

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: Sharon Tolbert, CEO Organization: Auburn Housing Authority Email: stolbert@auburnhousingauth.org
Phone: (334) 329-5024

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. The City of Auburn is a CDBG entitlement community and offers the Section 108 program to fund housing and community development activities. The Auburn Housing Authority (AHA) anticipates requesting Section 108 funds from the City as gap financing to fund its proposed Ridgecrest redevelopment project. The Ridgecrest community was part of the AHA's RAD public housing conversion. AHA proposes to redevelop the site in an effort to transform the Ridgecrest community to eliminate the stigma associated with public housing/RAD units coupled with the ongoing redevelopment in the surrounding area. Categorizing the Section 108 loan as an approved source of new funds would allow the City of Auburn and the AHA the opportunity to transform the Ridgecrest housing community benefiting low-income families and the Auburn community as a whole. Please see Addendum A 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

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

			Funds (RHFF) in a traditional sense. The current point structure penalizes PHAs that have converted to RAD PBV or PBRA. The AHA closed its RAD transaction on September 28, 2015. The recorded RAD Use Agreement is attached as Addendum B. Upon RAD conversion, the AHA drew its CFP balance (\$1,357,821) and RHFF balance (\$121,945) and deposited the funds into a Reserve Replacement (RR) account to be used for future modernization; CFP and RHFF funds are used for the same purpose. Please see the attached recorded RAD Sources and Uses (Addendum C). AHA has bank statements documenting the CFP and RHFF deposit and transfer to the RR account. In addition, upon RAD conversion, PHA's 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 CFP and RHFF funds drawn as a part of a PHA's RAD PBV or PBRA conversion as "New Funds" in an effort to make the scoring equitable for all PHAs whether they operate traditional public housing, RAD PBV or RAD PBRA.
Housing Credit	Point Scoring	A-6	(iii) RENT AFFORDABILITY, (c) RENTAL/OPERATING SUBSIDIES: Need to confirm AHFA considers site-based Section 8 HAP payments, including RAD PBV and/or PBRA, as HUD or PHA rental/operating subsidy. If not, AHFA should consider including site-based section 8 (including RAD PBV and PBRA) HAP payment as rental/operating subsidy from HUD or a PHA as part of a PHA's RAD PBV or PBRA conversion.
Housing Credit	Point Scoring	A-7	(iv) TENANT NEEDS, (d) AHFA should consider including targeting households on a PHA's site-based Section 8/RAD PBV or PBRA wait list for PHAs that have converted its public housing portfolio to site-based Section 8/RAD PBV OR PBRA.
Housing Credit	Point Scoring	A-7	(v) PROJECT TYPE (c) Need clarification that AHFA INCLUDES replacement of existing multifamily housing owned by public housing authorities.
Housing Credit	Point Scoring	A-7	(vi) LOCATION, (a) SITE SELECTION (1) NEIGHBORHOOD SERVICES: The City of Auburn has partnered with Auburn University to set up a clinic in northwest Auburn which is located in the Boykin Community Center. The area is in close proximity to three of the AHA's housing developmentments. The clinic was set up in the area so that low-income families will have access to free medical care due to transportation being a known barrier for low-income families. AHFA should consider including clinics as a neighborhood service. In addition, consider expanding all neighborhood services located with 5 miles of the site.
Housing Credit	Point Scoring	A-1	Allocation Selection, 1: The AHFA should consider a set-aside

Commenting Period July 2, 2020 – August 20, 2020

[illegible]



Overview

Purpose of the Section 108 Program

How the Section 108 Program Works

Section 108 Eligibility Requirements

Source of Section 108 Loans

Section 108 Loan Requirements and Underwriting

Apply for the Section 108 Program

Disbursement, Reporting, and Repayment of
Section 108 Loans

Section 108 Loans: States

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.

[Overview](#)[Purpose of the Section 108 Program](#)[How the Section 108 Program Works](#)[Section 108 Eligibility Requirements](#)[Source of Section 108 Loans](#)[Section 108 Loan Requirements and Underwriting](#)[Apply for the Section 108 Program](#)[Disbursement, Reporting, and Repayment of Section 108 Loans](#)[Section 108 Loans: States](#)

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.

