prior to 1980. Given the prevalence of lead based paint in older homes (those built prior to 1978), there exist large numbers of potentially hazardous dwellings across Alabama, particularly if children are present. It has been estimated that approximately 745,000 to 911,000 of all housing units in Alabama, or from 38% to 46%, pose a lead-based paint hazard. An estimated 308,000 of the housing units with a potential lead-based paint hazard are occupied by extremely low-, low-, and moderate-income householders. Housing units occupied by those with less than 80% 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% 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% of the estimated housing units containing lead. Jefferson, Mobile, Madison, and Montgomery counties dominate in the moderate-income group, comprising 40% of the State’s total.

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. Alabama’s 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 minimis* 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-foot 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. Additionally, 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.

**HOME**: The AHFA will implement its actions as they are stated in the PY2021 HOME Action Plan, Addendum B - AHFA Environmental Policy Requirements.

**ESG**: Not applicable.

**HOPWA**: Not applicable.

**HTF**: The AHFA will implement its actions as they are stated in the PY2021 AHFA Environmental Policy Requirements.

**Actions planned to reduce the number of poverty-level families:**

**CDBG**: Not applicable. For this Program’s funds, the problems of these groups are handled by the Continuum of Care agencies, which is outside of the purview of the State’s CDBG Program.

However, according to the Alabama Department of Labor, the estimated unemployment rate for the State of Alabama in April 2021 was 4.0%, which was higher than the 3.8% in April 2019 and April 2018, but down from the 5.4% in April 2017, down from the 5.7% in December 2014, down from the 6.7% in November 2012, and down from the 6.4% in 2000. The U.S. unemployment rate as of April 2021 was 6.2%, which was up from the 3.6% in April 2019, up from the 3.9% in April 2018, up from the 4.4% in April 2017, up from the 5.6% in December 2014, down from the 7.4% in November 2012, and up from the U.S. unemployment rate of 5.3% in 2000. According to the *Alabama Poverty Data Sheet* and the website [www.alabamapossible.org](http://www.alabamapossible.org), the percentage of Alabamians living below the federal poverty level in 2021 was 16.8%, in 2018 it was 17.2%, and in 2017 it was 18.5%. According to the American Community Survey data, the 2016 estimate for the percentage of Alabamians living below the federal poverty level was 19.2%, the 2012-2016 estimate was 18.4%, the 2010-2011 estimate was 19%, the 2009 estimate was 17.5%, and the 2005 estimate was 17%. The estimate for the percentage of the nation as a whole living below the federal poverty was 15.1% in 2017, in 2015 it was 13.5%, in 2011 it was 15.9%, in 2010 it was 15.3%, in 2009 it was 14.3%; and in 2005 it was 13.3%. Because poverty is affected by so many factors, particularly the economy, it is difficult to predict what the poverty rate will be from year to year. Furthermore, the State of Alabama continues to experience a shift in its economic base. The State has successfully created thousands of new jobs through an aggressive economic development program, yet at the same time, however, the State has lost textile and other manufacturing jobs as well as clerical/retail jobs due to store closures and online competition.

Consequently, the State’s current goals regarding poverty are (i) to strive to keep the unemployment rate within two percentage points of the national unemployment rate, and (ii) to strive to keep the percentage of the population living below the 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 this Plan's programs described herein above, the CDBG program is the one most directly utilized for economic development purposes. Certainly, the quality of life for 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's economy.

The following is a summary of Alabama’s anti-poverty strategy for PY2021:

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 housing stock through the CDBG program and building new affordable homes with HOME program funds.

3. Design and implement more affordable housing programs.

4. Through the CDBG, HOME, ESG, HOPWA, and HTF Programs, continue to provide funding to programs that improve the quality of life of those living below the poverty level.

5. When and where possible, fund projects which address a multitude of problems and which 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 positively affect the poverty level and improve the quality of life of those living below the poverty level.

7. Foster collaboration with poverty programs that are funded through the Alabama Department of Human Resources (such as its 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.

**HOME**: Not applicable. For this Program’s funds, the needs of these groups are handled by the Continuum of Care agencies, which is outside of the purview of the State’s HOME Program.

**ESG**: It can be presumed that homelessness may negatively impact employment levels or a person’s employability. The inability to obtain and maintain gainful employment may eventually lead to increased numbers of families living at or below the poverty-level. Provision of housing through the ESG Program provides stability to a formerly homeless individual or family. With the basic need of shelter met, families can focus on obtaining or maintaining employment or better employment. Outreach workers will identify and engage unsheltered homeless persons and link them with mainstream resources for which they may be eligible. Case managers will assist sheltered homeless persons gain or maintain employment or better employment. Increased finances within the family unit will serve to move the family above the poverty level.

**HOPWA**: Not applicable.

**HTF**: Not applicable. For the HTF Program’s funds, the needs of these groups are handled by the Continuum of Care agencies, which is outside of the purview of the PY2021 HTF Plan.

**Actions planned to develop institutional structure:**

**CDBG**: The CDBG Program is operated within the organizational structure of the Alabama Department of Economic and Community Affairs (ADECA) and its Community and Economic Development Division, which is located in Montgomery, Alabama.

**HOME**: The HOME Program is operated within the organizational structure of the Alabama Housing Finance Authority (AHFA), which is located in Montgomery, Alabama.

**ESG**: The ESG Program is operated within the organizational structure of the Alabama Department of Economic and Community Affairs (ADECA) and its Community and Economic Development Division, which is located in Montgomery, Alabama.

**HOPWA**: The HOPWA Program is operated within the organizational structure of AIDS Alabama, which is located in Birmingham, Alabama.

**HTF**: The HTF Program is operated within the organizational structure of the Alabama Housing Finance Authority (AHFA), which is located in Montgomery, Alabama.

**Actions planned to enhance coordination between public and private housing and social service agencies:**

**CDBG**: For the CDBG Program, the Alabama Department of Economic and Community Affairs (ADECA) and its Community and Economic Development Division utilize the ADECA Citizens Participation Plan to foster communication and enhance coordination between itself and interested parties, to include public and private housing and social service agencies. ADECA also uploads onto its website at [www.adeca.alabama.gov](http://www.adeca.alabama.gov) the original and the First Substantial Amendment to the 2020-2024 Five-Year Consolidated Plans, and the original PY2021 One-Year Annual Action Plan.

**HOME**: For the HOME Program, the Alabama Housing Finance Authority (AHFA) utilizes the AHFA's Citizens Participation Plan to foster communication and enhance coordination between itself and interested parties, to include public and private housing and social service agencies. ADECA also uploads onto its website at [www.adeca.alabama.gov](http://www.adeca.alabama.gov) the original and the First Substantial Amendment to the 2020-2024 Five-Year Consolidated Plans, and the original PY2021 One-Year Annual Action Plan.

**ESG**: For the ESG Program, the Alabama Department of Economic and Community Affairs (ADECA) and its Community and Economic Development Division utilize the ADECA Citizens Participation Plan to foster communication and enhance coordination between itself and interested parties, to include public and private housing and social service agencies. ADECA also uploads onto its website at [www.adeca.alabama.gov](http://www.adeca.alabama.gov) the original and the First Substantial Amendment to the 2020-2024 Five-Year Consolidated Plans, and the original PY2021 One-Year Annual Action Plan.

Also, case managers seek 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. Case managers will refer program participants to mainstream housing, health, mental health, education, employment, food and meal assistance, and youth programs.

**HOPWA**: For the HOPWA Program, AIDS Alabama utilizes its/the ADECA Citizens Participation Plan to foster communication and enhance coordination between itself and interested parties, to include public and private housing and social service agencies. ADECA also uploads onto its website at [www.adeca.alabama.gov](http://www.adeca.alabama.gov) the original and the First Substantial Amendment to the 2020-2024 Five-Year Consolidated Plans, and the original PY2021 One-Year Annual Action Plan.

Also, using PY2021 HOPWA funds, AIDS Alabama will work with local providers to increase capacity to develop and operate HIV-specific housing. Currently, AIDS Alabama contracts with eight other AIDS Service Organizations (ASOs) to provide case management, rental assistance, direct housing, and outreach services statewide. 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 PY2021 HOPWA funds to support housing programs in the State, which will include supportive services such as transportation, case management, first month’s rent and deposit (if available), and housing outreach. AIDS Alabama will provide these services in the Birmingham Metropolitan Area and to the non-Jefferson County areas in its Public Health area. Furthermore, AIDS Alabama contracts for these services with eight other AIDS Service Organizations across the State, allowing HOPWA supportive services to be available in all 67 counties. AIDS Alabama will also use PY2021 HOPWA funds to serve up to 180 persons statewide in paying for 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.

To obtain their clientele and coordinate these services, AIDS Alabama fosters collaborations with in-state housing organizations that include the Low Income Housing Coalition of Alabama, Alabama Rural Coalition on Homelessness, Alabama Poverty Project, and others, and this work results in the expansion of affordable housing for low-income, HIV-positive consumers. AIDS Alabama also works with or attends 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 other community service providers statewide to contact clientele so that HIV-positive individuals in counties throughout the State will know how to find stable and affordable housing resources.

**HTF**: For the HTF Program, the AHFA utilizes the AHFA's Citizens Participation Plan to foster communication and enhance coordination between itself and interested parties, to include public and private housing and social service agencies. ADECA also uploads onto its website at [www.adeca.alabama.gov](http://www.adeca.alabama.gov) the original and the First Substantial Amendment to the 2020-2024 Five-Year Consolidated Plans, and the original PY2021 One-Year Annual Action Plan.

**Discussion:**

See the discussion contained in the sections herein above.

**AP-90 Program Specific Requirements [see 24 CFR 91.320(k)(1), (2), and (3)]**

**Introduction:**

See the discussion contained in the sections herein below.

**1. Community Development Block Grant (CDBG)**

**Reference 24 CFR 91.320(k)(1)**

**CDBG**: Projects planned with all CDBG funds expected to be available during the year are identified in the Projects Table. The following identifies program income that is available for use that is included in projects to be carried out:

|  |  |  |
| --- | --- | --- |
| **1** | **The total amount of program income that will have been received before the start of the next program year and that has not yet been reprogrammed:** | $0 |
| **2** | **The amount of proceeds from Section 108 loan guarantees that will be used during the year to address the priority needs and specific objectives identified in the grantee’s strategic plan:** | $0 |
| **3** | **The amount of surplus funds from urban renewal settlements:** | $0 |
| **4** | **The amount of any grant funds returned to the line of credit for which the planned use has not been included in a prior statement or plan:** | $0 |
| **5** | **The amount of income from float-funded activities:** | $0 |
| **6** | **Total Program Income:** | $0 |

Other CDBG Requirements:

|  |  |  |
| --- | --- | --- |
| **1** | **The amount of urgent need activities:** | 1 |
| **2** | **The estimated percentage of CDBG funds that will be used for activities that benefit persons of low and moderate income:** | 80.00% |

Overall Benefit: A consecutive period of one, two, or three years may be used to determine that a minimum overall benefit of 70% of CDBG funds is used to benefit persons of low and moderate income. Specify the years covered that include this Annual Action Plan:

|  |  |
| --- | --- |
| **The years covered that include this Annual Action Plan:** | PY2021 (April 1, 2021-March 31, 2022) |

**2. HOME Investment Partnerships Program (HOME)**

**Reference 24 CFR 91.320(k)(2)**

[The jurisdiction must describe activities planned with HOME funds expected to be available during the year. All such activities should be included in the Projects screen. In addition, the following information should be supplied.]

**HOME**: From the PY2021 HOME Action Plan at “*III. 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.”

**1. A description of other forms of investment being used beyond those identified in 24 CFR 92.205 is as follows:**

Not applicable.

**2. A description of the guidelines that will be used for resale or recapture of HOME funds when used for homebuyer activities as required in 24 CFR 92.254 is as follows:**

Not applicable.

**3. A description of the guidelines for resale or recapture that ensures the affordability of units acquired with HOME funds [see 24 CFR 92.254(a)(4)] is as follows:**

Not applicable.

**4. Plans for using HOME funds to refinance existing debt secured by multifamily housing that is rehabilitated with HOME funds along with a description of the refinancing guidelines required that will be used under 24 CFR 92.206(b) are as follows:**

Not applicable.

**3. Emergency Solutions Grant (ESG)**

**Reference 24 CFR 91.320(k)(3)**

**1. Include written standards for providing ESG assistance (this may be included as an attachment):**

**ESG**: Because the needs of program participants and their access to available assistance vary across the State, the State will require its subrecipients 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.

1. 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.
2. 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.
3. 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.
4. 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.
5. 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).
6. 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).
7. 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.
8. Policies and procedures for assessing, prioritizing, and reassessing individuals’ and families’ needsfor essential services related to emergency shelter.
9. Procedures to guarantee that reasonable steps are taken to ensure meaningful access to program activities for persons of limited English proficiency.
10. Standards for terminating assistance. Include requirements of a formal process to terminate assistance. At a minimum, the process should contain:

* A written notice to the participant stating the reason for termination of assistance.
* A review of the decision, where the participant is given the opportunity to present written or oral objections.
* Prompt written notice of the final decision to the participant.

**2. If the Continuum of Care has established a centralized or coordinated assessment system that meets HUD requirements, then describe that centralized or coordinated assessment system:**

**ESG**: Each continuum of care has an established centralized or coordinated assessment system for its service area. Implementation of the systems varies by continuum. All ESG-funded projects utilize the coordinated assessment system developed by the local continuum of care.

**3. Identify the process for making sub-awards, and describe how the ESG allocation available to private nonprofit organizations (including community and faith-based organizations) will be allocated:**

**ESG**: The ESG grant application submission date is May 28, 2021, at 12 noon.

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 subrecipients. 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: 20 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 second-tier

subrecipients, 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: 20 Points

The applicant will demonstrate a thorough understanding of the “continuum of care”

concept and explain how the services provided by it or its second-tier subrecipients are in line with this concept. This will include information concerning membership in an existing Continuum of Care Homeless Coalition. Explain the levels of participation for the applicant and that of the second-tier subrecipients regarding continuum initiatives, activities, and programs. Provide details regarding the strategies of the particular continuum for serving the homeless. The applicant will provide information regarding the agencies’ utilization of the continuum’s coordinated assessment system.

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 will be 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 second-tier subrecipients’ budgets. 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

If necessary, the State may request additional information to assist with reviews.

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.

**4. If the jurisdiction is unable to meet the homeless participation requirement in 24 CFR 576.405(a), then the jurisdiction must specify its plan for reaching out to and consulting with homeless or formerly homeless individuals in considering policies and funding decisions regarding facilities and services funded under ESG:**

**ESG**: Not applicable. The jurisdiction is able to meet the homeless participation requirement in 24 CFR 576.405(a) because the recipient is a State.

**5. Describe performance standards for evaluating ESG:**

**ESG**: ADECA strives to work in partnership with its subrecipients to ensure successful program implementation. Monitoring visits are considered an opportunity to review the subrecipients’ administration of their grants and review efforts to maintain compliance with program regulations. Monitoring visits also allow staff to provide on-site assistance to subrecipients carrying out their program responsibilities. Monitoring serves as one aspect of several coordination and compliance strategies which result in an on-going review of program progress. These strategies include frequent communication through telephone and e-mail contact, written correspondence, and technical assistance meetings as well as reviews of payment requests, and additional documentation or reports which may be voluntarily submitted or requested by ADECA. For ESG Program purposes, ADECA’s monitoring approach will generally follow the strategy outlined in the State’s Grantee Monitoring Plan. The Plan states “for other programs, appropriate tracking systems are developed/modified and utilized to ensure that the project is monitored at least once.” ADECA staff will monitor each ESG grant on-site at least once prior to project close-out. Topics reviewed for compliance include adherence to the program’s national objective and eligibility requirements, progress and timeliness, citizen participation, environmental standards, shelter standards, housing habitability standards, rent reasonableness, affirmative outreach, fair housing, equal employment opportunity, procurement, and financial management. After each monitoring visit, written correspondence is sent by ADECA to the subrecipient describing the results of the monitoring review in sufficient detail to clearly describe the areas that were covered and the basis for the conclusions. Monitoring determinations range from “acceptable” to “finding” with appropriate corrective action measures imposed. Corrective action measures may include certifications that inadequacies will be resolved, documentary evidence that corrective actions have been instituted, or reimbursement of grant funds as disallowed costs. If the subrecipient has not responded to ADECA within 30 days after the date of ADECA’s letter, ADECA staff will work with the subrecipient through phone calls, e-mails, or written correspondence to obtain the requested information. No grant can be closed until all monitoring findings have been satisfactorily resolved. ADECA maintains an “HESG Projects Schedule” spreadsheet that is used as a tracking system to ensure each ESG grant is monitored at least once prior to close-out. Monitoring visits will be scheduled at the time when at least 40 percent of the funds have been drawn down on the grant project. This spreadsheet is also used to track monitoring findings, receipt of the requested responses, and the date of project closeout. ADECA may schedule additional monitoring visits as might be necessitated by problems identified in the original monitoring visit or when grant conditions demonstrate a need for additional ADECA review. ADECA may also incorporate additional monitoring and review techniques not listed here in order to ensure program compliance.

**HTF: [Reference 24 CFR 91.320(k)(5)]**

See the PY2021 HTF Plan for a description of the distribution of HTF funds, application requirements, and selection criteria for eligible applicants. Also listed in the PY2021 HTF Plan is a maximum per-unit development subsidy limit for housing assisted with HTF funds, and AHFA’s criteria for selection of applications submitted by eligible recipients.

HTF funds will be utilized to provide funds to develop new construction of decent, safe and sanitary rental housing, primarily targeting a specific underserved ELI population in the State.

**1. How will the grantee distribute its HTF funds? Select all that apply:**

\_ X\_\_  **Applications submitted by eligible recipients**

\_\_\_\_\_ **Subgrantees that are State Agencies**

\_\_\_\_\_ **Subgrantees that are HUD-CPD entitlement grantees**

**2. If distributing HTF funds through grants to subgrantees, describe the method for distributing HTF funds through grants to subgrantees and how those funds will be made available to state agencies and/or units of general local government. If not distributing funds through grants to subgrantees, enter "N/A".** Not applicable.

**3. If distributing HTF funds by selecting applications submitted by eligible recipients:**

**a. Describe the eligibility requirements for recipients of HTF funds (as defined in 24 CFR § 93.2). If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".** See the PY2021 HTF Plan for a description of the distribution of HTF funds, application requirements, and selection criteria for eligible applicants.

**b. Describe the grantee's application requirements for eligible recipients to apply for HTF funds. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".** See the PY2021 HTF Plan for a description of the distribution of HTF funds, application requirements, and selection criteria for eligible applicants.

**c. Describe the selection criteria that the grantee will use to select applications submitted by eligible recipients. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".** See the PY2021 HTF Plan for a description of the distribution of HTF funds, application requirements, and selection criteria for eligible applicants.

**d. Describe the grantee's required priority for funding based on geographic diversity (as defined by the grantee in the consolidated plan). If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".** See the PY2021 HTF Plan for a description of the distribution of HTF funds, application requirements, and selection criteria for eligible applicants.

**e. Describe the grantee's required priority for funding based on the applicant's ability to obligate HTF funds and undertake eligible activities in a timely manner. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".** See the PY2021 HTF Plan for a description of the distribution of HTF funds, application requirements, and selection criteria for eligible applicants.

**f. Describe the grantee's required priority for funding based on the extent to which the rental project has Federal, State, or local project-based rental assistance so that rents are affordable to extremely low-income families. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".** See the PY2021 HTF Plan for a description of the distribution of HTF funds, application requirements, and selection criteria for eligible applicants.

**g. Describe the grantee's required priority for funding based on the financial feasibility of the project beyond the required 30-year period. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".** See the PY2021 HTF Plan for a description of the distribution of HTF funds, application requirements, and selection criteria for eligible applicants.

**h. Describe the grantee's required priority for funding based on the merits of the application in meeting the priority housing needs of the grantee (such as housing that is accessible to transit or employment centers, housing that includes green building and sustainable development features, or housing that serves special needs populations). If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".** See the PY2021 HTF Plan for a description of the distribution of HTF funds, application requirements, and selection criteria for eligible applicants.

**i. Describe the grantee's required priority for funding based on the extent to which the application makes use of non-federal funding sources. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".** See the PY2021 HTF Plan for a description of the distribution of HTF funds, application requirements, and selection criteria for eligible applicants.

**4. Does the grantee's application require the applicant to include a description of the eligible activities to be conducted with HTF funds? If not distributing funds by selecting applications submitted by eligible recipients, select "N/A".**

\_ X\_\_  **Yes**

\_\_\_\_\_ **No**

\_\_\_\_\_ **N/A**

**5. Does the grantee's application require that each eligible recipient certify that housing units assisted with HTF funds will comply with HTF requirements? If not distributing funds by selecting applications submitted by eligible recipients, select "N/A".**

\_ X\_\_  **Yes**

\_\_\_\_\_ **No**

\_\_\_\_\_ **N/A**

**6. Performance Goals and Benchmarks. The grantee has met the requirement to provide for performance goals and benchmarks against which the grantee will measure its progress, consistent with the grantee's goals established under 24 CFR 91.315(b)(2), by including HTF in its housing goals in the housing table on the SP-45 Goals and AP-20 Annual Goals and Objectives screens.**

\_ X\_\_  **Yes**

\_\_\_\_\_ **No**

**7. Maximum Per-unit Development Subsidy Amount for Housing Assisted with HTF Funds. Enter or attach the grantee's maximum per-unit development subsidy limits for housing assisted with HTF funds. The limits must be adjusted for the number of bedrooms and the geographic location of the project. The limits must also be reasonable and based on actual costs of developing non-luxury housing in the area. If the grantee will use existing limits developed for other federal programs such as the Low Income Housing Tax Credit (LIHTC) per unit cost limits, HOME's maximum per-unit subsidy amounts, and/or Public Housing Development Cost Limits (TDCs), it must include a description of how the HTF maximum per-unit development subsidy limits were established or a description of how existing limits developed for another program and being adopted for HTF meet the HTF requirements specified above.** See the PY2021 HTF Plan for a description of the distribution of HTF funds, application requirements, and selection criteria for eligible applicants.

**8. Rehabilitation Standards. The grantee must establish rehabilitation standards for all HTF-assisted housing rehabilitation activities that set forth the requirements that the housing must meet upon project completion. The grantee's description of its standards must be in sufficient detail to determine the required rehabilitation work including methods and materials. The standards may refer to applicable codes or they may establish requirements that exceed the minimum requirements of the codes. The grantee must attach its rehabilitation standards below.**

**In addition, the rehabilitation standards must address each of the following: health and safety; major systems; lead-based paint; accessibility; disaster mitigation (where relevant); state and local codes, ordinances, and zoning requirements; Uniform Physical Condition Standards; and Capital Needs Assessments (if applicable).** Not applicable.

**9. Resale or Recapture Guidelines. Below, the grantee must enter (or attach) a description of the guidelines that will be used for resale or recapture of HTF funds when used to assist first-time homebuyers. If the grantee will not use HTF funds to assist first-time homebuyers, enter "N/A".** Not applicable.

**10. HTF Affordable Homeownership Limits. If the grantee intends to use HTF funds for homebuyer assistance and does not use the HTF affordable homeownership limits for the area provided by HUD, it must determine 95 percent of the median area purchase price and set forth the information in accordance with §93.305. If the grantee will not use HTF funds to assist first-time homebuyers, enter "N/A".** Not applicable.

\_N/A\_ **The grantee will use the HUD issued affordable homeownership limits.**

\_N/A\_ **The grantee has determined its own affordable homeownership limits using the methodology described in § 93.305(a)(2) and the limits are attached.**

**11. Grantee Limited Beneficiaries or Preferences. Describe how the grantee will limit the beneficiaries or give preferences to a particular segment of the extremely low- or very low-income population to serve unmet needs identified in its consolidated plan or annual action plan. If the grantee will not limit the beneficiaries or give preferences to a particular segment of the extremely low- or very low-income population, enter "N/A." Any limitation or preference must not violate nondiscrimination requirements in § 93.350, and the grantee must not limit or give preferences to students. The grantee may permit rental housing owners to limit tenants or give a preference in accordance with § 93.303(d)(3) only if such limitation or preference is described in the action plan.** See the PY2021 HTF Plan for a description of the distribution of HTF funds, application requirements, and selection criteria for eligible applicants.

**12. Refinancing of Existing Debt. Enter or attach the grantee's refinancing guidelines below. The guidelines describe the conditions under which the grantee will refinance existing debt. The grantee's refinancing guidelines must, at minimum, 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. If the grantee will not refinance existing debt, enter "N/A."** Not applicable.

**Discussion:**

See the discussion contained in the sections herein above.

**ATTACHMENTS: Page**

Attachment 1: CDBG Program PY2021 One-Year Annual Action Plan 212

Attachment 2: ESG Program PY2021 One-Year Annual Action Plan 233

Attachment 3: HOPWA Program PY2021 One-Year Annual Action Plan 248

Attachment 4: HOME Program PY2021 One-Year Annual Action Plan 258

Attachment 5: HTF Program PY2021 One-Year Annual Allocation Plan 339

Attachment 6: Summary of Citizen Participation Process and Proposed Changes 349

to the PY2020 HOME Action Plan First Substantial Amendment,

PY2021 Housing Credit Qualified Allocation Plan,

PY2021 HOME Action Plan,

PY2021 National Housing Trust Fund Allocation Plan, and the

Addenda:

A. Summary of Proposed Changes to the PY2020 HOME Action

Plan Substantial Amendment

B. Summary of Proposed Changes to the PY2021 Housing Credit

Qualified Allocation Plan

C. Summary of Proposed Changes to the PY2021 HOME Action

Plan

D. Summary of Proposed Changes to the 2021 National Housing

Trust Fund Allocation Plan

E. Summary of Citizen Participation Process for PY2021 National

Housing Trust Fund Allocation Plan – Second Draft

**ATTACHMENT 1**

**STATE OF ALABAMA**

**PY2021 CDBG ONE-YEAR ANNUAL 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. Ensure 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 funding of important economic development projects in a timely manner.

6. Encourage communities to plan for community conservation and development.

7. Give additional consideration to those communities who commit to do the most to help

themselves, taking into account their level of resources.

8. Give consideration to the community's ability to maintain CDBG improvements.

9. Make funding decisions, to the extent feasible, that aid local and regional plans.

10. Ensure that all grants are managed in a timely and effective manner.

## **PY2021 CDBG Fund Allocation**

Total Allocation to Alabama: $23,903,936

County Fund $2,959,500

Large City Fund $5,381,800

Small City Fund $6,227,900

Economic Development Fund $5,158,750

Planning Fund $129,069

Community Enhancement Fund $3,229,800

State Administration $578,078

State Technical Assistance $239,039

**NOTES:**

1. The stated amount is based on the recent announcement by HUD under the 2021 fiscal year’s federal budget; however, this amount can change based on a revised annual allocation and/or subsequent action by HUD. Upon receipt of an otherwise final annual allocation amount, ADECA will adjust the distribution of funds up or down by approximately the same percentage; the exception being the distribution of “State Administration” and “State Technical Assistance” funds which will conform to HUD’s rule. Therefore, if and when necessary, ADECA will update the distribution of funds stated in this Annual Plan to reflect such otherwise final annual allocation amount.

2. If total requests in one or more Funds is less than the allocated amounts, the balances in those Funds may be transferred to any other Fund at the discretion of the ADECA Director without impacting the State’s five percent (5%) threshold established in the State’s Citizen Participation Plan.

3. For valid reasons, the ADECA Director may modify or altogether eliminate allocations in order to maintain program integrity. In such case(s), ADECA will follow the necessary citizen participation process stated in the State’s Citizen Participation Plan.

4. 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 ADECA Director. Such transfers will not count towards the five percent (5%) threshold established in the State’s Citizen Participation Plan.

5. 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 ADECA Director. Such transfers will not count towards the five percent (5%) threshold established in the State’s Citizen Participation Plan. Also, the State Technical Assistance Fund may be used for State Administration.

6. All recaptured funds (other than as defined by regulations) will be placed in the Recaptured Fund. Any funds awarded via a Governor’s/ADECA 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. Likewise, any funds returned by grantees due to cost under-run will be considered Recaptured Funds. This does not include funds returned as the result of an ED Float Loan. Those funds will revert back to funds/projects from where the funds came. Persons interested in the amount of Recaptured Fund money available may inquire to ADECA in writing for this information.

7. The State is not anticipating any Program Income to be available during the course of this program year. In case there is any program income, the money will generally be used to fund economic development projects.

8. Reallocated funds from HUD will be assigned to the most appropriate Fund by the ADECA Director and distributed in accordance with the methodology described in this One-Year Annual Action Plan.

9. 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, or for other CDBG eligible activities.

10. 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.\*

## \* Nothing in this Action Plan will limit the eligibility of an applicant or activities to be addressed by the CDBG Disaster or COVID Programs, to the extent such eligibility and activities are permitted by the HUD

## Disaster or COVID Rules. Similarly, any activities funded by the CDBG Disaster or COVID Grants will not

## limit the applicant's ability to apply for a grant under this Action Plan, to the extent the applicant is otherwise

## eligible under this Action Plan.

## **METHODS OF ALLOCATION**

The State of Alabama's PY2021 Community Development Block Grant (CDBG) 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 and through other appropriate widely distributed public notifications.

Each activity funded with CDBG funds must address at least one of the three National Objectives of the CDBG program. These objectives are:

1. To benefit low-income and moderate-income persons, of which at least 51% must be from low-income and moderate-income households, except for single family housing activities which must benefit 100% low-income 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.

Eligible applicants for the State of Alabama’s CDBG Program are non-entitlement cities and counties whose residents are the primary beneficiaries of the proposed activities.

The Categories of Funds from which PY2021 CDBG monies will be allocated are as follows:

**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 2010 Census 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 2010 Census 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 (ED FUND)**

This Fund is to assist activities necessary for economic development projects. Economic development projects are those which result in the creation or retention of jobs. 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 Fund provides an opportunity 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 loan guarantees more than $10 Million per project, nor more than the HUD-established limit per year. In those instances where there is an exceptional economic impact, then a waiver of the $10 Million per project 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. The State will require guarantees from the applicant government to support loan payments in event of a default by the business/industry.

**PLANNING FUND**

This Fund’s monies 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 or de-obligated due to cost underruns or grantees’ failure to satisfy corrections during the program year, except Program Income as defined by applicable regulations. The ADECA 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, including Urgent Need projects. Money from the Recaptured Fund for such projects will be awarded based on the criteria applicable to each individual Fund. The Recaptured Fund may also be used to meet State commitments caused by Section 108 Loan Guarantee underpayments or nonpayment of ED Float Loans. It is estimated that the State will receive approximately $750,000 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 Fund 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. An appropriate amount based on need and availability of funds will be made available from the 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 Fund categories.

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 the Black Belt Region Projects. Award considerations for Black Belt Region Projects will no longer be constrained by rating of these projects under individual Funds. The award of Black Belt Region 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 urgent need projects will not be subject to particular grant ceilings, timing, match requirements, or other limitations, and the ADECA 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 PY2021 program allows two or more communities to jointly carry out activities to address their mutual needs. The following elements will serve as a guide in the eligibility and determination of such 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 the most beneficiaries will be required to be the applicant and 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-income 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-income 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 ADMINISTRATION/PLANNING**

The State Administration is a reservation of money for effective management of the CDBG program by the State, and these 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 CDBG program, to increase local capacities,

and for other eligible purposes. The State Technical Assistance Fund may also be used for the State Administration.

**GRANT CEILINGS AND MINIMUMS**

The figures stated below establish general ceilings and minimums on the grant amounts that may be requested per Fund. 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.

**FUND** **CEILING/MINIMUM**

County Fund $400,000 Ceiling

Large City Fund $500,000 Ceiling

Small City Fund $350,000 Ceiling

Community Enhancement Fund $300,000 Ceiling/$50,000 Minimum

Planning Fund $40,000 Ceiling

Section 108 Loan Guarantees $10,000,000 Maximum

**Economic Development Fund** **Minimum** **Maximum**

ED Grants $50,000 $400,000

ED Incubator $50,000 $400,000

ED Loans $50,000 $250,000

ED Float Loans $1,000,000 $10,000,000

**NOTE:**

These ceilings are subject to HUD’s actual CDBG allocation to the State of Alabama. At the discretion of the ADECA Director, these ceilings may be modified in order to maintain program integrity.

