

ALABAMA HOUSING FINANCE AUTHORITY  
2011 ANNUAL REPORT





Home is a name, a word, it is  
a strong one; stronger than  
magician ever spoke, or spirit  
ever answered to, in the  
strongest conjuration. ~

*Charles Dickens*

Even with today's economic troubles, the Alabama Housing Finance Authority continues to maintain a strong financial presence and serve as the state's affordable housing resource.

Many of the business practices being recommended for lenders today are things we have done here at AHFA for a long time—such as full documentation of income, determining ability to repay, consideration of other debt, minimum credit scores, and homeownership counseling.

In FY2011, AHFA helped over 1,000 families purchase a home with our down payment assistance and mortgage credit certificate programs. The multifamily division allocated more than \$12.3 million in HOME funds and \$15.5 million in Housing Credits to fund 28 developments this past year.

Even so, real estate values are down, foreclosures up and unemployment rates are at a record high. In February, Governor Robert Bentley announced the creation of Hardest Hit Alabama (HHA), a new program that is administered by AHFA, providing \$162 million for the prevention of foreclosure in Alabama. Eligible homeowners receive assistance to pay their current mortgage payment and all other mortgage-related expenses, including payments on any subordinate liens, while unemployed.

On April 27, Alabama suffered the second deadliest tornado outbreak in history. AHFA reacted immediately to facilitate temporary housing, assist homeowners with insurance information and make available 100 percent financing for residents of federally declared disaster counties.

None of these efforts would be possible without the help of the many homebuilders, lenders, developers, investors, REALTORS®, public officials, nonprofits and AHFA board and staff members. We look forward to working together in the coming year.

A handwritten signature in cursive script, reading "Gene Allred".

Dr. Shelton E. Allred, Chairman

A handwritten signature in cursive script, reading "Robert Strickland".

Robert Strickland, Executive Director





**Lauren Clayton, Prattville**

Hair stylist Lauren Clayton was able to benefit from Step Up's affordable rates and down payment assistance in purchasing her Prattville home.

"At this time in my life and established career, I was ready to own my own home," she said. "I wanted to create an investment for the future."

Clayton began shopping for a newly constructed home with an open floor plan and modern updated amenities. With the help of her REALTOR®, she was able to find exactly what she was looking for in a convenient and safe neighborhood close to her job.

"My REALTOR® helped make my home buying experience enjoyable and stress-free," she said. "And, I love living in this neighborhood."

Though being single and self-employed made it more challenging to qualify for financing, Clayton was successful in obtaining a Step Up loan from AHFA.

"Step Up helped so much by making it possible for me to buy a home without a large out-of-pocket down payment," she said. "I would definitely recommend AHFA's program to other home buyers because of the opportunities it made possible for me."

# Step Up

## Down Payment Assistance Program

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Step Up is a homeownership program designed for low-to-moderate-income home buyers who can afford a mortgage, but need help with the down payment. AHFA offers down payment assistance with 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 home buyer 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.

Since first offered in 2000, over 8,000 homebuyers have benefited from \$933 million in Step Up mortgage funds.



# Hardest Hit Alabama

## Mortgage Payment Assistance Program

On February 2, Governor Robert Bentley announced the creation of Hardest Hit Alabama (HHA), a new program providing \$162 million in assistance targeting Alabama's unemployed homeowners.

The U.S. Department of Treasury's "Hardest Hit Fund" is a foreclosure prevention program authorized under the Emergency Economic Stabilization Act of 2008 and is available in 18 states and the District of Columbia.

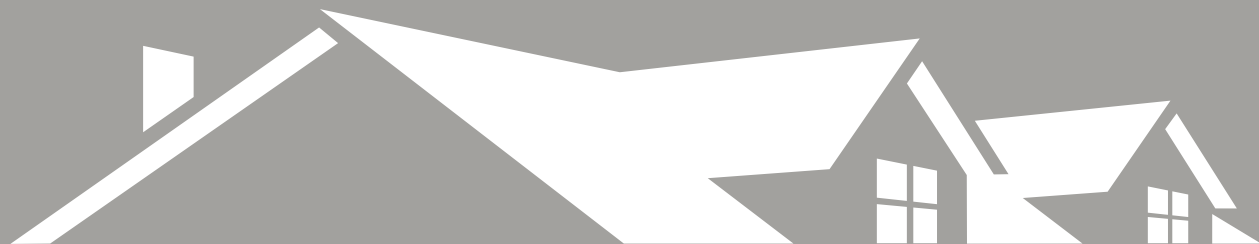
Eligible homeowners receive assistance to pay current mortgage payments and all other mortgage-related expenses, including payments on any subordinate liens, while unemployed. HHA provides up to 12 monthly mortgage payments, not to exceed \$15,000 per household.

Alabama homeowners who are receiving unemployment compensation benefits are eligible to apply. In addition, the homeowner must currently occupy the property as their primary residence, and the home must be located in Alabama.

Qualified applicants must have a total annual household income of less than \$75,740, and the unpaid principal balance on their home's mortgages must be less than \$258,690. In the 43 counties declared disaster areas following the April tornadoes, HHA will provide increased assistance of up to 18 consecutive monthly payments, or \$25,000, per household.

HHA is available statewide to qualified homeowners on a first-come, first-served basis.

**Over 908 families have received \$4.5 million in mortgage payment assistance since the program was launched December 15, 2010.**







Before introducing Hardest Hit Alabama to homeowners statewide in February, AHFA was required to test the program on a select group of unemployed homeowners. The pilot group was pulled from AHFA's own loan servicing portfolio.

