



HOME ACTION PLAN

For 2013 Funds



Prepared by the Alabama Housing Finance Authority acting solely in its capacity as the Administrator of the State of Alabama's HOME Investment Partnership Program

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State of Alabama**

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I. HOME INVESTMENT PARTNERSHIPS PROGRAM

The Home Investment Partnerships Program (HOME) is a federally funded housing program established in 1990 as part of the Cranston-Gonzalez National Affordable Housing Act (the “Act”). Under guidelines from the United States Department of Housing and Urban Development (HUD), Alabama Housing Finance Authority (AHFA) is the designated administrator and designer of Alabama’s HOME Program. AHFA has specifically designed the HOME Program to meet the needs of low- and moderate-income Alabamians consistent with HUD guidelines.

II. DEFINITIONS

Act - the Cranston-Gonzalez National Affordable Housing Act passed in November 1990. This Act contains the provisions for the HOME Program and is further defined in 24 CFR Part 92.

Alabama Housing Finance Authority (AHFA). AHFA was designated the administrator of Alabama’s HOME Program by the Governor of the State of Alabama on February 22, 1991.

Community Housing Development Organization (CHDO). In order to qualify as a CHDO, an organization must be a non-profit organization and meet the requirements specified in 24 CFR Section 92.2. The qualifying CHDO must have staff that is experienced in developing projects of the same size, scope and level of complexity as the activities for which HOME funds are being reserved or committed. HUD defines CHDO staff as paid employees responsible for day-to-day operations (volunteers, board members, and consultants are not considered staff). The organization must recertify annually to remain an active and qualified CHDO for purposes of applying for HOME funds.

Competitive Cycles - a period of time established by AHFA during which applications for funding under Alabama’s HOME Program may be accepted.

Consolidated Plan (Plan) - a consolidated submission of the planning and application aspects of four HUD Programs, including the HOME Program. Other Plan programs are CDBG, ESG and HOPWA.

HOME Agreement - HOME Investment Partnerships Program Agreement. The HOME Agreement is an agreement executed by AHFA and the entity approved to receive an appropriation of HOME funds.

HOME Funds - funds made available under Alabama’s HOME Program through allocations and reallocations, and may consist of any repayments and interest or other return on the investment of these funds.

Participating Jurisdiction - a state or local unit of government, which has met the requirements of Section 216 of the National Affordable Housing Act and will receive a separate appropriation of HOME funds to be used within its jurisdictional boundary. The State of Alabama is considered a participating jurisdiction. The local participating jurisdictions for this state are: Anniston, Jefferson County, Birmingham, Mobile, Mobile County, Montgomery, Huntsville and Tuscaloosa.

Project - a site or an entire building or two or more buildings, together with the site or (when permissible) sites on which the building or buildings are located, that are under common ownership, management, and financing and are to be assisted with HOME funds, under a commitment by the owner, as a single undertaking. Project includes all the activities associated with the site and building.

Recipient - an individual, public agency, for-profit developer(s), CHDO, non-profit developer(s), or any entity that receives State of Alabama HOME funds.

III. ALABAMA'S HOME PROGRAM

AHFA has developed and implemented this HOME Action Plan for the State of Alabama in compliance with the rules set forth in Title II of the Act, the final rule published by HUD (collectively hereinafter referred to as the "HOME Regulations"). AHFA is required by the HOME Regulations to:

- Develop selection criteria to be used in determining housing priorities for the State. The selection criteria includes ranking each project in accordance with its location, fulfillment of housing needs, project and applicant characteristics, participation of local tax-exempt organizations, and the targeting of tenant population with supportive housing needs;
- Develop an evaluation process whereby preference is given to projects, which serve: (1) the lowest-income tenants, and (2) qualified tenants for the longest period(s); and
- Develop compliance monitoring procedures to test for noncompliance with HOME regulations and for notifying the Housing and Urban Development (HUD) of noncompliance.

A. Development of Selection Criteria

AHFA has been responsible for preparing a housing needs assessment and strategy for the State of Alabama since the HOME Investment Partnerships Program was created. In 1992, AHFA prepared the first Comprehensive Housing Affordability Strategy (or CHAS) as a prerequisite for Alabama to receive millions of federal dollars for housing. Prior to submitting the CHAS to HUD, AHFA prepared an extensive list of interested relevant parties from which to gather information and mailed letters of inquiry, questionnaires and surveys to various state agencies, service providers, housing directors and individuals. Based on the information gathered, along with data from the relatively new 1990 U. S. Census, AHFA then compiled a blueprint document for creating affordable housing across the State.

Beginning in 1995, HUD abandoned the CHAS and created the Consolidated Plan; an effort to blend the four Community Planning and Development (CPD) programs - Community Development Block Grant (CDBG), Home Investment Partnerships (HOME), Emergency Shelter Grants (ESG), and Housing Opportunities for Persons with AIDS (HOPWA) - into a single submission process for the purposes of the Consolidated Plan. AHFA, as administrator of the HOME program, was deemed responsible for writing the housing portion of the new document. The Consolidated Plan provided a detailed overview of how the State planned to utilize its annual Community Planning and Development funding¹ to meet economic development objectives, provide affordable housing, and address other special needs. As a contributor, AHFA offered a detailed analysis of the current status of housing in Alabama with special attention devoted to the condition of housing and housing affordability.

¹ Annual CPD funding for the State has been upwards of \$50,000,000 in some years. For Program Year 2012, that figure had dropped to \$33,617,836.

The early State Consolidated Plan submissions relied on figures from the 2000 U. S. Census. Once the 2010 U. S. Census became available, the State relied upon the newer figures. While Alabama, like all states, has experienced ups and downs in population, income, and other critical census-tracked data between 1990 and 2000 and between 2000 and 2010, one realization has not been altered – our State is still poor and thousands of Alabama families and households need a safe and affordable place to live. A great many unmet needs still exist and AHFA will use the limited resources available to address as many unmet needs as feasible across the State.

The Consolidated Plan, in addition to providing an overall assessment of housing needs for the State, identifies the housing needs associated with special needs groups (minorities, single-parent families, the elderly, people with disabilities, mental illness, or AIDS/HIV and homeless persons).

A demographic analysis performed for the first Consolidated Plan (and still true today) concluded “that a significant number of individuals in all parts of the state are in need of housing assistance. Those with the greatest needs are, predictably, concentrated at the lowest levels of the income hierarchy, wherein the housing cost burden is also the most severe. The largest numbers relative to housing needs are found in the state’s most populous urban and metropolitan counties, but the greatest concentration of need is observed in the rural counties located in the southern portion of the state, the Black Belt in particular.”