[Overview](#)[Purpose of the Section 108 Program](#)[How the Section 108 Program Works](#)[Section 108 Eligibility Requirements](#)[Source of Section 108 Loans](#)[Section 108 Loan Requirements and Underwriting](#)[Apply for the Section 108 Program](#)[Disbursement, Reporting, and Repayment of Section 108 Loans](#)[Section 108 Loans: States](#)

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

2469 457
 Recorded in the Above
 DEEDS Book & Page
 09-30-2015 01:18:36 PM
 Bill English - Probate Judge
 Lee County, AL

Rental Assistance Demonstration
 Use Agreement

U.S. Department of Housing
 and Urban Development
 Office of Housing
 Office of Public and Indian Housing

OMB Approval No. 2577-0276 (Exp. 02/29/16)

Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Reports Management Officer, Paperwork Reduction Project (2577-0276), Office of Information Technology, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-3600. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

This Rental Assistance Demonstration Use Agreement (hereinafter called the "Agreement") made the 28 day of September 2015, by and between the United States of America, Secretary of Housing and Urban Development (hereinafter called "HUD"), the Housing Authority of the City of Auburn, Alabama (hereinafter "PHA" or "Fee Owner") and AHA Development, LLC, (hereinafter "HAP Contract-Owner" and collectively with PHA, the "Owners"), provides as follows:

Whereas, Rental Assistance Demonstration (hereinafter called "RAD") provides the opportunity to test the conversion of public housing and other HUD-assisted properties to long-term, project-based Section 8 rental assistance to achieve certain goals, including the preservation and improvement of these properties through access by Owners to private debt and equity to address immediate and long-term capital needs.

Whereas, Projects funded under the public housing programs may under RAD convert their assistance to long-term, project-based Section 8 rental assistance contracts. Under this component of RAD, Owners may choose between two forms of Section 8 Housing Assistance Payment (HAP) contracts: project-based vouchers (PBVs) or project-based rental assistance (PBRA). No incremental funds are authorized for this component. Owners will convert their assistance at current subsidy levels.

Whereas, Projects shall have a RAD Use Agreement that will be recorded superior to other liens on the property, run for the same term as the initial term of the HAP contract, automatically renew upon each extension or renewal of the HAP contract for a term that runs with each renewal term of the HAP contract, and remain in effect even in the case of abatement or termination of the HAP contract (for the term the HAP contract would have run, absent the abatement or termination).

Whereas, HUD has approved the conversion of the "Project" identified as AHA Development (formerly AL050000001 and AL050000002) and covering real property as described in Exhibit "A" attached hereto; and that this approval is evidenced by and through the terms of the RAD Conversion Commitment as described in Exhibit "B" attached hereto; and that was previously subject to public housing Declaration of Trusts: (1) dated September 30, 1952 recorded October 8, 1952, as Deed Book 383, Page 337 in the Recorder's Office of Lee County, (2) dated April 30, 1958 recorded May 7, 1958, in Deed Record 489, Page 416 in the Recorder's Office of Lee County; (3) dated December 14, 1982 recorded December 22, 1982, in Deed Book 1138, Page 254 in the Recorder's Office of Lee County, (4) dated October 16, 1989 recorded October 16, 1989, as Book 1469, Page 102 in the Recorder's Office of Lee County, (5) dated October 16, 1989 recorded October 16, 1989, as Book 1469, Page 104 in the Recorder's Office of Lee County, (6) October 30, 1991 recorded October 30, 1991, in Book 1615, Page 72 in the Recorder's Office of Lee County, (7) dated February 11, 1994 recorded March 7, 1994, in Book 1831, Page 31 in the Recorder's Office of Lee County, (8) dated November 20, 2012 recorded March 19, 2013, in Deed Book 2410, Page 190 in the Recorder's Office of Lee County, (9) Dated October 15, 1969, recorded May 30, 1970, as Deed Book 831, Page 217 in the Recorder's Office of Lee County, and such public housing Declaration of Trusts were released on (date) _____ and recorded on (date) _____ in the Recorder's Office of Lee County Book _____, Page _____.