Montgomeryans James and Krista Strickland had purchased their home in January 2005—during better economic conditions—using the Step Up financing option.

“We had just gotten married,” said Krista. “We really liked the idea of buying a house that we could call our own, where we could begin our married life together, and one day, start a family.”

Life seemed idyllic. The Strickland family expanded to include daughters Alison and Khaleen. Then, consolidations in the banking industry left Krista without a job, and the Stricklands with only one income.

The idea that HHA would pay their mortgage payment for up to a year during Krista's continued unemployment seemed too good to be true, but it wasn't.

“It took talking to a lot of people and doing research to believe that it was real. It has really given our family some breathing room financially,” she said.





In April, the town of Hackleburg was completely devastated by the deadliest tornado since 1956.







# Habitat for Humanity

## Loan Purchase Program

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A city of 1,500, Hackleburg sits only 25 miles from Alabama's border with Mississippi, but found itself in the direct path of the April tornadoes.

In the aftermath of the EF5 tornado, 18 residents had died, the town's two schools were gone along with its only grocery store, pharmacy, doctor's office and major employer. An estimated 90 percent of the town was destroyed.

Once named the best hometown in America, Hackleburg is slowly rebuilding the 500 homes that were damaged or destroyed. Habitat for Humanity of Marion County led the way with its first-ever blitz build, where four homes were built in a two-week period in late July and early August. AHFA committed \$150,000 to purchase the mortgages for the four blitz build homes.

"HFH of Marion County and its board of directors have made a commitment and taken a leap of faith to help four families affected by the April 27 tornadoes in Hackleburg by moving beyond the one-home-per-year model," said affiliate president David Cooper.

To aid the families of Hackleburg and across the state, AHFA allocated \$3 million in additional funds, targeted specifically to disaster relief efforts in the wake of the April tornadoes, to the Habitat for Humanity Loan Purchase Program.

Through this program, AHFA purchases mortgage loans from the state's Habitat affiliates. This process allows the affiliates to receive the loan amount up front in a lump sum while AHFA receives the monthly payments from the affiliates for the life of the loan. The affiliate then uses the up-front funds to build more housing for low-income families.

The disaster relief funds are available for households earning as much as \$43,680. These funds can be used to pay off construction loans—expediting the building process and allowing affiliates to establish fiscal relationships with local banks.

# HOME

## Investment Partnerships Program

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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 properties 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 \$275.4 million in HOME funds to finance more than 10,400 units in 260 apartment complexes.



### HOME FY 2011:

**11 projects**  
**580 units**  
**\$12.4 million**

Just a few miles from New Haven Apartments, another Pratt City neighborhood suffered complete devastation from the April 27 tornado.



Mary Hall

### New Haven Apartments, Birmingham

The damage from the April tornadoes stretches like a scar across our state—a line of cities and neighborhoods that are only beginning to rebuild.

A drive through the Pratt City section of Birmingham is a stark reminder of how fragile buildings can be in the face of nature's devastation. In the heart of that destruction stands New Haven Apartments, a development that was financed by AHFA in 1998.

The elderly residents of New Haven have grown into a close-knit community. Many of the residents—some of them siblings and relatives—have lived at New Haven since its opening. On that fateful day, with the tornado sirens sounding and the storm bearing down on them, the occupants of New Haven's 56 units took refuge.

Mary Hall, a New Haven resident since 2000, remembers seeking shelter in her bathroom to pray and to wait. She said, "It didn't sink in what had happened until I walked outside." Hall's unit, as well others on the north side of the complex, sustained damage to the roofs and windows and from water exposure. But, no one was injured.

"It was so upsetting until I learned that all my neighbors were safe," she said. "That was wonderful...we can always get another building. God is good!" However, houses that were just within walking distance were not so lucky.

During the three months that it took to repair her apartment, Hall moved in with her daughter that lives nearby. She is happy to be back home now. "I love living here," she said. "They will have to carry me out of here."






# Housing Tax Credits

Serving as Alabama's administrator of the Housing Credit 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 affordable rental housing.

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 1987, AHFA has issued \$201.3 million in Housing Credits helping to build or rehabilitate 746 apartment complexes housing over 35,000 families.



To replace 787 obsolete apartments in downtown Mobile, the Mobile Housing Board received a \$20 million HOPE VI Revitalization Grant from the U.S. Department of Housing and Urban Development.

With the help of developer Pennrose Properties and additional funding from AHFA, the first two phases of redevelopment have been completed, creating 175 new units of affordable housing.

Downtown Renaissance, an 88-unit, three-story complex for elderly, comprised the first phase of revitalization. Adjacent is the rental homes of The Renaissance—87 one- or two-story houses, ranging from 1,500 square feet to 1,753 square feet of living space.

"The community is absolutely thrilled with the redevelopment," said Mark Straub, senior development officer for Pennrose. "The development is at a key intersection at the entrance to downtown Mobile. The change from a deteriorated public housing project to a new mixed-income development that looks like a market rate product is a huge improvement for the neighborhood, the city and our residents."

Further phases include the redevelopment of surrounding apartments and the new construction of 48 townhouse-style apartments.



## Housing Credits FY2011:

17 projects  
1,016 units  
\$15.5 million

The Renaissance, Mobile



Downtown Renaissance





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To view AHFA's complete financial statements for fiscal year 2011, please visit [www.ahfa.com/financials](http://www.ahfa.com/financials).



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 are published online at [www.AHFA.com](http://www.AHFA.com).

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 call 334.244.9200 in Montgomery or 1.800.325.2432.

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