## **THRESHOLDS**

The following thresholds will apply to communities seeking to apply for PY2021 CDBG funds:

1. Cities and Counties with an open Economic Development Fund or Planning Fund PY2018 or earlier grant funded in calendar year 2018 or earlier, as of a date determined by ADECA, will sit-out for all Funds except for the Economic Development Fund. The term “sit-out,” as used herein, is defined as “a city or county will not be eligible to apply for PY2021 CDBG funds except for the Economic Development Fund.”

2. Cities and Counties with an open grant (except Economic Development Fund or Planning Fund) from any Fund, as of a date determined by ADECA, will sit-out for all Funds except for the Economic Development Fund. The term “sit-out,” as used herein, is defined as “a city or county will not be eligible to apply for PY2021 CDBG funds except for the Economic Development Fund.”

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 Funds (the County Fund, Large City Fund, and Small City Fund) and the Community Enhancement Fund will be limited to only one application from either one of these 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 an ADECA CDBG staff monitoring review. A waiver may be provided in cases where the ADECA Director has reviewed a grantee’s proposed response and has determined that repayments due to 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 an ADECA CDBG staff monitoring review. A waiver may be provided in cases where the ADECA Director has determined that repayments due to 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 (51%) low and moderate income persons or qualify under the Area Benefit under the HUD rule, 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 a date determined by ADECA 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 coronavirus (COVID) and other infectious diseases, disasters, neighborhood stabilization (NSP), or recovery (CDBG-R) will not prohibit jurisdictions from applying for PY2021 CDBG funds.

3. For any issue or subject not addressed in this PY2021 One-Year Annual Action Plan, or in the case of conflicting issues, the ADECA 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 ADECA Director may provide a waiver from these Thresholds if specific situations merit granting such a waiver.

**APPLICATIONS FOR COUNTY, LARGE CITY, AND SMALL CITY FUNDS**

**COMPETITIVE PROCESS**

CDBG funds allocated to the County Fund, Large City Fund, and Small City Fund, also known as Competitive Funds, will be distributed through a competitive grant application 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, may 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 ensure 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 the application after it has been submitted to the State. The State may request clarification of the proposal that in no way affects the substance of the application, or the State 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 the Competitive Funds from a respective Fund category, i.e., County Fund, Large City Fund, or Small City Fund. All grant applications will be rated for a maximum score of 200 points. Applications will be awarded funds in order of decreasing score until funds in a given Fund category are exhausted. The rating criteria for scoring 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 elements will be used to determine points under the Nature of Benefits rating criteria. The PY2021 CDBG Application Manual will provide additional details for meeting the reporting and documentation requirements of these broad evaluation elements.

a. Needs Assessment – This is an assessment of community-wide needs associated with housing and essential community development facilities, including the needs of low-income and moderate-income households.

b. Project Development – This is a 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 – This is a 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 – This is a 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 a local match. Points will be awarded based on the percent of local funds divided by the total amount of requested CDBG dollars. Two points will be awarded for a one percent match, 4 points will be awarded for a two percent match, up to 20 points awarded 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 Fund category.

**Cost/Benefit Ratio**

This is the measure of the project’s cost per beneficiary, and the scoring will be based on a comparison of (i) the applicant's cost per beneficiary for each activity to (ii) the base level ratio. A base level ratio of $4,000 for all public facilities, $8,500 for housing, and $14,500 for relocation has been established by ADECA. 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 amount of requested CDBG dollars.

The rating forms that will be used to score Competitive applications will be included with the application materials.

**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. This Fund can be used to provide funding for eligible activities that communities consider important to enhance the community in a manner that is 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 this Fund must be submitted by the announced cut-off date.

**Criteria for Rating Community Enhancement Grants**

The Community Enhancement Fund grant applications will be reviewed by ADECA CDBG staff for compliance with a National Objective and eligibility Thresholds. The applications will be reviewed for factors that include:

1. Assessment of need for project

2. Importance of activity to community

3. Clarity of benefit to low-income 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 their 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 ADECA CDBG staff evaluation will be used to guide the selection of the projects, although the ADECA Director may vary from the ADECA CDBG staff evaluation when a particularly strong need is perceived. The ADECA CDBG staff evaluation will consist of two independent reviews comprised of a 0-5 point scoring scale, wherein a score of “0 points” indicates that the project is ineligible for one or more reasons, a score of “1 point” indicates a weak project, and a score of “5 points” indicates a very strong project.

A grant ceiling amount of $300,000 and a minimum grant amount of $50,000 have been established for the Community Enhancement Fund. The ADECA Director may waive either of these limits.

The Community Enhancement Fund will require a specific local match equal to or exceeding 10 percent of the amount of CDBG funds requested in the application. 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.

Community Enhancement Fund projects will be awarded based on the total highest score in decreasing order until the Fund’s monies are depleted. When funds are not available to fund all projects with similar scores, the ADECA CDBG Staff’s 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), the match may be waived when the applicant lacks the financial capacity. Applications will be considered on a continual basis until the cut-off date.

**Evaluation Considerations**

The Planning Fund grant awards will be made based on the following 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. The need and urgency of planning activities proposed. The State reserves the authority to not fund a project if the 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. The amount of funds requested relative to the size of the community, the complexity of the proposed elements, and the final product. This consideration will be particularly important where larger grant requests are involved.

6. The community’s 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 PY2021 money, any unanticipated receipt of program income will be available for funding of ED projects. Also, ED Float Loans will be covered in this section, since ED Float Loans will be used only for economic development. However, funds used for short-term grants, or ED Float Loans, will come from all categories of grants. The ED Fund projects will be funded under the following four distinct categories: (1) ED Grants, (2) ED Incubator Projects, (3) ED Loans, and (4) ED Float Loans.

The eligible ED Fund projects will be generally funded in the order they are received, regardless of the Fund category under which they fall. Eligible applicants for ED Grants, ED Loans, and ED Float Loans are all non-entitlement local governments, provided other applicable thresholds are met. The applicable grant ceilings and minimums for ED Fund projects will be as cited earlier in the section on grant ceilings. The rules and requirements which will govern ED Grants, ED Loans, and ED 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, a loan, or a 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 $400,000 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 award or deny funding of any application during the program period, depending on the quality of the project, benefit to low and moderate income communities, the results of past projects, or on considerations such as labor supply, wage levels, environmental effects, etc. The State may waive the $400,000 grant ceiling if the merit of the project shows a significant long-term economic benefit for the State.

The Threshold requirements for ED Grants are listed below. These Thresholds are in addition to overall Thresholds listed earlier in this PY2021 One-Year Annual Action Plan. The Director may grant exemptions form the Threshold requirements.

**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-income 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-income and moderate-income persons merit such a decision.

2. The applicant must have a commitment from the business to create and/or retain the 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. The grant may also be used for repair or renovation of a facility owned by a city, county, industrial development authority, or such other public entity, provided that the applicant city/county is at least 51% low and moderate income.

4. At least 51 percent of the project’s 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 amount requested in the ED Grant application. 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 ADECA 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 the use of CDBG assistance for job-pirating activities.

7. ED Grants will not be made in cases where construction of the private facility has already started prior to the grant award date 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 continual 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 ED 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 Project grants anytime during the program period. A grant ceiling of $400,000 will apply. The State will maintain the right to deny funding of any ED Incubator Project, depending on the quality and/or certainty of the proposal.

**Thresholds**

Threshold requirements listed earlier in this PY2021 One-Year Annual Action Plan will apply to all ED Incubator Projects.

**Evaluation Criteria**

Factors to be considered in evaluating the worthiness of ED Incubator Project proposals will include:

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-income 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 Loans 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-income 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. ED Loans made from the Revolving Loan Fund will be governed by the same requirements as ED Loans made from the ED Fund. ED Funds used by communities to make ED 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 of 1974, as amended, 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, the appropriateness of the proposed project, or the capacity of the community to undertake such a project. Threshold requirements for ED Loans are listed as follows, and are in addition to overall Thresholds listed earlier in this PY2021 One-Year Annual 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 continual 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

It is generally not the intention of the State to use CDBG funds to make loans. However, the State is retaining the ability to make loans to ensure a significant economic development opportunity is not lost due to the absence of such ability.

**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-income and moderate-income persons. ED Float Loan funds used for short-term loans will come from all Fund categories of grants. A reasonable amount of Program Income or Recaptured Funds may be used to provide a grant to administer an ED Float Loan. As ED Float 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 is 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 ED Float Loan program will be determined by careful monitoring of the fund flow needs of the CDBG program. Because the State recognizes that the ED Float Loan program entails some risk, each request will be analyzed on the basis of the need of grants previously funded. ED Float Loans will be made only after it has been determined, to the maximum extent possible, that the amount and term of any ED Float Loan will not commit the State's letter of credit balance to the degree that other previously-funded grants are delayed or jeopardized. ED 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 previously herein this PY2021 One-Year Annual Action Plan.

The ED Float Loan program will be governed by the following requirements:

**Program Objective**

A primary objective of the ED 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 ED 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-income and moderate-income persons. If ED 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**

ED 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 ED Float Loan amount shall be $1 Million, and the maximum ED Float Loan amount shall be $10 Million. These maximum and minimum loan amounts may be waived by the State when significant long-term economic benefits for low-income and moderate-income persons are involved. The loan term will be for one year, and can be extended for one additional year. Interest earned on ED 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 continual basis. However, due to the unique nature of the ED Float Loan program, the State intends to fund only a limited number of ED Float Loan projects. Prior to accepting any application, the State will require a thorough review of the project with the State. ED Float Loan funding decisions will be based on the following factors:

1. Conformance with the National Objective

2. Loan security, which 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 the Section 108 Loan Guarantee program 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 Million 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 this PY2021 One-Year Annual 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, 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-income and moderate-income persons.

5. The applicant shall guarantee the required loan repayments should the participating business default.

**Evaluation Criteria**

Applications for Section 108 Loan Guarantees will be considered on a continual basis, since opportunities for economic development may arise at any time. Section 108 Loan Guarantees will be evaluated in accordance with 24 CFR Part 570, the Section 108 Final Rule, along with consideration being given to the following:

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’s CDBG program are all activities listed as eligible under the Housing and Community Development Act of 1974, as amended, except public service activities proposed separately or jointly with other non-service type activities will generally be available only in rare and unique situations.

ESTIMATED FUNDS FOR ACTIVITIES BENEFITING

LOW-INCOME AND MODERATE-INCOME PERSONS

The Housing and Community Development Act of 1974, as amended, 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 PY2021 CDBG funds will be used for activities that primarily benefit low-income and moderate-income persons. The remaining 20 percent of PY2021 CDBG 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 PLAN FOR MINIMIZING DISPLACEMENT**

**FROM USE OF CDBG FUNDS**

The Housing and Community Development Act of 1974, as amended, 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.” The following four elements shall serve as the State of Alabama’s “Plan for Minimizing Displacement for Programs Utilizing U.S. Department of Housing and Urban Development Funds.”

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.

3. Local Plan for Grant Recipients: The State of Alabama requires that that all localities applying HUD funds through the State certify that, “The City/County will minimize displacement of persons as a result of activities with CDBG funds and will assist persons actually displaced as a result of such activities.” Further, upon funding, all recipients shall be required to keep a local Plan for Minimizing Displacement in the program files.

4. Grievance Procedure: The State will follow the grievance procedure identified in the Complaints section of the State’s Citizen Participation Plan.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_End of PY2021 CDBG Action Plan\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**ATTACHMENT 2**

**STATE OF ALABAMA**

**EMERGENCY SOLUTIONS GRANT (ESG) PROGRAM**

**PY2021 ONE-YEAR ANNUAL ACTION PLAN**

**History**

The Emergency Shelter Grant Program was first enacted under Title V of the U.S. Department of Housing and Urban Development’s (HUD) 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 Grants (ESG) 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 Homeless Management Information System 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. The State will receive $2,883,869 in PY2021 ESG funds. The State will allocate funds based on the quality of applications received from local units of government 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 subrecipients. 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.

The stated allocation amount is the amount that ADECA anticipates receiving from HUD under the respective fiscal year’s federal budget. However, this amount can increase due to the award of supplemental allocation(s) or decrease as and when determined by HUD. Upon receipt of the final annual allocation amount, ADECA will adjust the distribution of funds up or down by approximately the same percentage; the exception being the distribution of “State Administration” funds which will conform to HUD’s rule. ADECA will also update the Annual Action Plan to reflect ADECA’s actual fiscal year allocation.

**Pre-Award Costs**

The State requests permission to receive reimbursement for administration costs incurred prior to the award date of the agreement between HUD and ADECA. The costs would include eligible functions performed by ADECA’s staff members during the State’s administration of the ESG Program.

**Thresholds**

No applications will be accepted under any of 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 FY2019 or an earlier year.
* The private nonprofit organization (acting as the applicant or the second-tier subrecipient) does not meet the following criteria:
  + is a secular or religious organization described in section 501 (c) of the Internal Revenue Code of 1986;
  + is exempt from taxation under subtitle A of the Code;
  + has an accounting system and a voluntary board; and
  + practices nondiscrimination in the provision of assistance.

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 May 28, 2021 at 12 noon 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 $400,000 for applicants that will serve a single jurisdiction. A single jurisdiction is defined as one municipality or one county serving both municipalities and unincorporated communities within that county. An applicant that will serve multiple counties will have a grant ceiling of $500,000. Demonstrated need, prior performance, capacity, and other factors may be used to determine the actual award amount. An applicant may not be listed as a second-tier subrecipient in another application. However, a second-tier subrecipient may be listed as a second-tier subrecipient in more than one application. 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. Initiation of negotiations will be done by the State based on (1) demonstrated need; (2) prior performance; and (3) other available resources. Grant ceilings may be waived in efforts to utilize all current year funds.

**Recaptured Funds**

Recaptured funds 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 funds or unutilized prior year funds to assist eligible and fundable projects from the program year in which the funds are returned. The State may negotiate with subrecipients to reallocate all recaptured funds and unutilized prior year funds.

In the event of the availability of recaptured or unutilized prior year funds, subrecipients that have not exceeded the grant ceilings will be notified first. Subrecipients will submit a written response of their interest in receiving the recaptured or unutilized prior year funds. If all funds are not awarded after the first notification, the remaining subrecipients will be allowed to submit a written response expressing their interest in receiving the recaptured or unutilized prior year funds. Grant ceilings may be waived in efforts to award all recaptured or unutilized prior year funds.

Factors to be considered when reallocating funds include: (1) estimated number of program participants to be served; (2) impact on the community if the persons are not served; (3) other extenuating or unusual circumstances which may have necessitated the additional funding, (4) prior performance of the subrecipients’ grant administration, (5) the subrecipients’ demonstrated ability to expend funds in a timely manner, and (6) the subrecipients’ ability to supply the required matching funds.

**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 the State’s 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 the State’s FY2010 grant funds committed to street outreach and emergency shelter activities.

Eligible costs include:

1. Essential Services – Case management, childcare, 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:

1. 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.)
2. 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.)
3. 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 homeless 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 subrecipient or the second-tier subrecipient.

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 the

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 the 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 (CoC) 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 subrecipients and second-tier subrecipients. 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, underemployment, and rising healthcare costs are also obstacles.

**Proposed Activities**

The 2020 point-in-time surveys for the State of Alabama documented 3,351 homeless persons. Of those, 1,299 were unsheltered and 2,052 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. 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 subrecipients. The site visits may influence funding decisions. Funds will be awarded competitively based on the factors reviewed below.

1. 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.

2. Applicant’s Strategy to Address Homeless Problems: 20 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.

3. Capacity and Coordination: 20 Points

Applicants will describe their federal grant management and administrative capacity, especially that of all second-tier subrecipients, 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.

4. Participation in a Continuum of Care: 20 Points

The applicant will demonstrate a thorough understanding of the “continuum of care”

concept and explain how the services provided by it or its second-tier subrecipients are in line with this concept. This will include information concerning membership in an existing Continuum of Care Homeless Coalition. Explain the levels of participation for the applicant and that of the second-tier subrecipients regarding continuum initiatives, activities, and programs. The applicant will provide details regarding the strategies of the particular continuum for serving the homeless. The applicant will provide information regarding the agencies’ utilization of the continuum’s coordinated assessment system.

5. 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-Vento 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 will be used must be clearly indicated.

6. 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 second-tier subrecipients’ budgets. 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; and
* coordination with local agencies, including the CoC, that serve similar target populations.

If necessary, the State may request additional information to assist with reviews.

**Tie Breaker**

In the event of tied scores where funding is not available to all applicants, ADECA’s 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.

**Monitoring Plan**

ADECA staff will monitor each ESG grant on-site at least once prior to project close-out. Areas reviewed for compliance include adherence to the Program’s national objective and eligibility requirements, progress and timeliness, citizen participation, environmental, shelter standards, housing habitability standards, rent reasonableness, affirmative outreach, fair housing, equal employment opportunity, procurement, and financial management.

After each monitoring visit, written correspondence will be sent to the subrecipient describing the results of the review in sufficient detail to clearly describe the areas that were covered and the basis for the conclusions. 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, or reimbursement of disallowed costs.

If the subrecipient has not responded within 30 days after the date of ADECA’s letter, ADECA staff will work with the subrecipient through phone calls, e-mails, or written correspondence to obtain the requested information. No grant can be closed until all monitoring findings have been satisfactorily resolved.

ADECA maintains an “ESG Projects Schedule” spreadsheet which is used as a tracking system to ensure each ESG grant is monitored at least once prior to close-out. Monitoring visits will be scheduled at the time when at least 40 percent of the funds have been drawn. This spreadsheet is also used to track monitoring findings, receipt of the requested responses, and the date of project close-out.

ADECA retains the option to schedule additional monitoring visits as may be necessitated by problems identified in the monitoring visit or when grant conditions demonstrate a need for additional ADECA review. Further, ADECA may also incorporate additional monitoring and review techniques not listed here in order to ensure program compliance.

**Consultation with Continuums of Care**

The State and the CoCs in its jurisdiction mutually agreed to maintain the following outcomes developed in 2012 for the ESG Program.

1. Determining how to allocate ESG funds for eligible activities:

1. Membership in a CoC – Agencies interested in applying for ESG funding must be active, participating members of the local CoC.
2. Service Provision – Services provided by those agencies must meet an established goal of the local CoC.
3. Capacity – Those agencies must have demonstrated their capacity to carryout

ESG or similar program activities.

1. Collaboration - Those agencies must collaborate with local agencies that serve similar target populations.
2. Coordination - Those agencies must coordinate with other agencies that provide mainstream resources to similar target populations.

2. Developing the Performance Standards for activities funded under ESG:

1. 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.
2. 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.
3. Funded agencies must set measurable targets to be accomplished throughout

the life of the program.

1. 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; and

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:

*PromisSE,* a web-based data management system, serves as a multi- implementation of HMIS. Every continuum in the state, with the exception of the Homeless Care Council of Northwest Alabama, utilizes *PromisSE*. *PromisSE* is operated under a Steering Committee which consists of members of each continuum across the states of Alabama and Florida. *PromisSE* has established policies and procedures. Funding for HMIS and related activities and costs will be capped at 5 percent of the grant award to individual subrecipients.

**Written Standards for Provision of ESG Assistance**

Because the needs of program participants and their access to available assistance vary across the State, the State will require its subrecipients 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.

1. 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.

1. 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).

1. 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).

1. 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 and individuals and families who have the highest barriers to

housing and are likely to be homeless the longest. Special populations

include victims of domestic violence, dating violence, sexual assault, and

stalking.

9. Policies and procedures for assessing, prioritizing, and reassessing

individuals’ and families’ needsfor essential services related to emergency

shelter.

1. Procedures to guarantee that reasonable steps are taken to ensure meaningful access to program activities for persons of limited English proficiency.
2. Standards for terminating assistance. Include requirements of a formal

process to terminate assistance. At a minimum, the process should contain:

* a written notice to the participant stating the reason for termination of assistance;
* a review of the decision, where the participant is given the opportunity to present written or oral objections; and
* prompt written notice of the final decision to the participant.

**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; and

● 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. The State chose not to develop performance indicators because its ESG Program will be implemented in different geographic areas with various needs, social services programs, and degrees of access to services. The subrecipients 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**

Each CoC has an established centralized or coordinated assessment system for its service area. Implementation of the systems varies by continuum. All ESG-funded projects utilize the coordinated assessment system developed by the local CoC.

**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

1. occurrences of domestic violence or abuse.

**One-year goals and specific action steps for reducing and ending homelessness through:**

*Reaching out**to homeless persons (especially unsheltered persons) and assessing their individual needs*

The point-in-time surveys for 2020 showed that there were 1,299 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 subrecipients and second-tier subrecipients will work more closely with the CoC 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 subrecipients and second-tier subrecipients will target unsheltered homeless persons in an effort to provide shelter and services to them.

3. The ESG subrecipients and second-tier subrecipients 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 surveys for 2020 showed that there were 2,052 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 subrecipients and second-tier subrecipients 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 subrecipients and second-tier subrecipients 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 National Low Income Housing Coalition, Alabama has a shortage of 78,840 rental homes available and affordable for extremely low-income renters. 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 subrecipients and second-tier subrecipients 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 subrecipients and second-tier subrecipients 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 agencies**that address housing,health, social services, employment, education, or youth needs.*

The State’s goal is that ESG subrecipients’ and second-tier subrecipients’ 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 CoC 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.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_End of PY2021 ESG Action Plan\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**ATTACHMENT 3**

**STATE OF ALABAMA**

**HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS (HOPWA) PROGRAM**

**PY2021 ONE-YEAR ANNUAL ACTION PLAN**

**Introduction**

HIV/AIDS represents a significant public health issue in the United States with an estimated 1.1 million individuals currently living with the virus (CDC, 2019). There were 38,739 new cases of HIV diagnosed in the U.S. in 2017 with 52% (or 19,968) of all new diagnoses being made in the southern region (CDC, 2018). In the same year, there were 13,299 individuals living with HIV in Alabama and 656 individuals newly diagnosed (ADPH, 2019). Approximately 44% of Alabamians living with HIV have progressed to Stage 3 (AIDS) disease and the health department estimates that there may be as many as 2,777 undocumented cases of HIV infection in the state (ADPH, 2017). The highest number of new HIV cases in Alabama are found in the urban counties of Jefferson, Mobile, Montgomery, Madison, and Tuscaloosa, but a disproportionately high percentage of new HIV cases are being diagnosed in rural parts of the state (ADPH, 2017).

HIV/AIDS disproportionately affects African-Americans, men who have sex with men (MSM), and young adults. In 2017, African-Americans made up only 13% of the U.S. population but represented 42% of new HIV diagnoses nationally (CDC, 2019). The picture in Alabama is similar. African-Americans comprise 27% of the state’s population but account for 64% of all HIV-positive individuals (ADPH, 2017). African-American males represent 52% of all newly diagnosed HIV cases in Alabama, and the HIV incidence rate for African-Americans was nearly six times that of Caucasians (ADPH, 2017). According to the CDC, 66% of all new HIV diagnoses in 2017 were among the MSM population with male-to-male sexual contact being the most common form of HIV transmission (CDC, 2019). Male-to-male sexual contact accounted for 68% of all new HIV transmission in Alabama in 2017 (ADPH). Young adults between the ages of twenty and twenty-nine account for 44% of Alabama’s new HIV infections each year, which represents a downward shift in age at diagnosis across the State since 2008 (ADPH, 2017). Young adult men of color represented the most affected sub-population with regards to HIV, and there has been a 12% increase in the rates of HIV among gay and bisexual Hispanic men in recent years (CDC, 2019).

There is a significant relationship between HIV and poverty in the United States. Communities with large income gaps and high rates of psychosocial disadvantage among minority populations experience disproportionately high rates of HIV infections (Pellowski et al, 2014). Improving HIV-related health disparities requires communities and health providers to address the social and structural barriers to health and healthcare (Pellowski et al, 2014). Access to stable, affordable housing for individuals living with HIV/AIDS and their families is one such structural barrier that has been shown, when addressed, to improve individual HIV health outcomes and to reduce the rates of transmission within the community (Aidala et al, 2016).

The Housing Opportunities for Persons with AIDS (HOPWA) Program is an important component of the safety network for low-income, HIV-positive Americans. Stable housing for People Living with HIV (PLWH) has been linked with improved HIV-related clinical markers, increased rates of antiretroviral therapy adherence, and longer life-expectancy (Aidala et al, 2016). Stable housing is also associated with higher rates of HIV primary care utilization and with lower rates of HIV-related emergency department visits and inpatient admissions (Aidala et al, 2016). Finally, improved housing circumstances for HIV-positive individuals have been shown to reduce HIV risk behaviors (including sexual and drug-related behaviors) and to reduce the likelihood of forward transmission of the virus (Aidala et al, 2016).

In 2015, AIDS Alabama coordinated a statewide needs assessment of individuals living with HIV in the State. Interviews were completed with four hundred ninety-eight HIV-positive individuals across the state as part of the needs assessment, and 10% of individuals were found to have no source of income. Additionally, 52% of respondents reported that their primary source of income was from SSI, and 36% of respondents received food benefits. Of the individuals interviewed, 21% reported experiencing some degree of housing insecurity within the previous six months and 12% reported moving three or more times in the previous three years. At the time of this needs assessment, African-American males and females were at an increased risk for housing instability, and 20% of respondents had experienced problems with housing. These findings demonstrate widespread economic disadvantage among the HIV-positive population in Alabama and underscore the need for HOPWA services across the state.

**HOPWA Service Coordination**

AIDS Alabama facilitates the Alabama HOPWA Program through a partnership with the member organizations that make up the AIDS Service Organization Network of Alabama (ASONA). There are currently nine members of ASONA located in regional hubs throughout the State. This partnership allows for the extension of HOPWA service to all regions of the State and to individuals living in each of the State’s 67 counties. Each of the nine ASONA member organizations participates in the statewide needs assessments compiles programmatic data, and participates in developing the protocols used to administer HOPWA funds. AIDS Alabama will only make changes to the HOPWA rental assistance program after receiving input from all partnership organizations, providing at minimum a 30-day notice of change to each agency and ensuring that all changes are HUD compliant.

Below is a list of the ASONA membership agencies providing HOPWA services throughout Alabama:

* AIDS Alabama, Inc.-Birmingham, AL
* AIDS Alabama South-Mobile, AL
* Birmingham AIDS Outreach-Birmingham, AL
* Five Horizons Health Center-Tuscaloosa,
* Health Services Center-Anniston, AL
* Medical Advocacy and Outreach-Montgomery, AL
* Selma AIDS Information and Referral-Selma, AL
* Thrive Alabama, Inc.-Huntsville, AL
* Unity Wellness Center-Auburn, AL

**Summary of Client Services**

AIDS Alabama and the other ASONA membership agencies provide the following housing related services to HIV-positive individuals and their families across Alabama:

**I. Rental Assistance**

AIDS Alabama and its partner organizations facilitate three rental assistance programs across the state for the purpose of assisting clients to achieve and maintain stable housing. Descriptions of each of the programs follow:

a) **Short-Term Rent, Mortgage, and Utility Assistance (STRMU)** provides assistance to households facing a crisis or housing emergency that could result in displacement from their current housing situation or that could result in homelessness. In order to receive STRMU assistance, qualified individuals must work with a case manager to develop a housing plan designed to increase self-sufficiency and to avoid homelessness.

b) **Tenant-Based Rental Assistance (TBRA)** provides ongoing financial assistance paid to a tenant’s landlord to cover the difference between fair 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. In order to receive TBRA assistance, the individual must have a long-term housing plan to pursue Section 8 or other permanent, mainstream housing options.

c) **Project-Based Rental Assistance (PBRA**) offers low-income individuals 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.

**II. Short Term/Emergency Housing**

1. AIDS Alabama operates an emergency shelter for individuals living with HIV who are receiving substance abuse treatment through the Living in Balance Chemical Addiction Program.

1. AIDS Alabama is in the process of purchasing land adjacent to our Ensley, AL Campus with the potential goal of increasing our Short Term/Emergency Housing options for individuals living with HIV.

**III. Living in Balance Chemical Addiction Program (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) and accepts referrals for individuals living across Alabama.

**IV. Permanent Housing**

Permanent housing is available to HIV-positive individuals throughout Alabama and includes the following:

a) **Agape House and Agape II** offer permanent, apartment complex living in Birmingham for persons with HIV/AIDS. There are 25 one-bedroom units, three two-bedroom units, and two three-bedroom units in these two complexes.

b) **Magnolia Place** is located in Mobile and offers 14 two-bedroom units and a one-bedroom unit.

c) **The Mustard Seed** triplex offers three one-bedroom units in Birmingham.

d) **Alabama Rural AIDS Project (ARAP)** is a permanent supportive housing program that provides 13 units of housing in rural areas of the state through the use of TBRA vouchers. An additional house in Dadeville is also used for the project.

e) **The Rapid Re-Housing and Ascension Project** offers rapid re-housing services to homeless clientele. Though the program is not limited to HIV-positive individuals, the program continues to primarily serve this population.

f) **The LeTransclusive Project** offers permanent supportive housing to trans-identified and/or adults living with HIV who are chronically homeless clientele. Though the program is not limited to HIV-positive individuals, the program continues to serve this population almost exclusively.

g) AIDS Alabama is in the process of purchasing land adjacent to our Ensley, AL Campus with the potential goal of increasing our permanent housing options for individuals living with HIV.

**V. Service Enriched Housing**

Service Enriched Housing is available to HIV-positive individuals from across the state who meet the program criteria. These programs include:

a) **JASPER House** is located in Birmingham, AL, and 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. The program is funded through HUD as a HOPWA Competitive grant and is certified as an Adult Residential Care facility by the Alabama Department of Mental Health.

**HOPWA Funding and Resource Allocation**

The HUD PY2021 HOPWA Fund allocation to the State of Alabama is $2,514,357. Given the preceding statistics and needs represented, AIDS Alabama will use the PY2021 HOPWA funds for the following activities in support of the client programs outlined above:

1. Short Term Rental Mortgage and Utility Assistance

2. Tenant Based Rental Assistance

3. Facility Based Housing Subsidy - Permanent Housing

4. Facility Based Housing Subsidy - Transitional/Short Term Facilities

5. Supportive Services (including case management, support staff, housing outreach, and transportation)

6. Resource Identification

7. Housing Information

8. Technical Assistance

9. Administration.

**Each of these programs is defined in more detail below:**

**1. Short Term Rental Mortgage and Utility (STRMU) Assistance:**

Goal #1: To support a statewide Short Term Rental Mortgage and Utility (STRMU) assistance program through qualified AIDS Service Organizations.

Objective 1: Provide 50 households with emergency Short-Term Rent/Mortgage and Utility (STRMU) assistance between April 1, 2021 and March 31, 2022.

Outcome: At least 35 households will maintain stable housing and avoid homelessness because of temporary emergency situations.

Outcome: The network of AIDS Service Organizations that has formed will be maintained, ensuring any eligible Alabama resident access to HOPWA assistance.

AIDS Alabama and its ASONA partner agencies will use $111,612 to fund Short-Term Rental Mortgage Utility (STRMU) assistance on an as-needed basis across the state. Individuals will access this program by visiting AIDS Alabama or one of the eight partnering AIDS Service Organizations to complete an application with a HOPWA-certified staff member.

**2. Tenant Based Rental Assistance (TBRA):**

Goal #2: To support a statewide Tenant Based Rental Assistance (TBRA) program through qualified AIDS Service Organizations.

Objective 1: Provide 100 households with long-term, Tenant-Based Rental Assistance (TBRA) between April 1, 2021and March 31, 2022.

Outcome: At least 100 households will be assisted so that consumers can remain in affordable, leased housing and experience housing stability.

Outcome: The network of AIDS Service Organizations that has formed will be maintained, ensuring any eligible Alabama resident access to HOPWA assistance.

AIDS Alabama will use $650,000 to fund Tenant-Based Rental Assistance (TBRA) on an as-needed basis to individuals across the state. Individuals will access this program by visiting AIDS Alabama or one of the eight partnering AIDS Service Organizations to complete an application with a HOPWA-certified staff member.

**3. Facility Based Housing Subsidy Permanent Housing:**

Goal #3: Support permanent housing through facility based housing subsidy.

Objective: AIDS Alabama will use $650,000 to subsidize the cost of permanent housing units between April 1, 2021 and March 31, 2022, serving a potential 100 PLWH and their families 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 housing in the state as described in the previous section.

