

Wish you were here



**ALABAMA HOUSING
FINANCE AUTHORITY**
2003 Annual Report

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BOARD OF DIRECTORS AND STAFF 14

By statute, AHFA is governed by a Board of Directors which provides policy direction, authorizes bond issues and program development, and evaluates AHFA efforts. AHFA also has a 33-member staff comprising five divisions. The executive director is designated by the board to manage the staff and day-to-day operations.

FINANCIAL STATEMENTS AND INFORMATION Insert

AHFA's complete financial reports for FY 2003 as audited by the certified public accounting firm of Wilson Price Barranco Blankenship & Billingsley, P.C.



**ALABAMA HOUSING
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Neither rain nor sleet, nor snow nor heat—nor changing mortgage rates nor turbulent economic conditions—can keep the Alabama Housing Finance Authority from accomplishing its mission. The “postcards” in this year’s annual report are brief snapshots of lives improved. Take Martha Heard, for example. She lived in public housing for 35 years before buying a home of her own. Or Paul and Brooke Adams, who began their marriage as homeowners thanks to down payment funds from us. Or Bernadette McNair, who conquered a past of prostitution and addiction to begin building a more stable life.

Our economic contributions are something else to write home about: Analysis of AHFA’s impacts for FY 2003 shows that our single- and multifamily housing programs posted combined totals of 6,070 jobs created and nearly \$550 million in sales and earnings last year alone. These figures prove what we’ve known all along: AHFA’s programs are good not just for the homebuyers and tenants who benefit from our decent and affordable housing, but also for the state’s economy as a whole, making what we do doubly rewarding.

These results serve as a stamp of approval from the people who now live in better housing—and the lenders, developers, bankers, home builders and Realtors who worked with us to help them get there. We gratefully extend our sincere appreciation for their participation and partnership.

Shelton E. Allred, Chairman

Robert Strickland, Executive Director



RENTER-TURNED-HOMEOWNER PUTS GREEN THUMB TO WORK

First Step loan, down payment funds
make mortgage payments less than rent

A half-mile off one of Selma's busiest thoroughfares sits the quiet and secluded Wilkinson Homes subdivision, a 50-unit neighborhood of former rental houses operated by the Selma Housing Authority. Today, these houses are for sale—to the residents. When she closed her First Step loan to purchase the three-bedroom home she had rented for five years, Martha Heard became the first to take advantage of the subdivision's conversion to homeownership.

"I thought it was a good idea," said Martha, a 35-year veteran of public housing. "I had put in for this about 10 years ago. It was worth the wait."

Thanks to the pre-purchase counseling and down payment assistance Martha received, the transition from renter to owner has been an easy one. And with a mortgage payment less than her rent, Martha is relishing newfound opportunities for landscaping, remodeling and pet ownership. "It's mine now," said Martha. "I have the freedom to do all I want, and that's a nice feeling."



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Step Up Home Loans

Premiering in fall 2000, the Step Up program is Alabama's first down payment assistance program designed specifically for moderate-income home buyers.

Step Up funds are available statewide and year-round on a first-come, first-served basis. AHFA provides up to 6 percent of the home's sales price for down payment and entry costs through this program in partnership with Fannie Mae. This allows up to 100 percent financing for eligible buyers using FHA, Rural Development or conventional loans with less than \$10,000 in liquid assets.

In conjunction with the up-front funds, AHFA offers a 30-year, fixed-rate first mortgage with an interest rate which may be just slightly higher than the current market rate. The down payment funds are a 20-year second mortgage. The loans are blended together, so homeowners have only one check to write each month.

To help prepare them for the responsibilities of homeownership, program participants also must complete a home buyer education workbook.

Since its creation, nearly 1,000 families have received almost \$86 million in Step Up home financing, including 445 households who received a total of \$41 million in FY 2003.

PUPPY LOVE: BROOKE AND PAUL ADAMS WITH 'JACK' AND 'TOBY'

Newlyweds get a home-buying boost
with Step Up program's 100% financing

Life is good for Brooke and Paul Adams of Elmore. Barely a month after their first wedding anniversary, they moved into their first home in a growing area outside Montgomery.

"Location was a big part," said Paul. "It's nice to be able to go out in your backyard and see stars, not the lights of [the city]."

Location may have been a factor, but the selling point of the 1,400-square foot brick home was the backyard fence.

"We wanted a fenced-in backyard so we could get our dog back," said Paul of the pet that had been unable to live with them in their rental house. Their reunited family quickly grew with the addition of a kitten adopted by Brooke.

"You always dream bigger, but I'm perfectly content," said Brooke. "We plan on being in this house for a while."

With the boxes unpacked and close friends moving in nearby, Meadowview Drive is starting to feel like home. "We're loving it," said Paul. "We feel like we've been here for years."



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'WE TAKE JOY IN KEEPING OUR OWN HOUSE CLEAN'

Taylor family enjoys simple pleasures of homeownership thanks to AHFA's partnership with Lee County Habitat

Mounting medical bills kept Frank and Barbara Taylor from qualifying for a traditional mortgage. "We thought we'd never get to own a house," said Barbara, whose hip and back problems prevented her from working. "We were just stuck on hard times. We couldn't get a break."

But a break finally came when the Taylors, then renting a ramshackle one-bedroom home, were approved for homeownership by Lee County Habitat for Humanity. AHFA's purchase of the Taylors' loan last year means the affiliate can keep building more homes for families in need.

