



putting down  
**roots**

ALABAMA HOUSING FINANCE AUTHORITY  
2009 ANNUAL REPORT







# two-thousand & nine

In a time of economic uncertainty, the Alabama Housing Finance Authority continues to offer solid solutions as the state's affordable housing resource.

In fact, the single-family division purchased \$292 million in loans this year—garnering its second highest production year.

Step Up, created and designed by AHFA staff to supplement the Mortgage Revenue Bond program, has become a model for other housing finance agencies trying to fill the gap left by limited single-family financing options.

AHFA celebrated another milestone when the loan servicing department's portfolio exceeded a total of \$1 billion with nearly 20,000 loans currently being serviced.

In February of this year, Congress passed the national economic stimulus bill, the American Recovery and Reinvestment Act of 2009 (ARRA). As a result, AHFA's multifamily staff is administering allocations for two new sources of funding—the Tax Credit Assistance Program and the Tax Credit Exchange Program—which will supplement affordable housing developments that have been unable to secure adequate equity commitments in the current market. During the months following, the staff worked diligently to prepare draft plans and allocation procedures for an August application cycle. Funding decisions were announced in September, and the loans have recently begun closing.

Our contributions to affordable housing could not be achieved without the support of many others—homebuilders, lenders, developers, investors, real estate agents, public officials, and AHFA's board and staff members.

This year's annual report highlights many of AHFA's programs and merely a few of the households we helped during the past year. It is an honor to serve this great state and enable Alabama's families to put down roots in the place they call home.



Dr. Shelton E. Allred, Chairman



Robert Strickland, Executive Director



**ALABAMA HOUSING  
FINANCE AUTHORITY**

*Come on home, Alabama.*

# a family affair



Step Up is a homeownership program designed specifically for moderate-income home buyers who can afford a mortgage, but need help with the down payment. AHFA offers down payment assistance with no sales price limits and generous income limits.

The down payment funds are secured by a 10-year second mortgage and are combined with a 30-year, fixed-rate first mortgage. Since the loans are serviced by AHFA, homeowners have only one check to write each month. Program participants must complete a homebuyer education course to qualify.

Participants may earn up to \$97,300 in total family income and remain eligible for the Step Up program, regardless of household size or location.

More than 5,500 households have benefited from \$637 million since first offered in 2000. 🌿



Real estate agent Mellanie Bailey regularly recommends AHFA's Step Up program to her clients. Recently, she suggested the program to enable her own son, David Bailey, and his family to purchase a new home. "I feel it's my duty to stay current on mortgage finance programs, so my buyers will not miss an opportunity to purchase a home," said Mellanie. "For those who may need downpayment assistance, AHFA's single-family programs are often the answer." Mellanie is a real estate agent at Alfa Realty in Wetumpka. 🌿





The Bailey family—David, Laura and sons, Connor and Matthew—had just sold their home and were in search of a new house in the much-desired Redland school zone. AHFA's Step Up mortgage program helped them purchase a beautiful brick home in a quiet neighborhood. The down payment assistance was significant to the Baileys as their savings fell short of the required down payment.

“We love our new home and the neighborhood. We spent lots of time enjoying our patio and backyard this summer,” said Laura. “Now, our children can go to one of the best schools in the region and David’s commute to Montgomery is convenient as well.” 🌿



# building hope



Glenda Finley, *Birmingham*  
Habitat for Humanity

When Habitat for Humanity of Greater Birmingham broke ground on the Finley family home, it was a milestone not only for the family of five, but for Alabama's Habitat affiliates as well—the Finley home was the 1,500th Habitat home to be built in Alabama. In late April, a team of AHFA staff members were able to get their hands dirty for a good cause by volunteering their time and labor to assist with the home's construction.

In recognition of this achievement, Glenda, Martin, Brittany, Keona, and Kendrick received the keys to their new Wylam Oaks home during the Alabama Association of Habitat for Humanity Affiliates annual conference. "This is something that my family and I need very much," said Glenda of owning a home. "Thank you!"

Currently, 36 Habitat affiliates serve 41 counties in Alabama. Alabama affiliates are building homes at the incredible rate of more than 150 houses annually. "We're accustomed to working with Habitat; our \$16 million commitment has purchased 397 mortgages to date," said AHFA Executive Director Robert Strickland. "But this was a terrific opportunity to work on the other side of the partnership." 🌱





Working together with Habitat for Humanity, AHFA purchases mortgage loans from Alabama's 36 Habitat affiliates. The process allows the affiliates to receive the loan amount up front in a lump sum while AHFA receives the monthly payments for the life of the loan. The up front funds are used to build more housing for low-income families.

