

CITIZEN PARTICIPATION PROCESS
Summary of Public Comments with AHFA Responses to
2016 National Housing Trust Fund Allocation Plan, Amendments to the Five-Year Consolidated
Plan, One-Year Annual Action Plan and the 2016 HOME Action Plan

As part of the Citizen Participation Process, notices of the Public Hearing and the 30-day public commenting period for the 2016 National Housing Trust Fund Allocation Plan for the State of Alabama, Amendments to the Five-Year Consolidated Plan, One-Year Annual Action Plan and the 2016 HOME Action Plan (Plans) were published in the Birmingham, Huntsville, Mobile, and Montgomery newspapers. The Alabama Housing Finance Authority (AHFA) emailed more than 1,200 notices of the draft Plans' availability to interested parties, requesting that they present oral comments at the Public Hearing held on Monday, June 27, 2016, at 10:00 a.m., CST, at Auburn University of Montgomery, or submit written comments regarding the proposed Plans by July 26, 2016. During the designated commenting period, AHFA received comments from six (8) individuals and organizations that comprised of twenty (22) total comments. AHFA has prepared formal responses to these comments and has revised the Plans where appropriate. *Please see the attached Summary of Public Comments and AHFA Responses.* The Plans will be available for review in their entirety at the following AHFA website link:

http://www.ahfa.com/multifamily/allocation_application_info/current-year_allocation_plans.aspx

AHFA wishes to thank the many individuals and organizations who provided comments during the commenting period. As the administrator of the Plans, AHFA's goal is to develop written criteria for the Plans that will provide equal access to different types of affordable housing developments, which include but are not limited to: various construction types (new construction, acquisition and rehabilitation, adaptive reuse, etc.); diverse target populations (family, elderly, disabled, handicapped, mobility or sensory impaired, homeless 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 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.

The following is summary of substantive changes made to the Plans based on all comments received; however, other changes were made to the Plans consisting of language clarifications, and the replacement or reorganization of certain sections of text to provide further explanation of the requirements and program guidelines. 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_info/current-year_allocation_plans.aspx

2016 HTF Plan

- Minimum Number of Proposed Units (Section H, page 4): The four (4) unit minimum restriction for a single proposed development was removed from the HTF Plan.
- Applicant Capacity (Section I.1.b, page 6): Applicant Capacity was changed to fifteen (15) points for applicants that describe their strategy and have capacity for addressing homeless and/or ELI population problems specifically for veterans. Ten (10) points will be awarded to applicants that describe their strategy and have capacity for addressing homeless and/or ELI population housing problems.

Amended 2015-2019 5-Year Consolidated Plan

No Substantive Changes.

Amended 2016 1-Year Annual Action Plan

No Substantive Changes.

2016 HOME Action Plan

- Uses of HOME Funds: (Section III.F, page 10-11): The 2016 HOME Allocation amount was amended by HUD from \$8,121,398 to \$8,106,352.

Included is a chart (2016 National Housing Trust Fund Allocation Plan/Amendments to the 2015-2019 Five-Year Consolidated Plan/ and the Fiscal Year 2016 One-Year Annual Action Plan / and the 2016 HOME Action Plan Summary of Public Comments and AHFA Responses) which documents the Plan section, section reference, page number, commenter's name and company, and excerpted comments received along with AHFA responses inclusive of recommended revisions to the draft Plans. Again, please note that the comments and any recommended revisions are in an excerpted form. 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.

2016 National Housing Trust Fund Allocation Plan/Amendments to the 2015-2019 Five-Year Consolidated Plan, 2016 One-Year Annual Action Plan and the 2016 HOME Action Plan

Summary of Public Comments and AHFA Responses

Plan Section	Section Reference	Page #	Name/Company	Comments Received	AHFA Response
Draft 2016 HTF Plan	B. Development of AHFA's Use and Allocation of Housing Trust Funds	2	Russell L. Bennett, Low Income Housing Coalition of Alabama	LIHCA recommends that AHFA include acquisition and rehabilitation in addition to new construction as eligible activities under the National Housing Trust Fund. Reason: Alabama has a significant number of existing vacant units, both single- and multi-family that are in need of repairs. Allowing grantees to acquire and rehabilitate properties for affordable rental housing will not only work towards AHFA's goal of creating housing opportunities for individuals and families that are homeless or at risk of homelessness, but will also preserve existing housing inventory and eliminate blight.	Due to time constraints and the complexity of the HUD required rehabilitation standards, the 2016 Housing Trust Funds (HTF) will be used to develop new construction of decent, safe and sanitary rental housing.
Draft 2016 HTF Plan	H. Minimum Number of Proposed Units	4	Russell L. Bennett, Low Income Housing Coalition of Alabama	LIHCA recommends that AHFA remove the minimum number of units for a single development. Reason: Certain communities and/or nonprofits may want to develop a duplex or a single family residence (for rental) that can better serve their clientele and this requirement restricts them of this opportunity.	The four (4) unit minimum restriction for a single proposed development will be removed from the HTF Plan.
Draft 2016 HTF Plan	J.1 a. Geographic Diversity	5	Chris Retan, Alethia House	Geographic diversity- In addition to providing points for locating housing in rural communities, 5 points should be provided to housing located near VA medical centers and outpatients clinics so homeless veterans can access their services.	The HTF Plan contains a tie-breaker priority for developments which are located closest to Veterans Administration facilities. No changes will be made to this section of the HTF Allocation Plan.