Outcome: All current residents in the various AIDS Alabama permanent housing programs will enjoy safe, secure, and stable housing.

**4. Facility Based Housing Subsidy Transitional/Short Term Housing:**

Goal #4: Support transitional/short term housing through facility based housing subsidy.

Objective: AIDS Alabama will use $75,000 to subsidize the cost of the transitional units between April 1, 2021 and March 31, 2022, serving a potential 50 PLWH and their families 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, transitional/short term housing in the state as described in the previous section.

Outcome: All current residents in the various AIDS Alabama facility based and short term housing will enjoy safe, secure, and stable housing.

**5. Supportive Services:**

Goal #5: Provide existing housing programs in the state with supportive services.

Objective 1: Provide 25,000 legs of transportation to social service and medical appointments between April 1, 2021 and March 31, 2022.

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 5,000 consumers statewide between April 1, 2021 and March 31, 2022.

Outcome: Consumers will be linked to mainstream resources that allow them to remain in stable housing and to live independently.

AIDS Alabama will use $909,261 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 will provide these services in the Birmingham Metropolitan Area and to the areas in their Public Health area. The eight ASONA partner organizations will provide these services in the other regions of the state.

**6. Resource Identification:**

Goal #6: Support resource identification efforts.

Objective 1: AIDS Alabama will spend $60,000 between April 1, 2021, and March 31, 2022, to support collaboration among housing and HIV-positive service partners across the state in order to identify low-income housing and housing development efforts.

Specific actions include:

a) Attend 100% of the appropriate HIV/AIDS housing and homelessness conferences.

b) Support the cost of meetings to foster collaborations that will expand affordable housing for low-income, HIV-positive consumers within the state housing organizations (e.g. the Low Income Housing Coalition of Alabama, Alabama Rural Coalition on Homelessness, and Alabama Poverty Project).

c) Explore the availability of possible land and/or buildings for purchase in the Mobile, AL area with the goal of expanding the HIV-related housing stock in that area of the State.

Outcome: AIDS Alabama staff members and contractors will be equipped to provide identification of low-income housing and housing development options with appropriate support services in the state for individuals and families living with HIV disease.

**7. Housing Information:**

Goal #7: Support ongoing housing information dissemination efforts across the state.

Objective: AIDS Alabama will use $80,000 to provide 2,500 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, 2021 and March 31, 2022.

Outcome: HIV-positive individuals in counties throughout the state will know how to find stable and affordable housing resources. AIDS Alabama will develop and publish new web-based information to broaden our reach to consumers.

**8. Technical Assistance:**

Goal #8: Provide technical assistance and training around housing programs and development in Alabama.

Objective: AIDS Alabama will use $5,000 to provide/receive at least two consultations and technical assistance sessions to/for ASONA member agencies who are engaged in specific, qualified projects between April 1, 2021 and March 31, 2022.

Outcome: Two consultations related to housing development programming will be provided to ASONA members to encourage and promote the development of additional housing services for HIV-positive individuals across the state.

**9. Administration:**

The fee for administration of the HOPWA program will be $282,319 (10% per regulations). The state service agency (ADECA) will receive $84,696 (3%) as the grantee, and the project sponsor (AIDS Alabama) will receive $197,623 (7%). AIDS Alabama will draw on its committed sources of leverage in order to increase the capacity of the HOWPA program. Leveraged dollars come from Medicaid Targeted Case Management revenue, Ryan White case management billing, private foundation grants, other HUD grants, tenant rent payments, collaborations with the University of Alabama at Birmingham, and program income. These funding sources allow AIDS Alabama to stretch limited fiscal resources while continuing to provide quality supportive housing services to HIV-positive individuals across Alabama.

**Proposed PY 2021 HOPWA State Budget**

|  |  |
| --- | --- |
| **Short Term Rental Mortgage and Utility (STRMU) Assistance** | $111,612 |
| **Tenant Based Rental Assistance (TBRA)** | $650,000 |
| **Facility Based Housing Subsidy Permanent Housing** | $650,000 |
| **Facility Based Housing Subsidy Transitional/Short Term Housing** | $75,000 |
| **Resource Identification** | $60,000 |
| **Supportive Services** | $909,261 |
| **Housing Information** | $80,000 |
| **Technical Assistance** | $5,000 |
| **Project Sponsor Administration** (7% AIDS Alabama) | $197,623 |
| **Grantee Administration** (3% ADECA) | $84,696 |
| **TOTAL** | **$2,823,192** |

**Pre-Award Costs**

* The State requests permission to receive reimbursement for Short Term Rental Mortgage and Utility (STRMU) assistance costs incurred after the end of last year’s contract and prior to the executed award date of the agreement between the U.S. Department of Housing and Urban Development and ADECA.  The costs would include eligible expenditures by both the grantee, ADECA, and project sponsor, AIDS Alabama, during the continuation of the HOPWA program.
* The State requests permission to receive reimbursement for Tenant Based Rental Assistance (TBRA) costs incurred after the end of last year’s contract and prior to the executed award date of the agreement between the U.S. Department of Housing and Urban Development and ADECA.  The costs would include eligible expenditures by both the grantee, ADECA, and project sponsor, AIDS Alabama, during the continuation of the HOPWA program.
* The State requests permission to receive reimbursement for facility based housing subsidy for permanent housing costs incurred after the end of last year’s contract and prior to the executed award date of the agreement between the U.S. Department of Housing and Urban Development and ADECA.  The costs would include eligible expenditures by both the grantee, ADECA, and project sponsor, AIDS Alabama, during the continuation of the HOPWA program.
* The State requests permission to receive reimbursement for master leasing costs incurred after the end of last year’s contract and prior to the executed award date of the agreement between the U.S. Department of Housing and Urban Development and ADECA.  The costs would include eligible expenditures by both the grantee, ADECA, and project sponsor, AIDS Alabama, during the continuation of the HOPWA program.
* The State requests permission to receive reimbursement for supportive services costs incurred after the end of last year’s contract and prior to the executed award date of the agreement between the U.S. Department of Housing and Urban Development and ADECA.  The costs would include eligible expenditures by both the grantee, ADECA, and project sponsors during the continuation of the HOPWA program. The project sponsors are AIDS Alabama, AIDS Alabama South, Birmingham AIDS Outreach, Five Horizons Health Services, Health Service Center, Medical Advocacy and Outreach, Selma AIDS Information & Referral, Thrive Alabama, and Unity Wellness Center.
* The State requests permission to receive reimbursement for resource identification costs incurred after the end of last year’s contract and prior to the executed award date of the agreement between the U.S. Department of Housing and Urban Development and ADECA.  The costs would include eligible expenditures by both the grantee, ADECA, and project sponsor, AIDS Alabama, during the continuation of the HOPWA program.
* The State requests permission to receive reimbursement for housing information costs incurred after the end of last year’s contract and prior to the executed award date of the agreement between the U.S. Department of Housing and Urban Development and ADECA.  The costs would include eligible expenditures by both the grantee, ADECA, and project sponsor, AIDS Alabama, during the continuation of the HOPWA program.
* The State requests permission to receive reimbursement for technical assistance costs incurred after the end of last year’s contract and prior to the executed award date of the agreement between the U.S. Department of Housing and Urban Development and ADECA.  The costs would include eligible expenditures by both the grantee, ADECA, and project sponsor, AIDS Alabama, during the continuation of the HOPWA program.
* The State requests permission to receive reimbursement for administrative costs incurred after the end of last year’s contract and prior to the executed award date of the agreement between the U.S. Department of Housing and Urban Development and ADECA.  The costs would include eligible expenditures by both the grantee, ADECA, and project sponsor, AIDS Alabama, in the administration of the grant during the continuation of the HOPWA program.

Questions for AIDS Alabama may be directed to Kevin Finney, Director of Operations (Financial); Katherine McMullen, Director of Programs Administration; or Kathie M. Hiers, Chief Executive Officer at 205-324-9822.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_End of PY2021 HOPWA Action Plan\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**ATTACHMENT 4**

PY2021 HOME ACTION PLAN

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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**

Capitalized terms used in this HOME Action Plan have the meanings set forth below or elsewhere in this HOME Action Plan. Capitalized terms not defined herein shall have the meanings assigned in the AHFA Plan Defined Terms available at www.AHFA.com or as regulations or other context require. Singular terms include the plural as well as the singular, and vice versa.

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.

AHFA-Approved CHDO: A CHDO that has requested and obtained prior approval from AHFA to submit a funding application. Without this prior approval, a CHDO will be treated like a non-CHDO applicant under AHFA’s programs and will not be eligible for funding under the mandatory CHDO set-aside established by the HOME Program.

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.

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

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.

Consolidated Plan (Plan): the consolidated plan designed to help states and local jurisdictions to assess their affordable housing and community development needs and market conditions, and to make data-driven, place-based investment decisions. The consolidated planning process serves as the framework for a community-wide dialogue to identify housing and community development priorities that align and focus funding from the CPD formula block grant programs: Community Development Block Grant (CDBG) Program, HOME Investment Partnerships (HOME) Program, Housing Trust Fund (HTF), Emergency Solutions Grants (ESG) Program, and Housing Opportunities for Persons With AIDS (HOPWA) Program.

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 unit of state or local government that has met the requirements of Section 216 of the National Affordable Housing Act and receives a separate appropriation of HOME Funds to be used within its jurisdictional boundary. The State of Alabama is the Participating Jurisdiction for the HOME Funds administered by AHFA. The local Participating Jurisdictions in Alabama: Anniston, Birmingham, Huntsville, Jefferson County, Mobile, Mobile County, Montgomery, 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 made available under a Written Agreement, as a single undertaking. Project includes all the activities associated with the site(s) and building(s).

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

Written Agreement: Alabama’s HOME Investment Partnerships Program Written Agreement. The Written Agreement is an agreement executed by AHFA and the entity approved to receive an appropriation of HOME Funds.

**III.** **ALABAMA’S HOME PROGRAM**

● 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, tenant populations with Special Housing Needs and with families, public housing waiting lists, projects intended for eventual tenant ownership, energy efficient projects and participation of local tax-exempt organizations;

● Develop an evaluation process whereby preference is given to projects that serve: (1) the lowest-income tenants, (2) qualified tenants for the longest period(s), and (3) projects which are located in Qualified Census Tracts and contribute to a concerted community revitalization plan; and

● Develop compliance monitoring procedures to test for compliance with HOME Regulations and for notifying 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 (CHAS) as a prerequisite for Alabama to receive federal dollars for housing. Prior to submitting the CHAS to HUD, AHFA prepared an extensive list of interested relevant stakeholders 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 then 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 in an effort to blend its four Community Planning and Development (CPD) programs - CDBG, HOME, ESG, and HOPWA - into a single submission process. AHFA, as administrator of the HOME Program, was deemed responsible for writing the housing portion of the new document. The State Consolidated Plan provided a detailed overview of how the State planned to utilize its annual Community Planning and Development funding 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 fluctuations in population, income, and other critical Census-tracked data between 1990 and 2000 and between 2000 and 2010, one realization has not been altered – many in our State are still poor (our 17% poverty rate ranks 49th among the 50 states) 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 State Consolidated Plan, in addition to providing an overall assessment of housing needs for the State, identifies the housing needs for groups with Special Housing Needs. As the administrator of the HOME Program for Alabama, AHFA identifies areas of need, prepares plans to address those needs, and reports on the use of allocated funds to meet those needs.

A demographic analysis performed for the first State 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.”

A component of the State Consolidated Plan, the Analysis of Impediments to Fair Housing Choice, was updated in 2014 and submitted for HUD’s review and approval with the Consolidated Plan in 2015. The purpose of developing the Analysis of Impediments to Fair Housing Choice is to identify impediments to fair housing choice existing within Alabama’s non-entitlement communities so as to determine courses of action designed to address those impediments. The Analysis of Impediments to Fair Housing Choice identified 10 primary areas of impediment to fair housing. Outreach and education were the recommended courses of corrective action, either in part or in total, for 8 of the identified impediments. To that end, AHFA will encourage Fair Housing training in efforts to measurably overcome the identified impediments. Alabama’s Consolidated Plan and the Analysis of Impediments to Fair Housing are available at [www.adeca.alabama.gov](http://www.adeca.alabama.gov).

Additionally, the State 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 primary beneficiaries have been families and the elderly. Meeting those needs is consistent with the Consolidated Plan findings and the need for additional family units and elderly units remains strong.

Annually, subject to the availability of HOME funds, AHFA will encourage citizen participation in the HOME planning process by providing a draft of the HOME Action Plan for public comment. AHFA will begin the annual process by providing public notice that the draft HOME Action Plan is available for review at www.ahfa.com. This public notice will be published in major statewide newspapers, will be posted online at www.ahfa.com, and will be delivered by email to all who have registered with AHFA to receive its email notifications. AHFA will also provide a public notice, which notice may be included in the initial notice or circulated separately by all the same means, of the date and time of a public hearing at which AHFA will present a brief description of the draft HOME Action Plan and accept comments from the public, both orally and in writing. AHFA will provide a number of copies of the draft HOME Action Plan for those in attendance. For a period of 30 days following the public hearing, AHFA will continue to accept written comments from all interested parties regarding the draft HOME Action Plan. After providing the public notices, conducting the public hearing, completing the 30-day public comment period, and giving due consideration to all comments received, AHFA will publish a final version of the HOME Action Plan at www.ahfa.com that will be accompanied by a summary of all public comments received and AHFA’s responses. To finalize the HOME Action Plan for each year, AHFA must present the final HOME Action Plan for approval by the applicable state and federal authorities.

Prior to the preparation of this HOME Action Plan, ADECA submitted requests for proposals for the completion the State of Alabama’s PY2020-2024 Analysis of Impediments to Fair Housing Choice, which will be prepared pursuant to HUD’s guidelines and, when available, will be included with the PY 2020-2024 Five Year Consolidated Plan for CDBG, ESG, HOME, HOPWA, and HTF programs.

**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 its unmet housing needs, with the understanding that respective county stakeholders should proactively engage to a) provide additional funding sources and incentives as available, b) help to remove regulatory and discriminatory barriers, and c) seek experienced Housing Credit and HOME development partners to assist in creating affordable housing solutions for their respective communities. AHFA has established certain housing priorities that affect the distribution of HOME Funds. In the current application cycle, AHFA seeks to promote the following housing priorities (not in order of preference):

● Projects that add to the affordable housing stock.

● Projects that, without HOME Funds, would not likely set aside units for lower income tenants, inclusive of tenants with disabilities and/or those who are homeless.

● Projects that use additional assistance through federal, state, or local subsidies.

● Projects that promote healthy living and tenant quality of life by providing tenant services such as blood pressure screening, CPR and first aid training, promoting nutrition and healthy eating, budget counseling and various other quality of life services.

● Balanced distribution of HOME Funds throughout the State in terms of geographical regions, counties, and urban/rural areas.

**C. Application Criteria**

**ALL DETERMINATIONS, CALCULATIONS, JUDGMENTS, ASSESSMENTS OR OTHER DECISIONS MADE BY AHFA UNDER THIS HOME ACTION PLAN, INCLUDING WITHOUT LIMITATION ITS ADDENDA AND RELATED APPLICATION INSTRUCTIONS AND FORMS, SHALL BE MADE IN AHFA’S SOLE AND ABSOLUTE DISCRETION**.

AHFA is required to evaluate each application to determine which projects should receive HOME Funds. To facilitate the evaluation process, all applicants must complete the following basic steps:

1) Submit a complete application to AHFA. All or portions of the application may be required to be submitted online. After application submittal, AHFA will conduct a completeness review. The application will be deemed complete if the Application Package contains, at a minimum, the following:

● All required AHFA-provided forms for current year application. The application forms will be posted at www.AHFA.com prior to the beginning of the application cycle. AHFA will post these forms as they become available, and applicants should check www.AHFA.com regularly in order to begin work on the required forms as soon as possible. All AHFA-provided forms should be completed pursuant to instructions, legible, and all applicable spaces fully completed.

● All required third-party documents in form and content acceptable to AHFA. Refer to the application checklist and the current Application Package and Application Instructions for the complete list of required documents as provided at [www.AHFA.com](http://www.AHFA.com).

● All required AHFA-provided and third-party forms and documentation must be in numerical order behind blue index pages. The Application Package should be provided in a format per AHFA written instructions.

After the completeness review, if an applicant has failed to submit and/or complete the items described in this Section III.C.(1) (inclusive of items requiring clarifications), AHFA will contact the applicant via email regarding any missing and/or incomplete items.

If an applicant during a Competitive Application Cycle receives an email from AHFA identifying missing and/or incomplete items or documents, the applicant must submit all missing and/or incomplete items or documents in form satisfactory to AHFA (along with the required fee for each such item or document as specified in Section III.D.(2)) within 7 business days after receipt of the email from AHFA. If the applicant fails to submit the missing and/or incomplete items when required or fails to pay the required fees or if the applicant’s fee payment is rejected for insufficient funds, the application will be terminated and will receive no further consideration.

If AHFA determines during the completeness check that any application has an aggregate total of 8 or more missing and/or incomplete items, the application will be terminated automatically by AHFA, and AHFA will notify the applicant by email of this termination.

AHFA shall deliver notices of missing and/or incomplete items to each applicant at the primary and secondary email addresses provided by the applicant in its application, and all deadlines for response shall be calculated from the date such email notice is sent. Each applicant is solely responsible for providing correct and valid email addresses (primary and secondary) in its application, for ensuring that both email addresses remain active on an ongoing basis, and for monitoring both email addresses for notices from AHFA.

**AHFA performs the completeness check solely in order to determine whether any materials required under this Section III.C.(1) or under the threshold items described in Section IV.C are missing and/or incomplete. The completeness check does not include a review of any point scoring items, any material environmental items (except to the limited extent described in Addendum B) or any other item not specifically described in this paragraph.**

2) Provide evidence that the project is a Qualified Affordable Housing Project for multifamily rental housing that meets the basic occupancy and rent restrictions required of Section 42 and HOME Regulations.

Multifamily rental housing projects must be on a single site or contiguous sites. Sites may be considered contiguous if separated only by 1 neighborhood street.

Under the HOME Action Plan, the following projects do not qualify for HOME Funds:

● Mobile home developments

● Intermediate care facilities

● Group homes

● Congregate care facilities

In addition, any residential rental unit that is part of a hospital, nursing home, sanitarium, life-care facility, or intermediate care facility for the mentally and/or physically handicapped that is not for use by the general public and not eligible for HOME Funds. Projects must contain no fewer than 12 units and no more than 56 units.

Multifamily rental housing units must be under common ownership, deed, financing and property management.

3) Provide evidence acceptable to AHFA that the proposed project meets the current AHFA Market Study Certification requirements and related Application Instructions. The proposed rental project must meet AHFA’s market feasibility and analysis requirements. The market study must be conducted by an independent third party market analyst that has conducted a market study for a prior application submitted to AHFA for Housing Credits, HOME Funds or Multifamily Housing Revenue Bonds or has received prior written approval from AHFA to submit a market study for the current application cycle. A current list of market analysts who have conducted market studies for prior applications is available at www.AHFA.com. The market study must also meet AHFA’s market feasibility and analysis requirements, which include, at minimum, the following criteria:

(i) The project’s market area must be clearly defined and supported;

(ii) The supply analysis of comparable subsidized or non-subsidized developments must include, but not be limited to, vacancies, amenities and rental rates;

(iii) The demand analysis must convincingly demonstrate a need for the proposed type of housing;

(iv) 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;

(v) The analysis of the relationship between supply and demand must demonstrate an acceptable absorption rate; and

(vi) The summary of important facts and conclusions as provided in the market study must include a statement from the 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 the market study submitted, in-house documentation collected by AHFA from onsite compliance audits, market information submitted by Rural Development, audited financial statements, and applicant-submitted project budgets in order to determine if there is an adequate need for the proposed project.

AHFA will terminate an application based on any one of the following market criteria:

(i) The proposed project’s capture rate is above 35%.

(ii) All Active AHFA Projects in the defined market area must have an overall average stabilized vacancy rate of 15% or above.

(iii) A determination by AHFA that the proposed project’s market will not support the proposed project and/or the proposed project will have a clear long-term negative impact on an existing AHFA-funded development(s) in the same market.

(iv) The market study contains Misleading Information.

4) Demonstrate that the project is financially feasible. The project must meet certain financial feasibility requirements as defined in Section IV(E)(1)(iii) of this HOME Action Plan.

5) Demonstrate adequate infrastructure capacity evidenced by the proposed project’s utility documentation provided in a completed application.

6) Demonstrate the likelihood of sustained 20-year HOME Affordability Period with the HOME Regulations based on the following criteria: (a) the market study demonstrates a need for the project as proposed, (b) the application demonstrates that the project is financially feasible as defined in Section IV(E)(1)(iii) at the time of application and (c) the Ownership Entity and Management Company demonstrate their respective financial capacity and experience consistent with Section 42 requirements related to development and compliance guidelines.

**D. Fees**

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

1) Application Fees:

(i) A ***non-refundable fee*** must accompany the Application Package at the time of application submission. For applicants with up to eight Responsible Owners applying in a single application:

a) $10,000 if (x) each Responsible Owner has fewer than 3 Placed in Service projects funded with Housing Credits and/or HOME Funds awarded by AHFA and (y) any Responsible Owner has one or more multi-family rental projects financed from non-AHFA sources.

b) $7,500 if each Responsible Owner has 3 or more Placed in Service projects funded with Housing Credits and/or HOME Funds awarded by AHFA, regardless of whether any Responsible Owner has other multi-family rental projects financed from non-AHFA sources.

c) $7,500 if (x) each Responsible Owner has fewer than 3 Placed in Service projects funded with Housing Credits and/or HOME Funds awarded by AHFA and (y) no Responsible Owner has any multi-family rental projects financed from non-AHFA sources.

d) $2,000 for all AHFA-Approved CHDO applicants applying for HOME Funds regardless of the number of Placed in Service projects awarded by AHFA.

An additional application fee will be due at the time of application submission for application(s) that have Ownership Entities exceeding 8 Responsible Owners. The amount of the fee will be $1,000 per each owner (individual/entity) exceeding 8. This fee does not apply to the Investor Owner.

**All application fees are non-refundable. If an application fee is returned due to insufficient funds, the application will terminate.**

In addition to the non-refundable application fee(s), AHFA may require the applicant to provide additional funds in amounts sufficient to cover all third-party costs that AHFA reasonably anticipates having to pay or to reimburse AHFA for any third- party costs incurred during the application review and analysis process. Third–Party fees include without limitation, legal fees, architect and engineers’ fees, consultant (construction, environmental or otherwise) fees, and any other third-party report (construction, environmental or otherwise) fees related to the review of any third-party report(s) submitted by the applicant. These amounts must be paid by applicant within 5 business days of the invoice date.

Any unused portion of the additional funds collected will be returned to applicant without interest once all third-party invoices have been submitted and refund amount is determined.

2) Missing and/or Incomplete Items (Excludes Threshold Requirements and Material Environmental Findings): Applicants are required to submit their final and complete Application Packages by the submission deadline. If an applicant receives an email from AHFA regarding missing and/or incomplete items identified during AHFA’s completeness check under Section III(C)(1), and the applicant elects to submit, complete or clarify these items within the time required by Section III(C)(1), the applicant’s delivery of the missing and/or incomplete items or clarifying information must be accompanied by payment in full of a fee calculated based on the following schedule:

|  |  |  |
| --- | --- | --- |
| **Missing and/or Incomplete Documents** | **Required**  **Fee** | **Missing Item**  **Occurrence** |
| Missing and/ or incomplete  application document(s) | $2,000 per document | 1 occurrence per document |
| Incomplete third-party report\* | $2,000 per report | 1 occurrence per document |
| Requests for additional information or clarification of third-party report(s)\* | $2,000 for 5 or more per report | 1 occurrence for 5 or more clarifications (or requests for additional information) per report |

**\*** Applicant can supply missing and/or incomplete items with respect to environmental reports only to the extent permitted by Addendum B, and this table applies only to such items.

If the applicant fails to pay the full amount of the required fee upon delivery of these items or information or if the applicant’s fee payment is rejected for insufficient funds, the application will be terminated and will receive no further consideration.

Any application with an aggregate total of 8 or more missing item occurrences will result in the automatic termination of the application by AHFA and the applicant will be notified by AHFA via email.

***An applicant may pay the above-referenced fee(s) in order to cure missing and/or incomplete items only to the extent that they are identified by AHFA in connection with the completeness check under Section III.C.(1). If an application has missing and/or incomplete items that are not included in the items reviewed by AHFA during the completeness check, the missing and/or incomplete items cannot be cured after the application is submitted and will have an adverse impact on the application, including without limitation a loss of points under the Point Scoring System or termination of the application without opportunity to cure.***

3) **A complete list of AHFA’s fees (from notification of approval of awards through the Extended Use Period) is located at** [**www.AHFA.com**](http://www.AHFA.com).

**E. Amendments**

AHFA is entitled to amend this HOME Action Plan as required by the promulgation or amendment of HOME Rules and Regulations from time to time or to implement new features or provisions of the HOME Rule or applicable regulations. Such amendment(s) are expressly permitted and the making of such amendment(s) will require a public notice.

Certain defined terms used in the HOME Action Plan are located at www.AHFA.com. Such defined terms may be amended at any time with public notice.

**F. Uses of HOME Funds**

HOME Funds will be allocated primarily toward the production of residential rental housing for low-income households. AHFA anticipates receiving additional HOME Funds from the repayment of previously allocated funds in the form of Program Income throughout the current Program Year. Those funds will also be allocated toward the production of residential rental housing for low-income households and for other uses deemed necessary by AHFA that are consistent with the State’s Consolidated Plan. Fifteen percent (15%) of HOME Funds allocated to AHFA is required by federal regulations to be reserved for investments in housing owned by CHDOs and/or other specific organizational activities. AHFA will meet this required set aside for use by CHDOs by allocating HOME Funds 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 HOME Funds for the State of Alabama:

**2021 HOME FUNDS:**

Allocation $11,227,286

Program Income $5,852,130

Uncommitted HOME $4,026,420

Total $21,105,836

**2021 USES of HOME FUNDS:**

CHDO Loans $1,684,093

Administrative Fee $2,806,821

Loans $16,614,922

**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 this HOME Action Plan. The amount of 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 approved projects in the form of a loan(s). AHFA may allocate HOME Funds to an approved project(s) in the following ways:

(i) The HOME loan will bear an interest rate of one-half of one percent (1/2%) accrued annually with all principal and accrued interest payments 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 default; or

(ii) If a project with a conventional loan in excess of $750,000 is not financially feasible, the project may combine the loan structure described in item (i) above with a second loan from AHFA that will bear an interest rate of one percent (1%) and fully amortizes within twenty (20) years with required quarterly principal and interest payments. The loan will be in first position relative to any other proposed Soft Debt for the project. The loan will require a minimum Debt Service Coverage ratio of 1.20:1 and if not repaid will result in foreclosure. AHFA will determine the allowable operating expense per unit based on historic and current HOME and Housing Credit properties’ financial statements.

2) Eligible Activities and Costs: HOME Funds will be used solely to fund new construction costs of rental units. Any additional costs associated with the development such as the demolition of existing structures onsite or offsite cost associated with the development will not be eligible for HOME Funds.

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, 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 ADECA, HUD or Rural Development. 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 attorneys’ costs.

9) Environmental Review: AHFA may select and engage an environmental professional at borrower’s expense to review and comment on the environmental report(s) submitted by the applicant. AHFA may also select and engage an environmental professional to complete a Phase I Environmental Site Assessment after a Written Agreement of HOME Funds. Environmental reviews will be conducted in accordance with the applicable HOME Regulations and AHFA’s Environmental Policy. Before AHFA can execute the HUD Form 7015.15 Request for Release of Funds, all environmental issues identified in the Environmental Site Assessment(s) must be cleared in a manner acceptable to AHFA.

10) Survey: Loans closed under Alabama’s HOME Program will require an as-built survey of the property, which must be completed prior to closing, and contain a Flood Zone certification. The survey and certification, in form and content, must be acceptable to AHFA and must demonstrate that no portion of the property (including areas necessary for ingress or egress) are located within the 100-year flood plain.

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. The terms of the Declaration of Land Use Restrictive Covenants 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 & Construction Manual, 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. AHFA will select and engage all appraisers.

14) Applying for Funds: Applications for Alabama HOME Funds may be made to AHFA during a Competitive Application Cycle (funding decisions will be based upon the project selection criteria and Point Scoring System as detailed herein and Addendum A). If funds are available after the Competitive Application Cycle, AHFA may consider an application under AHFA’s Multifamily Housing Revenue Bond program for new construction applications. Due to the limited amount of HOME funds, applications combining HOME funds with Multifamily Housing Revenue Bonds will be considered on a first-come, first-served basis for applications received by AHFA between September 1, 2021 and December 1, 2021. All applicants must meet the 2021 HOME Action Plan with the following restrictions and exceptions:

(i) No more than fifty (50%) percent of the AHFA annual HOME allocation will be allocated towards Multifamily Housing Revenue Bond projects.

(ii) Acceptable applications will include projects located in a city or county that is a HUD approved participating jurisdiction and receives its own allocation of HOME funds.

(iii) Acceptable applications will include projects with greater that 56 units.

(iv) For applications with missing and/or incomplete documents, the applicant will have thirty (30) business days to provide the required items(s) or documents(s) and missing item fee(s).

(v) Applications will not be evaluated using a Point Scoring system. However, each application must also meet the Multifamily Housing Revenue Bond requirements per the 2021 Housing Credit Qualified Allocation Plan.

(vi) AHFA will not consider an application for a proposed project located within a two (2) mile radius of an AHFA Project approved during the 2020 or 2021 Competitive Application Cycle, with no exceptions.

15) Existing HOME Loans: The full principal and accrued interest is due and payable on the maturity date specified in the project loan documents. For projects unable to pay the full principal and accrued interest, AHFA will consider an extension. Projects not able to pay off 100 percent of the HOME loan (Principal and interest) or be approved for a fifteen (15) year extension of HOME loan balance will not be eligible for additional funding under any AHFA administered program.

**H.** **Defined Terms**

Capitalized terms used in this HOME Action Plan and not otherwise defined herein shall have the meanings assigned in the AHFA Defined Terms – Multifamily Funding Programs available at www.AHFA.com or as regulations or other context require. Singular terms include the plural as well as the singular, and vice versa. Certain defined terms used in this HOME Action Plan are located at www.AHFA.com. Such defined terms may be amended at any time with public notice.

**I. Website Links**

ALL WEBSITE LINKS IN THIS HOME ACTION PLAN ARE PROVIDED SOLELY FOR CONVENIENCE. IT IS THE RESPONSIBILITY OF THE APPLICANT OR ITS ENVIRONMENTAL PROFESSIONAL (EP) TO VERIFY THAT THE CORRECT WEBSITE HAS BEEN ACCESSED AND THAT THE CURRENT VERSION OF ALL APPLICABLE INFORMATION HAS BEEN IDENTIFIED, REVIEWED AND COMPLIED WITH.

**J. Notices and Communications**

From the date of application submission through the end of the HOME Affordability Period, AHFA will deliver all notices or other communications under the HOME Program to the owner contact or contact email, as applicable, designated in the Application Instructions. All notices or communications sent to the contact information designated in the Applicant Instructions will be considered validly delivered for all purposes of the HOME Program, including without limitation the calculation of applicable deadlines. Each applicant or recipient is solely responsible for designating correct contact information in the Application Instructions and for updating that designation as needed. In no event will AHFA be deemed to receive constructive notice of a change in contact information by any means or communication outside of the Application Instructions as updated in accordance with this paragraph. For the avoidance of doubt, this paragraph governs all notices and communications under the HOME Program to all applicants or recipients of HOME Funds or Housing Credits, regardless of the specific term used to describe them in a particular HOME Program document, which may include applicant, owner, project owner, Ownership Entity or any term or phrase of equivalent meaning.

**K. Definitive Requirements**

The version of this HOME Action Plan that is approved by the AHFA Board of Directors, approved by the Governor of the State of Alabama and posted on www.ahfa.com as the qualified allocation plan for particular application cycle, together with all related materials posted on www.ahfa.com, shall contain the final and definitive requirements for the HOME Program for that application cycle. Information from prior application cycles, including comments at public hearings and feedback on applications, is not applicable to subsequent application cycles. It is the responsibility of the applicant or its EP to identify and review the final, definitive requirements for each application cycle in order to ensure that they have been reviewed and complied with.