"We feel happier and more worthwhile now that we are working to own our own home," said Barbara. "Our lives have improved because we don't live in a drug-infested neighborhood." Frank helps pay the bills by working as a stock clerk, while the couple's adult children, Derrick and Tukeelia, are busy working and pursuing higher education.

"It gives us an inner peace and joy to know we are working for a house that will be ours. This dream would have never come true if not for Habitat. It is truly a blessing."



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Low-Income Housing Tax Credits/ Alabama Multifamily Loan Consortium

Through the Low-Income Housing Tax Credit program, AHFA helps developers and property owners buy land or buildings and build or repair housing to be rented to low-income families at affordable rates. This financial incentive, created by Congress in the Tax Reform Act of 1986, encourages business interests to increase the supply of rental housing for economically disadvantaged families.

The housing credits provide a dollar-for-dollar reduction in federal tax liability for developers of income-restricted housing. In exchange for the credits, the developer must reserve either 20 percent of the units for residents who earn 50 percent or less of the median income or 40 percent of the units for residents who earn 60 percent or less of the median income. As administrator of the program, AHFA directs a competitive application process to ensure the credits are distributed throughout the state to areas with the greatest needs.

Since the program's inception, AHFA has issued more than \$82.6 million in Low-Income Housing Tax Credits to build or repair 557 apartment complexes housing more than 23,700 families. In FY 2003, AHFA used its \$8.6 million allocation to fund the construction or renovation of 10 developments comprising 1,289 apartments.

The Alabama Multifamily Loan Consortium is a joint venture of AHFA and the Alabama Bankers Association. These entities are working to unite the state's banks and savings and loan institutions to provide long-term financing for affordable multifamily housing development and rehabilitation. The consortium currently has 48 members with \$49 million in total commitments, funding 23 loans and 1,422 units of affordable housing across the state.



AVONDALE GARDENS RIBBON-CUTTING

Complex funded in part by AHFA-administered Low-Income Housing Tax Credits and the Alabama Multifamily Loan Consortium

The road to Bernadette McNair's new apartment in Birmingham's Avondale Gardens is paved with used-to-be's. She used to be a prostitute, a drug addict, a battered wife and homeless. "Addiction took me down," said Bernadette. "I lost everything." She reached her lowest point in 1997 and her cry for help was answered by Aletheia House, a substance abuse rehabilitation center which also provides affordable transitional and permanent housing.

"I am grateful for the opportunity to go through Aletheia House," said Bernadette. "They gave me my life back."

When construction began on the AHFA-financed Avondale Gardens, Bernadette was the first to apply and the first to move in. "These apartments are awesome," she said. From her doorstep, Bernadette now sees the path to a future she never envisioned. Today, she's in school to complete her GED, building a life and family with her husband, and working part-time at Aletheia House, passing forward the kindness she was shown. "I love my job," said Bernadette. "I love being able to share my experiences."



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**WILLIE FOSTER AND FRIENDS,
HOUSTON PLACE APARTMENTS**

Home to clients of East Central Mental Health Center

The quiet, tree-lined street in Brundidge is picture-perfect, and it's home to Willie Foster and other residents of Houston Place Apartments' second phase.

Houston Place was designed with serenity in mind. The 24 units on two scattered sites are reserved for clients of East Central Mental Health Center.

"It's nice and quiet and comfortable," said Miss Willie. "It's convenient. I can walk to the drugstore and get my exercise."

Miss Willie's unit is the first one you see as you drive into the complex, and it caught her attention even before construction was complete.

"I came down here every day, and I claimed it," she said. "I didn't have my eye on any but this one."

From her front porch, she can watch for some of her 13 grandchildren as they come to spend afternoons after school with her.

"I call this my little castle on the hill," said Miss Willie. "I'll be here 'til the Good Lord takes me home."



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Multifamily Mortgage Revenue Bonds

AHFA provides financing for multifamily housing through Multifamily Mortgage Revenue Bonds, which offer developers lower-than-market interest rates in exchange for reserving a portion of their units for tenants earning less than the local median income. Multifamily bonds are issued on a project-specific basis.

Because most of these bonds are tax-exempt, developers receive more favorable interest rates, reducing their interest expense and allowing them to set lower rents. Taxable bonds may be issued as well to offer additional funds for the production of affordable rental housing.

Since the program's inception in 1983, AHFA has issued more than \$724 million in multifamily bonds to refinance, repair or build 105 apartment complexes with nearly 16,000 units throughout the state.

In FY 2003, six developments comprising 957 apartment units began construction or renovation thanks to \$39 million in multifamily bonds issued by AHFA.

SUCCESS IN A SMALL TOWN

Family trades city life for a slower, family-friendly pace and affordable housing in an apartment funded by AHFA's multifamily Mortgage Revenue Bonds

Everything may be bigger in Texas, but it's not always better. Just ask Cindy Ryals, who three years ago moved from Houston (population 1.9 million) to Loxley, the "Little Town with a Big Heart" (population 1,460), and hasn't regretted it.

"I'm from Houston. I've lived there all my life," said Cindy. "But I like living here. It's good here. It's quiet and a good place to raise my children."

Cindy and her daughters, Cassandra and Jessica Gomez, have made their home at the newly constructed Blackwood Estates, a 56-unit AHFA-financed development.

"I thought they were nice apartments," said Cindy. "I can sit in my living room and watch my girls play outside."

By renting at Blackwood Estates, Cindy is saving money to someday put down roots in her adopted hometown.

"I want some property," she said. "I want to stay here in Loxley. I wouldn't trade it for the world."



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