Abiding by AHFA's enabling legislation, the Habitat affiliate solicits the assistance of a local lender to originate the loan. This productive cycle unites the local Habitat affiliates, the lending community and AHFA to give Alabama families a chance at homeownership. 🌱





# retire in. style

New construction developments that received Gulf Opportunity (GO) Zone Credits from AHFA in 2006, 2007 and 2008 were eligible for a 30 percent eligible basis increase to offset added costs.

Some developers chose to use these funds to enhance their developments. Beneficial Communities of Sarasota, Fla., did exactly that with the elderly complex they were building in Mobile. Financed in part by \$1.6 million in GO Zone Housing Credits from AHFA, Cottonwood Senior Apartments is now home to 120 satisfied residents, such as Marsha Boatman.

Newly retired and with immediate family moving away, Marsha decided to forego the responsibilities of homeownership for apartment living and applied for residency at Cottonwood during its construction.

Cottonwood is designed for an active lifestyle yet set within interior corridor, air-conditioned buildings equipped with elevators. With a focus on interaction among its residents, the community features large well-appointed common areas with inviting settings such as community hearth rooms with fireplaces, libraries and craft rooms.

“It’s such a nice place,” said Marsha. “I love it here. It’s fun to always have somebody to talk to.” 🌿



Marsha Boatman, *Cottonwood Senior Apartments, Mobile*  
Housing Credits





Serving as Alabama's administrator of the Housing Credits program, AHFA helps developers buy land or buildings and build or repair housing creating rental property for low-income families at affordable rates. The program's financial incentive encourages developers to increase the supply of rental housing for economically disadvantaged families. Housing Credits provide a dollar-for-dollar reduction of a developer's federal tax liability. In turn, the developer must reserve a percentage of the units for the area's lower-income residents, based upon the area's median income. The credits are awarded annually through a competitive application process to ensure distribution throughout the state to areas with the greatest needs.

Since the program's creation, AHFA has issued \$176 million in Housing Credits helping to build or rehabilitate 723 apartment complexes housing approximately 34,000 families. 🌱

# home sweet home



Despite economic growth in the area, Eutaw has suffered from a lack of suitable and affordable housing that caused a consistent loss of population. “It has been 33 years since housing growth has occurred within the City of Eutaw,” said Eutaw Mayor Raymond Steele. “We have lost many citizens to other communities due to lack of housing.”

Rosie L. Carpenter Haven, a 33-unit single-family rental development is reversing that trend. The development is named after a local retired school teacher and voting rights worker.

Financed in part by \$1.3 million in HOME funds and \$466,488 in Housing Credits administered by AHFA, Rosie L. Carpenter Haven offers three- and four-bedroom homes for rent at rates of \$350 and \$420, respectively. With all the homes facing a single looping street, an air of community has evolved.

“I really like the atmosphere and the community,” said resident Jessie Merritt, who feels safe enough to walk for exercise through the neighborhood. “We have good neighbors and it is relaxing here.”

Each home is equipped with dishwashers, icemakers, cable and internet hookups, as well as washer and dryer connections. In addition, the development provides a clubhouse, playground, computer center, covered bus stop, gazebo and a picnic area. 🌿

Jessie Merritt, *Rosie L. Carpenter Haven, Eutaw*  
**HOME**



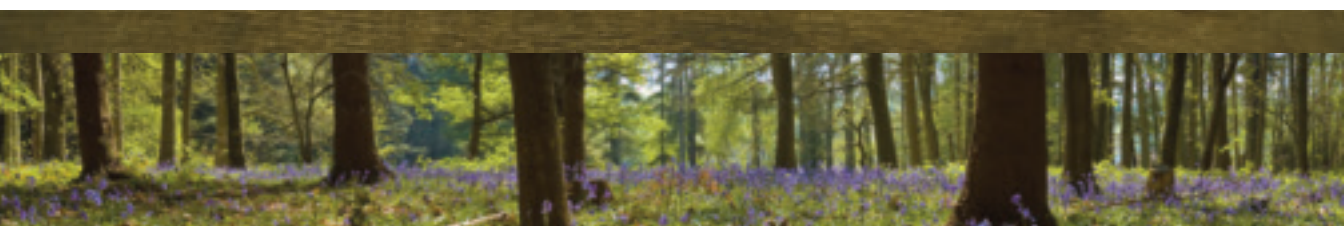


HOME, a federally funded program, provides annual allocations that may be used by developers to buy land and build affordable housing.

