

AHFA 2021 Draft HOME Action Plan, Low-Income Housing Credit Qualified Allocation Plan,
and National Housing Trust Fund Allocation Plan
Public Comment Form
Commenting Period July 2, 2020 – August 20, 2020

All comments regarding the Draft Plans must be submitted using this form. General Comments may be submitted at the bottom of the form. **Comments which include cut-and paste text (or redlined/re-worded sections) of the proposed Plans will be rejected.** AHFA will not respond (or seek to interpret) to suggested change in language without a complete explanation of the suggested language change. Please provide full explanatory and careful comments regarding your proposed changes, keeping in mind that your proposed changes might have an unintended consequence for a different project or location in the state. All forms should be submitted to ahfa.mf.gap@ahfa.com as an attachment to the email. Other documentation, e.g., product information or photos, may also be submitted. All comments will be posted at www.ahfa.com for review.

7/31/2020

Name: Please see Addendum A. Organization: _____ Email: _____ Phone: _____



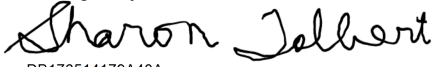

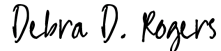



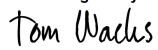

Plan Section	Section Reference	Page #	Specific Comments
Housing Credit	Point Scoring	A-6	(iii) RENT AFFORDABILITY, (a) NEW FUNDS, (1): The Section 108 Loan Guarantee Program (Section 108) provides for a loan guarantee component of the Community Development Block Grant (CDBG) Program. Section 108 provides communities with low-cost, flexible financing for economic development, housing rehabilitation, public facilities, and other physical infrastructure projects. Since CDBG funds are an approved AHFA funding source, AHFA should consider including Section 108 as an approved source of new funds since the program is a component of the CDBG program. Please see Addendum B for additional information.
Housing Credit	Point Scoring	A-6	(iii) RENT AFFORDABILITY, (a) NEW FUNDS (2): Public Housing Authorities (PHAs) that have converted its public housing portfolio to site-based Section 8/project-based vouchers (PBV) or project-based rental assistance (PBRA) as part of HUD's Rental Assistance Demonstration (RAD) no longer receives Capital Fund Program (CFP) and Replacement Housing Factor Funds (RHFF) in a traditional sense. The current point structure penalizes PHAs that have converted to RAD PBV or PBRA. Upon RAD conversion, PHAs that had a balance in its CFP and RHFF accounts were allowed to draw the balance and deposit the funds into a Reserve Replacement account to be used for future modernization; CFP and RHFF funds are used for the same purpose. To verify, AHFA may require PHAs to provide documentnation that the Reserve Replacement account was initially categorized as one of the three AHFA-approved sources of funds. In addition, upon RAD conversion, PHAs operating subsidy and CFP funding were combined and termed as a housing assistance payment (HAP) which is now funded through a PHA's Housing Choice Voucher (HCV/Section 8 Program). Based on this information, AHFA should consider allocating funding to PHAs that have converted it public

[illegible]

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Addendum A
Signature Page

Name	Signature	Organization	Email	Phone
Beverly Barber President	<p>DocuSigned by:</p>  <p>99139B999D5E4BF...</p>	<p>Alabama Association of Housing & Redevelopment Authorities</p> 	Beverly.oha@mediacombb.net	(334) 493-9741
Sharon Tolbert Chief Executive Officer	<p>DocuSigned by:</p>  <p>DB176514179A40A...</p>	<p>Auburn Housing Authority</p> 	stolbert@auburnhousingauth.org	(334) 821-2262 ext 233
Debbie Rogers, Executive Director	<p>DocuSigned by:</p>  <p>91AA95B00C0C49F...</p>	<p>Troy Housing Authority</p> 	rogersd@troycable.net	(334) 566-1271
Rhonda F. Richardson Executive Director	<p>DocuSigned by:</p>  <p>B7C21932FBAE477...</p>	<p>Florence Housing Authority</p> 	rrichardson@flohousing.org	(256) 740-5206
Tom Wachs Executive Director	<p>DocuSigned by:</p>  <p>7AEFFDC3890E463...</p>	<p>Eufaula Housing Authority</p> 	twachs@eufaulahousing.com	(334) 687-2451


Addendum B

Resources and assistance to support HUD's community partners

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Section 108 Loan Guarantee Program Overview

The Section 108 Loan Guarantee Program (Section 108) provides communities with a source of low-cost, long-term financing for economic and community development projects. Section 108 financing provides an avenue for communities to undertake larger, more costly projects, where they may have limited resources to invest in upfront.

Section 108 can fund economic development, housing, public facilities, infrastructure, and other physical development projects, including improvements to increase their resilience against natural disasters. This flexibility of uses makes it one of the most potent and important public investment tools that HUD offers to states and local governments.

Section 108 assistance can be deployed in two ways:

- Directly by the community or its governmental or non-profit partner to carry out an eligible project, or
- Indirectly with a community or its partner re-lending (or, in limited circumstances, granting) the funds to a developer or business to undertake an eligible project

The program is authorized under Section 108 of the Housing and Community Development Act of 1974 as the loan guarantee component of the [Community Development Block Grant \(CDBG\) Program](#). The specific regulations governing the Section 108 Program may be found at [24 CFR 570](#), Subpart M, Loan Guarantees.


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How the Section 108 Program Works

Local urban or state governments have direct access to the Section 108 Program. Smaller units of local government can get access through the state. The Section 108 Program is typically used to fill a gap in the financing for larger development projects. Section 108 also often provides the security necessary to catalyze investment from private lenders.

Depending on the type of project, the borrower has two basic options for using the loan funds:

- Re-loan the funds to a third party business or developer, known as third party loans
- Directly, or through a sub-recipient partner, expend the funds on the project. Subrecipient partners can be non-profits or public agencies who help design and manage the project on behalf of the local government


The borrower will be required to secure the loan by pledging current and future CDBG allocations to repay and secure the loan. In addition, the borrower will be required to pledge additional security for the loan. Additional security may include property liens, tax increment revenue, or other collateral. HUD is flexible and will work with local governments to identify proper collateral, including accepting a subordinated position behind the primary lender.


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Purpose of the Section 108 Program

The program allows local governments to leverage portions of their CDBG funds into federally guaranteed loans large enough to pursue physical and economic revitalization projects capable of redeveloping entire neighborhoods. Such public investment is often needed to inspire private economic activity, providing the initial resources or simply the confidence that private firms and individuals may need to invest in distressed areas. Local governments borrowing funds guaranteed by HUD through the Section 108 Program must pledge their current and future CDBG allocations as security for the loan, however, the goal of the program is for projects to have sufficient cash flow to repay the loan without any need for current or future CDBG contributions.

The [2018-2022 HUD Strategic Plan](#) goals target the Section 108 Program to implement two very important goals:

Goal 2B: Meet the Need for Quality Affordable Rental Homes: Expand the supply of affordable rental homes where they are most needed

Goal 4A: Build Inclusive and Sustainable Communities Free From Discrimination: Catalyze economic development and job creation, while enhancing and preserving community assets