Whereas, pursuant to the Consolidated and Further Continuing Appropriations Act of 2012 (Public Law 112-55, approved November 18, 2011) and the corresponding PIH Notice 2012-32 published on July 26, 2012 (hereinafter called the "RAD Notice"), which this Use Agreement incorporates, in exchange for HUD's agreement to permit this conversion to PBVs or PBRA, the Owner has agreed to continue to operate the assisted PBV or PBRA units only as rental housing for the initial term, and each renewal term of the HAP Contract, unless otherwise approved by HUD;

Now Therefore, in consideration of the mutual promises set forth herein and of other valuable consideration, the parties hereby agree as follows:

REC Recording Fee 182.00
 REC Recording Fee 1.00
 Total Fees: \$ 183.00

AHA Development, LLC has entered into a Property Management and Leasing Agreement with the Housing Authority of the City of Auburn, Alabama. This Agreement authorizes the AHA Development, LLC to perform the functions of leasing and managing units for the PHA. AHA Development, LLC is the Owner for purposes of the PBV HAP Contract and is a party to this Use Agreement.

1. **Definitions.** All terms used in this Agreement have the same meaning as set forth in the definitions in RAD Notice.
2. **Term.** The initial term shall be 20 years. Unless otherwise approved by HUD, this Agreement shall remain in effect through the initial term, and for an additional period to coincide with any renewal term of the HAP Contract. This Agreement will survive HAP abatement or termination of the HAP Contract unless otherwise approved by HUD.
3. **Use Restriction and Tenant Incomes.** The HAP-assisted units within this Project shall be used solely as rental housing for tenants meeting the eligibility and income-targeting requirements under the HAP Contract. In the case that the HAP Contract is terminated (due to, e.g.: breach, or non-compliance), new tenants must have incomes at or below 80 percent of the average median income (AMI) at the time of admission for the remainder of the term of the Agreement, applicable to all units previously covered under the HAP contract. Additionally, rents must not exceed 30% of median income for an appropriate sized unit. Notwithstanding the foregoing, in the event the Owner is able to demonstrate to HUD's satisfaction that despite the Owner's good faith and diligent efforts to do so, the Owner is unable either (1) to rent a sufficient percentage of Units to Low Income Tenants or Very Low Income Tenants in order to satisfy the restrictions in this paragraph, or (2) to otherwise provide for the financial viability of the Project, HUD may, in its sole discretion, agree to reduce the percentage of units subject to the restriction under this paragraph or otherwise modify this restriction in a manner acceptable to the Owner and HUD. Any such modification of the restrictions listed in this paragraph shall be evidenced by a written amendment to this Agreement executed by each of the parties hereto.
4. **Subordination.** Any mortgage liens will be subject to this Agreement. This Agreement will survive foreclosure and bankruptcy.
5. **Fair Housing and Civil Rights Requirements.** Compliance with all applicable fair housing and civil rights requirements including the obligation to affirmatively further fair housing and the site selection and neighborhood standards requirements set forth in 24 CFR §§ 1.4(b)(3) and 941.202, as applicable, is required.
6. **Federal Accessibility Requirements.** Compliance with all applicable federal accessibility requirements under the Fair Housing Act and implementing regulations at 24 CFR Part 100, Section 504 of the Rehabilitation Act of 1973 and implementing regulations at 24 CFR Part 8, and Titles II and III of the Americans with Disabilities Act and implementing regulations at 28 CFR Parts 35 and 36, respectively, is required.
7. **Transfer of the Agreement.** HUD has been granted and is possessed of an interest in the above described Project such that the Owner shall remain seized of the title to said Project and refrain from transferring, conveying, encumbering or permitting or suffering any transfer, conveyance, assignment, lease, mortgage, pledge or other encumbrance of said Project or any part thereof without the release of said covenants by HUD. The Owner has constituted HUD as its attorney-in-fact to transfer PBV or PBRA assistance to another entity in the event of default under the HAP Contract. With HUD approval, after 10 years from the effective date of the initial term of the HAP Contract, if the Project is economically non-viable or physically obsolete, assistance may be transferred subject to this Agreement. Any such new Owner shall assume the obligations under this Agreement as a condition of any transfer. This Agreement shall be binding upon the Owners and all future successors and assigns until released by HUD.
8. **Release.** The endorsement by a duly authorized officer of HUD (1) upon any conveyance or transfer made by the Owner of any real or personal property which is determined to be excess to the needs of the Project, or (2) upon any instrument of conveyance or dedication of property, or any interest therein, for use as streets, alleys, or other public rights-of-way, or for the establishment, operation and maintenance of public utilities, or (3) upon any instrument transferring or conveying an interest therein, or (4) upon any instrument of release made by the Owner of the assisted PBV or PBRA units shall be effective to release such property from the restrictive covenants hereby created.
9. **Enforcement.** In the event of a breach or threatened breach of any of the provisions of this Agreement, any eligible tenant or applicant for occupancy within the Project, or the Secretary or his or her successors or delegates, may institute proper legal action to enforce performance of such provisions, to enjoin any acts in violation of such provisions, to recover whatever damages can be proven, and/or to obtain whatever other relief may be appropriate.
10. **Severability.** The invalidity, in whole or in part, of any of the provisions set forth in this Agreement shall not affect or invalidate any remaining provisions.
11. **Impairment of HAP Contract.** The terms and provisions of this Agreement shall continue in full force and effect except as expressly modified herein. Any conflicts between this Agreement and the HAP Contract shall be conclusively resolved by the Secretary.
12. **Execution of Other Agreements.** The Owner agrees that it has not and will not execute any other agreement with provisions contradictory of, or in opposition to, the provisions of this Agreement, and that in any event, the provisions of this Agreement are paramount and controlling as to the rights and obligations set forth and supersede any other conflicting requirements.
13. **Subsequent Statutory Amendments.** If revisions to the provisions of this Agreement are necessitated by subsequent statutory amendments, the Owner agrees to execute modifications to this Agreement that are needed to conform to the statutory amendments. In the alternative, at HUD's option, HUD may implement any such statutory amendment through rulemaking.
14. **No Negotiation.** This Agreement is not subject to negotiation by the Owner or any lender.