As Alabama's HOME program administrator, AHFA directs an application cycle on a competitive basis. Funding decisions are based on strict project selection criteria and a point scoring system outlined in the application package. In addition, AHFA's compliance staff is responsible for monitoring HOME-assisted developments and conducting on-site visits. They check rental property annually for compliance with HUD tenant incomes, rent levels and housing quality standards.

Alabama combines HOME funding with another multifamily housing program—Housing Credits. AHFA's method of combining the scarce resources exemplifies how AHFA works to ensure its programs benefit the greatest number of Alabamians.

Since inception, AHFA has awarded \$248.1 million in HOME funds to finance more than 9,200 rental units in 238 complexes. 🌿



# helping families

## FIRST STEP MORTGAGE REVENUE BONDS

### *Single Family Program*

The First Step Mortgage Revenue Bond (First Step) program offers 30-year, fixed-rate mortgages to first-time and low- to- moderate income home buyers. The First Step program is funded by the sale of tax-exempt mortgage revenue bonds to investors by AHFA. The bond proceeds are then used to purchase mortgages from AHFA's participating lenders, thus providing more funds for lenders to loan home buyers.

AHFA provides optional entry cost assistance in conjunction with the First Step program since down payments are typically the greatest barrier to homeownership. AHFA combines low- interest loan funds with 30-year, FHA, VA or Rural Development mortgages. 🌿



## MULTIFAMILY BONDS

### *Multifamily*

AHFA provides financing for multifamily housing through Multifamily Bonds, which offer developers lower-than-market interest rates in exchange for reserving a portion of their units for tenants earning less than the area's 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 \$868 million in multifamily bonds for developers to purchase, repair or build 114 apartment complexes with more than 17,000 units throughout the state. 🌿



*The American Recovery and Reinvestment Act of 2009 (ARRA) created new sources of funding for affordable rental housing—the Tax Credit Assistance Program (TCAP) and the Tax Credit Exchange Program (Exchange).*

*These programs are intended primarily to supplement affordable housing developments that have been unable to secure adequate equity commitments in the current market. In accordance with the new programs' allocation plans, the applications were evaluated with preference given to projects furthest along in the construction phase.*

*Twenty-four applicants were approved during the application cycle enabling 1,800 affordable housing units across the state. 🌱*



## TCAP

### *Multifamily*

The Tax Credit Assistance Program (TCAP) will provide direct funding assistance to eligible tax credit projects. TCAP's overall purpose is to fill financing gaps and create and save jobs in the near term by using the TCAP funds to start construction on projects that are ready to be built. The funds must be allocated based upon HUD guidance. AHFA awarded eleven applicants \$31.9 million in TCAP funds. 🌱

## EXCHANGE PROGRAM

### *Multifamily*

The Tax Credit Exchange Program (the Exchange Program) permits states to trade a portion of their housing credits for cash grants in an amount equal to 85 percent times 10. The Act requires states to award Exchange Program funds pursuant to existing tax credit allocation plans and additional guidance provided by the Treasury Department. AHFA awarded thirteen Exchange Program applicants \$50.5 million. 🌱



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The Alabama Housing Finance Authority is a public corporation and instrumentality of the State of Alabama created July 25, 1980, by Act No. 80-565. Additional information is furnished in the Audited Financial Statements which accompany the Alabama Housing Finance Authority's 2009 Annual Report.

The bonds of the Alabama Housing Finance Authority are not obligations of the State of Alabama and are not repaid with tax dollars. AHFA is a self-sustaining organization which pays all operating expenses from program revenues.

If you are an individual with a disability who needs assistance with this document, please contact the Alabama Housing Finance Authority in writing at [ahfa.com](http://ahfa.com) or Post Office Box 242967, Montgomery, Alabama 36124-2967, or by calling 334.244.9200 in Montgomery or 800.325.2432.

All project management, typesetting and graphic design for this project were performed in-house by the communications department (Research and Planning division) of the Alabama Housing Finance Authority. No taxpayer dollars were used to produce this document. 🌱



*Come on home, Alabama.*

P.O. Box 242967  
Montgomery, Alabama 36124-2967  
334.244.9200 / [www.AHFA.com](http://www.AHFA.com)

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