Additionally, the Consolidated Plan continues to be updated with historical AHFA data, including a list of HOME and Housing Credit projects placed in service and/or committed by AHFA since those programs began. The new Census data did not dramatically alter the state’s affordable housing priorities. While state HOME funds provide hundreds of traditional affordable housing units across Alabama each year, the overwhelming majority of beneficiaries have been families and, in some cases, the elderly. Meeting those needs is consistent with Consolidated Plan findings and the need for additional family units and elderly units should remain strong.

On April 27, 2011, the state of Alabama was hit by tornados, storms, straight line winds and flooding. A total of 43 counties were declared disaster areas eligible for individual assistance under the authority of the Robert T. Stafford Disaster Relief and Emergency Assistance Act. Due to the number of housing units destroyed and made uninhabitable, AHFA considered these facts when developing the selection criteria for the 2013 allocation cycle.

B. Establishment of Housing Priorities

This HOME Action Plan seeks to ensure that, where economically feasible, every county in Alabama regardless of population size and other factors, will have an opportunity to compete for funding to address their unmet housing needs, with the understanding that respective county stakeholders must be proactive toward a) providing additional funding sources and incentives as available, b) helping to remove regulatory and discriminatory barriers, and c) seeking experienced Housing Credit and HOME development partners to assist in creating housing development solutions for their respective communities. AHFA has established certain housing priorities to be used in the distribution of HOME funds. AHFA seeks to promote the following housing priorities (not in order of preference) in the 2013 allocation cycle:

- Projects that add to the low-income housing stock;
- Projects, which, without HOME funds, would not likely set aside units for low-income tenants;
- Projects which use additional assistance through federal, state, or local subsidies; and
- Balanced distribution of HOME funds throughout the state in terms of geographical regions, counties, and urban/rural areas.

C. Project Selection Criteria

AHFA is required to evaluate each application to determine which projects should receive HOME funds. Applicants must complete the following basic steps:

- 1.) Submit a complete application to AHFA. The application package contains a checklist outlining items necessary to complete the application. The application is deemed complete if all pages are submitted on original current year forms with original signatures, legible, and all applicable spaces fully completed. All required forms/documentation (see application checklist and instructions) must be submitted with the application in original form with original signatures. The forms/documentation must be submitted in numerical order behind blue index pages (the applicant must provide) and submitted in the application package. The application should not be in a binder or spiral binding. Failure to meet any of the above instructions will result in point deductions in the Point Scoring System (see Section V (B)(1)).

Portions of the application may be required to be submitted online.

If an application remains incomplete after notification by AHFA of the missing documents and expiration of the time allowed for submission of said items, the application will be terminated, and no further consideration will be given.

- 2.) Provide evidence that the project is a qualified low-income housing project for multifamily rental that meets the basic occupancy and rent restrictions required of Section 42.

Residential rental projects must be on a single site or contiguous sites. Sites *may be considered* contiguous if separated only by one neighborhood street. Single-family homes are allowed. Mobile homes do not qualify. Intermediate care facilities, group homes, and congregate care facilities are not allowed. In addition, any residential rental unit that is part of a hospital, nursing home, sanitarium, lifecare facility, or intermediate care facility for the mentally and physically handicapped is not for use by the general public and is not eligible for HOME funds. Projects must contain no fewer than 12 units and no more than 56 units.

All residential rental units must be under common ownership, deed, financing and property management.

- 3.) Provide evidence that the application meets AHFA market and feasibility requirements. The proposed rental project must meet AHFA's market feasibility

and analysis requirements. A market study conducted by an independent third party market analyst must, at a minimum, document the following criteria:

- (i.) The project's market area must be clearly defined and reasonable;
- (ii.) The supply analysis of comparable subsidized or non-subsidized developments must include, but not be limited to, vacancies, amenities and rental rates;
- (iii.) The demand analysis must convincingly demonstrate a need for the proposed type of housing;
- (iv.) The market feasibility of the proposed rent structure must demonstrate that there is a rent advantage over non-subsidized housing in the defined market area;
- (v.) The analysis of the relationship between supply and demand must demonstrate a reasonable absorption rate; and
- (vi.) The summary of salient facts and conclusions as provided in the market study must include a statement from the professional market analyst clearly stating in the analyst's professional opinion whether the project as proposed will be successful.

The market study must demonstrate an adequate market for the proposed units and that the proposed project would not adversely impact any existing AHFA projects or create excessive concentration of multifamily units.

AHFA will review and take into consideration the market study submitted with the application, in-house documentation collected from onsite compliance audits, market information submitted by the United States Department of Agriculture Rural Development (RD), audited financial statements, and owner submitted project budgets in order to determine the need for the proposed project. AHFA may terminate any application based on any one of the following market criteria:

- (i.) The proposed project's capture rate is above thirty-five percent (35%).
 - (ii.) Active AHFA's projects in the defined market area have an overall average stabilized vacancy rate of fifteen percent (15%) or above. Active is defined any AHFA project that is still in its applicable compliance period.
 - (iii.) The proposed market is determined to be a questionable market or will have a clear long term negative impact on existing AHFA-funded development(s) in the same market.
 - (iv.) If any information submitted in the market study is determined to be false, nonfactual or misleading.
- 4.) Demonstrate that the project is financial feasible. The project must meet certain financial feasibility requirements. See Section II (E) (1) (iii) of this QAP.
 - 5.) Submit evidence of adequate infrastructure capacity. Calhoun, Cullman, DeKalb, Franklin, Jefferson, Lawrence, Limestone, Madison, Marion, Marshall, St. Clair, Tuscaloosa and Walker counties which were declared a Federal Disaster Area due to the tornadoes, storms and flooding on April 27, 2011, may provide evidence by a letter from the local jurisdiction that damaged infrastructure will be restored by the time the project places in service.

- 6.) Demonstrate the likelihood of sustained 20 year affordability period with the HOME Regulations. The financial statements required in the application must demonstrate that the Owner and Management Company have the financial capacity and experience to maintain compliance with HOME Regulations throughout the compliance period.