2016 National Housing Trust Fund Allocation Plan/Amendments to the 2015-2019 Five-Year Consolidated Plan, 2016 One-Year Annual Action Plan and the 2016 HOME Action Plan

Summary of Public Comments and AHFA Responses

Plan Section	Section Reference	Page #	Name/Company	Comments Received	AHFA Response
				Specifically, we recommend the following: 5 points will be awarded to proposed housing that will be located not more than 50 miles from a VA Medical Center, outpatient clinic or community based outpatient clinic. A list of these facilities is located at: www.va.gov/directory/guide/home.asp	
Draft 2016 HTF Plan	J.1.d. Duration of Affordable Period	6	Russell L. Bennett, Low Income Housing Coalition of Alabama	LIHCA recommends that AHFA offer a scaled allocation of points awarded for projects that remain financially feasible for longer than the required 30-year affordability period. Our recommendation is to allocate points for 35-40 years (5 points), 41-45 (7 points) and 46-50 (10 points) years. Reason: NHTF funds are to serve households that are extremely low income and/or are at risk of homelessness. Households at this income level are priced out of the current market and must be able to find housing that is affordable to them. Keeping these units affordable for more than 30 years would benefit the households served by NHTF funds.	A thirty-five (35) year affordability period aligns with most affordable housing programs and is supported by lenders and investors. No changes will be made to this section of the HTF Allocation Plan.
Draft 2016 HTF Plan	J. 1.e. Leveraging	6	Chris Retan, Alethia House	Leveraging- This section provides 25 points for projects with \$350,000+ of local funds. However, on page 4 the maximum cost per unit is \$175,000. A project with \$350,000+ in local	The HTF Plan sets a cap of \$175,000 of HTF per unit. A development may also receive points for additional non-federal subsidies.

2016 National Housing Trust Fund Allocation Plan/Amendments to the 2015-2019 Five-Year Consolidated Plan, 2016 One-Year Annual Action Plan and the 2016 HOME Action Plan

Summary of Public Comments and AHFA Responses

Plan Section	Section Reference	Page #	Name/Company	Comments Received	AHFA Response
				subsidy which cost twice the maximum allowed unit cost and would not need NHTF funding. We recommend: 10 points for projects with additional subsidy of \$10,000-15,000 per unit. 15 points for projects with additional subsidy of \$15,001-20,000 per unit. 25 points for projects with additional subsidy of \$20,001+ per unit.	<p>The value of donated land and/or furnishings, funds for purchase of land, construction financing, permanent financing and operating subsidies will be added as leveraging sources eligible for points.</p> <p>The Plan currently allows for non-federal subsidies to be loaned or granted.</p>
Draft 2016 HTF Plan	J. 1.e. Leveraging	6	Chris Retan, Alethia House	Leveraging- This section allows projects to receive points for funds that are loaned into the project (requiring repayment). Since these projects are designed to serve very low-income tenants, structuring the project to include loans is unwise since the rents should be as low as possible for these tenants and having a debt service payment would increase the rents. AHFA should require all sources of funding to be donations or forgivable grants.	
Draft 2016 HTF Plan	J.1.e. Leveraging	6	Mary E. Mayrose, Phenix City Housing Authority	Leveraging: Since the maximum per unit for all new construction projects will be \$175,000, I recommend that the commitment from other non-federal sources be as follows:	

2016 National Housing Trust Fund Allocation Plan/Amendments to the 2015-2019 Five-Year Consolidated Plan, 2016 One-Year Annual Action Plan and the 2016 HOME Action Plan