**IV.** **ALLOCATION PROCESS**

**A. Application Cycle**

The dates of the application cycle (or cycles, if more than one) will be determined by AHFA on an annual basis. All individuals who have requested to be on the email distribution list as described in Section IV (B)) will receive notification of the cycle via Constant Contact. Notice of the cycle will also appear at www.AHFA.com and in no less than 4 newspapers throughout Alabama. Prospective applicants are encouraged to visit the website regularly for updates in addition to the email notification process.

To apply for HOME Funds, an applicant must complete the applicable AHFA Multifamily Funding application which is available online at [www.AHFA.com](http://www.AHFA.com).

All correspondence and inquiries regarding the application are to be directed to the following:

Alabama Housing Finance Authority

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

P. O. Box 242967 Fax: (334) 279-6957

Montgomery, Alabama 36124-2967

www.AHFA.com

ahfa.mf.application@ahfa.com

Applications received during a Competitive Application Cycle will be evaluated on a competitive basis.

AHFA may award HOME Funds without the use of a Competitive Application Cycle or the Point Scoring System to:

● Any project eligible for HOME Funds pursuant to any waiver, exception, program or other special action by HUD.

● Any project that must be funded to meet the CHDO set aside as specified in the Final HOME Rule.

● Any HTF project application which will require additional sources of funds to make the proposed project economically feasible, subject to the availability of excess or unallocated HOME funds from the most recent Competitive Application Cycle.

However, Ownership Entities for the projects listed above may be required to submit a complete Application Package and be subject to AHFA’s threshold items, underwriting and cost requirements, in order to be considered for an award of HOME Funds.

**B. E-Mail Distribution List**

AHFA maintains an email distribution list for those interested in receiving notifications of application cycles and other AHFA Multifamily program activities. Visit www.AHFA.com to be added to the email list or you may submit a written request to the address specified in Section IV(A). Changes or updates to contact information are the responsibility of each applicant or interested party who wishes to remain (or be placed) on AHFA’s email distribution list.

**C. Application Threshold Requirements**

Although it is recognized that each application is different, certain standard requirements must be met by all applicants before the application can be considered for full evaluation. The threshold requirements are critical to efficient and timely administration of the State of Alabama’s funding for affordable housing. The threshold requirements ensure that projects are ready to proceed, have sufficient sources of funds, meet construction quality requirements, can be constructed and leased up on a timely basis, and will be located on the most environmentally safe sites for tenants. Evaluation of the threshold requirements is essential to a project’s prospects for success, because AHFA does not provide funding for construction overruns, lease-up delays, operating shortfalls or environmental remediation. Upon application submittal, if AHFA determines that any threshold requirement is missing or fails to materially adhere to AHFA defined standards during the completeness review, the application will be terminated. A list of all threshold requirements and explanations are provided below:

1) Fee(s). If any fee(s) described in Section III (D) is not paid in full when due or is returned due to insufficient funds, the application will terminate.

2) Complete Application. The applicant must submit to AHFA a complete application as defined in Section III(C)(1). An application with 8 or more missing and/or incomplete documents will be terminated.

3) Existing Project Inspection. Applications with one or more owners applying on a single application that has **less than** 3 Placed in Service projects funded with Housing Credits and/or HOME Funds awarded by AHFA, AHFA will perform an on- site inspection. The applicant must provide, at the time of the initial application submission, a complete AHFA Schedule of Real Estate Owned for each owner.

Each such Responsible Owner must consent to an on-site inspection by AHFA (or by AHFA’s designated consultant) of any of such Responsible Owner’s existing projects, including physical inspections of buildings and units as deemed necessary by AHFA (or the AHFA designated consultant). AHFA will select 1 Non-AHFA Project for inspection based on the AHFA Schedule of Real Estate Owned submitted by the applicant. For applicants with Non-AHFA Projects in the State and/or out-of-State, the project selected for inspection may be in Alabama or in another state. All applicant Ownership Entities will be subject to the same AHFA requirements defined in attached Addendum D during the current application cycle.

For applicants with one or more Responsible Owners applying on a single application where each Responsible Owner has three (3) **or more** Placed in Service projects funded with Housing Credits and/or HOME Funds allocated by AHFA, AHFA may schedule an on-site inspection if AHFA has not performed an on-site inspection in the current year. However, if AHFA determines there are sufficient and satisfactory on-site inspections for each Responsible Owner’s current projects that were performed within 3 years prior to the date of Responsible Owner’s application in the current application cycle and show that such projects were in compliance with AHFA requirements defined in attached Addendum D, AHFA reserves the right to waive the on-site inspection for any Responsible Owner listed in an application.

4) 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, conditional sales contracts or leaseholds will not be accepted for HOME projects. Because of regulations that impact the varying lengths of the approval process for each property and the significant risks to the applicant for failing to do so, AHFA requires, at or before application submittal: (i) that the applicant secure, at a minimum, a 6 month purchase option with an option to renew for an additional 6 months, that complies with all applicable Application Instructions, (ii) if the proposed site is subject to any restrictions that allow any other person or entity, such as a homeowner’s association or neighborhood design review board, to approve any aspect of the proposed Project (excluding construction-related approvals from local government that become necessary only if AHFA awards funding to the proposed project, e.g. building permit, traffic engineering approval, storm water drainage permit, architectural endorsement…), that the applicant disclose any such restrictions in its purchase option and deliver evidence satisfactory to AHFA that all such approvals have been obtained; and (iii) that the option agreement not impose any obligation upon the potential buyer to purchase the property. An applicant’s purchase option must comply with all rules and regulations issued by HUD, including 24 C.F.R. § 58.22.

5) Evidence of Zoning based on Intended Use (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 (but not including 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.

6) Market Study. The applicant must provide a market study at the time of application submission. All market studies must be less than 6 months old. If the market study does not meet AHFA requirements at the time of application, the application will terminate as described in Section III(C)(3).

7) Design Quality Standards and Construction Manual. All projects are required to meet AHFA’s Design Quality Standards and Construction Manual for construction of attached new construction rental units or for single-family rental homes. These are minimum standards and AHFA permits applicants to exceed these project standards. Each applicant may construct the proposed project in a manner that reflects applicant goals or that exceeds local building codes. Any deviations from these standards must have the written approval of AHFA.

8) Flood Certification. The applicant must provide a Certified Boundary Survey including the flood certification indicating the map and panel number of the Flood Insurance Rate Map, the Flood Zone designation and that no portion of the property (including areas necessary for ingress or egress) is located within the 100-year flood plain.

9) Applications submitted in other Participating Jurisdictions. AHFA will not accept or consider an application(s) submitted in a city or county that is a HUD approved participating jurisdiction and receives its own allocation of HOME Funds.

AHFA-Approved CHDOs applying for HOME Funds combined with Housing Credits in a Competitive Application Cycle are allowed to apply in another Participating Jurisdiction. If the proposed project is in an area that is covered by a local Consolidated Plan, the AHFA-Approved CHDO applicant must provide a Certification of Consistency with the Consolidated Plan completed by an authorized official of the participating jurisdiction. In the event that the Certification of Consistency with Consolidated Plan is signed by someone other than the designated person(s) listed current year list of Consolidated Plan Coordinators-PJ's listed at 2020 Consolidated Plan Coordinators found at www.AHFA.com, it is the responsibility of the Applicant to provide AHFA with evidence that the signer is authorized to execute this certification.

10) Environmental Site Assessment. The applicant must provide an Environmental Site Assessment at the time of the initial application submission. The Environmental Site Assessment must meet the minimum AHFA’s Environmental Policy Requirements (Addendum B). If the Environmental Site Assessment does not meet AHFA’s requirements, the application will terminate.

11) Architect’s Certification of Project Progress. For each Project (New Construction or Rehabilitation) that received a Reservation Letter or Binding Commitment – Future-Year’s Credit Authority for Housing Credits and/or HOME Written Agreement in 2017 (or any prior year) that has not closed an AHFA HOME loan, submitted an Actual Cost Certification to AHFA, or been issued an 8609 by AHFA, the Project architect must certify as follows:

New Construction: The Project’s architect must certify that all building foundation slabs, or crawl spaces, are in place.

Rehabilitation: The Project’s architect must certify that 90% of the units are Habitable or ready for immediate occupancy.

12) Site Location. AHFA will not consider any application for a new construction project, if the proposed project is located within a radius of two (2) miles (2-Mile Radius Requirement), as hereinafter defined, of any other Project approved by AHFA for funding in a prior year’s cycle, that has not been Placed in Service and/or is 90% or more Occupied at the time of application, including without limitation all Active AHFA Projects, excluding HOME only and/or HTF only funded AHFA Projects.

*The radius must be determined by using a starting point at the centroid (geometric center) of the proposed Project’s site and measured using Geographic Information System (GIS) maps. The 2-Mile Radius Requirement for each proposed Project must be clearly defined and depicted in the Market Study.*

The following is an exception to the 2-Mile Radius Requirement:

Applications that contain financing through HUD’s Choice Neighborhood, Replacement Housing Factor funds, Capital Fund Program funds and Promise Neighborhood.

Upon request, AHFA will provide reasonable assistance in determining the occupancy of applicable Projects solely for purposes of applying the 2-Mile Radius Requirement. All information provided to applicants by AHFA may be based upon third-party information provided to AHFA.

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

*Note: If a Project has been awarded Housing Credits but returns the Housing Credits before the start of the current application cycle, that project will not be considered in determining the 2-Mile Radius Requirement.*

13) Extended Use Period. All Projects must commit in writing to extend the Extended Use Period an additional 5 years for a total Extended Use Period of 35 years. Accordingly, Projects will not be allowed to apply for a Qualified Contract until after the 19th year of the Extended Use Period, which is 4 years after the 15-year compliance period.

14) CHDO Designation Application (if applicable). AHFA will not consider an application under the CHDO set-aside unless the applicant is an AHFA-Approved CHDO and submits a complete CHDO Application and all supporting documentation at the time of application. AHFA’s determination as to the designation of the applicant as a CHDO is final. If AHFA does not pre-approve an organization as a CHDO, then the Project application may continue to compete in the current cycle for funding beyond the CHDO set-aside.

15) Owner-Provided Tenant Services. The owner must provide at least 3 of the AHFA-approved tenant services throughout the Extended Use Period. A list of AHFA-approved tenant services is available at [www.ahfa.com](http://www.ahfa.com).

**D. Negative Actions**

Should any of the following actions occur after the application has been submitted and prior to approval by AHFA, consideration of the application will terminate unless otherwise provided below:

1) Site change or alteration of any kind or change of property ownership

2) Change in ownership of the Ownership Entity (e.g., addition of a new general partner**/**member or removal of an existing general partner**/**member)

3) Change in syndication structure, including without limitation a change in the role of the syndicator or in the distribution of allocated funds 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 a local regulatory authority and/or codes)

5) Change in the general contractor

6) Change in the Management Company

7) Change in the architect

8) If AHFA receives a determination from a federal, state or local regulatory authority or agency of significant or uncorrected non-compliance on applicant’s Non-AHFA Projects, AHFA may terminate the application

9) Any Development Team Member (listed in the application) who has instances of excessive, flagrant or uncorrected non-compliance within the timeframe provided by AHFA, Housing Credit, HOME, TCAP/Exchange, National Housing Trust Fund or Multifamily Housing Revenue Bond regulations on existing projects

10) Any Development Team Member listed in the application 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 that goes into foreclosure or has been foreclosed within the last 10 years

12) Any material adverse change relating to the Project or Responsible Owner. AHFA will determine whether the change(s) is material and/or adverse in its sole discretion and further reserves the right to terminate an application

13) Applicant (including all Development Team Members listed in the application) has any outstanding fee(s) due to AHFA on other projects; and/or

14) If AHFA determines that the applicant failed to materially adhere to AHFA’s defined environmental standards as set forth in Addendum B, including without limitation, the failure by the applicant to identify any unsatisfactory environmental condition that the applicant (or any Responsible Owner of applicant) knew or should have known about or failed to investigate fully prior to application submission.

15) For any applicant having a single (first time AHFA funded) Project which received a Reservation Letter for Housing Credits and/or a HOME Written Agreement or other AHFA Program Funding in a current or prior application cycle, the Project must, at the time of application, (i) be complete (that is, the construction/rehabilitation is 100% complete per the Quarterly Status Report effective as of the date of application), and (ii) have provided satisfactory documentation to AHFA that it has reached 90% occupancy. Projects funded with HUD Replacement Housing Factor Funds and Capital Fund Program funds are exempt from this requirement.

The above list of negative actions is not all-inclusive. The Application Package itself will list other necessary requirements via forms, related instructions and other items. AHFA will terminate consideration of an application if it determines that the application contains Misleading Information.

**E. Application Evaluation**

AHFA follows a competitive process by which all applicants are objectively scored according to criteria specified in the QAP. AHFA strictly adheres to the policy and procedures of the QAP. Efforts to influence the outcome of the application process through 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 QAP and may 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. Provided each applicant has met the threshold requirements in Section II.C., each application will be subject to the following evaluation process:

(i) Completeness. The applicant must submit a complete application (see Section III.C(1)) to AHFA.

(ii) Point Scoring. The application will be evaluated using the Point Scoring System included in Addendum A. The applicant will not receive points if the item(s) or document(s) required to qualify for points are missing and/or incomplete or fail to be submitted in the format as required per AHFA instructions.

(iii) Determination of Financial Feasibility. The Project will be evaluated to determine its financial feasibility as hereinafter defined, including its financial viability as a Qualified Affordable Housing Project throughout the HOME Affordability Period.

At minimum, AHFA will evaluate a proposed Project’s financial feasibility based on the following criteria:

a) the extent to which the Project’s sources of funds equals the Project’s uses of funds

b) the extent to which the proposed developer fee deferral can be paid within the time frame allowed by the Internal Revenue Service

c) the reasonableness of total Project costs, taking into account AHFA’s hard and soft cost standards and AHFA’s minimum Design Quality Standards and Construction Manual

d) the proposed repayment terms (including interest rate, total debt and loan term) for all proposed debt (hard and soft) in connection with the proposed Project

AHFA will determine the financial feasibility of the Project based on an amount of Housing Credits equal to the lesser of the amount requested by applicant or the amount that is determined by AHFA. HOME Funds are allocated as gap financing based on the Housing Credit Amount determined by AHFA. Because AHFA is permitted to allocate only the resources necessary to make a Project financially feasible, AHFA cannot and should not be expected to fund the full amount requested by an applicant, especially in those cases where an applicant proposes to complete a higher than normal cost development which far exceeds AHFA minimum Design Quality Standards and Construction Manual.

Therefore, AHFA will allocate Housing Credits based on the lesser of the amount requested by applicant or the Housing Credit amount that is determined by AHFA to be necessary to make a Project financially feasible and will evaluate financial feasibility on this basis.

AHFA’s determination of the appropriate amount of Housing Credits is not a representation or warranty as to the financial feasibility of any Project, and may not be relied upon as such by the applicant, Responsible Owner, developer, Investor Owner, lender or any other person. The amount of Equity contributed by Investor Owners to a Project partnership shall not be less than the amount generally contributed by Investor Owners to similar projects based on current market conditions. In the event that the Ownership Entity receives less Equity proceeds than the amount which should be reasonably obtained based on prevailing market rates, AHFA will underwrite each project’s projected Equity proceeds based on the prevailing market rate. Any equity deficits will become the responsibility of the Ownership Entity to contribute. In the event of a surplus in Equity, AHFA may reduce the amount of Housing Credits allocated to the Project at the time of Actual Cost Certification as described herein to avoid over subsidizing the Project.

Special purpose or high cost housing applications that exceed construction and soft costs of other applications received must be supported with other subsidy sources, especially in those cases where proposed costs significantly exceed those of other projects that meet AHFA’s minimum Design Quality Standards and Construction Manual. AHFA fully expects that any proposed application submitted will include sufficient other subsidy sources needed to leverage AHFA’s limited Housing Credit and HOME Funds.

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. 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 four months of the projected first year operating expenses (including replacement reserve payments) plus two months of 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, and (b) $300 per unit annually for all other projects.

Additional underwriting criteria and assumptions that are market-driven, such as interest rates, Housing Credit pricing, and Project operating expenses will be available at www.AHFA.com prior to the application cycle.

(iv) Credit Worthiness. AHFA will perform credit examinations of the individual(s) and review trade reports for all businesses comprising the proposed development team involved in the development and operation of the Project. The application must contain sufficient documentation to obtain all applicable credit and trade reports. If these reports prove to be less than satisfactory, including but not limited to the finding of federal tax liens, bankruptcies, judgements, etc., the application will be terminated.

(v) Reasonableness of Project Costs.

a) Any line item costs, square footage costs or total unit costs exceeding a range of reasonableness may be disallowed at the determination of AHFA. Additional information and documentation (verified by AHFA and/or an AHFA third-party consultant) may be required to substantiate the reasonableness of the cost, including without limitation information regarding proposed costs which significantly exceed AHFA minimum Design Quality Standards and Construction Manual. Any allocation of Housing Credits, regardless of funding type or project type, will be determined using AHFA’s assessment of cost and overall application feasibility. Any allocation of HOME Funds cannot exceed the limits published by HUD. A list of applicable limits can be provided by AHFA.

b) AHFA determines reasonableness of Project costs by comparing aggregate cost data based on all applications received, historical cost certification, cost data of completed projects, and current cost data provided by AHFA third-party construction consultant reports. After evaluating all the data, reasonable standard project hard construction costs and soft costs are established for each application cycle.

**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 Actual Cost Certification.**

2) 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 Ownership Entity’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 USDA Rural Development regulations.

**G. HOME Funds Allocations**

All AHFA issued Written Agreements for HOME Funds to approved projects are contingent upon AHFA’s receipt of an allocation of HOME Funds from the U.S. Department of the Housing and Urban Development and subject to any change in applicable laws or regulations. Each approved Written Agreement may be reduced or terminated if AHFA does not have available the expected amount of HOME Funds or if there is a change in applicable laws or regulations. AHFA shall have no liability whatsoever to any Ownership Entity if AHFA’s Written Agreement for HOME Funds to such Ownership Entity is impacted by a change in AHFA’s HOME Action Plan or in applicable laws or regulations.

No single Ownership Entity, Responsible Owner or their Related Parties shall be allocated HOME Funds in excess of 20% of the State’s current 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 HOME 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 HOME Cap. A significant factor in the 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 HOME 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 HOME Cap:

1) Individual persons are considered related to each other (a) 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 (b) if one individual is an employer, by common law or otherwise, of the other.

2) Entities are considered related to each other (a) if any director, shareholder, partner, member or any other type of Responsible Owner of any Ownership Entity would be considered a related individual (under item (a) above) to any director, shareholder, partner, member or any other type of Responsible Owner of another Ownership Entity, (b) if the Ownership Entity has the ability to control another Ownership Entity, or (c) if the Ownership Entity owns a material interest in another Ownership Entity. An Ownership Entity will be presumed to control another Ownership Entity if it has a percentage of ownership in the other Ownership Entity or the ability to appoint a percentage of the members of the other Ownership Entity’s governing body (i.e., board of directors, board of trustees, partners, managers, etc.) that would permit it to control the other Ownership 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 Ownership 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 any individual or Ownership 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 (a) or (b) 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 HOME Cap. For example, the facts and circumstances relating to relationships involving a former employer and employee or longstanding business partners could be determined to constitute an Identity of Interest.

**H. Notification of Approval**

Applicants may be notified of the award decisions via email notification, by a letter of non-selection, or a Written Agreement. In addition, award recipients will be listed at www.AHFA.com. Applicants approved for an award will be issued a Written Agreement. The Written Agreement will outline the requirements that must be met in order for an Ownership Entity to receive HOME Funds. Failure to accept the Written Agreement when required or to comply with its terms will cause the award decision to be automatically terminated.

Any applicants that are not selected for funding may schedule a conference call or meeting with AHFA staff to discuss the reasons their application was not selected for funding. The call or meeting must be scheduled and held within 4 weeks of the date of the notification letter from AHFA. Once the call or meeting has concluded, AHFA will not have any further discussion regarding the application.

**I. Progress Requirements After the Written Agreement**

From the date of the Written Agreement, the Ownership Entity must deliver each item listed in the Written Agreement on or before the deadline specified for that item. The deadlines outlined in the Written Agreement will be enforced. Requests for extensions must be submitted on the AHFA-provided forms with the required fees, which are found at www.AHFA.com. Failure to comply with any one of the deadlines (in whole or in part) and/or providing incomplete or unacceptable content of the required document(s) will cause the Written Agreement to be automatically terminated. A list of the required items is provided at [www.AHFA.com](http://www.AHFA.com).

1) The Ownership Entity must submit AHFA’s HOME/Housing Credit Progress Report as required.

2) If any unforeseen or unusual environmental condition(s) not otherwise identified after completing AHFA’s environmental requirements is discovered with respect to a project that received an award of HOME Funds, Housing Credits, or both under this plan or the plan for any prior year, and such unforeseen environmental condition(s) results in the inability of the project to Place-in-Service by the deadline established under Section 42, AHFA may elect to exchange the Housing Credits awarded to the project for a current or future year allocation of Housing Credits, subject to the Ownership Entity’s payment of the environmental extension penalty specified at www.AHFA.com herein and the Ownership Entity’s compliance with Addendum B and with all other conditions specified by AHFA based on the specific nature of circumstances of the project.

3) Within 180 days after Placed in Service Date, the Ownership Entity must provide AHFA with the Actual Cost Certification package (Available at www.AHFA.com).

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

**J. Negative Action after Notification of Approval until Closing of HOME Loan**

Should any of the following actions occur after the notification of approval of HOME Funds the award will be terminated unless otherwise provided below:

1) Site change--a change from the original site location or a change in property ownership 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 Entity include but are not limited to: death or bankruptcy. Even if an exceptional circumstance occurs in which AHFA will consider the removal of a Responsible Owner from an Ownership Entity, including death or bankruptcy, that change in ownership will not be approved if the project would have received a lower score in the application process if the Responsible Owner proposed to be removed had not been included in the application at the time of submission. This test is applied without taking into account any persons or entities nominated to be substituted in place of the Responsible Owner being removed. 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 a local regulatory authority and/or 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) If AHFA receives a determination from a federal, state or local regulatory authority or agency of significant or uncorrected non-compliance on applicant’s existing Non-AHFA Projects, AHFA may terminate the application;

9) Any Development Team Member listed in the application who has instances of excessive, willful neglect or uncorrected (within the time required by AHFA) non- compliance with AHFA, Housing Credit, HOME, TCAP/Exchange or Multifamily Housing Revenue Bond 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 that is in foreclosure or has been foreclosed in the past 10 years;

12) Any material adverse change relating to the Project or Ownership Entity. AHFA will determine whether the change(s) is material and/or adverse and further reserves the right to terminate the allocation based on the effect of said change(s) in comparison to original application approved by AHFA;

13) Applicant (including all Development Team Members listed in the approved application) has outstanding fees due to AHFA; and/or

14) If Housing Credits are combined with HOME Funds and the Environmental Site Assessment review by AHFA (or AHFA’s consultant) identifies any unsatisfactory environmental condition that the applicant (or any Responsible Owner of applicant) knew or should have known about or failed to investigate fully prior to application submission.

The above list of negative actions after an award of HOME Funds is not all-inclusive. The Written Agreement itself will list other necessary requirements. AHFA will terminate the Written Agreement if it determines that any information supplied in connection with the project contains Misleading Information.

If an applicant requests or receives a reservation of Housing Credits combined with a commitment of HOME Funds, the more restrictive requirements (Housing Credit or HOME, as applicable) will apply to the applicant, the application and the project. For example, if a project has requested or received a reservation of Housing Credits combined with a commitment of HOME Funds and the project fails to satisfy requirements for either the Housing Credits or the HOME Funds, then both the reservation of Housing Credits and the commitment of HOME Funds may be terminated. Under no circumstance can an application or reservation for combined Housing Credits and HOME Funds be decoupled in order to circumvent the more restrictive requirement(s) as determined by AHFA.

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

The application evaluation described 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 to, but not limited to, one of the following reasons:

1) AHFA determines that the application contains Misleading Information;

2) Conditions in the Written Agreement are not met;

3) Changes in the actual cost of the project;

4) Obtains additional subsidies or financing other than those disclosed in the application;

5) Appraised value of the land that will be included in the Project is not equal to or higher than the purchase price based on the sales contract provided at the time of application; and

6) 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, environmental issues, 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 all parties involved 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.** **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. 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 Treasury Department 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 Written 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.

2) Administrative Duties

(i) 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.

(ii) 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 VI.

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 242967, Montgomery, AL 36124-2967 and the HUD office in Birmingham, Medical Forum Building, 950 22nd Street North, Suite 900, Birmingham, AL 35203.

**VI.** **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.

AHFA will give preference points to those applications which evidence the participation of minorities in connection with the project. 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 Ownership Entity; and supplied to AHFA on an annual basis. AHFA will analyze this data to assess the success of the Ownership Entity’s affirmative marketing procedures.

**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. A HOME recipient may be required to provide a “Match” source to close their project. Specific waivers may 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 as determined under the HOME Regulations. A complete outline of AHFA’s compliance requirements is located in AHFA Compliance Manual available at www.AHFA.com. A description of AHFA’s basic compliance monitoring procedures and requirements are described in Addendum D.

**VII.** **AMERICAN DREAM DOWNPAYMENT INITIATIVE**

**A. 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.

**B. ADDI Funds**

The State of Alabama has not received a 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 or any other AHFA-approved homeownership counseling course, and 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 Mortgage Bankers Association of Alabama, the Alabama Association of Realtors, the Alabama Federation of Housing Counselors and Agencies, and the Consuming Credit Counseling Services of Alabama.

**C. 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 5-year 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**

**2021 HOME Point Scoring System**

**WITHOUT LIMITING ANY OTHER PROVISION OF THIS HOME ACTION PLAN, ALL DETERMINATIONS, CALCULATIONS, JUDGMENTS, ASSESSMENTS OR OTHER DECISIONS MADE BY AHFA UNDER THIS ADDENDUM, INCLUDING WITHOUT LIMITATION RELATED APPLICATION INSTRUCTIONS, AHFA FORMS AND THE QAP ITSELF, SHALL BE MADE IN AHFA’S SOLE AND ABSOLUTE DISCRETION.**

The point scoring system described in this Addendum A and related provisions of the QAP (Point Scoring System) will allow AHFA to award points to projects that best meet the identified housing priorities for the State of Alabama. The Point Scoring System will rank each project in two sections (Points Gained and Points Lost). The ranking of each 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 allocated. Applicants will be required to score their applications using the current year HOME/Housing Credit Point Scoring form provided by AHFA. This point scoring form must be submitted to AHFA as part of the Application Package.

Any points gained category referenced herein or in other sections of the current QAP or the current HOME Action Plan are specific to the current program year and may not be carried (or brought) forward to (or from) any future (or past) program year by any entity, individual or application.

AHFA has established a housing priority in order to achieve a balanced distribution of Housing Credits and HOME Funds throughout the State in terms of geographical regions, counties, urban, and rural areas. AHFA will achieve this priority by allocating Housing Credits and HOME Funds generally to only one project per county. This allocation methodology, used over time, has helped to ensure that counties and cities across the State have received a share of AHFA allocation of funds proportionate to their respective populations.

Please note that applicants may apply for Housing Credits combined with HOME Funds only for new construction projects, which are not eligible for the rehabilitation points described in this Point Scoring System.

Project Selection Procedures:

Allocation Selection:

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 Housing Credit project and/or HOME project combined with Housing Credits will be allocated per county until all available 2021 Housing Credits and HOME Funds have been allocated, subject to the following exception. **AHFA will allocate Housing Credits to 2 projects in the same county or city only if both projects score high enough to be funded, are otherwise eligible to be funded under this HOME Action Plan, and one of the projects being considered has all of the following attributes at the time of application: (i) has received a HOME Loan from AHFA, (ii) has at least 85% occupancy, and (iii) has either (a) repaid the HOME Loan in full, or (b) has closed a 15-year extension of the debt evidenced by the outstanding HOME loan.**

3. If all available 2021 Housing Credits have been allocated and there still remains available HOME Funds, the highest scoring HOME project combined with Housing Credits may be allocated per county, subject to a future-year Housing Credit allocation.

Projects with a net score of less than 70 points (Points Gained less Points Lost) will not be considered for allocation.

In the event of a tie between two or more applications, the projects will be ranked in the following order to determine which application will receive priority:

1. In the event there is a tie in scoring among two or more applications, then a recommendation will be made for the application that has the least amount of aggregate participation by any one Responsible Owner. Aggregate participation is defined as the total of all Housing Credit and HOME/Housing Credit applications recommended for allocation in the current application cycle.

2. If a tie(s) still remains, priority will be given to the application that has applied for HOME Funds.

3. If a tie(s) still remains, priority will be given to the application located in a county with the least total number of units in (a) Active AHFA Projects, and (b) projects that have received Housing Credit allocations from AHFA but have not Placed in Service.

4. If a tie(s) still remains, priority will be given to the Responsible Owner who has not been required to schedule an additional on-site compliance inspection at a project, at any time prior to the project’s standard inspection cycle, as the result of a material finding of non-compliance, a failure to maintain or provide complete records, a failure to provide on-site access to compliance staff, or unresponsiveness to AHFA’s compliance program.

5. If a tie(s) still remains, priority will be given to the project that is located in a Qualified Census Tract and is supported by a revitalization plan approved by the governing body of the local jurisdiction within 5 years before application submittal. To be eligible for this priority, the application must include copies of the relevant excerpted pages from the revitalization plan, including referenced defined terms, with specific references highlighted (no more than 10 pages).

6. If a tie(s) still remains, priority will be given to the application for a project that is intended for eventual tenant ownership. The project must consist of single-family homes, duplexes, townhomes or a combination thereof to be eligible. To be eligible for this priority, the applicant must complete the AHFA-provided Homeownership Conversion Proposal and provide a plot plan and counseling agreement in form and content acceptable to AHFA.

7. In the event there is a tie in scoring among two or more non-profit Responsible Owner applications, then a recommendation will be made for the application that has the least amount of aggregate participation by any one Developer. Aggregate participation is defined as the total of all Housing Credit and HOME/Housing Credit applications recommended for allocation in the current application cycle.

8. If a tie(s) still remains, priority will be given in accordance with a drawing that will be held the next business day after the applications are submitted. The drawing will be held in AHFA’s boardroom to determine the order of awards 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 at the conclusion of the drawing.

AHFA reserves the right to deny a Housing Credit allocation to any applicant or project, regardless of that applicant’s point ranking if, in AHFA’s determination, the applicant’s proposed project is not financially feasible or viable. Additionally, AHFA may recommend that a Housing Credit allocation be made irrespective of the ranking order established by the Point Scoring System, based on the amount of Housing Credit allocation needed relative to the amount of allocation available for the project to be financially feasible.

Regardless of strict numerical ranking, the Point Scoring System does not operate to vest in an applicant or project any right to a reservation or allocation of Housing Credits in any amount. AHFA will in all instances reserve and allocate Housing Credits consistent with sound and reasonable judgment, prudent business practices and the exercise of its inherent discretion.

**A. POINTS GAINED**

**1.) Project Characteristics (Maximum 68 Points)**

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

(a.) A maximum of 25 points in aggregate will be given to projects that provide extra unit/project amenities. Refer to the application and its instructions for the distinction between an extra amenity and a required amenity. Only the extra amenities listed below will be eligible for points. If a project receives an allocation of Housing Credits and fails to provide any extra amenity in the manner represented in the Application Package, the project and its Responsible Owners will be subject to point penalties and other sanctions in accordance with this HOME Action Plan.

4 Points will be given for each of the following extra amenities:

● Clubhouse/Community Building/Community Room *(Must have at a minimum a kitchen (with refrigerator/freezer, cabinets and a sink with counter space), community meeting room (with seating and activity areas commensurate to total number of units), restrooms, community TV with cable, satellite or streaming services with a minimum of 42 inch screen TV, and wireless internet service. A community laundry must be included if not providing a washer/dryer in each unit and the community laundry must contain at least 1 washer and 1 dryer for every 25 units proposed in the project.)*

● Washer/Dryer provided in each unit *(3-7 cu. ft. capacity. Washer must be Energy Star rated.)*

● Exterior Security Package *The Exterior Security Package for the Project must include, at a minimum, the following:*

• Alarm (sound and/or third-party monitored) system at the clubhouse/ community building, resident manager’s office and laundry.