D. Fees

The following fees, as applicable, must be paid by a business check or certified funds and be made payable to Alabama Housing Finance Authority. Cash or personal checks will not be accepted:

- 1.) Application Fee: A \$5,000 non-refundable fee must accompany the application. If the application fee is returned due to insufficient funds, the application will terminate. Regardless of the funding decision, the application fee is non-refundable.
- 2.) Reservation Fee: A reservation fee based on the first year’s Housing Credit allocation will be required to be paid by applicant within 15 days of the date of the reservation letter. The reservation fee will equal a) twelve percent (12%) of the Housing Credit allocation for contiguous sites, and b) fourteen percent (14%) of the Housing Credit allocation for non-contiguous sites.
- 3.) Extension Request Fee(s): The applicant must submit all required documentation to AHFA within specified timeframes. If applicant is unable to submit all required documentation as required, then applicant must submit: a) a request for extension using the AHFA-provided extension request form and b) payment for the extension request based on the following schedule:

<u>Frequency of Requests</u>	<u>Required Extension Fee</u>
1	\$1,500
2	\$3,000
3 (or more)	\$5,000 each

- 4.) Deviation Request Fee(s): A \$500 fee will be charged for any deviation from the Design Quality Standards after the reservation for funding and through the end of construction of the project. Any request for deviation from the Design Quality Standards must be approved in writing by AHFA before work commences.
- 5.) Change Order(s): a) A \$500 fee will be charged for each AHFA-approved change order request from the original application through the extended use period. Each change will be charged separately even if multiple change requests are submitted by applicant in the same request. b) **\$3,000 per occurrence will be charged for failure to notify or obtain AHFA’s approval of significant or numerous changes.** (AHFA will determine whether the change(s) is significant or numerous in its sole discretion.)
- 6.) Cost Certification Fee: a) A \$500 fee will be charged for processing the initial Cost Certification package and an additional \$500 fee will be charged each time a Cost Certification package is submitted for reprocessing for any reason.

- 7.) Compliance Fee: a) A \$750 fee will be charged per low-income unit for each application awarded Housing Credits, and b) a \$500 fee will be charged per low-income unit for each application awarded Housing Credits combined with HOME funds.
- 8.) Reprocessing Fee: A \$100 fee per form will be collected if AHFA is required to amend any AHFA-provided forms or IRS forms due to owner request or error.
- 9.) Re-underwriting Fee: A \$2,500 fee will be charged if the project has to be re-underwritten due to a change in the number of buildings, units, design of the project, sources and uses of funds, etc.
- 10.) Environmental Penalty Fee: A \$2,500 fee will be charged if the Phase I contracted by AHFA after the reservation of funds, indicates a finding not identified in the applicant's Phase I submitted and requires a Phase II, the applicant will be required to pay the penalty fee and all costs associated with the Phase II report and/or additional testing.
- 11.) Third-Party Fees: Applicant will be required to reimburse to AHFA any third party costs incurred by AHFA resulting from changes in the application which may result in additional third-party fees being incurred by AHFA, including without limitation, legal fees, architect and engineers' fees, consultant (construction or otherwise) fees, and environmental fees, etc.

E. Amendments

AHFA is entitled to amend this HOME Action Plan, including compliance monitoring provisions, as required by the promulgation or amendment of HOME Regulations from time to time. Such amendment(s) are expressly permitted and the making of such amendment(s) will require a public notice.

F. Uses of HOME Funds

HOME funds will be allocated primarily toward the production of residential rental housing for low-income households and for other uses deemed necessary by AHFA, as long as the use is consistent with the Consolidated Plan.

A portion of the funds allocated to the State of Alabama is required to be reserved for Community Housing Development Organizations (CHDOs). Fifteen percent of HOME funds will be reserved for investments in housing developed, sponsored or owned by CHDOs. This is the percentage required by federal regulations for use by specific organizational types or activities. These HOME funds will be set aside for use by CHDOs in the form of loans for project construction and development. AHFA reserves the right in its discretion to award a sufficient number of projects to CHDO applicants, regardless of point scoring, to meet the 15% set aside of HOME funds. AHFA will make efforts to identify and assist eligible organizations in using HOME funds to meet the housing needs of the state. These organizations must meet the criteria identified by the Act and demonstrate the feasibility of their proposed endeavors. Alabama's HOME Program will utilize loans to promote the production of affordable housing in an effort to meet the needs as identified in the State's Plan. A general outline of the HOME Program is as follows.

Anticipated Uses of HOME Funds:

AHFA estimates the following uses of 2013 HOME funds for the State of Alabama:

USES

Loans	\$ 6,588,908
CHDO Loans	\$ 1,317,781
Administration Fee	<u>\$ 878,520</u>
2013 HOME FUNDS ALLOCATED	\$ 8,785,209

G. Loan Structure

The structure of the loans made under Alabama's HOME Program will be determined based upon AHFA's assessment of the proposed project's ability to address the needs as identified by the Plan. HOME funds to be allocated to any project will not exceed the amount, determined by AHFA, needed to make the project economically feasible. The amount, terms and rate structure will be set by AHFA. General loan guidelines are as follows and are subject to change at AHFA's discretion:

- 1.) Loan Terms and Repayment: HOME funds will be allocated to the approved projects in the form of a loan. The loan will bear an interest rate of 1/2% accruing annually with deferred payments for twenty years. The principal and interest will be due at the end of the 20th year. In the event of default, AHFA reserves the right to set a default rate in excess of the prevailing Prime Lending Rate applicable at the time of the default.
- 2.) Eligible Activities: New construction of rental units.
- 3.) Eligible Participants: For-profit developers, CHDOs, non-profit developers or any entity eligible to receive an appropriation under Title II of the Act.
- 4.) Security: The loan may be secured by a first or subordinate mortgage on the land and the existing or proposed improvements. In addition, a collateral assignment of rents and leases will be executed in connection with the property. Additional collateral may also be required, but is subject to the discretion of AHFA based on the nature of the transaction involved.
- 5.) Guaranty: AHFA, in its sole discretion, may require that the loan be guaranteed by an individual(s) or entity acceptable to AHFA.
- 6.) Insurance: Appropriate insurance will be required in connection with the principal security as collateral for the loan. In addition, the applicant, developer and/or builder must evidence insurance coverage to include, but not be limited to, builder's risk insurance, general liability insurance, and loss of rents insurance.
- 7.) Good Standing: No loan application will be processed for any borrower or related entity which is not in good standing with AHFA and any other state housing finance authority, the Alabama Department of Economic and Community Affairs (ADECA), HUD or RD. An applicant can be denied consideration of the HOME funds under Alabama's HOME Program if the applicant or its related parties have a history of payment delinquencies, bankruptcy, foreclosure or activities determined to be unsound or unlawful.