In Witness Whereof, HUD, the Fee Owner, and the HAP Contract Owner thereunto duly authorized have caused these presents to be signed in its name and its corporate seal to be hereunto affixed and attested this 28th day of SEPTEMBER, 2014. 2015.

HUD Attest:

Thomas R. Davis

By: Thomas R. DavisTitle: Director Office of RecapitalizationDate: 9-28-15

District Of Columbia)

)ss:

)

Before me, Simon Tamale Iyaba, a Notary Public in and for said District of Columbia, on this 28th day of SEPTEMBER, 2015, personally appeared THOMAS R. DAVIS, who is personally well known to me to be the DIRECTOR OFFICE OF RECAP, of U.S. Department of Housing and Urban Development, and the person who executed the foregoing instrument by virtue of the authority vested in her/him by, and I having first made known to her/him the contents thereof, s/he did acknowledge the signing thereof to be a free and voluntary act and done on behalf of the Secretary of U.S. Department of Housing and Urban Development for the uses, purposes and considerations therein set forth.

Witness my hand and official seal this 28th day of December, 2015.
(Seal)

Simon Tamale Iyaba (Notary Public)

My commission expires _____, 20____.



HAP Contract Owners Attest:

AHA Development, LLC,
an Alabama limited liability company

By: The Housing Authority of the City of Auburn, Alabama,
its Sole Member and Manager

By: Sharon Tolbert
Sharon Tolbert, its Chief Executive Officer

Date: 7-28-15

State or Alabama)
County of Gene) ss:

On this 28 day of September, 2015, before me, [Signature] a Notary Public in and for said county and State residing therein, duly commissioned and sworn, personally appeared Sharon Tolbert, who proved to me on the basis of satisfactory evidence to be Chief Executive Officer of the Housing Authority of the City of Auburn, Alabama, the Sole Member and Manager of AHA Development, LLC, that executed the within instrument and acknowledged to me that such Sharon Tolbert executed the same.