• Camera/Video monitoring system to provide visibility of all pedestrian and vehicular traffic of all main Project entry and exit points, parking lot and Project amenities.

• Lighting of all project amenities, parking lot(s), and all Project entry and exit points.

● Unit Security Package *(Each unit must have an alarm on all entry doors and windows)*

● 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)*

● Playground *(Must provide commercial grade playground equipment with a minimum of 3 play activities)*

● Outdoor Fitness Activity Area *(Must provide 3 separate types of commercial grade outdoor fitness equipment with a minimum of 3 exercise activities. An instructional sign on the usage of fitness equipment must be placed by each type of fitness equipment)*

● Covered Picnic Pavilion *(Minimum of 2 tables with attached bench seating and 2 grills with a permanent cover)*

3 Points will be given for each of the following extra amenities:

● Computer center *(two or more computers with printer and internet access)*

● Splash Center *(at least 500 square feet) which includes at a minimum a spray zone and pad and 3 above ground water features.*

● Exercise/Fitness room with equipment *(Room must be no less than 144 square feet and provide a minimum of 3 separate types of commercial grade exercise/fitness equipment)*

● Covered bus stop shelter (minimum 6’ wide by 12’ long) with 2 fixed bench seating underneath same cover *(Must be separate/independent of the mail kiosk unless location allows for proper access of bus to pick-up and drop off)*

● Access Gate *(Must be on all entry points of project if more than one)*

● Walking Trail with Benches *(5 feet wide concrete and minimum of ¼ of mile long) (Must be separate from required sidewalks)*

2 Points will be given for each of the following extra amenities:

● Basketball court *(Must have break-away rim and shatter-proof backboard)*

● Picnic area (minimum of 168 square feet of concrete slab for each picnic table) with grills *(1 grill (permanently fixed) 1 picnic table with attached bench seating for every 14 units proposed in the project). Rooftop area with 1 picnic table with attached bench seating for every 14 units proposed in the project.*

● Storm doors (Must be aluminum construction)

● Emergency Pull Cord/Call Button *(Minimum of 1 in each unit)*

● Attached bike rack *(1 per building including the community building) (Rack must be permanently installed on concrete in such a way that sidewalk traffic is not impeded)*

● Gazebo (Minimum 16’ x 16’) *(Minimum of 1 picnic table with attached bench seating)*

New Construction Projects Only (Maximum of 8 Points)

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

(c.) 4 points for full brick/cementitious siding, stucco, cultured stone or concrete masonry unit (CMU) products (No Exterior Insulation Finishing System 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 60% 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, cultured stone 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, cultured stone or CMU products. The CMU products must be decorative, textured, patterned, color core, or painted.

(ii.) **Energy/Water Conservation and Healthy Living Environment** (Maximum of 8 Points in Aggregate)

3 Points will be given for each of the following:

● HVAC of 15 SEER (HSPF 9.0) or above.

● Energy Star rated “cool roof” shingles or metal roof with a fifty (50) year warranty.

2 points will be given for each of the following:

● Kitchen range hood ventilation to be vented to the exterior and equipped with a damper.

● EPA’s Partnership Program “WaterSense” labeled water closet, bathroom faucets and showerheads.

1 point will be given for each of the following:

● Low Volatile Organic Compounds (VOC) wall finishes (maximum VOC levels of 50 grams/liter).

● Low VOC flooring finishes (maximum VOC levels of 100 grams/liter).

● Energy Star rated LED lighting in the kitchen.

(iii.) **Rent Affordability** (Maximum 10 Points)

(a.) New Funds. A maximum of 5 points in aggregate will be given to projects which have a commitment for the AHFA approved sources of new funds listed below. Regardless if the funds are loaned (required repayment) or granted to the project, 100% of the total amount of funds committed for points must be a permanent source of funds. Existing funds that are assumed and/or term(s) extended do not qualify for points under these criteria. To qualify for these points, the application must include a fully executed firm commitment from the entity that will be loaning or granting the funds to project.

(1.) A maximum of 5 points will be given to projects that have a commitment for AHFA-approved sources of new funds from the following list: Federal Home Loan Bank for Affordable Housing Program (AHP) funds (AHP funds must be in the form of a grant), HOME Funds (not awarded by AHFA), USDA Rural Development 515 funds, CDBG (Entitlement, State, Mitigation and Disaster Recovery Programs), CHOICE Neighborhood funds and/or NeighborhoodWorks Capital Grant.

5 points – $16,001+ per unit

4 points – $12,001 - $16,000 per unit

3 points – $8,001 - $12,000 per unit

2 points – $4,000 - $8,000 per unit

(b.) **Rental/Operating Subsidies**. A maximum of 2 points will be given to projects that have a commitment for rental/operating subsidies from USDA Rural Development, HUD or a Public Housing Authority (PHA) based on a written agreement providing additional rental/operating subsidies.

● USDA Rural Development commitment must be for at least 25% of the total proposed units to receive the points.

● HUD (HUD through PHA) commitment must be for at least 25% of the total proposed units to receive the points.

(iv.) **Tenant Needs** (Maximum 5 Points)

(a.) 1 point will be given to projects with 100% of the units in the project designed, equipped and set-aside for the elderly. (For elderly definition, see the AHFA Compliance Manual available at [www.AHFA.com](http://www.AHFA.com))

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

(c.) 2 points will be given to projects that set-aside a minimum of 5% of the total proposed units for tenants with disabilities or homeless populations. The units must be actively marketed and rented to households with at least one tenant with a disability or a tenant transitioning from being homeless. A marketing and preference plan and an executed Memorandum of Understanding will be required if the Project is approved for funding.

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

(e.) 1 point will be given to projects that provide at a minimum 5% of the dwelling units be designed and constructed to be readily accessible to individuals with mobility impairments. An additional 2% of the dwelling units must be accessible to individuals with sensory impairments (i.e. hearing or vision impairments).

(v.) **Project Type** (Maximum 2 Points)

(a.) 2 points will be given for rehabilitation of existing multifamily residential rental housing, replacement of multifamily housing or replacement of previously existing multifamily housing. Previously existing multifamily housing is defined as multifamily housing that has been demolished and cleared within the last 5 years or will be demolished and cleared for the construction of new replacement housing on the same site, except for replacement of existing multifamily housing owned by public housing authorities, which may be constructed on the same site or a new site.

(vi.) **Location** (Maximum 13 Points)

(a.) Points Gained for Site Selection

(1.) Neighborhood Services (Maximum 10 Points)

2 points will be given for each of the following neighborhood services located within 3 miles 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 neighborhood service. Projects located in a federally declared disaster county may receive points for neighborhood services, if the neighborhood service is currently under construction and funded in whole or part by Federal or State disaster funds. The applicant must provide sufficient evidence of both requirements. Duplicate neighborhood services will not be eligible for additional points. Points will only be given for the neighborhood services listed below. If AHFA cannot locate a service due to incorrect directions, 1 point will be deducted for each service where incorrect directions are provided. (Refer to the Application Site/Project Information Form for instructions on providing directions from site, and a general definition of services eligible for points).

Grocery Store Pharmacy or Drug Store

Convenience Store Bank or Credit Union

Hospital or Doctor Office

(2.) Census Tract Location (Maximum 3 points)

A maximum of 3 points will be given to a project located in a Census tract where the Median Family Income from the 2010 Census data (2010 ACS 5-Year Estimates) is equal to or higher than the following percentages (rounded down) of the county’s 2020 Annual Median Family Income published by HUD:

1 point – 80% to less than 90%

2 points – 90% to less than 100%

3 points – 100% or more

(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. (Refer to Negative Neighborhood Services as defined in the Application Instructions)

Junk yard or dump Pig or chicken farm

Salvage yard Processing plant

Wastewater treatment facility Industrial

Distribution facility Airport

Electrical utility Substation Prison or Jail

Railroad Solid waste disposal

Adult video/theater/live entertainment

\*Please note: Points will not be deducted for properties located adjacent to a railroad, if the noise levels are acceptable (outside noise level < 65 dB; interior noise level < 45 dB). AHFA will rely on the noise level assessment required in the environmental report submitted with the application.

2 points each will be deducted if any of the following incompatible uses listed are within .3 mile of the site. The list is not all inclusive.

Junk yard or dump Pig or chicken farm

Salvage yard Processing plant

Wastewater treatment facility Airport

Prison or Jail Solid waste disposal

Points will not be deducted for a prison, jail, or detainment facility if it is co-located with a police station or similar law enforcement office.

(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 20 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 Ownership Entity or any Responsible Owner;

● Applicant guarantees at least 10% of the total building cost is awarded to minority- or women-owned businesses.

In all cases, the minority or female individual(s) must serve as the general partner, manager or managing member of the Ownership Entity or Responsible Owner, must have at least a 50% ownership interest in the Ownership Entity or Responsible Owner, or must have at least 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.) 5 points will be given to Ownership Entities with a Responsible Owner that currently owns and has previous successful experience in the development of Active AHFA Projects that received a Housing Credit Reservation Letter or HOME Written Agreement in 2000 or later.

These 5 points will also be given (without duplication) to Ownership Entities with one or more Responsible Owners that have listed Non-AHFA Projects that were Placed in Service in 2006 or later. The Ownership Entity must list each Non-AHFA Project on the Responsible Owner’s AHFA Schedule of Real Estate Owned included in the application.

**Special limited partners do not qualify for these points**. Mobile home developments, hospitals, sanitariums, life care facilities, or intermediate care facilities are not considered multifamily housing for purposes of qualifying for points. The Responsible Owner may include experience gained as a Responsible Owner in another firm, but not as an employee of another firm. Applicants must currently own the properties listed for development points.

5 points = (500+ units or 5+ projects)

(iii.) 10 points will be given to applicants with sound, experienced managing agents of low-income multifamily housing. This experience is defined by the highest number of units or projects (with at least 20% of the units being considered low- income) 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)

All points relating to Applicant Characteristics will be awarded to the Ownership Entity identified in the application based on the characteristics of (a) for a for-profit Ownership Entity, its Responsible Owners who are individuals, and (b) for non-profit Ownership Entities, the Ownership Entity itself.

**B. POINTS LOST**

In addition to the points gained, each application submitted by an Ownership Entity may be subject to point deductions. Point deductions resulting from each existing AHFA-Project (approved and/or Placed in Service) will be based on AHFA’s QAP and HOME Action Plan for the applicable year and will cover all non-compliance with AHFA documents, executed agreements, audits and inspections that is identified during the period from January 1st through December 31st of the year immediately preceding the current QAP or HOME Action Plan Year. Point deductions for non-compliance identified between January 1st and December 31st of each year will take into account whether or not the Ownership Entity or other Responsible Owner completes corrective actions, follow up inspections or other verification of compliance within the deadline required by AHFA, even if the deadline falls after December 31st of such year. Points lost will be assessed based on the following criteria:

**1.) Existing AHFA- Project(s) Approved and/or Placed-In-Service (No Maximum)**

(i.) 5 points (for each occurrence) will be deducted from an application if any Responsible Owner of the Ownership Entity altered an approved project in any manner different from the approved project’s original application without prior written consent from AHFA.

(ii.) 5 points (for each occurrence) will be deducted from an application if any Responsible Owner of the Ownership Entity or the Management Company identified in the application is not in compliance with and/or has any uncured failure to meet a requirement specifically listed in any AHFA document(s), the AHFA HOME Loan Restructuring Policy or any applicable agreement(s) without prior written consent from AHFA.

(iii.) 2 points (for each occurrence) will be deducted from an application if any Responsible Owner of the Ownership Entity or the Management Company identified in the application for any of the following with respect to Davis Bacon requirements on any AHFA-Project (approved and/or Placed in Service):

● 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

● Failure to provide AHFA the HUD 2516 report on the required date

**2.) Non-Compliance after the Initial On-Site Inspection (No Maximum)**

Applications are subject to point deductions for failure to comply with the Compliance Requirements as outlined in (Addendum D) Compliance Monitoring Procedures, Requirements and Penalty Criteria.

Applications with Responsible Owners that have Non-AHFA Projects, whether in the State and/or out-of-State, will be subject to the same AHFA requirements defined in attached Addendum D (Health and Safety, Unit, Site, Exterior and Common Area Deficiencies). The 4 point threshold in Addendum D does not apply to Non-AHFA Project(s).

**Addendum B**

**Alabama Housing Finance Authority’s**

**Environmental Policy Requirements**

**WITHOUT LIMITING ANY OTHER PROVISION OF THIS HOME ACTION PLAN, ALL DETERMINATIONS, CALCULATIONS, JUDGMENTS, ASSESSMENTS OR OTHER DECISIONS MADE BY AHFA UNDER THIS ADDENDUM, INCLUDING WITHOUT LIMITATION RELATED APPLICATION INSTRUCTIONS, AHFA FORMS AND THE HOME ACTION PLAN ITSELF, SHALL BE MADE IN AHFA’S SOLE AND ABSOLUTE DISCRETION.**

Alabama Housing Finance Authority (“AHFA”) requires that a project-specific Phase I Environmental Site Assessment (“ESA”) Report be submitted for each application. The Phase I ESA Report must be prepared by a qualified third-party Environmental Professional (“EP”) as defined by 40 C.F.R. § 312.10(b) and adhere to the guidelines, requirements and format described herein.

**For All Applications made to AHFA:**

A Phase I ESA must be completed by an EP and include all of the components described in Addendum B­1, including without limitation, many components that are in addition to what is required by the ASTM E1527-13 Standard for Phase I ESAs. Failure to fully comply with and include in the Phase I ESA all of the AHFA-required elements will result in delays in processing or termination of the Application Package. AHFA requires that the applicant engage the EP in accordance with the terms set forth in the engagement letter in Addendum B-2, a copy of which must be included as Appendix I of the Phase I ESA. Because many of the required elements of the Phase I ESA take time to complete, AHFA strongly recommends that applicants engage an EP and begin preparing the Phase I ESA as early as possible in the process of preparing an application.

If a Phase I ESA for a project either (a) identifies a Recognized Environmental Condition (which includes, but is not limited to, controlled recognized environmental conditions and historical recognized environmental conditions (hereinafter collectively referred to as (“RECs”)), and/or (b) recommends additional testing, investigation or a Phase II ESA Report be conducted, any and all Phase II ESA Reports and Addenda or additional testing reports that are prepared by the EP to address the RECs identified must be included at the time the Phase I ESA is submitted to AHFA. All Phase II ESA Reports must fully address all RECs identified in the Phase I ESA; must be completed in accordance with the most current versions of ASTM E1903-11, Alabama Environmental Investigation and Remediation Guidance (AEIRG), and the Alabama Risk Based Corrective Action Guidance Manual (ARBCA); and must sufficiently demonstrate that all environmental conditions associated with the project are appropriate for **unrestricted** residential use as defined by the Alabama Department of Environmental Management (“ADEM”) under Alabama Administrative Code regulation 335-15-1.02(ccc) (with the sole exception that AHFA will permit the use of an institutional control prohibiting the use of groundwater for potable or irrigation purposes in instances where the water is supplied by a utility). If a Phase I ESA identifies an environmental condition that is ruled out as a REC, the Phase I ESA must provide sufficient explanation and all supporting data to demonstrate that the environmental condition is not a REC. AHFA reserves the right to terminate any application if it determines that the EP failed to identify environmental conditions as RECs and addressed, where appropriate, in a Phase II ESA. AHFA further reserves the right to terminate any application if it determines that the EP failed to sufficiently demonstrate that a project is appropriate for **unrestricted** residential use in compliance with the most current versions of ASTM E1903-11, AEIRG, or ARBCA. AHFA will not consider any sites for funding that are listed on or proposed to the National Priority List (“NPL”) or State equivalent State Hazardous Waste Site (“SHWS”) (Superfund sites).

Two versions of all reports must be submitted as follows: a complete bound (3 ring binder) color hard copy (with each appendix separately tabbed) and an **exact, complete, color copy** in digital form, the text of which shall be in a searchable format. At the time of application submittal, the applicant must pay a non-refundable application fee as specified in the QAP and HOME Action Plan. Pursuant to those plans, AHFA may select and engage third-parties (e.g., an EP, legal counsel, and/or designated consultant) to review and comment on the Phase I ESA or the Phase II ESA Report submitted by the applicant. In addition to the non-refundable application fee(s), AHFA may require the applicant to provide additional funds in amounts sufficient to cover all third-party costs that AHFA reasonably anticipates to pay or reimburse AHFA for any third-party costs incurred during the application review and analysis process. AHFA will submit an invoice to the applicant which shall be paid by the applicant within 7 business days of the invoice date. Any unused portion of any additional payments made by applicant related to third-party review, shall be returned to applicant without interest once all third-party invoices have been submitted and a refund amount is determined. During the course of the AHFA environmental review process, AHFA will notify the applicant if the Phase I ESA Report must be updated in order to satisfy the All Appropriate Inquiry (“AAI”) 40 CFR 312 and ASTM Section 4.6 requirements (requiring certain components of the Phase I ESA to be conducted or updated within 180 days). To the extent that an updated Phase I ESA Report is required, the applicant will be solely responsible for these costs, fees, and related expenses. During the AHFA review process, any report(s) submitted for which AHFA (or AHFA’s designated consultant) determines materially fails to comply with AHFA Environmental Policy Requirements, current ASTM standards, or applicable environmental regulatory requirements will result in the termination of the related application.

**Application Completeness Requirements:**

Upon submittal of the Phase I ESA Report, AHFA will conduct a completeness review to determine whether or not the report is complete and complies with the Environmental Policy Requirements.

If during its completeness review AHFA determines that an application in a Competitive Application Cycle for HOME Funds and/or Housing Credits is missing any materials required by the Environmental Policy Requirements or that the materials included in the report fail to materially adhere to AHFA’s defined standards, the application will terminate and will not be considered for funding during that scoring cycle. If during the completeness review AHFA determines that all documentation required by the Environmental Policy Requirements has been provided and that the application materially adheres to AHFA’s defined standards but that additional information or clarification is required in order for AHFA to complete its full evaluation of the Environmental Policy Requirements, AHFA will contact the applicant via email. When contacted, the applicant must submit requested items within 7 business days or the application will terminate and will not be considered for funding during that scoring cycle.

If in response to a request from AHFA for additional information or clarification, the applicant provides materially different or new information or documentation that was required by this Environmental Policy to have been submitted at the time of application submission, AHFA reserves the right to terminate the application. For clarity, the following are considered Material Environmental Items that must be submitted at the time of application and will not be accepted after the application submission deadline: (1) all environmental testing data collected for a proposed project, including without limitation, testing of soil, groundwater, soil gas, ambient air, asbestos, and lead-based paint; (2) any required wetland delineation studies or assessment reports; (3) any required Jurisdictional Determination from the U.S. Army Corps of Engineers; and (4) all remediation or mitigation plans to address any environmental issues identified (or that should have been identified) in the Phase I ESA and Phase II ESA reports. Furthermore, if an applicant wishes to provide information from any local, state, or federal agency pursuant to any item submitted to AHFA by the applicant pursuant to these Environmental Policy Requirements, all such information must be provided at the time of application and be in the form of a formal written communication from the agency to the applicant or its counsel or EP. If the agency information references or expresses approval of any methods, processes or other information, all information that is referenced or purportedly approved, including exhibits or addenda and related correspondence, must be provided at the time of application. After the date of initial application, AHFA will not consider or review any communications to the applicant related to these Environmental Policy Requirements from any local, state, or federal agency regardless of when or in what form it was received.

If during its completeness review AHFA determines that an application for tax-exempt volume cap (whether or not the applicant requests Housing Credits awarded without a Competitive Application Cycle) is missing any materials required by the Environmental Policy Requirements or that the materials included in the application fail to materially adhere to AHFA’s defined standards, the applicant will have up to 30 days after notification from AHFA to resolve any outstanding issues. A Commitment Agreement for Multifamily Housing Revenue Bonds will not be issued until all defined environmental requirements are met to AHFA’s complete satisfaction.

All environmental issues identified (or that AHFA determines should have been identified) in the Phase I ESA and Phase II ESA reports must have been fully abated or mitigated (or include with the application a written remediation plan approved in writing by ADEM) in a manner that is compatible with **unrestricted** residential use other than the sole exceptions described on page B-1 of this Addendum B.

Excepting only plans for radon resistant new construction, all remediation or mitigation plans to resolve **any** environmental issues identified in a Phase I ESA or Phase II ESA must be submitted to AHFA in writing upon submittal of the application and include: (a) details regarding the specific remediation plan; (b) all applicable final regulatory authority approvals required for the implementation of the remediation plan; (c) a detailed line item summary of estimated costs with supporting quotes; (d) information regarding the expected source of funding for conducting the remediation activities; (e) a projected schedule for approved remediation activities; and (f) a copy of any proposed environmental covenants documenting any planned institutional or engineering controls.. To the extent there are conflicting or inconsistent guidelines or methods between regulatory agencies concerning the environmental matter at issue, the EP shall follow the most stringent standard and certify that this standard has been satisfied.

All information provided by the applicant must be satisfactory to AHFA and may be subject to the fees as outlined in the applicable QAP or HOME Action Plan and/or at www.AHFA.com.

**After the Reservation, HOME Written Agreement, and/or Declaration of Official Intent:**

If any unforeseen environmental condition(s) is discovered with respect to a project that has already received an award of HOME Funds, Housing Credits, and/or Multifamily Housing Revenue Bonds, and such environmental condition(s) would have caused the project to fail to meet the Environmental Policy Requirements if discovered prior to award, then (a) if AHFA determines that the environmental condition(s) should have been discovered by the applicant or its Responsible Owners during the application process, AHFA will terminate the award and require all HOME Funds or Housing Credits to be returned to AHFA, or (b) if AHFA determines that the environmental condition(s) arose through no fault of the applicant and could not reasonably have been discovered during the application process, AHFA may allow the Ownership Entity for the project to remediate the environmental condition(s) at the Ownership Entity’s sole cost and expense, including without limitation the fees and expenses of any EP and/or attorney engaged by AHFA in connection with the project, as necessary in order for the applicant to comply with the Environmental Policy Requirements and all other conditions specified by AHFA based on the specific nature of circumstances of the project. If AHFA determines under the foregoing standards that an applicant is eligible to take remedial actions with respect to any unforeseen environmental condition(s), the applicant will be permitted to do so only if the applicant provides the following items to AHFA within 30 days, in compliance with the following requirements (the “Remedial Action Requirements”):

1. Estimate of total remediation costs (including itemized quotes from any third party contractors) and schedule for completion of remediation from a qualified environmental professional;

2. Evidence that the project will remain financially feasible and capable of being completed within the time required by the type of funding received; provided, however, that if AHFA permits the Ownership Entity to remediate an unforeseen environmental condition(s) and the time required for such remediation results in the inability of the project to Place-in-Service by the deadline established under Section 42 and AHFA, AHFA may elect to exchange the Housing Credits awarded to the project for a current or future year allocation of Housing Credits, subject to the applicant’s payment of the environmental extension penalty specified at [www.AHFA.com](http://www.AHFA.com); and

3. Evidence that the applicant has sufficient financial resources to complete the remediation and the project by the required deadline. AHFA will require an applicant to provide a deposit in order to ensure that AHFA’s expenses in connection with any remediation will be paid on a timely basis.

For a project that receives an award of HOME Funds, AHFA will notify the applicant if the Phase I ESA Report must be updated in order to satisfy the AAI and ASTM Section 4.6 requirements (requiring certain components of the Phase I ESA to be conducted or updated within 180 days). If an updated Phase I ESA Report is required, the applicant will be solely responsible for all costs, fees and related expenses. If any environmental condition(s) is discovered with respect to the updated Phase I ESA Report that was not present, discovered or disclosed at the time of the initial Phase I ESA Report and such environmental condition(s) causes the project to fail to meet the Environmental Policy Requirements, the applicant must comply with AHFA’s Remedial Action Requirements as specified above.

During the AHFA review process, if AHFA (or AHFA’s designated consultant) determines that the ESA Report(s) fails to comply with AHFA’s requirements, the ASTM standards or applicable environmental regulatory requirements, this determination will result in termination of the award and the return of HOME Funds and/or Housing Credits if not corrected promptly after written notice.

**NEPA Environmental Assessment (Projects Selected for HOME Funding):**

Each project that receives HOME Funds must undergo an environmental assessment in accordance with the requirements of the National Environmental Policy Act (“NEPA environmental assessment”) in accordance with 24 C.F.R Part 58. The Ownership Entity of a project that receives an award of HOME Funds will be required to provide certain additional studies, reports and documentation necessary for AHFA to complete the NEPA environmental assessment. AHFA will notify the Ownership Entity of the NEPA environmental assessment requirements at the time of award of HOME Funds. For more information about an Ownership Entity’s submission requirements for the NEPA environmental assessment process, please review the AHFA Environmental Assessment Checklist and Guidance (Projects Selected for HOME Funding) at www.AHFA.com. Although these items are not required to be provided until after an award of HOME Funds, AHFA strongly encourages applicants and their EPs to review the items prior to submitting an application to ensure that there are no environmental or other conditions at the project site that would lead to the termination of the award pursuant to 24 C.F.R. Part 58.

**“Choice-Limiting Activities” and Other Activities Prohibited:**

***Applicants for HOME Funding***

NEPA requires that no “choice-limiting activities” occur relating to the proposed project or at the project site **from the time the applicant submits a HOME Program application to AHFA until the NEPA environmental assessment process is complete** (see 24 C.F.R. §58.22). The applicant must take all actions necessary to ensure that no participant in the development process (including the applicant, Ownership Entity, all Development Team Members, contractors, subcontractors, current property owner(s) or any other person) commits non-HUD funds or undertakes an activity that would have an adverse environmental impact or limit the choice of reasonable alternatives relating to the proposed project or project site.

For projects applying for HOME Funds (regardless of whether any other form of funding is received), prohibited “choice-limiting activities” include, but are not limited to, acquiring, purchasing, rehabilitating, demolishing, converting, leasing or repairing all or any portion of the project as well as disturbing the ground or commencing any form of construction at the project site. All such choice-limiting activities are prohibited during the NEPA environmental assessment period that (a) begins with delivery of the application to AHFA and (b) ends with AHFA’s issuance of the Notice to Proceed, which typically occurs at the pre-construction meeting conducted at AHFA’s offices in Montgomery.

If choice-limiting activities occur at a proposed site or project seeking HOME Funds during the prohibited period, regardless of whether the applicant consented to the activity or had knowledge of it, the application will terminate and will not be considered for funding. AHFA reserves the right to inspect a site at any time after submittal of an application to confirm that no choice-limiting activities are taking place.

***Applicants for Housing Credits***

AHFA also prohibits certain post-application activities on projects applying for low-income housing tax credits (“Housing Credits”). For projects applying for Housing Credits or a tax-exempt volume cap allocation (but do not receive HOME Funds), prohibited post-application activities include, but are not limited to, acquiring, changes in property ownership, rehabilitating or converting all or any portion of the proposed site or project as well as disturbing the ground (other than geotechnical soil borings upon advance notice to AHFA) or commencing any form of construction at the proposed site or project. All such post-application activities are prohibited during the review period that (a) begins with delivery of the application to AHFA and (b) ends with a written notification from AHFA that the environmental review process has been completed.

If the aforementioned prohibited activities occur at a proposed site or project seeking Housing Credits during the prohibited period, regardless of whether the applicant consented to the activity or had knowledge of it, the application will terminate and will not be considered for funding. AHFA reserves the right to inspect a site at any time after submittal of an application to confirm that no prohibited activities are taking place.

**Addendum B-1**

**AHFA Requirements**

**NOTE: ALL REQUIREMENTS BELOW MUST BE PRESENTED IN THE DESIGNATED SECTIONS AND APPENDICES OF THE PHASE I ESA REPORT.**

**NOTE: THE LINKS TO GOVERNMENT AGENCY WEBSITES IN ADDENDUM B ARE PROVIDED SOLELY FOR CONVENIENCE. IT IS THE RESPONSIBILITY OF THE APPLICANT OR ITS EP TO VERIFY THAT THE WEBSITE CONTAINS THE CURRENT VERSION OF THE APPLICABLE STANDARDS CITED HEREIN.**

UNLESS OTHERWISE SPECIFIED BELOW, EVERY PHASE I ESA REPORT SUBMITTED TO AHFA MUST AT TIME OF APPLICATION:

1. Comply in all respects with ASTM E1527-13 (the ASTM Standards) as to content and adhere to AHFA’s Environmental Policy Requirements.

2. Include a complete legal description (e.g., metes and bounds) of the entire site and the exact site acreage. A tax map identifying the parcel that is the subject of the application must also be included in Appendix A of the Phase I ESA. If applicable, the Phase I ESA should state that the proposed project area does not include the entire tax parcel, and in such instances, the outlines of the proposed project area must be accurately illustrated on the tax map. The site boundaries must be clearly marked and consistent on all figures.

3. Be completed and certified as to its accuracy, completeness and in conformance with the ASTM Standards and AHFA Policy Requirements by an “Environmental Professional” as defined in X2 of the ASTM Standard.

4. Include a statement that the report can be relied upon by AHFA.

5. Pursuant to Section 4.6 of the ASTM Standard and 40 CFR 312.20, the following components of every Phase I ESA must be updated if they are greater than 180 days old:

a. interviews with owners, operators, and occupants;

b. searches for recorded environmental cleanup liens;

c. reviews of federal, tribal, state, and local government records;

d. visual inspections of the property and of adjoining properties (include photographs taken during the visual inspection); and

e. declaration by the Environmental Professional (EP) responsible for the assessment or update.

6. Be in the AHFA Required Environmental Report Format (Addendum B-3).

7. Include a database search. IMPORTANT: The facilities required to be searched and the search distances for ASTs, USTs, delisted NPLs , historic auto facilities, and historic dry cleaners (as specified in Addendum B-3) required by AHFA are more stringent than the default search distances based on ASTM E1527-13. The results and EP’s analysis of the database search must be described in the text of the Phase I ESA report and include a sufficiently detailed rationale for why each facility listed in the database search should or should not be identified as a REC. Facilities ruled out RECs may be summarized as a group; however, AHFA reserves the right to reject summaries that do not sufficiently address any facilities listed in the database search results.

8. If the proposed project involves rehabilitation, removal, or demolition of any structures the following items must be addressed (with associated cost estimates for each and documentation within project budget to account for these costs):

a. Asbestos Testing: If suspect asbestos-containing materials (“ACM”) are present in any structures, asbestos testing must be performed to document the presence or absence of ACMs in every structure. Testing is to be conducted by accredited inspectors meeting the requirements presented in 40 CFR 763 Subpart E, Appendix C and TSCA Title II in accordance with the Asbestos Hazardous Emissions Response Act (AHERA) requirements and also EPA’s National Emission Standards for Hazardous Air Pollutants (NESHAP) regulations. All asbestos testing results must be included in the Phase I ESA at the time of application submittal. AHFA requires the Phase I ESA to include a statement that all friable and non-friable ACM in deteriorated condition will be completely abated. If funded, a plan for complete abatement by a qualified asbestos contractor of all friable and non-friable ACM in deteriorated condition in all structures will be required. An asbestos contractor’s listing may be obtained from the Alabama Department of Environmental Management (“ADEM”) at 334-271-7700 or at <http://www.adem.state.al.us>. Non-friable ACMs may be managed in place if in an intact condition, and if any proposed rehabilitation activities will not disturb the non-friable ACMs. If funded, a site-specific Operations & Maintenance Plan will be required if non-friable intact ACMs are to be left in place. Asbestos standards are located at ASTM E-2356, EPA: Clean Air Act, CERCLA, & OSHA 29 CFR Part 1926.1101.

b. Lead-Based Paint (“LBP”) Testing: For all buildings built prior to 1978, a LBP testing report must be included in the Phase I ESA. AHFA requires the Phase I ESA include a statement that all LBP will be completely abated (eliminated) by a licensed LBP contractor. If funded, the plan for LBP abatement will be required. If any structures are planned to be demolished, in lieu of a LBP testing report, it is acceptable to provide a plan for abatement via demolition that includes the appropriate management and disposal of waste in accordance with applicable solid waste regulations and the preparation of any required post-demolition clearance report compliant with applicable state, federal, and local regulations. A list of licensed LBP contractors can be obtained from the Alabama Department of Public Health (“ADPH”) at www.adph.org. Lead-Based Paint standards: US Department of HUD “Guidelines for the Evaluation and Control of Lead Paint Hazards in Housing”: Chapter 7 of <https://portal.hud.gov/hudportal/HUD?src=/program_offices/healthy_homes/lbp/hudguidelines>.

c. Mold: Visually check for the presence of mold and notate your findings. If mold is present or suspected to be present, the Phase I ESA shall provide recommendations for abatement and confirmation air sampling following removal.