- 8.) Closing Costs: The borrower is responsible for all closing costs incurred in connection with any HOME Program loan(s), inclusive of all AHFA-appointed attorney's costs.
- 9.) Environmental Review: Before AHFA can commit HOME funds, a Phase I Environmental Site Assessment prepared by an environmental engineer must be completed. The form and content of the report, including all findings, must be acceptable to AHFA. AHFA will approve, select and engage all environmental engineers. Environmental reviews will be conducted in accordance with the applicable HOME regulations.
- 10.) Survey: Loans closed under Alabama's HOME Program will require a survey of the property, which must be completed prior to closing, and contain a flood zone certification. The survey, in form and content, must be acceptable to AHFA.
- 11.) Declaration of Land Use Restrictive Covenants: Prior to closing, applicants must execute and record a copy of the Declaration of Land Use Restrictive Covenants agreement. The terms of the agreement will require that the covenants remain in effect for the required low-income occupancy period.
- 12.) Construction Consultant: AHFA will contract with an independent construction consultant who may: (i.) perform an up-front analysis of the construction budget to determine the reasonableness of costs as presented; (ii.) review the final plans and specifications of the project (during and upon the completion of the project) for compliance with AHFA's Design Quality Standards, applicable local, state and federal building codes and ordinances; (iii.) review specifications and make comments and/or recommendations regarding the quality of materials to be used in connection with the project; and (iv.) review work in progress and the completed project for any material defects and quality of work.
- 13.) Appraisal: Appraisals will be required on all loans and must adhere to applicable federal and state laws. The appraisal must be completed by an appraiser who is state-certified. AHFA will select and engage all appraisers.
- 14.) Application Cycles: Applications for Alabama HOME funds must be made to AHFA during an application cycle. Cycles will be competitive and on a first-come, first-served basis. Funding decisions will be based upon the project selection criteria and point scoring system as detailed herein.
- 15.) Existing HOME Loans: The full principal and accrued interest is due and payable on the maturity date specified in the projects loan documents. For projects unable to pay the full principal and accrued interest, AHFA will consider a one (1) year extension. Upon approval of an extension, an extension fee not to exceed ¼ of 1 percent of the outstanding balance including accrued interest and will require an annual excess cash flow payment. Project's not able to pay off the HOME loan in full will not be eligible for additional funding under any AHFA administered program.

IV. ALLOCATION PROCESS

A. Application Cycles

The dates of application cycles will be determined by AHFA on an annual basis. All individuals who have requested to be on the mailing list (see Section IV (B)) will receive notification of the cycles by e-mail. Notice of the cycle will also appear in *The Birmingham News*, *The Huntsville Times*, *The Mobile Press Register* and *The Montgomery Advertiser*.

Persons wishing to apply for HOME funds must complete the AHFA HOME Funding application. Applications may be obtained online at www.ahfa.com. All correspondence and inquiries are to be directed to the following:

Alabama Housing Finance Authority	Phone Number: (334) 244-9200
Attn: Multifamily Division	Fax Number: (334) 244-9214
P. O. Box 242967	www.ahfa.com
Montgomery, Alabama 36124-2967	

B. Mailing List

AHFA maintains an e-mail distribution list for those interested in receiving notifications of application cycles and other AHFA Multifamily program activities. Visit AHFA's website at www.ahfa.com to be added to the e-mail list or you may submit a written request to the address as specified in Section IV A. Changes or updates to contact information are the responsibility of the provider and should be submitted to AHFA in a timely manner.

C. Application Threshold Requirements

Although AHFA recognizes that each application submitted is different, certain standard requirements **must be** met by all applicants before the application can be considered. If any of the following threshold requirements is not met, the application will terminate. The threshold requirements are:

- 1.) Application Fee. A \$5,000 non-refundable fee must accompany the application. *The fee must be in the form of a cashier's check or bank check, i.e., certified funds (no cash or personal checks accepted). If the application fee is returned due to insufficient funds, the application will terminate. Regardless of the funding decisions, the application fee is non-refundable.*
- 2.) Site Control. If the applicant does not already own the property for which funds are requested at the time of application, the applicant must have site control as evidenced by a purchase option. Because of regulations that impact the varying lengths of the approval process for each property, and the significant risks to the applicant of failing to do so AHFA strongly suggests that the applicant (i.) secure, at a minimum, a six-month purchase option with an option to renew for an additional six months and (ii.) obtain seller's written agreement not to disturb the site until all environmental issues have been cleared.
- 3.) Proper Zoning. The applicant must provide evidence that the property owned (or to be owned) is properly zoned and consistent with the proposed project's use. AHFA

does not consider the property zoned if final zoning (not plans and specifications for issuance of building permits) is contingent upon further city meetings, approvals and/or advertisement. Evidence must be in the form of a signed statement from the local jurisdiction where the property is located.

- 4.) Market Study. The applicant must provide a market study conducted by an independent third-party market analyst with a signed Certification of Market Study Requirements Form provided by AHFA in the application package. The market study must demonstrate an adequate market for the proposed units and that the proposed units will not adversely impact any existing AHFA projects or create an excessive concentration of multifamily units or housing targeting low-income tenants. If the market study that AHFA obtains does not satisfy AHFA's requirements, the application will terminate
- 5.) Certification of Consistency with the Consolidated Plan. If the proposed project is in an area that is covered by a local Consolidated Plan (see Addendum G of instructions for list), the applicant must have the certification of consistency completed by an authorized official of the participating jurisdiction. If not, the project will be governed by the State of Alabama's Consolidated Plan, and a letter will not be required.
- 6.) Design Quality Standards. All projects are required to meet **AHFA's Design Quality Standards for attached new construction rental units (Addendum A) or for single-family rental homes (Addendum B).** These are minimum standards. AHFA will permit projects to exceed these standards. Each applicant may construct the proposed project in a manner that reflects applicant goals or that exceeds local building codes.
- 7.) Flood Certification. The applicant must provide a completed FEMA Standard Flood Hazard Determination Form (FEMA Form 086-0-32) from a nationally recognized flood data service or from a licensed surveyor indicating that no portion of the property is located within the 100-year flood plain. No portions of the site may contain wetlands including any portions not considered part of the site but necessary for ingress and egress to the site.
- 8.) Applications submitted in other Participating Jurisdictions. The applicant that submits an application in a city or county that receives HOME funds must obtain a commitment for HOME funds from applicable participating jurisdictions, equal to ½ of the HOME funds requested from AHFA. The participating jurisdictions are listed on page 2 of the HOME Action Plan. The amount of funds committed to the project must be applicable to all the proposed number of units. Applications located in Jefferson County, city of Birmingham, Tuscaloosa, city of Huntsville, and the city of Anniston will not be required to commit HOME funds to be eligible to apply for HOME funds from AHFA.
- 9.) A Phase I Environmental Site Assessment. The applicant must provide a Phase I environmental site assessment, which must include an environmental lien search and color photos of the site. The Phase I must be addressed to the AHFA and conform to the American Society for Testing and Materials Practice Standard E-1527-05. **If the Phase I recommends that a Phase II be conducted, the application will not be considered for funding unless the applicant also submits a clean Phase II at the**