In Witness Whereof, I have hereunto set my hand and affixed my official seal the day and year in this Certificate first above written.
(Seal)

[Signature] (Notary Public)
My commission expires 4-29, 20 17.

Addendum B

2469 461
DEEDS Book & Page

Fee Owners Attest:

The Housing Authority of the City of Auburn, Alabama

By:


Sharon Tolbert, its Chief Executive Officer


Date: 9-28-15

State or
County of

Alabama
Lee

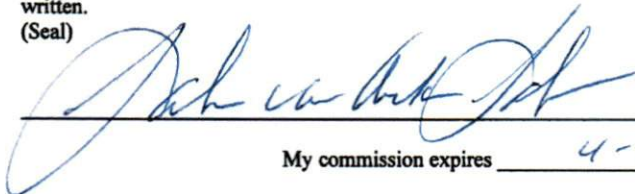
)
)
)

ss:

On this 28 day of September, 2015, before me,  a Notary Public in and for said county and State residing therein, duly commissioned and sworn, personally appeared Sharon Tolbert, who proved to me on the basis of satisfactory evidence to be Chief Executive Officer of the Housing Authority of the City of Auburn, Alabama, that executed the within instrument and acknowledged to me that such Sharon Tolbert executed the same.

In Witness Whereof, I have hereunto set my hand and affixed my official seal the day and year in this Certificate first above written.

(Seal)



(Notary Public)

My commission expires 4-29, 20 17.

RAD Sources and Uses - Auburn Housing Authority
RCC Exhibit D
Updated September 9, 2015

SOURCES	
Public Housing Operating Reserves (UNA)	\$ 3,512,472
Retirement Reserves (per GASB68 - NRA)	\$ 8,054,144
Prior Year Public Housing Capital Funds	\$ 1,357,821
Replacement Housing Factor	\$ 121,945
Low Income Housing Tax Credit Equity - 4%	
Low Income Housing Tax Credit Equity - 9%	
Other:	
Other:	
Other:	
Other:	
Total Sources	\$ 13,046,382

Reserves @ June 30, 2015	\$ 3,906,328
CFP Year	Avail Bal
CFP12	\$ 238,654
CFP13	\$ 359,627
CFP14	\$ 359,049
CFP15	\$ 400,491
Total CFP @ 9.9.15	\$ 1,357,821
Repl Hsg Factor Yr	Avail Bal
Repl Hsg Factor 11	\$ 35,074
Repl Hsg Factor 12	\$ 31,028
Repl Hsg Factor 13	\$ 28,153
Repl Hsg Factor 14	\$ 27,690
Total Repl Hsg Factor @ 9.9.15	\$ 121,945

*Operating Reserves
 387 (PUM) x 304 (units) x 6 (mo) = \$705,888

USES	
Building & Land Acquisition	
Other Costs	
Payoff Existing Loans	
Construction Costs	\$53,330
Relocation Costs	
Architecture & Engineering	
PCA	
Borrower's Legal Counsel	
Lender's Legal Counsel	
Feasibility Studies	
Environmental Reports	
Appraisal	
Market Study	
Accounting	
Survey	
Other Costs: PILOT legal	\$14,000
FHA MIP	
FHA Application Fee	
FHA Inspection Fee	
Financing Fee	
Organizational Costs	
Title Insurance/Exam Fee	
Recordation Fee	
Closing Escrow Agent Fee	
Prepayment Penalty	
Payables	
Construction Interest	
Construction Loan Fees	
Cost of Bond Issuance	
Other Costs - Legal	\$5,000
IDRR	\$2,506,500
IOD Escrow	
*Operating Reserve	\$705,888
Retirement Reserves (GASB68)	\$8,054,144
Tax and Insurance Escrow	
RAD Transitional Reserve	\$1,707,520
Developer Fees	
Total Uses	\$13,046,382

Certified by: Sharon Tolbert, CEO

Date