9. All reports must include information on the following:

a. Radon: Report the Alabama Department of Public Health radon zone for the county in which the project is located (http://www.adph.org/radon/Default.asp?id=6413). New Construction projects in all zones will require radon resistant new construction practices in all buildings pursuant to the radon requirements in the most recent version of HUD’s Multifamily Accelerated Processing (MAP) Guide (<https://www.hud.gov/sites/documents/4430GHSGG-BM.PDF>). Radon testing results must be provided for all rehabilitation projects in zones 1 and 2 in accordance with the most recent version of HUD’s Multifamily Accelerated Processing (MAP) Guide.

b. Wetlands: For purposes of the Phase I ESA Report, wetlands, streams, lakes, and other water bodies are defined according to the U.S. Army Corps of Engineers Wetlands Delineation Manual (1987) and related guidance documents. The Phase I report must include a United States Fish & Wildlife Service (“USFWS”) National Wetlands Inventory (NWI) Map with project-site boundaries clearly marked and consistent with the boundaries on all other figures. The EP must also field verify to confirm whether or not the project-site contains wetlands, streams, lakes or other water bodies, including both jurisdictional “waters of the United States” and non-jurisdictional waters and wetlands. If on any portion of the project-site (including integral offsite development areas) evidence of any wetlands, streams, lakes or other water bodies are suspected to be present (based on the EP’s field observations, aerial photographs, water bodies shown on the USGS topographic map, wetlands or other aquatic resources on the NWI map, or hydric soils (See https://www.nrcs.usda.gov/wps/portal/nrcs/main/soils/use/hydric/for list of soils) on the soils map for the site), and a delineation report for the project-site is prepared by a qualified professional to demonstrate the absence of wetlands, streams, lakes, or other water bodies on the site, a Jurisdictional Determination (JD) from the U.S. Army Corps of Engineers will also be required to confirm the absence of wetlands, streams, lakes, or other water bodies. If the project-site is to be subdivided from or is a smaller tract of an existing tax parcel so as to remove all wetlands, streams, lakes, or other water bodies from the project site, a JD from the U.S. Army Corps of Engineers will also be required. Any delineation studies or assessment reports prepared for the project site or adjoining properties by the EP must be submitted with the application. To the extent a JD must be obtained for the project site or adjoining properties, a valid JD must be included with the Phase I ESA Report at the time of submission.

i. FOR ANY PROJECTS INVOLVING HOME FUNDS: No portion of the project-site may contain wetlands, streams, lakes, or other water bodies (which also includes waters of the United States) including any integral offsite development areas (e.g., offsite areas required for ingress, egress, or parking). If AHFA’s review of the EP’s field observations, aerial photographs, topographic map, NWI map, or soils map indicate the potential presence of wetlands, streams, lakes, or other water bodies at the site, and the presence of all such water bodies is not sufficiently ruled out in the Phase I ESA Report, AHFA reserves the right to terminate the application.

ii. FOR ANY PROJECTS INVOLVING HOUSING CREDITS ASSOCIATED WITH THE REHABILITATION OF EXISTING MULTIFAMILY RESIDENTIAL RENTAL HOUSING ONLY (BUT NOT NEW CONSTRUSTION PROJECTS INVOLVING HOME FUNDS OR HOUSING CREDITS): The project-site may contain wetlands, streams, lakes or other water bodies including any integral offsite development areas (e.g., offsite areas required for ingress, egress, or parking). HOWEVER, if on any portion of the project-site (including integral offsite development areas) evidence of any wetlands, streams, lakes or other water bodies are suspected to be present (based on the EP’s field observations, aerial photographs, water bodies shown on the USGS topographic map, wetlands or other aquatic resources on the NWI map, or hydric soils or soils with hydric components on the soils map for the site), a JD from the U.S. Army Corps of Engineers must be submitted with the application indicating that no future activities conducted in connection with the project-site (including without limitation demolition, construction, rehabilitation, and operation) will not impact any jurisdictional waters and will not require any permits administered by the U.S. Army Corps of Engineers.

c. Floodplains (100 year (zones A or V), 500 year (zone B)): The Phase I ESA must include a FEMA Flood Insurance Rate Map (Firmette) with site boundaries clearly marked and consistent with the boundaries on all other figures. For Housing Credit Only projects, no buildings (residential or any other use) on the site can be located within the 100 year floodplain. AHFA will allow an existing acquisition/rehabilitation rental property to be located in a floodplain as long as acceptable evidence of flood insurance is provided at time of application. For any projects receiving HOME Funds, no portion of the site (including integral offsite development areas) can be located within the 100 year flood plain.

d. Noise Abatement & Control: The Phase I ESA must include (1) a completed HUD “Noise (EA) - Partner Worksheet” found at: https://www.hudexchange.info/programs/environmental-review/noise-abatement-and-control/; and (2) a completed HUD “Day/Night Noise Level Calculator” assessment found at: <https://www.hudexchange.info/resource/2830/day-night-noise-level-assessment-tool/>. The noise level assessment must answer the following questions:

● Is there a civil airport within five miles of the site?

● Is there a military airport within 15 miles?

● Is there a major road within 1,000 feet of the site?

● Is there a railroad track within 3,000 feet?

● Anticipated noise levels must be measured from the project-site boundaries. All outside noise levels must be less than or equal to 65 dB and all interior noise levels must be less than or equal to 45 dB (“Acceptable Noise Levels”).

For all projects involving HOME Funds that exceed Acceptable Noise Levels, mitigating measures must be incorporated into the project to reduce anticipated noise levels below Acceptable Noise Levels utilizing HUD approved mitigation measures. See generally, <https://www.hudexchange.info/programs/environmental-review/noise-abatement-and-control/>.

For all projects involving Housing Credits (but not HOME Funds) that exceed Acceptable Noise Levels, mitigating measures should be incorporated into the project to the fullest extent practicable and in accordance with HUD environmental criteria and standards contained in Subpart B (Noise Abatement and Control) of 24 CFR Part 51 and related guidance.

If in accordance with the above, mitigation measures are required to reduce noise levels at the project site below Acceptable Noise Levels, a noise mitigation plan must be submitted with the Phase I ESA. The noise mitigation plan must include: (a) details regarding the specific plan and its compliance with all applicable HUD noise mitigation guidelines (b) estimated mitigation costs and (c) sound transmission classification tool (STraCAT) and/or barrier performance module; found at: <https://www.hudexchange.info/programs/environmental-review/noise-abatement-and-control/>.

e. Airport Clear Zones & Accident Potential Zones: The Phase I ESA must (1) include both a completed HUD “Airport Hazards - Partner Worksheet” and a completed HUD “Airport Runway Clear Zones – Partner Worksheet” found at: <https://www.hudexchange.info/programs/environmental-review/airport-hazards>, and (2) attach a map (e.g., Google Earth or Google Street map) indicating the location of the project site and any airport(s) in the vicinity of the project site. AHFA will not approve an application for HOME Funds if any part of the project site is located within the runway protection zone/clear zone of a civilian airport (RPZ/CZ) or accident potential zone of a military airport (APZ). Note: Civil clear zone is 2,500 feet (0.47 miles) from the end of the runway (RPZ/CZ); military clear zone is 15,000 feet (2.8 miles) from the end of the runway (APZ). The Phase I ESA must answer the following questions:

● Is the project site located within an RPZ/CZ or APZ?

● Is the site located within a flight path?

● What is name of and distance to the airport nearest to the project site?

10. Aboveground Storage Tanks: **All** aboveground storage tanks (ASTs) containing 100 or more gallons of explosive or flammable liquid or gas within 1 mile of the project site must be identified in the Phase I ESA Report via database search AND field verification. The report should separately describe ASTs not listed on the database search but identified via field verification. The Phase I ESA Report must describe the contents, size, and distance of each AST to the nearest perimeter point of the project site. The EP must certify that the EP field-verified the distance of the ASTs to the nearest perimeter point of the project site. The Phase I ESA Report must also demonstrate that an acceptable separation distance (“ASD”) between any ASTs and the perimeter of the project site will be met for people as well as buildings using the HUD-approved ASD calculations. If any ASTs are determined to be less than the HUD-approved ASD, the Phase I ESA must describe HUD-approved mitigation measures proposed to be installed and a cost estimate for any such measures. Attach the results of the HUD ASD Calculator tool found at:

https://www.hudexchange.info/programs/environmental-review/asd-calculator. Acceptable mitigation measures can be found at https://www.hudexchange.info/resource/2762/acceptable-separation-distance-guidebook/.

Complete and submit the HUD “Explosives - Partner Worksheet” found at: https://www.hudexchange.info/environmental-review/explosive-and-flammable-facilities/.

11. The EP must obtain from the Applicant a completed X3 User Questionnaire to include with the Phase I ESA Report.

12. The EP must complete Addendum B-4 (The Letter of Reliance) on the EP’s letterhead and submit as Appendix H.

REQUIREMENTS FOR EVERY PHASE II ESA SUBMITTED TO AHFA:

1. All Phase II ESA Reports must fully address all RECs identified in the Phase I ESA Report (including any RECs that AHFA determines should have been identified in the Phase I ESA but were not); must be completed in accordance with the most current versions of ASTM E1903-19, AEIRG, and the ARBCA Guidance Manual; and must demonstrate that all environmental conditions associated with the project are appropriate for unrestricted residential use (as defined by ADEM under Alabama Administrative Code regulation 335-15-1.02(ddd), other than the sole exceptions described on Page B-1 of this Addendum B.

2. If the EP believes or contends that any Chemicals of Concern (“COC”) detected are consistent with or in line with “background conditions,” the EP shall provide a basis for such an opinion. Methods for doing so include, but are not limited to, the U.S.G.S. studies for COCs in the same geographic region and sufficient background samples to be analyzed and evaluated under the current version of AEIRG.

REQUIREMENTS FOR EVERY REMEDIATION OR MITIGATION PLAN SUBMITTED TO AHFA:

1. Excepting only plans for radon resistant new construction, for all remediation or mitigation measures that have been or are recommended to be performed to resolve any environmental issue identified in a Phase I ESA or Phase II ESA, the following must be submitted at the time of application: (a) details regarding the specific remediation plan; (b) all applicable final regulatory authority approvals required for the implementation of the remediation plan; (c) a detailed line item summary of estimated costs with supporting quotes; (d) information regarding the expected source of funding for conducting the remediation activities; (e) a projected schedule for approved remediation activities; and (f) a copy of any proposed environmental covenants documenting any planned institutional or engineering controls.

2. To the extent there are conflicting or inconsistent guidelines or methods between regulatory agencies concerning the environmental matter at issue, the EP shall follow the most stringent standard and certify that this standard has been satisfied.

**Addendum B-2**

**Engagement Letter**

**(MUST BE ON ENVIRONMENTAL PROFESSIONAL’S LETTERHEAD)**

Click here to enter a date.

[Applicant]

RE: Phase I ESA Report [or subsequent Environmental Reports] for:

Applicant

Development Name

Development Address

Dear [Applicant]:

Please accept this letter setting forth the terms of engagement (“Engagement Letter”) under which our Firm will provide environmental consulting services to you and your company for purposes of conducting a Phase I ESA Report [or subsequent Environmental Reports] for the Development Project at the designated address set forth above.

It is our Firm’s understanding that the nature and scope of the environmental professional services to be provided to you are as follows:

1. Our Firm has been engaged by [APPLICANT] to conduct a Phase I ESA at the Development location specified above in conformance with the scope and limitations of both the ASTM E1527-13 (“ASTM Standards”) and AHFA’s Environmental Policy Requirements.

2. Our Firm certifies that the Phase I ESA Report will be conducted and completed by an Environmental Professional (as defined by 40 C.F.R. § 312.10(b)) and the Phase I ESA, once completed, will also be certified in this same manner.

3. Our Firm understands that the information contained in the Phase I ESA Report will be used by Alabama Housing Finance Authority (“AHFA”) in considering proposed financing of residential development/rehabilitation of the property and, therefore, AHFA may rely upon the Phase I ESA Report in its entirety as if it were originally issued to AHFA. While AHFA will be entitled to rely upon the Phase I ESA Report in its entirety, the Applicant will be solely responsible for any and all fees and expenses associated with completing this scope of engagement.

4. Our Firm understands the AHFA Insurance Requirements that are required for this scope of work and these insurance requirements have been satisfied and addressed as follows:

a. The Firm has Professional Liability and/or Errors and Omissions insurance coverage in the minimum amounts of One Million Dollars ($1,000,000.00) per event or occurrence;

b. The Firm has Worker’s Compensation Insurance and Public Liability Insurance for bodily injury and property damage which may be suffered by third parties and members of the public in the minimum amounts of One Million Dollars ($1,000,000.00) per event or occurrence; and (Where applicable, it is acceptable for the following to be used instead: Per the attached documentation, the Firm has only [#] employees and is exempt from Alabama Workers’ Compensation Laws);

c. The Firm has Comprehensive General Liability and Property Damage Insurance for bodily injury and property damage in the minimum amounts of One Million Dollars ($1,000,000.00).

Our Firm understands that it shall provide a copy of its Insurance Certificate or Accord demonstrating that it satisfies the AHFA Insurance Requirements and listing or scheduling AHFA as an additional insured for the Comprehensive General Liability and Property Damage insurance policies.

5. Our Firm understands that to the extent recommendations are being provided by the EP to the Applicant concerning Phase I ESA work to be performed, mitigation or abatement measures, or additional assessment (“Additional Work”), those recommendations for Additional Work shall be provided to AHFA at the time of Application. Further, our Firm understands that the Applicant shall not have the authority to authorize or instruct the EP or our Firm to implement such recommendations without AHFA’s express written concurrence.

6. Our Firm also understands that once the Applicant submits its Application to AHFA, none of the Applicant, the EP (or our firm), the current property owner or any agent of said parties may undertake or conduct any Choice Limiting Activity at the Development project site. For avoidance of doubt, our Firm will seek written authorization for any Additional Work from AHFA before proceeding. In addition, our Firm understands that once the Applicant submits its Application to AHFA, our Firm shall not engage in communications with the Applicant and or any governmental or regulatory agencies concerning Additional Work and any related activities concerning the Development project site without first obtaining written authorization from AHFA (except when responding to any written request by AHFA to the Applicant for additional information regarding or clarification of the Phase I ESA). Our Firm appreciates the opportunity to work with the Applicant and AHFA in undertaking the Phase I ESA engagement and looks forward to working with you.

**Addendum B-3**

**AHFA Required Environmental Report Format**

**TABLE OF CONTENTS**

**1.0 SUMMARY**

1.1 PHASE I ESA

1.2 TIER 1 VAPOR ENCROACHMENT SCREENING (must include discussion)

1.3 AHFA NON-SCOPE SUMMARY

1.4 RECOMMENDATIONS (If there is a potential for contamination to be present on the site, regardless of on-site or off-site sources of the contamination, recommendations for additional testing or assessment must be included)

1.5 OTHER

**2.0 INTRODUCTION**

2.1 PURPOSE OF SERVICES (MUST state EP understands that the purpose of the Phase I ESA is to ascertain whether the property is environmentally suitable for construction/rehabilitation of multi-family residential housing)

2.2 DETAILED SCOPE OF SERVICES

2.3 SIGNIFICANT ASSUMPTIONS

2.4 PROJECT-SPECIFIC LIMITATIONS AND EXCEPTIONS

2.5 SPECIAL TERMS AND CONDITIONS

2.6 RELIANCE (Must indicate AHFA can rely on report)

2.7 PASSAGE OF TIME AND VALIDITY OF REPORT

**3.0 SITE DESCRIPTION**

3.1 SITE LOCATION (latitude and longitude) AND LEGAL DESCRIPTION (metes and bounds)

3.2 SITE AND VICINITY GENERAL CHARACTERISTICS

3.3 CURRENT USE OF THE PROPERTY

3.4 DESCRIPTIONS OF ROADS, STRUCTURES, AND OTHER IMPROVEMENTS ON THE SITE

3.5 CURRENT USE OF ADJOINING PROPERTIES

**4.0 USER-PROVIDED INFORMATION**

4.1 TITLE RECORDS

4.2 ENVIRONMENTAL LIENS OR ACTIVITY AND USE LIMITATIONS (EP accepts responsibility for and obtains search results as explained in Section 6.2 of ASTM Standard)

4.3 SPECIALIZED KNOWLEDGE

4.4 COMMONLY KNOWN OR REASONABLY ASCERTAINABLE INFORMATION

4.5 VALUATION REDUCTION FOR ENVIRONMENTAL ISSUES

4.6 OWNER, PROPERTY MANAGER, AND OCCUPANT INFORMATION

4.7 OTHER

**5.0 RECORDS REVIEW**

5.1 DATABASE REPORT (Discuss **all** listed regulated facilities, other notable facilities, and orphan facilities)

5.1.1 Search Distances - from latitude and longitude (ASTM distances plus Delisted NPL one mile, AST one mile, UST 0.5 mile, LUST 0.5 mile, Historic Auto Facilities 0.5 mile, and Historic Dry Cleaners 0.5 mile)

5.1.2 Mappable Sites (EP must field-verify the distance to any facilities identified)

5.1.3 Unmappable Sites

5.2 STANDARD ENVIRONMENTAL RECORD SOURCES (Check with local government, library, fire department, courthouse, etc.)

5.3 ADDITIONAL ENVIRONMENTAL RECORD SOURCES

5.4 PHYSICAL SETTING SOURCE(S)

5.4.1 Topography, Surface Water, and Hydrogeology

5.4.2 Geology

5.4.3 Soils

5.5 HISTORICAL USE INFORMATION ON THE PROPERTY (include all documents in Appendix D)

5.5.1 Property Ownership and Site History (provide detailed narrative)

5.5.2 Aerial Photographs

5.5.3 City Directories

5.5.4 Sanborn® Fire Insurance Maps

5.5.5 Historical Topographic Maps

5.5.6 Other Historical Sources

5.5.7 Historical Summary & Data Gaps

5.6 HISTORICAL INFORMATION REGARDING ADJOINING PROPERTIES

5.7 DOCUMENT ALL SOURCES CHECKED

5.8 OTHER

**6.0 SITE RECONNAISSANCE**

6.1 METHODOLOGY AND LIMITING CONDITIONS

6.2 GENERAL SITE SETTING

6.3 EXTERIOR OBSERVATIONS

6.4 INTERIOR OBSERVATIONS

6.5 ADJOINING PROPERTY RECONNAISSANCE

6.6 RECOGNIZED ENVIRONMENTAL CONDITIONS IDENTIFIED DURING SITE RECONNAISSANCE

**7.0 INTERVIEWS**

7.1 STATE AND LOCAL GOVERNMENT OFFICIALS (MAYOR, FIRE DEPARTMENT, LOCAL HISTORICAL SOCIETY, ETC.) (Interviews will be conducted first in person, if unavailable then by phone, then via written communication. Verify which method used and include name, contact information, and date of interview)

7.2 APPLICANT/DEVELOPER

7.3 USER QUESTIONNAIRE

7.4 PROPERTY OWNERS

7.5 SITE MANAGER, OCCUPANTS, & LOCAL RESIDENTS

7.6 OTHERS

**8.0 EVALUATION (FINDINGS, OPINIONS, AND CONCLUSIONS)**

8.1 PHASE I ESA

8.2 ADDITIONAL INVESTIGATIONS, LIMITATIONS, EXCEPTIONS, DEVIATIONS, AND DATA GAPS

8.3 SIGNIFICANT ASSUMPTIONS

8.4 CONCLUSIONS AND ASTM STATEMENT (Must certify EP conducted the Phase I ESA in accordance with ASTM Standard and AHFA’s Environmental Policy Requirements) (Must state whether the property is suitable for or may satisfy the residential use standard based upon EP’s best professional judgment)

8.5 EP STATEMENT (40 CFR PART 312) AND SIGNATURE

8.6 OTHER

**9.0 ADDITIONAL AHFA REQUIRED ELEMENTS**

9.1 TIER 1 VAPOR ENCROACHMENT SCREENING (ASTM E2600-15)

9.2 ASBESTOS

9.3 LEAD-BASED PAINT

9.4 MOLD

9.5 RADON

9.6 WETLANDS

9.7 FLOODPLAINS

9.8 NOISE ABATEMENT & CONTROL

9.9 AIRPORT CLEAR ZONES & ACCIDENT POTENTIAL ZONES (Must provide detailed summary for each item)

9.10 OTHER

**10.0 REFERENCES**

**APPENDICES**

APPENDIX A FIGURES (SITE BOUNDARIES MUST BE CLEARLY MARKED AND CONSISTENT ON ALL FIGURES)

i. GOOGLE EARTH MAP

ii. TAX MAP

iii. SITE LOCATION MAP

iv. SCHEMATIC SITE PLAN

v. TOPOGRAPHIC MAP

vi. NATIONAL WETLANDS INVENTORY MAP

vii. FLOOD INSURANCE RATE MAP

NOTE: Items i. ii., and iii. must include:

a) An area large enough to display the location of the site and adjoining properties including existing streets.

b) Identification of environmental concerns, where applicable, including off-site sources or locations that have the potential to adversely impact the property.

c) Boundaries of floodplains, wetlands, drainage features, jurisdictional waters, and/or potential waters of the State on or potentially impacted by proposed activities at the site.)

d) A North arrow.

APPENDIX B PROPERTY RECORDS AND USER QUESTIONNAIRE

APPENDIX C ENVIRONMENTAL LIEN/ACTIVITY USE LIMITATIONS RESEARCH

APPENDIX D ENVIRONMENTAL DATABASE REPORT

APPENDIX E HISTORICAL RECORDS DOCUMENTATION

APPENDIX F SITE AND VICINITY PHOTOGRAPHS

APPENDIX G INTERVIEW DOCUMENTATION (Document the interviewee’s contact information and date of interview)

APPENDIX H AHFA RELIANCE LETTER (Addendum B-4 on EP letterhead)

APPENDIX I ENGAGEMENT LETTER/CONTRACT (Addendum B-2 on EP letterhead)

APPENDIX J PROFESSIONAL RESUMES/PERSONNEL QUALIFICATIONS

APPENDIX K AHFA-REQUIRED ELEMENTS:

K.1 VAPOR ENCROACHMENT SCREENING DOCUMENTATION IN COMPLIANCE WITH ASTM E2600-15

K.2 PROOF OF INSURANCE – AHFA MINIMUMS OR ABOVE (AHFA must be listed as Insured)

K.3 SUPPLEMENTAL DOCUMENTATION

**Addendum B-4**

**Letter of Reliance**

**(MUST BE ON ENVIRONMENTAL PROFESSIONAL’S LETTERHEAD)**

Click here to enter a date.

Alabama Housing Finance Authority

7460 Halcyon Pointe Drive, Suite 200

Montgomery, AL 36117

RE: Phase I ESA Report [or subsequent Environmental Reports] for:

Development Name

Development Address

Development City, State Zip

Please find enclosed the Phase I Environmental Site Assessment (ESA) Report [or subsequent Environmental Reports] for the subject property dated [Click here to enter a date] to the Alabama Housing Finance Authority (AHFA).

It is my understanding that the information contained in the ESA Report(s) will be used by AHFA in considering proposed financing of residential development/rehabilitation of the property and, therefore, AHFA may rely upon the ESA Report in its entirety as if it were originally issued to AHFA.

I certify that the attached is a true, correct and complete copy of the ESA Report and that the report represents my professional opinion of the site as of this date. I also confirm the evaluation, rec­ommendations, and conclusions contained in the ESA Report have been performed in conform­ance with the scope and limitations of both the ASTM E1527-13 (the ASTM Standards) and AHFA’s Environmental Policy Requirements.

Last, I also certify by my signature below that (name) meets the definition of an Environmental Professional as defined by 40 C.F.R. § 312.10(b) and has performed the environmental investigations described above.

Sincerely,

Environmental Professional Name

Environmental Professional Company Name

**Addendum C**

**Alabama Housing Finance Authority’s**

**Design Quality Standards and Construction Manual**

**Table of Contents**

I. Introduction

II. Requirements for All Approved Projects

III. Attached New Construction Rental Units

IV. New Construction Single-Family Rental Units

V. Inspections and Reports

**WITHOUT LIMITING ANY OTHER PROVISION OF THIS HOME ACTION PLAN, ALL DETERMINATIONS, CALCULATIONS, JUDGMENTS, ASSESSMENTS OR OTHER DECISIONS MADE BY AHFA UNDER THIS ADDENDUM, INCLUDING WITHOUT LIMITATION RELATED APPLICATION INSTRUCTIONS, AHFA FORMS AND THE QAP ITSELF, SHALL BE MADE IN AHFA’S SOLE AND ABSOLUTE DISCRETION.**

**I. Introduction**

***All projects must be designed and constructed in accordance with the applicable requirements of the 2010 Americans with Disabilities Act Accessibility Guidelines, Section 504 of the Rehabilitation Act, Fair Housing Act, state and local disaster mitigation standards, 2009 or 2012 International Building Code- International Residential Code, 2009 International Energy Conservation Code for single-family homes, 2007American Society of Heating, Refrigerating and Air-conditioning Engineers 90.2 for multifamily buildings and any more restrictive local building code requirements.***

Any deviations from these standards must have the written approval of AHFA prior to submitting an application for funding. The request for approval, with all supporting documentation, must be submitted to AHFA at least 30 days prior to submitting a final application for funding. Once the project begins construction and through the end of construction of project, any deviation must have written approval before any work commences or any deviation is made on the construction site. Any deviation requested and approved will be charged the appropriate fee. A complete list of fees is located at [www.AHFA.com](http://www.AHFA.com).

**II. Requirements for All Approved Projects**

**A. Site Specific Criteria:**

1.) HOME proposed sites containing property within a 100-year flood plain are not permitted. Housing Credit and HOME Funds proposed sites and existing projects are not allowed to contain wetlands.

2.) New Construction projects in all zones will require radon resistant new construction practices in all buildings pursuant to the radon requirements in the most recent version of HUD’s Multifamily Accelerated Processing (MAP) Guide (<https://www.hud.gov/sites/documents/4430GHSGG-BM.PDF>). Radon testing results must be provided for all rehabilitation projects in zones 1 and 2 in accordance with the most recent version of HUD’s Multifamily Accelerated Processing (MAP) Guide. For the most current radon information see: [http://www.adph.org/radon](http://www.alabamapublichealth.gov/radon/).

3.) New Construction Rental Units: All new construction developments must submit a complete site specific soils report, not more than 1 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 1 soil boring per planned building location and a minimum total of 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.) New Construction Single-Family Rental Homes: All developments must submit a complete site specific soils report, not more than 1 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 1 soil boring for every 2 single family buildings and a minimum total of 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.

5.) Rehabilitation of an Existing Building: Projects adding any new building foundations must submit a foundation specific soils report. The soils report must reflect the results of laboratory tests conducted on a minimum of 1 soil boring per planned building location and a minimum total of 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.

**B. Site Located Outside Municipal City Limits:**

1.) A proposed new construction site or existing project may be located outside a municipality’s city limit but must be within the local police or sheriff jurisdiction.

2.) A proposed site or existing project 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.

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

**C. Project Standards:**

1.) Clubhouse/Community Building Standards: The eligible square footage of the project’s clubhouse/community building or space(s) is 3,000 square feet heated and cooled (inclusive of the office area, community laundry, community meeting room, restrooms, kitchens, etc.). The clubhouse/community building or space(s) may exceed 3,000 square feet heated and cooled but any square footage exceeding this amount will not be included in the Eligible Basis used to calculate the Housing Credit. The clubhouse/community building or space(s) is required to meet all applicable accessibility standards.

2.) Elderly Project Standards: 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.

3.) Required Unit Amenities: All projects are required to have the following unit amenities for all units:

● Range

● Refrigerator with Ice Maker

● Dishwasher

● Microwave

● Washer and Dryer Connections

● Heater

● Air Conditioner

● Ceiling Fans

All units must include an exterior storage closet with a minimum area of sixteen (16) square feet and either a single coated wire shelf that spans the length of the closet or a grouping of smaller coated wire shelves. 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.

4.) Modular Construction: 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. Modular units must be constructed to meet applicable building codes, AHFA’s specifications and Design Quality Standards stated herein. A modular home manufacturer’s warranty must be provided.

5.) Drawing Submission Criteria: The following documents must be prepared by a registered architect, surveyor, or engineer licensed to practice in the State of Alabama.

a. Site Plan: The following items must be shown.

i. Scale: 1 inch = 40 feet or larger for typical units.

ii. North arrow.

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

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

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

vi. Existing and proposed topography of site.

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

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

ix. Provide an accessible route site plan with applicable details.

b. Floor Plans:

i. Scale: 1/4 inch = 1 foot or larger for typical units.

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

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

For projects involving removal of asbestos and/or lead paint, identify location and procedures for removal.

c. Elevations and sections:

i. Scale: 1/8 inch = 1 foot or larger.

ii. Identify all materials to be used on building exteriors and foundations.

d. Title Sheet: Indicate Building Codes and Accessibility Standards that are applicable for the project.

**III. Attached New Construction Rental Units**

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

**A. Minimum Building Standards:**

1.) Minimum Apartment Unit Net Area Requirements:

Net area is measured from the **interior finished face** of the exterior wall to the **interior finished face** of the common or tenant separation wall.

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\*** | **Minimum Bedroom Net Area** |
| 1 Bedroom | 1 | 725 s.f. | 120 s.f. |
| 2 Bedrooms | 1 | 900 s.f. | 120 s.f. |
| 2 Bedrooms | 1.5 | 925 s.f. | 120 s.f. |
| 2 Bedrooms | 2 | 975 s.f. | 120 s.f. |
| 3 Bedrooms | 2 | 1,200 s.f. | 120 s.f. |
| 4 Bedrooms | 2 | 1,455 s.f. | 120 s.f. |

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

2.) Exceptions to the minimum area requirements:

Single-Room Occupancy (“SRO”) projects.

3.) Exterior Building Standards:

a. Exterior Finishing Materials:

i. Exterior building coverings: For new construction, very low maintenance materials are required. Acceptable materials include:

a) Brick;

b) High quality vinyl siding with a minimum thickness of .044 and a lifetime non-prorated limited warranty (50 year) transferable;

c) Cementitious siding and trim material; or

d) 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, decorative block or cultured stone must be used as an apron material.

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

iii. 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.

iv. Materials for entry doors are to be metal-clad wood, fiberglass, or metal insulated 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.

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

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

vii. All attics shall be vented.

viii. 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 slope that meets Fair Housing and ADA standards are required at each exterior entry.

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

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

xi. Stairway components, such as stringers, treads, and risers must be constructed from steel or concrete. All project steps must include a kick plate in between each step beginning at the first step nearest to the ground and ending at the nearest step at the balcony or landing. Handrails and pickets must be constructed from steel or aluminum.

xii. 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 steel, 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.

b. Other Exterior Standards:

i. Adequate exterior lighting is required in all covered exterior breezeways/walkways. Exterior lighting fixtures are required at all entry doors. The fixtures must be controlled from the interior of the unit. Exterior light fixtures at apartment unit entry doors in apartment buildings with enclosed, heated and cooled corridors are not required when the corridor lighting remains on all the time.

ii. Address numbers are to be clearly visible.

iii. 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.

iv. 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.

v. 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 1 2” caliper tree per unit and 6 1-gallon shrubs per unit.

vi. Concrete curbing is required along all paved areas throughout the development site, including parking areas. (Valley curbs are not allowed)

vii. 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.

viii. 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.

ix. A minimum of 1 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.

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

xi. All parking must be asphalt or concrete. An asphalt or concrete paving recommendation letter must be provided with the reservation items by a geotechnical engineer.

xii. 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.

xiii. Mailboxes, playground and all exterior project amenities must be on an accessible route as defined by the Fair Housing Guidelines. All exterior project amenities that have exposed components used as part of the structure must be constructed so that no wood is exposed. Concealment shall be with materials such as aluminum or vinyl siding or cementitious materials. Decorative rails and/or guard rail systems used shall be code compliant systems of vinyl, fiberglass or metal. Wood railings are not allowed. Gazebos and picnic shelters shall have table(s) with attached bench seating.