time of application, which indicates all issues have been cleared meaning no contamination on the site. If the Phase I contracted by AHFA after the reservation of funds, indicates a finding not identified in the applicant's Phase I submitted and requires a Phase II, the applicant will be required to pay a \$2,500 penalty fee and all costs associated with the Phase II report and/or additional testing.

- 10.) Architect's Certification of Project Progress. The project's architect must certify that all building foundations slabs or crawl space are in place on 2010 and 2011 AHFA-funded projects. AHFA funding includes HOME, Housing Credit, TCAP, Exchange and Tax-Exempt Bonds.
- 11.) Site Location. AHFA will not consider any application (for any new construction project, or rehabilitation project that is less than 50% occupied) if the project is located within a two (2) mile radius of any project approved for AHFA funding, which were previously approved during 2010 through 2012 that have not placed in service or are less than 90% occupied.

Projects funded with Housing Credits only, Housing Credits combined with HOME funds, Exchange funds, and Tax Exempt Bonds combined with Housing Credits will be included within the 2-mile radius requirement. *Radius is defined as a straight line extending from the center of a circle to the circumference the 2-mile radius for each project must be clearly defined in the market study.*

The following are exceptions to the 2-mile radius requirement:

- a.) **Applications that contain financing through HUD's HOPE VI, Choice Neighborhood, Replacement Housing Factor funds, Capital Fund Program funds.**
- b.) **Applications located in Jefferson and Tuscaloosa Counties.**

AHFA will provide reasonable assistance in determining occupancy of applicable projects, upon request. All information provided to applicants by AHFA will be based upon third party information reported to AHFA. AHFA will confirm occupancy of all applicable projects at the time of application.

AHFA's determination of occupancy is final and binding on all applicants. AHFA is not responsible for errors or omissions in occupancy reported to AHFA.

Note: If a project approved for AHFA funding returns its Housing Credits before the application is due and does not go forward, that project will not be considered in determining the 2-mile radius requirement and must be clearly defined in the market study.

- 12.) Extended Low-Income Use. All projects must commit in writing to extend the Housing Credits low-income set-aside an additional five (5) years beyond the fifteen (15) year compliance period to twenty (20) years. Therefore, projects will not be allowed to enter into a Qualified Contract until after the 20th year of the extended low-income use is complete, unless approved in writing by AHFA as part of the Qualified Contract process.

D. Negative Actions

Should the following actions occur after the application has been submitted to AHFA, consideration of the application will terminate:

- 1.) Site change or alteration of any kind;
- 2.) Change in ownership--a change in the parties involved in the ownership entity (e.g., addition of a new general partner/member or removal of an existing general partner/member);
- 3.) Change in unit design, square footage, unit mix, number of units, number of buildings, etc. (unless changes are required by local regulatory codes);
- 4.) Change in the general contractor;
- 5.) Change in the management company;
- 6.) Change in the architect;
- 7.) Instances of excessive or flagrant non-compliance on applicant's existing projects;
- 8.) Any development team member (listed on page 2 of the application) who has instances of excessive or flagrant non-compliance with AHFA, Housing Credit, HOME, or Tax-Exempt Bond regulations on existing projects;
- 9.) Any development team member (listed on page 2 of the application) who is presently debarred, suspended, proposed for debarment or suspension, declared ineligible or voluntarily excluded from any transactions or construction projects involving the use of federal funds or Housing Credits;
- 10.) Applicant has a project with AHFA that is in foreclosure or has been foreclosed; and/or
- 11.) Any material adverse change relating to the project or owner.
- 12.) If the Applicant's only project (applicant's first project and first time ever Awarded funds by AHFA) was funded in 2010, 2011, or 2012 and that project is not complete and has not reached 90% occupancy at the time of application; and
- 14.) Applicant (inclusive of development team partners) has any outstanding fees due to AHFA on other projects.

The above list of negative actions is not all-inclusive. The application package itself will list other necessary requirements. AHFA may terminate consideration of an application if any factual information supplied in connection with the application is fraudulent, misleading, or materially incorrect. Determination of whether information is fraudulent, misleading, or materially incorrect will be determined by AHFA in its sole discretion.

E. Application Evaluation

AHFA follows a competitive process by which all applicants are objectively scored according to criteria specified in the HOME Action Plan. AHFA strictly adheres to the policy and procedures of the HOME Action Plan. Efforts to influence the outcome of the application process via lobbying efforts either directly (by the applicant) or indirectly (via the efforts of third parties on the applicant's behalf), will be futile, considered as a violation of the HOME Action Plan and will result in the termination of the application. In addition, the applicant could be subject to civil or criminal liability. Each application must stand on its own merits.

- 1.) Process of Evaluation. Each application submitted will be subject to the following evaluations:
 - (i.) Completeness. Applications will first be examined for completeness. Should an application not be complete as defined in Section III (C) (1) of this HOME Action Plan, it will receive point deductions. If the application is still incomplete after time has been given to submit the missing or deficient items, the application will be terminated, and no further consideration will be given. AHFA will not transfer information or forms from one application file to another. AHFA will not call applicants for missing items related to scoring the application. AHFA may call applicants for clarification of any document submitted with the application.
 - (ii.) Point Scoring System. Once the application is checked for completeness, the application will be further evaluated using the Point Scoring System included in Section V.
 - (iii.) Financial Feasibility. Once the application is point-scored, the project will then be evaluated to determine its financial feasibility, including its viability as a qualified low-income housing project throughout the credit period. Taking into consideration that market, income and housing conditions vary greatly across the State of Alabama the financial feasibility of any application submitted may require various other funding resources to be viable in the short term to and aid in the long term sustainability of any project. Local government resources, philanthropic efforts and other funding sources are critical to help ensure that limited AHFA resources can be allocated in all areas of the state where unmet housing needs still exist. Applications that are not financially feasible at the time of submission because additional sources of funds are necessary will not be considered for funding.