Summary of Public Comments and AHFA Responses

Plan Section	Section Reference	Page #	Name/Company	Comments Received	AHFA Response
				25 points - \$175,001+ per unit 15 points - \$150,001-175,000 per unit 10 points - \$100,000-\$150,000 per unit	
Draft 2016 HTF Plan	J.1.f. Limitation on Beneficiaries or Preferences	6	Russell L. Bennett, Low Income Housing Coalition of Alabama	LIHCA recommends that AHFA consider other vulnerable populations, such as homeless families and those that are chronically homeless, for a preference in addition to veterans. Reason: There is a national initiative to end veterans' homelessness. Given this, many veterans have access to the Veterans Affairs Supportive Housing (VASH) vouchers which provide a rental subsidy for veterans to access permanent housing. Other vulnerable populations, such as homeless families and those that are chronically homeless, do not have vouchers specific to them and also need a rental subsidy to access permanent housing.	The 2016 Housing Credit and HOME Plans currently award preference points for tenants with disabilities and homeless populations. No changes will be made to this section of the HTF Allocation Plan. However, Section I.1.b. - Applicant Capacity will be changed to fifteen (15) points for applicants that describe their strategy and have capacity for addressing homeless and/or ELI population problems specifically for veterans. Ten (10) points will be awarded for applicants that describe their strategy and have capacity for addressing homeless and/or ELI population housing problems.
Draft 2016 HTF Plan	General Comment		Russell L. Bennett, Low Income Housing Coalition of Alabama	LIHCA recommends that the NHTF Allocation Plan include language encouraging the integration of NHTF-assisted units with other, higher income targeting units. Reason: Mixed income developments discourage concentrations of extremely low income households. Additionally, higher income units can provide higher rental payments which can offset the ongoing operational costs of units that	There is no prohibition against mixed income developments and it's incentivized through the preference for non-federal subsidies.

2016 National Housing Trust Fund Allocation Plan/Amendments to the 2015-2019 Five-Year Consolidated Plan, 2016 One-Year Annual Action Plan and the 2016 HOME Action Plan

Summary of Public Comments and AHFA Responses

Plan Section	Section Reference	Page #	Name/Company	Comments Received	AHFA Response
				are affordable to households considered to be extremely low income.	

Plan Section	Section Reference	Page #	Name/Company	Comments Received	AHFA Response
Amended 2015-2019 5-Year Consolidated plan	ES-05 Executive Summary	15	June Stewart, Alabama Department of Mental Health, Division of Developmental Disabilities	State's focus is on new construction. Funds can also be used for rehabilitation and for rental assistance. New construction with HOME and LIHTC funds should be combined with rental assistance from the NHTF in order to make those units more affordable for the ELI population. More funds for rehab of existing properties need to be considered as well to determine the most effective use of funds.	Due to time constraints and the complexity of the HUD required rehabilitation standards, the 2016 HTF will be used to develop new construction of decent, safe and sanitary rental housing.
Amended 2015-2019 5-Year Consolidated plan	ES-05 Executive Summary	16	June Stewart, Alabama Department of Mental Health, Division of Developmental Disabilities	There are numerous individuals such as people with mental illness, developmental disabilities, and physical disabilities who are on incomes which put them into HUD's ELI category. These individuals have few if any resources to assist them in obtaining housing. There is a push on at the federal level for these individuals to live in an integrated community setting and the lack of affordable housing makes this difficult to reach this goal.	There is no prohibition against integrated or mixed income developments for ELI families that are not veterans. It's incentivized through the preference for non-federal subsidies.

2016 National Housing Trust Fund Allocation Plan/Amendments to the 2015-2019 Five-Year Consolidated Plan, 2016 One-Year Annual Action Plan and the 2016 HOME Action Plan

Summary of Public Comments and AHFA Responses

				The recently released 2016 Gap Analysis published by LIHCA encourages the use of NHTF in this manner to make rents more affordable to ELI households and DMH agrees.	
Amended 2015-2019 5-Year Consolidated plan	MA-15 Market Analysis	92	June Stewart, Alabama Department of Mental Health, Division. of Developmental Disabilities	The Five Year Consolidated Plan acknowledges the need for affordable housing for people with disabilities and linking the use of the NHTF with other federal programs such as HOME and LIHTC is a step in the right direction.	This comment will be taken into consideration in drafting the 2017 HOME and Housing Credit Plans after reviewing the results of the 2016 HTF application cycle.