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

xv. All utilities located on site must be underground.

xvi. Storm Water retention basins (existing, shared and/or newly constructed) must be located within the property and include fencing around the entire perimeter with 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.

4.) Interior Building and Space Standards:

a. Wall Framing:

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

ii. 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.

iii. 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.

b. Insulation Requirements:

i. Exterior wall insulation must have an overall R-13 minimum for the entire wall assembly.

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

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

c. Kitchen spaces:

i. A minimum 6 1/2-inch deep double bowl stainless steel sink is required in each unit.

ii. Each unit must be equipped with a 2.5 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.

iii. 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).

iv. A pantry closet or pantry cabinet is required in each unit. The pantry must be 1’6” x 1’6” deep and/or pre-manufactured millwork pantry cabinets that are 1’x 2’-6” deep with a minimum five shelves, located in or adjacent to the kitchen.

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

vi. All appliances must be Energy Star rated.

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

d. Bathroom Spaces:

i. Tub/shower units must have minimum dimensions of 30-inch width by 60- inch length and be equipped with anti-scald valves. Integral wood blocking in walls as per Fair Housing guidelines is required. All tubs in designated handicap accessible units must come complete with “factory- installed grab bars” where the tub surrounds are reinforced. Wood blocking in walls is still required with factory reinforced fiberglass surrounds. If the tub surrounds are not reinforced fiberglass, hard tile or cultured marble or composite materials; solid wood blocking must be installed to meet Fair Housing guidelines.

ii. Water closets must be installed to comply with applicable ANSI, UFAS and Fair Housing accessibility guidelines.

iii. 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”.

iv. Vanity cabinets with drawers or a vanity cabinet without drawers and a linen cabinet with drawers must be installed in all units. All cabinets in designated handicap accessible units must be installed in compliance with applicable ANSI or UFAS guidelines.

e. Hallways must have a minimum clear width of 36 inches or greater as per applicable accessibility standards.

f. All interior doors to habitable spaces in unit(s) subject to Fair Housing Guidelines must have a minimum clear width in compliance with the applicable Fair Housing design standards. 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.

g. 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.

h. Window treatments are required for all windows.

i. Sliding glass doors are prohibited.

j. Floor Finishes:

i. Carpet materials must meet FHA minimum standards.

ii. Resilient flooring materials must meet FHA minimum standards.

k. A minimum of two hard-wired with battery back-up smoke detectors are required per unit. Townhomes must have a minimum of 1 smoke detector upstairs.

l. 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.

m. All units pre-wired for cable television hook-ups in the living room and 1 per bedroom.

5.) Plumbing and Mechanical Equipment:

a. 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 discharge must meet applicable building code requirements. Additionally:

i. Electric water heaters must be high efficiency with a minimum 0.93 Uniform Energy Factor (UEF) for a 30-gallon tank or minimum .92 UEF for a 40-gallon tank.

ii. Gas water heaters must be high efficiency with a minimum 0.60 Uniform Energy Factor (UEF) for a 30-gallon tank or minimum .58 UEF for a 40-gallon tank.

b. Through-wall HVAC units are not permitted in residential units except in efficiency units.

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

d. 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.

e. HVAC refrigeration lines must be insulated.

f. HVAC 14 SEER or greater must be used.

**IV. New Construction Single Family Rental Homes**

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

**A. Minimum Building Standards:**

1.) Minimum Unit Net Area Requirements:

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\*** | **Minimum Bedroom Net Area\*** |
| 3 Bedrooms | 2 | 1,200 s.f. | 120 s.f. |
| 4 Bedrooms | 2 | 1,455 s.f. | 120 s.f. |

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

2.) All single-family rental homes must have a minimum of 30 feet of building facing the front street. These 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 1 side.

3.) All single-family rental homes must have a minimum of 30 feet front yard building set-back from the curb. Each home must have a minimum of 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 10 foot side yard setback on 1 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.

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

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

**B. Exterior Building Standards:**

1.) Exterior Finishing Materials:

a. Exterior building coverings: Very low maintenance materials are required. Acceptable materials include:

i. Brick;

ii. High quality vinyl siding with a minimum thickness of .044 and a lifetime non-prorated limited warranty (50 year) transferable;

iii. Cementitious siding and trim material; or

iv. 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 decorative block or cultured stone must be used as an apron material.

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

c. 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.

d. Materials for entry doors are to be metal-clad wood, fiberglass, or metal insulated 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.

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

f. 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.

g. All attics must be vented.

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

i. 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.

2.) Other Exterior Standards:

a. Exterior lighting is required at entry doors.

b. Address numbers are to be clearly visible.

c. 2 parking spaces for each home.

d. 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.

e. 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 2 trees per unit and 12 1-gallon shrubs per unit.

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

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

h. 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.

i. A minimum of 1 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 trash receptacle at each home may be provided instead of a single trash dumpster.

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

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

l. 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 1 side of the street throughout the development.

m. All driveways must be concrete.

n. Mailboxes, playground and all exterior project amenities must be ADA accessible. All exterior project amenities that have exposed components used as part of the structure must be constructed so that no wood is exposed. Concealment shall be with materials such as aluminum or vinyl siding or cementitious materials. Decorative rails and/or guard rail systems used shall be code compliant systems of vinyl, fiberglass or metal. Wood railings are not allowed. Gazebos and picnic shelters shall have table(s) with attached bench seating.

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

p. All onsite utilities must be underground.

q. Storm Water retention basins (existing, shared and/or newly constructed) must be located within the property and include fencing around the perimeter with 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.

**C. Interior Building and Space Standards:**

1.) Wall Framing: Walls may be framed using metal studs in lieu of wood.

2.) Insulation Requirements:

a. Exterior wall insulation must have an overall R-13 minimum for the entire wall assembly.

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

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

3.) Kitchen spaces:

a. 6 1/2-inch deep double bowl stainless steel sink is required in each unit.

b. Each unit must be equipped with a 2.5 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.

c. 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).

d. 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.

e. A 4 foot fluorescent light fixture is required.

f. All appliances must be Energy Star rated.

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

4.) Bathroom Spaces:

a. Tub/shower units must have minimum dimensions of 30-inch width by 60-inch length and be equipped with anti-scald valves. Integral wood blocking in walls as per Fair Housing guidelines is required. All tubs in designated handicap accessible units must come complete with “factory-installed grab bars” where the tub surrounds are reinforced. Wood blocking in walls is still required with factory reinforced fiberglass surrounds. If the tub surrounds are not reinforced fiberglass, hard tile or cultured marble or composite materials; solid wood blocking must be installed to meet Fair Housing guidelines.

b. Water closets must be installed to comply with applicable ANSI, UFAS and Fair Housing accessibility guidelines.

c. 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”.

d. Vanity cabinets with drawers or a vanity cabinet without drawers and a linen cabinet with drawers must be installed in all units. All cabinets in designated handicap accessible units must be installed in compliance with applicable ANSI or UFAS guidelines.

5.) Floor Finishes:

a. Carpet materials must meet FHA minimum standards.

b. Resilient flooring materials must meet FHA minimum standards.

6.) Other Interior Standards:

a. Hallways must have a minimum clear width of 36 inches or greater as per applicable accessibility standards.

b. All interior doors to habitable spaces in unit(s) subject to Fair Housing Guidelines must have a minimum clear width in compliance with the applicable Fair Housing design standards. 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.

c. 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.

d. Window treatments are required for all windows.

e. Sliding glass doors are prohibited.

f. A minimum of two hard-wired with battery back-up smoke detectors is required per unit.

g. 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.

7.) Plumbing and Mechanical Equipment:

a. Electric water heaters must be high efficiency with a minimum 0.93 Uniform Energy Factor (UEF) for a 30-gallon tank or minimum .92 UEF for a 40-gallon tank.

b. Gas water heaters must be high efficiency with a minimum 0.60 Uniform Energy Factor (UEF) for a 30-gallon tank or minimum .58 UEF for a 40-gallon tank.

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

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

e. HVAC refrigeration lines must be insulated.

f. 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.

**V. Inspections and Reports**

AHFA will engage a third-party construction consultant to review the final plans and specifications prior to construction for each approved project to ensure that it meets all applicable requirements of AHFA’s Design Quality Standards and Construction Manual. The applicant/Ownership Entity, project architect and general contractor will certify that the project meets the federal Fair Housing Amendments Act, the Americans with Disabilities Act and all additional accessibility requirements at the time of the submittal of the final plans and specifications, the completion of the project and the issuance of the IRS Form 8609. In addition to the plans and specification review, AHFA has the right to inspect the project during the following phases of development:

A. During construction;

B. At the completion of construction and

C. Prior to issuance of the IRS Form 8609.

The applicant will be responsible for the actual cost of work completed by AHFA designated consultants.

**Addendum D**

**Alabama Housing Finance Authority’s**

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

As referenced in Section VI. G. “Compliance Monitoring” of the HOME Action Plan for 2021 funds (HOME Action Plan), the AHFA Compliance department will conduct monitoring procedures and requirements to ensure Ownership Entity and Project 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’s Compliance Manual available at [www.ahfa.com](http://www.ahfa.com).

**I. Compliance Monitoring Procedures, Requirements and Fees:**

A. AHFA will require each Responsible Owner of a HOME Project to maintain records for each qualified HOME building in the Project. These records must show, for each year in the HOME Affordability Period, the information required by the record-keeping provisions contained in the HOME regulations, incorporated herein by reference. AHFA will require Responsible Owners to retain the records documenting compliance with the HOME regulations for each year as described above for at least 5 years past the end of the HOME Affordability Period.

B. By the 15th day of each month, each Ownership Entity must enter all tenant events into the AHFA DMS Authority Online (AHFA DMS) for the prior month. If, at the time of inspection, the tenant events in AHFA DMS do not match the information in the household file inspected by AHFA both the Ownership Entity and the Management Company (including owners and managers of the Management Company) will be subject to the penalty criteria as defined in Section II. I. 4. f. herein.

By February 1st of each year, all tenant events from January 1st through December 31st of the previous year must be placed into AHFA DMS. A point deduction, as described in Section II. E. 1. of Addendum D, will be applied to the Ownership Entity and the Management Company of a Project for failing to enter all tenant events as required.

C. By the first business day of March each year, AHFA must receive from the Responsible Owner of each HOME Funded Project combined with Housing Credits or each HOME only funded Project, the applicable Annual Owner’s Certification (AOC), under penalty of perjury, as provided in Section 1.42-5(c)(1) of the Treasury Regulations. The AOC must be completed using AHFA DMS or other approved method as provided by AHFA’s Compliance department. A point deduction as described in Section II E 2 of Addendum D will be applied if a Responsible Owner fails to provide an AOC by 5:00p.m. CST on March 1st. Failure to submit an AOC to AHFA within 30 days after written notification of non-receipt by AHFA will result in a $500 late fee. AHFA will notify the IRS of an Ownership Entity’s failure to submit an AOC for each HOME Funded Project combined with Housing Credits no later than forty-five (45) days after the end of the timeframe allowed for correction of the failure to certify. AHFA will notify the IRS by filing Form 8823, Low-Income Housing Credit Agencies Report of Noncompliance for the 15-Year Compliance Period. Additionally, AHFA may notify HUD if deemed appropriate. Once the AOC is received, AHFA will review for compliance with the requirements of Section 42 and/or AHFA’s AOC requirements for HOME Funded Projects.

D. Each Ownership Entity of AHFA HOME Funded Projects must submit to AHFA an annual audited financial statement prepared by a licensed Certified Public Accountant for each Project by May 1st. All financial statements must be sent electronically by e-mail, flash drive, thumb drive or memory stick. **Paper financial statements will not be accepted.** Failure to submit an annual audited financial statement prepared by a licensed Certified Public Accountant within 30 days after written notification of non-receipt by AHFA will result in a $500 late fee.

E. If the Ownership Entity received Housing Credits, a copy of the IRS Form 8609 with Part II completed by the Ownership Entity must be submitted to AHFA the first year Housing Credits are claimed for a building. Failure to submit a copy of the IRS Form 8609 with Part II completed by the Ownership Entity to AHFA within 60 days after written notification of non-receipt by AHFA will result in a $500 fee.

F. The Responsible Owner must maintain a written Capital Maintenance Plan (CMP) for each Project that received HOME Funds. The CMP must comply with 24 C.F.R. during the term of the HOME Loan. All Projects receiving HOME Funds must make available to AHFA a CMP for review, upon request. Projects that received HOME Funds in 2012 and after **must** submit a CMP to AHFA by May 1st each year. At a minimum, and without limiting the foregoing, the CMP must be in a manner as defined by AHFA and include the following components:

1.) **Annual Physical Needs Summary**: This summary shall provide an estimate of all the planned and anticipated repairs, replacements, and significant deferred and other maintenance items that will need to be addressed within the next 12 months. It should take into consideration anticipated unit turn-over, physical assessment of grounds/amenities/common areas, and any deferred maintenance items (including reason for deferment). Funding sources for this work must be identified. This summary serves as the short-term action plan for the property management and as a reporting tool for AHFA and the Ownership Entity. Documentation of repairs (e.g. receipts, before/after photos, completed work orders, etc.) must be maintained through the course of the year. Any additional repairs, replacements, or maintenance completed during the course of the year should also be documented. In addition to the current summary, a copy of the previous year’s summary must be provided to AHFA. The previous year’s summary must include all repair, replacement, or maintenance performed with the funding source identified or current status of outstanding items with planned remedy, estimated timeline for completion, and funding source identified.

2.) **Long-Term Physical Needs Summary**: This summary shall provide an estimate of the repairs and replacement items beyond the first year which are required to maintain the development’s physical integrity over the term of the HOME Loan. Items to be addressed include major structural systems (e.g. stairs, balconies, pavements, sidewalks, etc.) and interior components (e.g., appliances, flooring, lighting/plumbing fixtures, etc.) which, based on the expected useful life (EUL), require replacement during this period. Prior to the Loan closing, the Responsible Owner shall present to AHFA, for review and approval, a sample version of the capital maintenance tracking system intended for use over the term of the HOME Loan. This maintenance tracking system should be continually updated by management and should address units during turn over as well as units Occupied by long-term tenants. Sources of funding for the planned replacements must be identified.

3.) **Analysis of Reserves for Replacement**: This analysis will provide an estimate of the initial and monthly deposit to the Replacement Reserve Account needed to fund the development’s long-term physical needs during the term of the HOME Loan. This plan will account for inflation, the existing Replacement Reserve balance, and the Expected Useful Life (EUL) of major building systems. This analysis should include the costs of 12-month annual physical needs, but not any work items that would be considered an operating expense.

G. AHFA will inspect each active HOME Project on an annual basis during the HOME Affordability Period. AHFA will inspect each required HOME Project in accordance with the AHFA Compliance Manual located at [www.AHFA.com](http://www.AHFA.com).

H. Each Ownership Entity must allow AHFA or its designated representative to perform additional on-site inspections of any HOME Funded building in a Project through the end of the HOME Affordability Period. These inspections are in addition to any review of tenant files or units under Paragraph G. Inspections performed outside of Paragraph G will be at the expense of the Ownership Entity. Each unit or building inspection will be performed using the Uniform Physical Condition Standards (UPCS) guidelines established by HUD. The UPCS standards and related definitions provided by HUD (<https://www.hud.gov/sites/documents/appendix2-finaldictionary.pdf>) provide guidance for at least 520 compliance protocols.

I. AHFA will promptly notify the Ownership Entity in writing if AHFA is not permitted to inspect HOME Project units or buildings as described in Paragraphs G and H. Fees as described in Chapter 1 Section 1.4 of AHFA’s Compliance Manual will apply if a Project’s records are not available for review during the date and time for which AHFA established with the Ownership Entity and/or Management Company.

J. AHFA will promptly notify the Ownership Entity in writing if the Project does not comply with the HOME regulations. The Ownership Entity will be notified in writing of the stipulated period to supply missing documentation or to correct noncompliance commencing on the date of the notification letter. AHFA may notify HUD of an Ownership Entity’s noncompliance.

K. AHFA will charge fees to cover the administrative expenses in monitoring compliance and the expenses incurred in carrying out its duties as the Housing Credit agency, including, but not limited to, reasonable fees for legal and professional services. (Reference Chapter 1 Section 1.4 of AHFA’s Compliance Manual.)

L. Compliance with the requirements of the HOME regulations and the Fair Housing Act is the responsibility of the Ownership Entity of the building for which HOME Funds are loaned or granted. Each Ownership Entity of each building for which HOME Funds are loaned or granted is also responsible for compliance with the accessibility, adaptive design and construction requirements of the Fair Housing Act.

M. 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 Ownership Entity or to any shareholder, officer, director, partner, member or manager of any owner or of any entity comprising any Ownership Entity for an owner’s non-compliance therewith.

N. It is the policy of AHFA to immediately report to the appropriate federal department and the cognizant inspector general of such department any indication of fraud, waste, abuse, or potentially criminal activity pertaining to federal funds.

O. The Ownership Entity must submit a copy of any health, safety, or building code violation reports issued by any regulatory or third-party entity to AHFA’s Compliance department. AHFA will apply applicable point deductions for items of noncompliance found in any third-party report in accordance with Section II. I. of this Addendum. If AHFA becomes aware of any health, safety, or building code violation reports issued by any regulatory or third-party entity which were not submitted to AHFA’s Compliance department within 30 days of the date the Ownership Entity received the report, AHFA will charge the Ownership Entity a $500 fee.

P. If Ownership Entity/Responsible Owner or Management Company acquires a Project and discovers the Project will require extensive file corrections, building or unit repairs, it must submit a report to AHFA within 60 days of taking possession of the Project. The report, which must be in a form acceptable to AHFA, must include both sufficient details of the repairs to be completed and a deadline to complete the repairs. If the repairs are not completed by the deadline, the point deductions will be assessed as described in Section II. of Addendum D.

**II. Penalty Scoring and Suspension Criteria**

A. According to the UPCS standards and related definitions provided by HUD (<https://www.hud.gov/sites/documents/appendix2-finaldictionary.pdf>), there are at least five hundred twenty (520) compliance protocols which, if noncompliance is found, are reportable noncompliance items to the IRS. AHFA has identified specific compliance protocols in Section II. I. of this Addendum as automatic penalty point deduction items, which for the rest of this document will be referred to as point deduction items, when noncompliance is discovered.

B. AHFA expects, at a minimum, that each Ownership Entity and Management Company will develop a routine inspection process to ensure the items defined in Section II. I. are regularly inspected by their respective staff on an ongoing basis. The point deduction item categories address health and safety concerns, sanitary nature and habitable living conditions of each unit and Project, and AHFA standards for minimal record-keeping practices. Since AHFA will generally provide up to a 3-day notice when scheduling compliance inspections, no cure period will be allowed for the point deduction items defined under Section II. I.

C. An Ownership Entity or Management Company is required to notify AHFA immediately upon the occurrence of a disruption/discontinuation of any service/amenity or upon the occurrence of any property damage to the Project. Such notification is required to be in a report, in a form acceptable to AHFA, which details the circumstances as well as the plan of corrective action. The plan of corrective action must include both sufficient details of how the issue will be resolved and a deadline for resolution acceptable to AHFA. If the report is submitted immediately upon occurrence, AHFA initially will not deduct points. However, point deductions will be assessed against the Ownership Entity and Management Company (inclusive of owners and managers) if AHFA determines said report was not submitted timely or if the issue is not resolved by the deadline. If AHFA determines that the disruption/discontinuation of any service/amenity or the property damage is a result of deferred maintenance or negligence, appropriate point deductions will be assessed.

D. Inspections will be performed by AHFA, its designated representative, or other unrelated third party. At the conclusion of the onsite inspection, AHFA will provide a general verbal summary of the deficiencies identified during the inspection to the representatives of the Ownership Entity and/or Management Company who are present at that time. AHFA will provide a formal written notice regarding all applicable deficiencies and will specify the timeframe(s) in which the Ownership Entity will be required to cure all deficiencies.

E. Point deductions for late or nonsubmittal of tenant data or AOC will be assessed to the Ownership Entity and Management Company (inclusive of owners and managers) for the 2021 Competitive Application Cycle and Non-Competitive Application cycle as follows:

1.) 1 point will be deducted for each Project for which the Responsible Owner or Management Company fails to enter required tenant data into AHFA DMS by 5:00 p.m. CST the first business day of February of each year.

2.) 1 point will be deducted for each Project for which the Responsible Owner fails to submit a correct and complete AOC to AHFA’s Compliance department by 5:00 p.m. CST the first business day of March of each year.

F. Points will **not** be deducted from a 2021 applicant’s score until the total of all point deductions accumulated during 2020 (January 1st through December 31st) exceeds 4 points. If an applicant’s total of all point deductions is 5 points or more, then the total of **all** point deductions **will be** deducted from an applicant’s score on their 2021 application(s).

G. AHFA will review all results of third-party inspection reports received from any local, state, federal or financial entity or institution with an interest in the Project which identify noncompliance issues as defined in the HOME Action Plan. AHFA will assess applicable point deductions for items of noncompliance found in any third-party inspection report in accordance with Section II. I. of this Addendum.

H. The following criteria will be applied to Ownership Entity and/or Management Company of record:

1.) Should any of the negative actions listed in Section IV. D. or Section IV. J. 2. of the 2021 HOME Action Plan occur after a 2021 Application Package has been submitted and prior to approval by AHFA, AHFA has the right to terminate the Application Package.

2.) If an Ownership Entity is assessed a cumulative total of 10 points or more for all AHFA Projects audited and/or inspected from January 1, 2020 through December 31, 2020, the Ownership Entity/Responsible Owner will be **suspended immediately** from applying for any AHFA-funded program (Housing Credits, HOME Funds, Housing Trust Fund or Multifamily Housing Revenue Bonds) from the time the Ownership Entity is notified of the suspension through December 31, 2021.

(a) Point deductions for health and safety deficiencies related to physical inspections completed after March 15, 2020 through December 31, 2020 will not be included in the total point deduction for the Responsible Owner as long as the Responsible Owner corrects the deficiency within 5 business days of AHFA’s notification of the deficiency.

(b) Point deductions for submission of tenant data by the 15th day of each month will not be deducted for the Responsible Owner if the Responsible Owner provided a written request for an extension to upload data on a quarterly basis for points deducted from March 15, 2020 through December 31, 2020.

3.) If an Ownership Entity is suspended after a 2021 Application Package has been submitted but prior to approval by AHFA, any Application Package for which Ownership Entity/Responsible Owner is included will be **terminated immediately**.

4.) If a Management Company is assessed a cumulative total of 10 points or more for all AHFA Projects audited and/or inspected from January 1, 2020 through December 31, 2020, the Management Company will be **suspended immediately** from participating in any AHFA-funded program applications (Housing Credits, HOME Funds, Housing Trust Fund or Multifamily Housing Revenue Bonds) from the time the Management Company is notified of the suspension through December 31, 2021.

(a) Point deductions for health and safety deficiencies related to physical inspections completed after March 15, 2020 through December 31, 2020 will not be included in the total point deduction for the Management Company as long as the Management Company corrects the deficiency within 5 business days of AHFA’s notification of the deficiency.

(b) Point deductions for submission of tenant data by the 15th day of each month will not be deducted for the Management Company if the Management Company provided a written request for an extension to upload data on a quarterly basis for points deducted from March 15, 2020 through December 31, 2020.

5.) If a Management Company is suspended after a 2021 AHFA-funded program application has been submitted, and the application is later funded, the Ownership Entity for the newly-funded Project must replace the suspended Management Company with a Management Company which is **not** currently under suspension.

6.) If a Management Company is suspended, a representative of the Management Company **must** attend compliance training at the AHFA office at a mutually agreeable time. Any transfer of management requests which involve a suspended Management Company will be rejected until the suspended Management Company (inclusive of owners and managers) has completed a compliance audit/inspection year (January 1st through December 31st) without a suspension and a representative of the Management Company has attended the required compliance training at the AHFA office.

7.) If an Ownership Entity or Management Company fails to correct any noncompliance issues related to inspections and/or annual certifications, both will be immediately suspended until the noncompliance issues are corrected.

8.) If an Ownership Entity is prohibited from participating for 5 consecutive calendar years, the Ownership Entity will be permanently banned from applying for any AHFA-funded programs (Housing Credits, HOME Funds, Housing Trust Fund or Multifamily Housing Revenue Bonds).

9.) If a Management Company is prohibited from participating on any application for 5 consecutive calendar years, the Management Company will be permanently banned from participating on any program applications for any AHFA-funded programs (Housing Credits, HOME Funds, Housing Trust Fund or Multifamily Housing Revenue Bonds). Any transfer of management requests which involve a permanently banned Management Company (inclusive of owners and managers) will be rejected.

I. The following point deduction items discussed in Subsections 1.), 2.), and 3.) below are not intended to supplant the UPCS standards and related definitions provided by HUD and/or applicable local or other building codes. Point deductions for funding applications in 2021 will be applicable to audits and inspections conducted from January 1, 2020 to December 31, 2020 and will be based on the point deduction items listed in Addendum D of AHFA’s 2020 QAP and HOME Action Plan.

The point deduction items listed below are applicable to audits and inspections conducted from January 1, 2021 to December 31, 2021 to the Ownership Entity and Management Company of record with AHFA at the time of the inspection.

Point deductions for this HOME Action Plan will be based on the following methodology:

1.) Health and Safety Deficiencies - 1 point per occurrence (or collectively per Project audited if the same deficiency) will be assessed for health and safety deficiencies, if cited as a finding at the time of inspection. *Point deductions resulting from any deficiencies listed below will be assessed automatically upon discovery, regardless of whether the identified deficiencies have been cured. Furthermore, 2 additional points will be deducted if the Ownership Entity fails to cure the deficiencies within the timeframe specified in the deficiencies notice from AHFA. The deficiencies that will result in point deductions under this paragraph are as follows “Health and Safety Deficiencies”:*

(a) Project Site, Building Exterior and Common Areas

(i) Exposed electrical wiring or electrical hazards in tenant accessible areas.

(ii) Tripping hazards related to sidewalks, parking lots, or other accessible exterior routes.

(iii) Missing, broken or loose handrails or steps.

(iv) Boarded, broken or missing exterior windows or doors.

(b) Units

(i) Missing, non-charged or empty fire extinguishers (for Projects funded under the 1999 HOME Action Plan and thereafter) for more than twenty-five percent (25%) of the total units inspected. Any findings related to this category that total twenty-five percent (25%) or less will be subject to the penalty criteria as defined in Section II I 5 herein.

(ii) Missing or non-working smoke detectors for more than twenty-five percent (25%) of the total units inspected. A missing or non-working smoke detector is defined as not having at least 1 operable smoke detector per floor for each unit inspected. Any findings related to this category that total twenty-five percent (25%) or less will be subject to the penalty criteria as defined in Section II I 5 herein.

(iii) Missing fire canisters above the cooktop surface or temperature limiting plates on the cooktop surface (applies to Projects funded under the 2013 HOME Action Plan and thereafter) for more than twenty-five percent (25%) of the total units inspected. Any findings related to this category that total twenty-five percent (25%) or less will be subject to the penalty criteria as defined in Section II I 5 herein.

(iv) Exposed electrical wiring or electrical hazards in tenant accessible areas for more than twenty-five percent (25%) of the total units inspected. Any findings related to this category which total twenty-five percent (25%) or less will be subject to the penalty criteria as defined in Section II I 5 herein.

(v) Insect infestation (based on visible presence, damage or reports) for more than twenty-five percent (25%) of the total units inspected. Any findings related to this category that total twenty-five percent (25%) or less will be subject to the penalty criteria as defined in Section II I 5 herein.

(vi) Failure to inform AHFA staff in advance of any inspection of any unit(s) of a Project which is currently infested and/or being treated for bed bugs or other similar infestation.

(vii) Mold or mildew in more than twenty-five percent (25%) of the total units inspected. Any findings related to this category that total twenty-five percent (25%) or less will be subject to the penalty criteria as defined in Section II I 5 herein.

(viii) Boarded, broken, or missing interior windows or doors in more than twenty-five percent (25%) of the total units inspected. Any findings related to this category that total twenty-five percent (25%) or less will be subject to the penalty criteria as defined in Section II I 5 herein.

(ix) Missing, broken or loose handrails or steps.

2.) Project Deficiencies - 1 point per occurrence (or collectively per Project audited if the same deficiency) will be assessed for each of the units inspected for any of the deficiencies listed below, if cited as a finding at the time of inspection. *Point deductions resulting from any deficiencies listed below will be assessed automatically upon discovery, regardless of whether the identified deficiencies have been cured. Furthermore, 2 additional points will be deducted if the Ownership Entity fails to cure the deficiencies within the timeframe specified in the deficiencies notice from AHFA. The deficiencies that will result in point deductions under this paragraph are as follows “Project Deficiencies”:*

(a) A Project amenity listed in the Ownership Entity’s application which is found to be missing or damaged without evidence of immediate notification to AHFA.

3.) Unit Deficiencies - 1 point per occurrence (or collectively per Project audited if the same deficiency) will be assessed for the Project or unit amenity deficiencies listed below, if cited as a finding at the time of inspection. *Point deductions resulting from any deficiencies listed below will be assessed automatically upon discovery, regardless of whether the identified deficiencies have been cured. Furthermore, 2 additional points will be deducted if the Ownership Entity fails to cure the deficiencies within the timeframe specified in the deficiencies notice from AHFA. The deficiencies that will result in point deductions under this paragraph are as follows “Unit Deficiencies”:*

(a) Missing or disconnected stoves, dishwashers, or refrigerators.

(b) A unit amenity listed in the Ownership Entity’s application which is found to be missing or damaged in more than twenty-five percent (25%) of the total units inspected. Any findings related to this category that total twenty-five percent (25%) or less will be subject to the penalty criteria as defined in Section II I 5 herein.

(c) Missing, improperly installed, affixed, or damaged cabinetry.

(d) A missing or damaged drawer in more than twenty-five percent (25%) of the total units inspected. Any findings related to this category that total twenty-five percent (25%) or less will be subject to the penalty criteria as defined in Section II I 5 herein.

(e) Units which have been vacant for more than 30 days and are not immediately available for occupancy. A unit which is suitable for occupancy should at a minimum include removal of the previous household’s items (furniture, clothing and trash), repairs completed to the walls and floors, cleaned carpets and walls and general maintenance completed to the unit which creates an overall market readiness.

(f) Noncompliance issues, that have not incurred an automatic point deduction, found in more than twenty-five percent (25%) of inspected units.

4.) Documentation or File Deficiencies - 1 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. *Point deductions resulting from any deficiencies listed below will be assessed automatically upon discovery, regardless of whether the identified deficiencies have been cured. Furthermore, 2 additional points will be deducted if the Ownership Entity fails to cure the deficiencies within the timeframe specified in the deficiencies notice from AHFA. The deficiencies that will result in point deductions under this paragraph are as follows “Documentation or File Deficiencies”:*

(a) The failure to obtain an updated utility allowance which results in a household’s gross rent being in excess of the applicable gross rent limit.

(b) Over 25% of the households in a Project are over the applicable income limit. Any findings related to this category that total 25% or less will be subject to the penalty criteria as defined in Section II I 5 herein.

(c) Over 25% of files selected for audit are missing. Any findings related to this category that is 25% or less will be subject to the penalty criteria as defined in Section II I 5 herein.

(d) Over 25% of files selected for audit indicates that tenants are ineligible households due to student rule violations. Any findings related to this category that total 25% or less will be subject to the penalty criteria as defined in Section II I 5 herein.

(e) Over 25% of the households in a Project were charged over the maximum applicable rents. Any findings related to this category that total 25% or less will be subject to the penalty criteria as defined in Section II I 5 herein.

(f) If AHFA DMS Event Details are not updated by the 15th day of each month for the prior month’s tenant events for more than twenty-five percent (25%) of the household files inspected either a $100 fee must be paid by the date specified by AHFA or a 1 point deduction will occur. Any findings related to this category that total twenty-five percent (25%) or less will be subject to the penalty criteria as defined in Section II I 5 herein.

5.) Other General Deficiencies - 2 points per occurrence (or collectively per Project audited if the same deficiency is cited) will be assessed for other general deficiencies if cited as a finding at the time of inspection by AHFA, its designated representative or other unrelated third party and is uncured after the end of the written specified timeframe to cure the deficiencies. All timeframes for curing deficiencies will be submitted in writing. General deficiencies include all violations or deficiencies not listed in the preceding paragraphs that are cited as findings during the AHFA onsite audits.