AHFA will require a minimum debt service coverage ratio of 1.20:1 for HOME development debt financing that would foreseeably result in foreclosure if not repaid. For purposes of this standard, debt service coverage is defined as the ratio of a property's net operating income (rental income less operating expenses and reserve payments) to forecloseable, currently amortizing debt service obligations. AHFA will determine the allowable operating expense based on historic and current HOME and Housing Credit properties' financial statements.

AHFA will require the project to establish and maintain throughout the extended-use period a minimum operating reserve. The operating reserve will be an amount equal to six months of the projected first-year operating expenses plus three months debt service.

AHFA will require the project to establish and maintain throughout the extended use period a minimum replacement reserve account of a) \$250 per unit annually for new construction projects for the elderly, b) \$300 per unit annually for all other projects.

AHFA's determination of the appropriate amount of HOME funds is not a representation or warranty as to the financial feasibility of such project, and may

not be relied upon as such by the applicant, owner, developer, investor, lender or any other person.

Project feasibility: At a minimum, AHFA determines that a project is financially feasible based on the following criteria: a) the extent to which the project's sources of funds equals the project uses of funds; b) the extent to which any proposed developer fee deferral can be paid within the time frame allowed by the Internal Revenue Service; c) the reasonableness of total project costs, inclusive of AHFA predetermined hard and soft cost standards; and d) the repayment terms (including interest rate, total debt and loan term) for all proposed debt (hard and soft) in connection with the proposed project.

Additional Underwriting Criteria and assumptions that are market driven such as interest rates, housing credit pricing, and project operating expenses will be released and discussed at AHFA's HOME/Housing Credit Application Workshop. The training will be held prior to the application cycle.

- (iv.) Credit Worthiness. AHFA will perform credit investigations of the individual(s) and trade reports of businesses involved in the development and operation of the project. The applicant must provide sufficient documentation to obtain the required credit reports. If these reports prove to be less than satisfactory, including but not limited to the finding of federal tax liens the application may be terminated.
- (v.) Reasonableness of Project Costs. Any line item costs, square footage costs or total unit costs exceeding a range of reasonableness will possibly be disallowed solely at the discretion of AHFA. Additional information and documentation (verified by AHFA and/or AHFA's designee) may be required to substantiate the reasonableness of the cost. Any allocation made will be determined using AHFA's assessment of cost. Any allocation of HOME funds made cannot exceed the HUD 221(d)(3) limits. A list of applicable limits can be provided by AHFA.

AHFA reserves the right to request certification or verification in a form acceptable to AHFA of any line item cost at any time between the application cycle and final allocation of the HOME funds. When the project is placed in service, AHFA requires the final cost certification to be made by an independent Certified Public Accountant.

- 2.) Frequency of Evaluation. Applications will be evaluated at least two times:
 - At submission; and,
 - Before the closing of the HOME loan.

F. Developer and Builder Fees

- 1.) Developer Fee. The developer fee, which includes the developer's overhead and profit plus consultant fees and the owner's profit, should not exceed 15% of the total project costs (excluding the developer fee).

- 2.) **Builder Fee.** The builder fee, which includes builder profit and overhead, should not exceed 8% of the construction costs, excluding the fee. General requirements must be cost-certified and, as a general rule, should not exceed 6% of the total construction costs. Items included in general requirements will be consistent with HUD and RD regulations.
- 3.) **Identity of Interest.** AHFA requires that the applicant identify the existence of an identity of interest with any other party to the project including the sale of real estate. “Identity of Interest” is defined below in Section IV (G) of the HOME Action Plan.

G. HOME Funds Allocations

No related entities, principals or individuals shall be allocated HOME funds in excess of 20% of the state’s 2013 HOME fund allocation. Regardless of the percentage ownership in a project, 100% of the project’s HOME fund allocation will count towards all caps.

The intent of the HOME Cap is to promote fair and objective administration of the HOME program by ensuring that no single applicant can receive an excessive share of the available HOME funds in any application cycle. Parties that have an identity of interest are presumed to be sufficiently related for them to be treated as a single applicant for purposes of the Cap. As described below, AHFA may in its discretion identify other parties whose relationship is sufficiently close to cause them to be treated as a single applicant for purposes of the Cap. A significant factor in AHFA’s evaluation will be whether, based on the facts and circumstances, a primary purpose of a party’s involvement in a project appears to be avoidance of the Cap.

For purposes of this paragraph, the following relationships constitute an identity of interest for purposes of identifying related parties in order to apply the Cap:

- 1.) Individual persons are considered related to each other (i.) if they have any of the following direct relationships: parent, child, , spouse, son-in-law, daughter-in-law, father-in-law, and mother-in-law , including any such direct relationship created by marriage, remarriage, adoption, or any other legally recognized status, or (ii.) if one individual is an employer, by common law or otherwise, of the other.
- 2.) Entities are considered related to each other (i.) if any director, shareholder, partner, member, or any other type of owner of any entity would be considered a related individual (under item 1. above) to any director, shareholder, partner, member, or any other type of owner of another entity, (ii.) if the entity has the ability to control another entity, or (iii.) if the entity owns a material interest in another entity. An entity will be presumed to control another entity if it has a percentage of ownership in the other entity or the ability to appoint a percentage of the members of the other entity’s governing body (i.e., board of directors, board of trustees, partners, managers, etc.) that would permit it to control the other entity either by operation of law or by agreement. A material interest means any ownership interest in excess of 20% of the stock, partnership interests, membership interests, or other forms of ownership of any entity; provided, however, that ownership interests held by Housing Credit investors, Housing Credit syndicators or special administrative partners or members shall be disregarded for purposes of 20% test.

- 3.) Without limiting the above, a trust will be considered related to an individual or entity if any trustee, trustor, grantor, settlor, beneficiary, permissible distributee, any person or entity serving a role similar to the foregoing, or any person holding power of appointment (general or limited) over trust property would be considered related to the individual or entity under items 1. or 2. above.
- 4.) Any other relationship which, while not specifically listed above, is determined to constitute an identity of interest because it is a relationship at least as close as an identity of interest described above or because it would permit an allocation that violates the intent of the ceiling.