Plan Section	Section Reference	Page #	Name/Company	Comments Received	AHFA Response
Amended 2016 1-Year Annual Action Plan	14. Applying for Funds	283	Judy Van Dyke, Bennett Group Consulting, LLC. Shaler S. Roberts, III, Florence Housing Authority	No priority should be given for paying off HOME loans OR the priority should be extended to the new owner. In an example where a third party was purchasing a property with a HOME loan, it would be that new third party who actually provided the funds to pay off the HOME loan. Restructuring the HOME loan to allow for a 40 year term, so that it matches with HUD debt would allow more and larger projects to be feasible. Add priority for projects which propose to amortized the HOME loan and provide P & I payments over the term of the HOME loan.	Due to timing constraints and the complexity of combining HOME funds with Multifamily Revenue Bonds, AHFA will not implement the amendments to the 2016 HOME Action Plan related to combining HOME funds with Multifamily Revenue Bonds at this time. The comments received on this section will be taken into consideration during the drafting of the 2017 HOME Action Plan. There will be an opportunity to comment on this issue as it is presented in the 2017 Draft HOME Action Plan.

2016 National Housing Trust Fund Allocation Plan/Amendments to the 2015-2019 Five-Year Consolidated Plan, 2016 One-Year Annual Action Plan and the 2016 HOME Action Plan

Summary of Public Comments and AHFA Responses

Plan Section	Section Reference	Page #	Name/Company	Comments Received	AHFA Response
2016 Home Action Plan	G.1. Loan Structure	11	Judy Van Dyke, Bennett Group Consulting, LLC. Shaler S. Roberts, III, Florence Housing Authority	Add an alternative 40 year term for the HOME loan where insured mortgage products are being proposed.	<p>Due to timing constraints and the complexity of combining HOME funds with Multifamily Revenue Bonds, AHFA will not implement the amendments to the 2016 HOME Action Plan related to combining HOME funds with Multifamily Revenue Bonds at this time. The comments received on this section will be taken into consideration during the drafting of the 2017 HOME Action Plan. There will be an opportunity to comment on this issue as it is presented in the 2017 Draft HOME Action Plan.</p>
2016 Home Action Plan	G.14. Applying for Funds	12	Judy Van Dyke, Bennett Group Consulting, LLC. Shaler S. Roberts, III, Florence Housing Authority	<p>No priority should be given for paying off HOME loans OR the priority should be extended to the new owner. In an example where a third party was purchasing a property with a HOME loan, it would be that new third party who actually provided the funds to pay off the HOME loan.</p> <p>Restructuring the HOME loan to allow for a 40 year term, so that it matches with HUD debt would allow more and larger projects to be feasible.</p> <p>Add priority for projects which propose to amortized the HOME loan and provide P&I payments over the term of the HOME loan.</p>	
2016 Home Action Plan	G.14.2. Applying for Funds	13	Judy Van Dyke, Bennett Group Consulting, LLC	The limit should be \$1.6M or \$20,000 per unit whichever is less. Without putting some restriction on the per unit amount, an applicant could do 10 units	

2016 National Housing Trust Fund Allocation Plan/Amendments to the 2015-2019 Five-Year Consolidated Plan, 2016 One-Year Annual Action Plan and the 2016 HOME Action Plan

Summary of Public Comments and AHFA Responses

Plan Section	Section Reference	Page #	Name/Company	Comments Received	AHFA Response
			Shaler S. Roberts, III, Florence Housing Authority	and still get \$1M in HOME funds. This change would maximize the number of affordable units created by this change in the HOME program, thus benefitting AHFA and the community.	
2016 HOME Action Plan	G.14.2 Applying for Funds	13	Tommy Ward, CRN Development	The \$1 million in HOME funds is too small for a large multifamily bond deal. Approximately, \$3 million in HOME funds is needed. HOME funds cannot be paid back in twenty (20) years. The HOME restrictions lower the the rents to fifty percent (50%) on twenty percent (20%) of the units making the \$1 million in HOME funds effectively \$600,000.	
2016 Home Action Plan	G.14.2. Applying for Funds	13	Bradley Carroll, Vantage Development	The \$1 million in HOME funds is not enough of a gap filler for a a bond deal to work. There needs to be additional soft money due to twenty percent (20%) of the units having fifty percent (50%) rent restrictions, which reduces the HOME subsidy to about \$600,000. The first mortgage debt and HOME loan should be amortized for 30-35 years with a balloon payment, consistent with typical multifamily bond and housing credit transactions. At least \$3 to \$4	

2016 National Housing Trust Fund Allocation Plan/Amendments to the 2015-2019 Five-Year Consolidated Plan, 2016 One-Year Annual Action Plan and the 2016 HOME Action Plan

Summary of Public Comments and AHFA Responses

Plan Section	Section Reference	Page #	Name/Company	Comments Received	AHFA Response
				million is needed in addition to the \$1 million, or fewer deals will get done.	