J. If an Ownership Entity/Responsible Owner with less than 3 Projects funded with AHFA Housing Credits or HOME Funds submits an application for funding, AHFA reserves the right to apply the penalty criteria as specified herein in Section II of Addendum D to non-AHFA funded Projects. Violations in reports provided by AHFA, its designated representative or other unrelated third-party reports will be subject to the penalty criteria as specified herein in Section II of Addendum D. The 4-point threshold in Section II F of Addendum D does not apply to non-AHFA funded Projects.

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**ATTACHMENT 5**

ALABAMA HOUSING FINANCE AUTHORITY

**HOUSING TRUST FUND (HTF) PROGRAM**

**PY2021 ONE-YEAR ANNUAL ACTION PLAN**

**A. The National Housing Trust Fund**

Established 2016, the National Housing Trust Fund (HTF) is an affordable housing production program that complements existing federal, state, and local efforts to increase and preserve the supply of decent, safe, and sanitary affordable housing for extremely low-income (ELI) and very low-income households. HTF funds are distributed to U.S. states and territories annually by formula. As specified in the enabling legislation, AHFA, in its role as the designated administrator of HTF for the State of Alabama, is required to use at least 80 percent of each annual grant for rental housing and is permitted, but not required, to use up to 10 percent for homeownership housing and up to 10 percent for the AHFA’s reasonable administrative and planning costs. HTF funds may be used for the production or preservation of affordable housing through the acquisition, new construction, reconstruction, and/or rehabilitation of non-luxury housing with suitable amenities. All HTF-assisted rental housing must meet a minimum affordability period of 30 years (HTF Affordability Period).

**B. Development of AHFA’s Use and Allocation of Housing Trust Funds**

AHFA has been responsible for preparing a housing needs assessment and strategy for the State of Alabama since the HOME Investment Partnerships Program began in 1992. AHFA prepared the first Comprehensive Housing Affordability Strategy (CHAS) as a prerequisite for Alabama to receive federal dollars for housing. Beginning in 1995, the United States Department of Housing and Urban Development (HUD) abandoned the CHAS and created the Consolidated Plan in an effort to blend the four Community Planning and Development programs - Community Development Block Grant, Home Investment Partnerships (HOME), Emergency Shelter Grants, and Housing Opportunities for Persons with AIDS - into a single submission process. AHFA, as administrator of the HOME program, was deemed responsible for writing the housing portion of the new Consolidated Plan. The Consolidated Plan provided a detailed overview of how the state planned to utilize its annual Community Planning and Development funding to meet economic development objectives, provide affordable housing, and address other special needs. As a contributor, AHFA offered a detailed analysis of the status of housing in Alabama with special attention devoted to the condition of housing and housing affordability. Many in our state are poor and thousands of Alabama families and households need a safe and affordable place to live. 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 specific housing needs associated with special needs groups (single-parent families, seniors, persons with physical or mental disabilities, AIDS/HIV patients, and homeless populations).

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 rural counties located in the southern portion of the state, the Black Belt in particular.”

A component of the Consolidated Plan, the Analysis of Impediments to Fair Housing (AI), was updated in 2014 and submitted for HUD’s review and approval with the Consolidated Plan in 2015. The AI was developed to identify impediments to fair housing choice existing within Alabama’s non-entitlement communities in order to determine courses of action designed to address those impediments. The AI identified ten primary impediments to fair housing. Outreach and education were the recommended courses of corrective action, either in part or in total, for eight of the identified impediments. To that end, AHFA encouraged and offered Fair Housing training in effort to measurably overcome the identified impediments. Alabama’s Consolidated Plan and the Analysis of Impediments to Fair Housing are available at www.adeca.alabama.gov.

AHFA administers the HTF program to provide funds for new construction of decent, safe and sanitary rental housing in the state that targets primarily the underserved households with incomes at or below either ELI or the federal poverty line (whichever is greater). AHFA anticipates allocating available HTF funds to targeted populations with a preference for expanding, benefiting and increasing the overall housing supply for veterans, the homeless, or persons with physical or mental disabilities who are located in metropolitan and/or rural (or non-metropolitan areas) throughout the state.

AHFA may allocate 2021 HTF funds in combination with (a) any unallocated HTF funds from previous plan years -2019 - 2020 and/or (b) Low-Income Housing Tax Credits or HOME funds, whether separate or combined, allocated by AHFA to projects that have not yet placed-in-service. The owners of Projects that receive HTF funds must rent HTF assisted units to ELI households throughout the HTF Affordability Period.

AHFA may schedule additional application cycles to allocate unused allocations of HTF by required HUD commitment deadlines.

Annually, subject to the availability of HTF funds, AHFA will encourage citizen participation in the HTF planning process by the development of a draft version of the HTF Allocation Plan (HTF Plan). AHFA will begin the annual process by providing public notice that a draft HTF Plan is available for review at www.ahfa.com. This public notice will be published in major statewide newspapers, will be posted online at www.ahfa.com, and will be delivered by email to all who have registered with AHFA to receive its email notifications. AHFA will also provide a public notice, which notice may be included in the initial notice or circulated separately by all the same means, of the date and time of a public hearing at which AHFA will have copies of the HTF Plan available for those in attendance, present a brief description of the HTF Plan, and accept comments from the public, both orally and in writing. For a period of 30 days following the public hearing, AHFA will continue to accept written comments from all interested parties regarding the draft HTF Plan. After providing the public notices, conducting the public hearing, completing the 30-day public comment period, and giving due consideration to all comments received, AHFA will publish a final version of the HTF Plan at www.ahfa.com that will be accompanied by a summary of all public comments received and AHFA’s responses. To finalize the HTF Plan each year, AHFA must present the final HTF Plan for approval by the applicable state and federal authorities.

Certain defined terms used in this HTF Plan are located at www.ahfa.com. Such defined terms may be amended at any time with public notice.

Capitalized terms used in this HTF Plan and not otherwise defined herein shall have the same meanings assigned in the AHFA Defined Terms available at www.ahfa.com or as regulations or other context require. Singular terms include the plural as well as the singular, and vice versa.

**C. General Housing Trust Funds Requirements**

This Plan seeks to ensure that applicants presenting economically feasible projects have an opportunity to compete for funding to address the state’s unmet rental housing needs. AHFA has established certain threshold housing requirements to be used in the allocation of HTF funds.

1) *Geographic Diversity -* AHFA anticipates allocating available HTF funds to expand the overall rental housing supply located throughout the state in metropolitan and/or rural areas (or non-metropolitan areas) as defined by HUD.

2) *Applicant Capacity –* AHFA will evaluate each applicant’s ability to undertake and complete construction of the proposed HTF housing in a timely manner. Each applicant will be required to demonstrate in its application the human and financial capacity to complete the proposed Project and will be required to provide a list of the proposed Project’s development team members (e.g., general contractor, architect, legal counsel, etc.).

3) *Duration of HTF Affordability Period -* All HTF units must satisfy the HTF program’s affordability and other applicable requirements for the entire HTF Affordability Period (i.e., not less than thirty years).

4) *Housing Needs of the State -* AHFA has identified a statewide housing need for households with incomes at or below either ELI or the federal poverty line (whichever is greater) located in both metropolitan and/or and rural (or non-metropolitan) areas.

**D. Eligible Activities**

Eligible activities for HTF funds under this plan include the new construction of affordable rental housing. AHFA may consider providing an Operating Cost Assistance Reserve (see HTF regulations) for HTF-assisted rental housing if a need for such reserve is determined by AHFA during its underwriting of the Project’s application. HTF rental housing may include single-family rental homes, duplexes, group care facilities and multifamily residential. AHFA will not use HTF funds for homeownership housing. All projects are required to adhere to AHFA’s Design Quality Standards and Construction Manual requirements located at www.ahfa.com. These are minimum standards, and AHFA permits applicants to exceed these project standards provided Project costs do not exceed a reasonable cost standard as determined by AHFA. Each applicant may design and construct a proposed Project in a manner that reflects applicant’s goals and/or exceeds local building codes.

**E. Eligible Recipients**

AHFA will allocate HTF funds by evaluating applications submitted from eligible recipients and will not allocate indirectly through sub-grantees. AHFA will accept applications from an organization, agency, or other entities (e.g., public housing agency, for-profit entity, nonprofit entity, etc.). Each applicant must:

1) Make acceptable assurances to AHFA regarding compliance with HTF program requirements from the time of application submittal, and if approved, through the end of the HTF Affordability Period.

2) Demonstrate the ability and financial capacity to undertake, comply, and manage the proposed HTF eligible activities.

3) Demonstrate its familiarity with the requirements of applicable federal, state, or local housing programs that may be used in conjunction with HTF funds to ensure compliance with all applicable requirements and regulations of such programs. Please note:

a) Applicants that receive HTF funds must comply with the provisions of the Violence Against Women Reauthorization Act of 2013(VAWA 2013). Additional information about VAWA can be found on *https://www.hudexchange.info.*

b) All Projects must comply in all respects with ASTM E1527-13 (the ASTM Standards) as to content and adhere to AHFA’s Environmental Policy Requirements (provided at www.ahfa.com) and must meet 24 CFR 93.301(f)(1) for purposes for determining whether the property is environmentally suitable for construction of residential housing. AHFA will engage an environmental professional to prepare the Environmental Site Assessment.

4) Evidence demonstrated experience and capacity to conduct an eligible HTF activity including abilities to own, construct, manage, and operate an affordable multifamily rental housing development(s).

AHFA will not accept an application from any applicant or related entity that is not in good standing with AHFA or with any of the following: any state housing finance/credit authority, the Alabama Department of Economic and Community Affairs, HUD or USDA Rural Development. AHFA may deny consideration of a request for funding under Alabama’s HTF Program if the applicant, or its related parties, have a history of payment delinquencies, bankruptcy, foreclosure, or activities determined to be unsound or unlawful.

**F. Maximum Allocation of HTF**

AHFA anticipates receiving an estimated 2021 HTF allocation of $6,690,654. AHFA will allocate all HTF funds based on the eligible activities and funding priorities outlined in this HTF Plan. AHFA estimates the following uses of HTF funds for the State of Alabama:

**2021 HTF Funds Received:**

**Uses:** $6,690,654

Grants $6,021,589

Administration Fees $ 669,065

No Project will be allocated more than $1,350,000 of HTF funds during any HTF program year; provided, however, that AHFA may allocate funds in excess of this amount to one or more Projects during any HTF program year to ensure commitment of AHFA’s unallocated HTF funds by applicable deadlines if all of the following conditions exist:

1) AHFA has unallocated HTF funds that are at risk of expiring if not allocated by applicable HUD deadlines;

2) The Projects need additional HTF funds to balance proposed sources and uses for the Project; and

3) There are not enough viable applications pending.

AHFA may allocate HTF funds to an approved project in one of following ways:

1. As forgivable grant. Repayment of a grant of HTF funds will be forgiven entirely (but never in part) if the funded Project remains in compliance with HTF and AHFA requirements for the entire HTF Affordability Period.

2. A loan. The HTF loan will bear an interest rate of one-half of one percent (1/2%) accrued annually with all principal and accrued interest payments due at the end of the 30th year. In the event of default, AHFA reserves the right to set a default rate more than the prevailing Prime Lending Rate applicable at the time of default.

**G. Maximum Per-unit Development HTF Subsidy Limit**

As administrator of the State of Alabama’s Low-Income Housing Tax Credits and HOME funds, AHFA determines the “Reasonableness of total Project Costs” annually. Reasonable project costs are determined by comparing aggregate cost data from all applications received, historical cost certification data for completed projects and current cost data provided to AHFA by third-party construction consultant reports. After evaluating all relevant data, AHFA establishes reasonable standards for total project hard construction costs and soft costs. AHFA will use the same methodology to determine the maximum project costs permitted for HTF-funded projects. For the current application cycle, the maximum amount of HTF funding that may be allocated to new construction projects, according to number of bedrooms, are as follows:

1 Bedroom $87,000.00

2 Bedrooms $128,333.00

3+ Bedrooms $192,500.00

**H. Application Process**

AHFA follows a competitive process by which all applicants are objectively scored according to criteria specified in the HTF Plan. AHFA strictly adheres to the policy and procedures of the HTF Plan. Efforts to influence the outcome of the application process through 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 HTF Plan and may 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.

All applicants must submit an application. AHFA will evaluate each application to determine which Projects will be allocated HTF funds. In order to be considered for funding, each application must include evidence satisfactory to AHFA that the proposed Project, at a minimum, meets all AHFA housing priority factors. In evaluating each application, AHFA may conduct one or more site visits to inspect each proposed Project site and/or consult with a third party for professional services. To facilitate the evaluation process, all applicants must complete the following steps:

1) Submit a complete application package to AHFA within the specified timeframes as designated by AHFA. All or portions of the application package may be required to be submitted online. After application packages are submitted, AHFA will conduct a completeness review. The application will be deemed complete if the application package is submitted within the AHFA specified timeframe and contains, at a minimum, the following:

● All required AHFA-provided forms for current year applications will be posted at www.ahfa.com prior to the beginning of the application cycle. AHFA will post these forms as they become available, and applicants should check www.ahfa.com regularly in order to begin work on the required forms as soon as possible. All AHFA-provided forms should be completed pursuant to instructions, legible, and all applicable spaces fully completed.

● All required third-party documents. AHFA will post the HTF application checklist and instructions for the complete list of required documents provided at www.ahfa.com prior to the beginning of the application cycle.

After the completeness review, AHFA will contact each applicant via e-mail regarding any missing and/or incomplete items or documents. Upon notice, applicant must submit all missing and/or incomplete items or documents in order to be considered for funding.

If AHFA determines during the completeness check that any application has an aggregate total of 8 or more missing and/or incomplete items, the application will be terminated automatically by AHFA, and AHFA will notify the applicant by email of this termination.

2) Provide evidence that the Project is an eligible activity under this HTF Plan and meets HTF occupancy and rent restrictions. All proposed HTF rental housing units must be under common ownership, financing and property management.

3) Demonstrate that the project is financially feasible.

4) Demonstrate the likelihood of compliance with 30-year affordability period and with AHFA requirements and HTF regulations.

**I. AHFA Housing Priorities and Scoring Criteria**

HTF allocations will be based on each application meeting, at a minimum, the general HTF requirements listed above and the calculated total score of each application. Once AHFA has determined that an application meets or exceeds all requirements, AHFA will allocate funds to the highest-scoring project until all HTF funds have been allocated.

In the event of a tie between two or more applications, the tied applications will be ranked in the following order to determine which application will receive funding priority:

1) First, the application with the highest amount of subsidy funding per unit from sources other than HTF funds.

2) Second, the application with a proposed Project that is closest to the nearest Veterans Administration facility.

3) Third, the application with the fewest missing documents and incomplete forms as determined by AHFA during the completeness review.

AHFA reserves the right to deny an allocation of HTF funds 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. Regardless of strict numerical ranking, AHFA’s scoring of HTF applications does not operate to vest in an applicant or Project any right to an allocation of HTF funds. In all instances, AHFA reserves the right to allocate HTF funds consistent with sound and reasonable judgment, prudent business practices and the exercise of its inherent discretion.

**1) Points Gained**

a. *Geographic Diversity -* A funding priority (10 Points) will be given to applications in rural areas (or non-metropolitan areas as defined by HUD area definitions) that expand the overall rental housing supply for households with incomes at or below either ELI or the federal poverty line (whichever is greater).

b. *Applicant Capacity –* A funding priority **(Maximum 15 points)**will be given to each applicant who provides historical evidence of having served the following targeted populations:

|  |  |  |
| --- | --- | --- |
| **Targeted Population** | **Evidence Required** | **Maximum Points Allowed** |
| ELI Veterans | The applicants must describe their strategy for addressing housing problems for ELI veterans. This description should include specific data quantifying the types of assistance or services provided to veterans who are ELI. | 15 |
| Other ELI populations with physical or mental disabilities | The applicants must describe their strategy for addressing housing problems for non-veteran ELI populations with physical or mental disabilities. This description should include specific data quantifying the types of assistance or services provided to these ELI populations. | 10 |

Applicants must estimate the number of participants they propose to assist in relation to the types of assistance to be provided. They must explain their strategy for targeting housing to the neediest persons or to the geographic where affordable housing may have the greatest impact.

Applicants must provide evidence of their staff capacity, including specific details regarding their staff’s direct (or related) experience in providing support services to ELI populations, including the homeless and individuals and families at-risk of homelessness. Applicants must also provide a written plan detailing efforts to coordinate and integrate the proposed HTF-funded housing units with other support service programs, and other mainstream resources targeted to ELI populations, including veterans, the homeless and persons with physical or mental disabilities.

c. *Rental Assistance -* A funding priority **(25 points)** will be given to applicants with projects that have secured federal, state, or local project-based and/or voucher(s) for rental assistance so that rents are affordable to ELI families.

d. *Duration of HTF Affordability Period -* A funding priority **(5 points)** will be given for projects that demonstrate the ability to remain financially feasible five (5) years beyond the required 30-year period.

e. *Leveraging –* A funding priority **(Maximum 25 points)** will be given to applicants that have a commitment from other non-federal sources needed to develop and operate the proposed housing. Sources may include, but are not limited to, value of donated land, funds for purchase of land, construction financing, permanent financing, furnishings and operating subsidies. To qualify for points for receiving additional subsidies, the funds may be loaned (required repayment) or granted.

25 points - $75,001 - per unit

15 points - $50,001 - $75,000 per unit

10 points - $25,000 - $50,000 per unit

f. *Limitation on Beneficiaries or Preferences –* A funding priority **(25 points)** will be given for targeting the rental housing needs of ELI veterans or ELI persons with physical or mental disabilities. The applicant must identify each specific ELI population needing assistance in the targeted service area. Applicants must specifically address the housing and service needs of ELI veterans and/or ELI persons with physical or mental disabilities in the targeted service area. Quantifiable data, specific to their service area, must be detailed to the fullest extent possible. Applicants must include historical data regarding the number of individuals and families served and actual services provided for the most recent calendar year prior to application submittal.

**2) Points Lost**

Points will be deducted from applications that contain sites with the following negative neighborhood characteristics:

2 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.

Junk yard or dump Pig or chicken farm

Salvage yard Processing plants

Wastewater treatment facility Industrial

Distribution facilities Airports

Electrical utility Substations Prison or Jail

Railroads Solid waste disposal

Adult video/theater/live entertainment

1 point each will be deducted if any of the following incompatible uses listed are within .3 mile of the site. The list is not all inclusive.

Junk yard or dump Pig or chicken farm

Salvage yard Processing plants

Wastewater treatment facility Airports

Prison or Jail Solid waste disposal

*Points will not be deducted for a prison, jail, or detainment facility if it is co-located with a law enforcement office.*

**J. Barriers to Addressing the ELI and Veteran ELI Population**

Various barriers exist when addressing the needs of ELI populations statewide. In rural counties, access to transportation can be a major issue for most ELI populations. Minimal to nonexistent public transportation may limit access to mainstream resources and needed support services, particularly for ELI veterans or ELI populations with physical or mental disabilities. Insufficient funding for needed resources and services at state and local levels, of government are also barriers for ELI persons and families. Additional barriers include the shortage of affordable permanent housing, job layoffs, unemployment, and access to affordable healthcare.

Addressing the needs of ELI populations, especially rural ELI persons, over the entire HTF Affordability Period will require active and ongoing engagement by multiple stakeholders (mental health and physical health service providers, veteran’s advocates\groups, non-profits, and local governments). Therefore, all 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 development partners to assist in creating housing solutions for ELI populations statewide. When working with service providers, Continuum of Care, or advocacy groups, every effort should be made to ensure that prospective tenants are able to live independently within the proposed Project.

**K. Compliance with HTF Regulations**

Each recipient of HTF funds must certify that housing units assisted with such funds will comply with all HTF program requirements. The certification must include statements confirming the following:

● The number of units in a HTF-assisted project expected to be occupied by each of the following income groups: extremely low-income, very low-income, moderate income, and above moderate income.

● That all tenants of all HTF-assisted units meet the income limits as required by relevant program guidelines.

● That the recipient will comply with rent limits, determined to be no more than 30% of the area median income.

AHFA staff will monitor each HTF project on-site at least once prior to the completion of the project and periodically through the entire HTF Affordability Period. AHFA will review for compliance with this HTF Plan, eligibility requirements, housing construction standards (24 CFR 93.301), rent reasonableness, affirmative outreach (24 CFR 93.350), tenant protections and selection (24 CFR 93.303), fair housing and financial management.

After each monitoring visit, written correspondence will be sent to the HTF recipient describing the results of the review in sufficient detail to describe clearly the areas that were covered and the basis for any conclusions reached. Monitoring determinations will 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, or reimbursement of disallowed costs.

**L. Performance Goals**

As of 2017, Alabama had 369,962 [Veterans as a Percent of County Populations (FY2017): Alabama (9/27/18) - https://www.va.gov/vetdata/docs/SpecialReports/State\_Summaries\_Alabama.pdf] ) veterans living in the state and an estimated 29,047 veterans in Alabama fall into the ELI category. Veteran households struggle continually with housing costs, are at risk of becoming homeless, and some suffer from mental illness. In 2018, there were approximately 339 homeless veterans statewide, and with the housing cost burden, this number could increase.

Outreachto ELI veterans and other ELI populations (particularly those who are homeless or have physical or mental disabilities) and assessment of their individual needs can be difficult. AHFA has established the following goals for use of the HTF program to assess and meet the needs of ELI veterans and these other ELI populations in the State of Alabama:

1) Decrease by 15 the total number of ELI veterans, particularly the homeless, by providing affordable housing units combined with an increased number of support services.

2) Provide 15 affordable housing units to ELI veterans, particularly the homeless.

3) Assist ELI veterans, particularly the chronically homeless, make the transition to permanent housing and independent living.

4) Facilitate access for ELI veterans as well as other ELI households (particularly veterans and other individuals or families who are chronically homeless) to affordable housing units.

5) Help prevent ELI veterans and other ELI households (particularly veterans and other individuals or families who are chronically homeless) who were recently homeless from becoming homeless again.

6) Increase awareness of the availability of permanent housing and related services for ELI veterans and ELI households (particularly veterans and other individuals or families who are chronically homeless).

AHFA will monitor Projects receiving HTF funds for the following specific goals:

● Impact of HTF-funded projects that reached ELI veterans.

● Number of veteran ELI households served by HTF-funded projects.

● Number of ELI households with physical or mental disabilities that were served by HTF-funded projects.

● Number of ELI households served by HTF-funded projects.

● The extent to which the Project met the overall goals established by this HTF Plan and AHFA.

Recipients will develop performance goals that best quantify each HTF-funded Project’s impact on its local veteran and ELI populations. Performance goals specific to the targeted geographic area will be evaluated to determine if stated HTF goals have been achieved.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_End of PY2021 HTF Action Plan\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**ATTACHMENT 6**

**STATE OF ALABAMA**

**Program Year 2021 One-Year Annual Action Plan for**

## **CDBG, HOME, ESG, HOPWA, and HTF Programs**

**SUMMARY OF CITIZEN PARTICIPATION PROCESS**

**AND PROPOSED CHANGES TO**

**PY2020 HOME ACTION PLAN FIRST SUBSTANTIAL AMENDMENT,**

**PY2021 HOUSING CREDIT QUALIFIED ALLOCATION PLAN,**

**PY2021 HOME ACTION PLAN,**

**and**

**PY2021 NATIONAL HOUSING TRUST FUND ALLOCATION PLAN**

In accordance with Section 42 of the Internal Revenue Code and the HOME and National Housing Trust Fund Regulations, notices of the Public Hearing and the 30-day public commenting period for the 2020 HOME Action Plan Substantial Amendment, draft 2021 Housing Credit Qualified Allocation Plan, draft 2021 HOME Action Plan and draft 2021 National Housing Trust Fund Allocation Plan (Plans) were published in the Birmingham, Huntsville, Mobile, and Montgomery newspapers and on the Alabama Housing Finance Authority (AHFA) website. AHFA emailed 1,493 notices of the draft Plan’s availability to interested parties, requesting that they submit oral comments at the Public Hearing or written comments regarding the proposed Plans by 5:00 p.m. CST on August 20, 2020. During the designated commenting period, AHFA received 91 written comments from 28 individuals and organizations for all of the Plans except for the 2020 HOME Action Plan Substantial Amendment and the 2021 National Housing Trust Allocation Plan. The comments are attached and available for review at the following AHFA website link:

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

AHFA reviewed the comments received and revised the Plans based on certain comments submitted. A summary of the proposed changes to the Plans are attached. Once the final Plans have been formally approved, we strongly encourage each reader to review the final Plans completely to view any changes made by AHFA in their full context. When revisions have been finalized and approved, the Plans will be available for review in their entirety at the following AHFA website link:

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

AHFA wishes to thank the many individuals and organizations who provided comments during the commenting period. While all comments were carefully reviewed and considered, only the most equitable comments pertaining to the process for the entire state and the variety of program participants resulted in changes being made to the final Plans. As the administrator of the Plans, AHFA’s goal is to develop written criteria for the Plans that will provide equal access to all types of affordable housing developments, which include but are not limited to: various construction types (new construction, acquisition, rehabilitation, and adaptive reuse, etc.); diverse target populations (families, seniors, persons with mental and physical disabilities, Veterans, and homeless populations, etc.); and geographical characteristics (rural, metropolitan, qualified census tracts, distressed areas, etc.). In attempting to reach varied needs and population types across the state, our greatest challenge is to develop a fair and balanced allocation methodology with the intent to ensure that all applications, regardless of the targeted population and construction type, will have a fair chance of competing during each Application Cycle.

To that end, please keep in mind that certain perceived scoring impediments for a particular type of organization can be offset by other incentives in the Plans, which may not be necessarily applicable to other types of organizations. In addition, please consider that the Plans are not intended to serve as a replacement for other discontinued housing programs, which may have had different standards, costs, or otherwise. This is especially true as it relates to construction design standards. Any applicant that proposes to include design standards that significantly exceed AHFA standards or to include other design standards mandated by other programs must obtain additional funding sources to offset any additional costs, assuming the project’s costs exceed AHFA’s definition of reasonable costs. As an alternative and when feasible, applicants should consider submitting an application for Multifamily Housing Revenue Bonds, which are subject to availability, provided on a first-come, first-served basis, and subject to the criteria and requirements of the applicable Plan.

Addenda:

A. Summary of Proposed Changes to the PY2020 HOME Action Plan Substantial

Amendment (no comments were made/received)

B. Summary of Proposed Changes to the PY2021 Housing Credit Qualified

Allocation Plan

C. Summary of Proposed Changes to the PY2021 HOME Action Plan

D. Summary of Proposed Changes to the 2021 National Housing Trust Fund

Allocation Plan

E. Summary of Citizen Participation Process for PY2021 National Housing Trust

Fund Allocation Plan – Second Draft

**ADDENDUM A**

**Summary of Proposed Changes to the**

**PY2020 HOME Action Plan Substantial Amendment**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Section Page Reference** | **Section Name** | **Description of Change(s)** |
| **HOME Action Plan Amendment**  (Addendum E) | E-2 | Section I.C. Public Comment Process for this Addendum to the PY2020 HOME Action Plan | No comments were submitted during the Public Hearing or the 30-day commenting period. The public commenting period was extended from 5 to 30 days and the Citizen Participation process was further clarified |

**ADDENDUM B**

**Summary of Proposed Changes to the**

**PY2021 Housing Credit Qualified Allocation Plan**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Section Page Reference\*** | **Section Name** | **Description of Change(s)** |
| **Housing Credit QAP** | 18-19 | C. Application Threshold Requirements  13(vi) Site Location  16) Multifamily Housing Revenue Bonds | For the AHFA Multifamily Housing Revenue Bond (MRB) applications, applicants may now submit, at the same time, an application for MRB and a competitive application provided both are 1) submitted during the Competitive Application Cycle, 2) have the same Responsible Owners, and 3) the sites must be located within 1/4 mile of each other.  The above-referenced applications are exempt from the 2-mile radius requirement. However, the exception does not apply to an application for MRB whose related competitive application is unsuccessful.  An applicant may not submit a competitive application unless their first time AHFA-funded MBR Project is 100% complete, at least 90% occupied and the AHFA-engaged construction consultant has performed the on-site inspection and cleared any findings. |
| **Housing Credit QAP** | 21 | D. 15) Negative Actions | Added a satisfactory completion requirement for a single (first time applicant) before the submission of a new application(s). Any new application approval is contingent upon 100% (construction/rehabilitation) completion based on quarterly status reports submitted, and satisfactory evidence that the prior AHFA-funded Project has reached 90% occupancy. |
| **Addendum A:**  **Point Scoring System** | A9 | V. Project Type | Points were increased from 1 to 2 for rehabilitation (preservation) or replacement of existing or previously existing multifamily rental housing. |
| **Addendum A:**  **Point Scoring System** | A10-A11 | (vi)(b)(3) Negative Neighborhood Services | Separately classified and reduced point deductions for an AHFA prior funded project that is at least 85% occupied at the time of application that is located adjacent to or within .3 miles of incompatible uses. |

\* Referenced pages were based upon draft versions of the Plans presented on the AHFA website in advance of the public commenting period. Page references in final versions of the Plans may not coincide with those versions of the Plans presented during the public commenting period.

**ADDENDUM C**

**Summary of Proposed Changes to the**

**PY2021 HOME Action Plan**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Section Page Reference\*** | **Section Name** | **Description of Change(s)** |
| **HOME Action Plan** | 22 | D. 15) Negative Actions | Added a satisfactory completion requirement for a single (first time applicant) before the submission of a new application(s). Any new application approval is contingent upon, (i) 100% (construction/rehabilitation) completion based on quarterly status reports submitted, and (ii) satisfactory evidence that the prior AHFA-funded Project has reached 90% occupancy. |
| **Addendum A:**  **Point Scoring System** | A-7 | (v,) Project Type | Increased points from 1 to 2 for rehabilitation (preservation) or replacement of existing or previously existing multifamily rental housing. |

\* Referenced pages were based upon draft versions of the Plans presented on the AHFA website in advance of the public commenting period. Page references in final versions of the Plans may not coincide with those versions of the Plans presented during the public commenting period.

**ADDENDUM D**

**Summary of Proposed Changes to the**

**PY2021 National Housing Trust Fund Allocation Plan**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Section Page Reference\*** | **Section Name** | **Description of Change(s)** |
| **National Housing Trust Fund Allocation Plan** | 5 | F. Maximum Allocation of HTF | In addition to allocating HTF to approved projects as a forgivable grant, HTF may now be allocated as a loan with an interest rate of one-half of one percent (1/2%) accrued annually with all principal and accrued interest payments due at the end of the 30th year. |

**ADDENDUM E**

**SUMMARY OF CITIZEN PARTICIPATION PROCESS**

**for**

**PY2021 NATIONAL HOUSING TRUST FUND ALLOCATION PLAN**

**SECOND DRAFT**

The Alabama Housing Finance Authority (AHFA) completed the Citizen Participation process for the Draft PY2021 National Housing Trust Fund Plan (HTF Plan) on August 20, 2020. However, the AHFA received a comment after the commenting period deadline and incorporated that change into a Second Draft PY2021 National Housing Trust Fund Plan. The subsequent change was presented during the public hearing for the State of Alabama’s PY2021 One-Year Annual Action Plans for the CDBG, ESG, HOPWA, HOME, and HTF Programs held on February 18, 2021.

In accordance with the Citizen Participation Process, a notice of public hearing and the 30-day public commenting period for the State of Alabama’s PY2021 One-Year Annual Action Plans for the CDBG, ESG, HOPWA, HOME, and HTF Programs was published in the Birmingham News newspaper and posted on ADECA’s and AHFA’s websites at [www.adeca.alabama.gov](http://www.adeca.alabama.gov) and [www.ahfa.com](http://www.ahfa.com). Emails of the draft Plans’ availability was sent to interested parties, requesting that they submit oral comments at the public hearing and/or written comments regarding the proposed Plans no later than March 22, 2021. The public hearing was held remotely/virtually via a WebEx conference call on February 18, 2021. No comments were received on the Second Draft PY2021 National Housing Trust Fund Allocation Plan.

The 2021 National Housing Trust Fund Allocation Plan is available for review at the following AHFA website link: <https://www.ahfa.com/multifamily/multifamily-programs/housing-trust-fund>.

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