H. Notification of Approval

Applicants may be notified of AHFA's funding decisions by the AHFA website, email notification, a letter of non-selection, or a commitment letter. Applicant' approved for funding will be issued a HOME Commitment Letter (Commitment). The Commitment will outline actions by which owners, if they accept the terms, must abide. Failure to abide by the terms of the Commitment without AHFA's written consent will terminate such Commitment. Any applicants that are not selected for funding may schedule a conference call or meeting with AHFA to discuss the reasons their application was not selected for funding. The call or meeting must be scheduled and held within six weeks of the date of the notification letter from AHFA.

I. Progress Requirements After Commitment

From the date of the Commitment, the applicant has the outlined time constraints in which to obtain the following items. All deadlines outlined in the Commitment will be enforced. Requests for extensions must be submitted on the AHFA-provided forms found at www.ahfa.com. The required fee assessments can be found in Section (III)(D) of the HOME Action Plan. Failure to comply with any one of the deadlines and/or providing incomplete or unacceptable content of the required document(s) may cause the commitment to be automatically terminated:

- 1.) Within 15 days of the date of the Commitment, the applicant must:
 - (i.) Provide the executed HOME Commitment acknowledging acceptance of the terms and conditions.
 - (ii.) Provide the executed HOME Partnership Agreement acknowledging acceptance of the terms and conditions.
 - (iii.) Provide the Management Plan (available on AHFA's website www.ahfa.com)
 - (iv.) Provide the Tenant Lease Agreement with the HOME Lease Addendum.
 - (v.) Provide the Affirmative Fair Housing Marketing Plan (available on AHFA's website www.ahfa.com).
- 2.) Within 105 days of the date of the Commitment Letter, the applicant must:
 - (i.) Provide sealed plans and specifications from the architect.
 - (ii.) Provide a site-specific soils report.
 - (iii.) Provide an ALTA/ACSM Certified Survey.
 - (iv.) Provide standard AIA form of agreement between owner and architect.

- 3.) Within 135 days of the date of the Commitment Letter, the applicant must:
 - (i.) Provide certified organizational documents.
 - (ii.) Provide construction cost estimate summary.
 - (iii.) Provide detailed construction schedule.
 - (iv.) Provide standard form of agreement between owner and contractor (AIA form).

- 4.) Within 165 days of the date of the Commitment Letter, the applicant must:
 - (i.) Provide a copy of lender's executed construction note or agreement.
 - (ii.) Take full possession of the site as evidenced by recorded warranty deed.
 - (iii.) Provide original recorded Declaration of Land use Restrictive Covenants.
 - (iv.) Provide a copy of the building permit.
 - (v.) Provide proof of construction commencement evidenced by copy of Owner's Notice to Proceed to project's General Contractor (AHFA form).
 - (vi.) Provide Recertification of Real Property Acquisition Form.
 - (vii.) Provide Title Insurance Policy.
 - (viii.) Owner must provide and maintain a written Capital Maintenance Plan (CMP) for the project. See Attachment K of the Application Instructions or Addendum F of the HOME Commitment.

- 5.) Within 90 days after the project is placed in service, the owner must provide AHFA with the Actual Cost Certification package.

Construction on the project cannot begin until a pre-construction conference has been held with AHFA.

J. Negative Action After Commitment.

Should the following actions occur, the Commitment of HOME funds may be terminated:

- 1.) Site change--a change from the original site location will not be allowed under any circumstances. Any change in the site configuration or size from what was originally proposed in the application must have prior written consent from AHFA;
- 2.) Change in ownership--a change in the parties involved in the ownership entity (e.g., addition of a new general partner/member or removal of an existing general partner/member) without prior written consent of AHFA. Examples of situations in which consideration may be given for a change in ownership include, but are not limited to: death or bankruptcy. Any person or entity, including syndicators, that attempts to circumvent this requirement, may be subject to debarment from all AHFA programs;
- 3.) Change in syndication structure--a change in the role of the syndicator or in the distribution of funds/allocation to others through syndication as stated in the application without prior written consent of AHFA;
- 4.) Change in unit design, square footage, unit mix, number of units, number of buildings, etc. (unless changes are required by local regulatory codes);
- 5.) Change in the general contractor without prior written consent of AHFA;
- 6.) Change in the management company without prior written consent of AHFA;
- 7.) Change in the architect without prior written consent of AHFA;
- 8.) Instances of excessive or flagrant non-compliance on applicant's existing projects;

- 9.) Any development team member (listed in the application) who has instances of excessive or flagrant non-compliance with AHFA, Housing Credit, HOME, or Tax-Exempt regulations on existing projects;
- 10.) Any development team member (listed in the application) who is presently debarred, suspended, proposed for debarment or suspension, declared ineligible or voluntarily excluded from any transactions or construction projects involving the use of federal funds or Housing Credits;
- 11.) Applicant has a project with AHFA that is in foreclosure or has been foreclosed; and/or
- 12.) Any material adverse change relating to the project or owner.
- 13.) Any AHFA fee is not paid when due or is returned due to insufficient funds.

The above list of negative actions is not all-inclusive. The Commitment letter itself will list other necessary requirements. AHFA may terminate the Commitment if any factual information supplied in connection with the project is fraudulent, misleading, or materially incorrect. Determination of whether information is fraudulent, misleading, or materially incorrect will be determined by AHFA in its sole discretion.

K. Change in or Denial of HOME Allocation

The evaluations listed in Section IV (E)(2) of the HOME Action Plan may result in a possible change in the amount of HOME funds allocated to a project or denial of the total allocation altogether due, but not limited to, one of the following reasons:

- 1.) Information in the application submitted is determined to be incorrect or fraudulent;
- 2.) Conditions in the Commitment Letter are not met;
- 3.) Changes in the actual cost of the project;
- 4.) Applicant obtains additional subsidies or financing other than those disclosed in the application; and/or
- 5.) Applicant's failure to notify AHFA promptly of any material or adverse changes in the original application. Material or adverse changes include, but are not limited to, applicant's loss of site control, rights of way, ingress and egress, adverse change in the financial condition of the applicant, and applicant's inability to perform tasks proposed in the application by the deadline set by the applicant and further set or agreed to by AHFA.

L. Disclosure

AHFA will attempt to request all information necessary to make informed decisions regarding HOME allocations. Therefore, it is in the best interest of everyone concerned with the process to disclose completely and accurately all information regarding each proposed project. AHFA acknowledges that errors and misjudgment sometimes occur and simply requests that the applicants notify AHFA of any errors that may occur upon discovery.

V. POINT SCORING SYSTEM

Through the point scoring system, AHFA will award points to projects that best meet the identified housing priorities for the State.

The point scoring system will rank each project in two sections (Points Gained and Points Lost). The ranking of the project will be determined by taking the Points Gained section and deducting the Points Lost section to get an overall project score. The point scoring system will largely determine which projects should be funded.

AHFA has established a housing priority of balanced distribution of HOME funds throughout the state in terms of geographical regions, counties, urban, and rural areas. AHFA will achieve this priority by allocating HOME funds in the following manner:

- In all circumstances, only one new construction project targeting the family population will be selected for funding per county.
- In all circumstances, only one new construction project targeting the elderly population will be selected for funding per county.

Tier 1 Funding Selection Procedures:

1. The highest scoring project per county with ownership by an AHFA-approved CHDO will be funded until the regulatory 15% CHDO set-aside has been met.
2. The highest scoring HOME project per county will be funded (counties already funded by CHDO applicants will not be funded) until all HOME funds have been allocated. **During Tier 1 funding selection, projects in Jefferson and Tuscaloosa Counties will not be subject to the limit of one per county, and up to two projects may be funded in each of those counties.**

All projects must score a minimum of 80 points to be considered for funding in Tier 1.

If AHFA has not allocated all HOME funds, AHFA will allocate them in the following manner:

Tier 2 Funding Selection Procedures:

The highest-scoring new construction project per county will be selected for funding subject to the following restrictions:

- New construction projects must target a different population (elderly versus family) than a project that was previously selected for funding in the same county.

Projects located in Jefferson and Tuscaloosa counties will be exempt from the different population (elderly versus family) in the Tier 2 funding selection.

In all circumstances, AHFA will not fund more than one project in a county unless there is a market for more than one project in that county .

Projects with a net score of less than 50 points (Points Gained less Points Lost) will not Be considered for funding based on project score.

Regardless of strict numerical ranking, the scoring does not operate to vest in an applicant or project any right to a reservation or commitment of HOME funds in any amount. AHFA will, in all instances, reserve and commit HOME funds consistent with sound and reasonable judgment, prudent business practices and the exercise of its inherent discretion.

In the event of a tie between two or more applications the projects will be ranked in the following order to break the tie:

1. In the event there is a tie in scoring among two or more applications, funding priority will be given: first, to any county that has been designated as an AHFA disaster priority (Jefferson, Tuscaloosa, St. Clair, Franklin, Marion, Limestone, DeKalb, Lawrence, Madison, Cullman, Marshall, Calhoun and Walker) and second, to the application located in a county that has not received a recommendation for funding.

2. If a tie(s) still remains, then a funding recommendation will be made for the application that has the least amount of aggregate participation by any one owner. Aggregate participation is defined as the total of all Housing and HOME/Housing Credit applications recommended for funding in the current application cycle.

3. If a tie(s) still remains, funding priority will be given to the application which is deemed to be the most favorable based on all of the following site criteria as sequenced:

- a. The application containing no Negative Neighborhood Service(s) as defined in the AHFA application instructions will receive a recommendation for funding.*
- b. The application which scored the maximum number of points on Neighborhood Characteristics (Services as defined in the application instructions) will receive a recommendation for funding.*
- c. Funding recommendation will be made for the application which is located the furthest away from any other AHFA, USDA or PHA multifamily rental developments. (If the proposed project is a second phase of an existing AHFA-funded project, the first phase will not count when determining the nearness of other subsidized housing.)*

4. If a tie(s) still remains, funding priority will be given to the application based on owner performance criteria in the order as sequenced:

- a. The owner who has not had a repeat audit performed in the prior calendar year and does not have a repeat audit scheduled on any existing AHFA-funded project.*
- b. The owner who has not requested a third extension on any 2012 AHFA-funded project.*
- c. The owner who has not returned their full allocation of AHFA HOME funds or Housing Credits in the prior calendar year through the date of allocation of 2013 funds.*
- d. The owner that has the most amount of additional long-term subsidy per unit. Long-term subsidy is defined in Section III(A)(1)(iii) Rent Affordability of the QAP.*

5. If a tie(s) still remains, the owner that requested the least amount of Housing Credits per unit. The amount is to be calculated prior to the QCT increase in basis.

6. If a tie(s) still remains, priority for funding will be given to the project which is located in a Qualified Census Tract and is supported by its respective governmental entities approved Revitalization plan.

7. If a tie(s) still remains, funding priority will be given to the application and project that is intended for eventual tenant ownership. The project must consist of single-family homes, duplexes, or townhomes to be eligible. The applicant must complete the AHFA-provided Homeownership Conversion Proposal and provide a plot plan in form and content acceptable to AHFA.

8. *If a tie(s) still remains, AHFA will fund the project that has the earliest submission date as evidenced by the time and date stamped by AHFA. Applications that are submitted by 11:00 a.m. on the first day of the application cycle will be entered into a drawing. The drawing will be held as soon as practical in AHFA's boardroom that same day to determine the order of funding in the event of a tie. An impartial person will be selected to draw. The drawing will be open to the public and the results will be posted on AHFA's website.*

AHFA reserves the right to deny a HOME funds reservation to any applicant or project, regardless of that applicant's point ranking if, in AHFA's sole determination, the applicant's proposed project is not financially feasible or viable. Additionally, AHFA may recommend that a HOME commitment be awarded out of the ranking order established by the points earned, based on the amount of HOME funds needed relative to the amount of funding available or the financial feasibility and /or viability of the project.

Under this 2013 HOME Action Plan, HOME funds will be awarded for new construction only.

In addition, HOME funds will be awarded only in combination with Housing Credits. Therefore, for purposes of consistency in scoring, the scoring system set forth below for HOME funds is identical (except for points awarded for rehabilitation of existing buildings) to the scoring system being utilized by AHFA for Housing Credits.

A. POINTS GAINED

1.) Project Characteristics (Maximum 74 Points)

(i.) Type of Construction (Maximum 33 Points)

- (a.) A maximum of 25 points will be given to projects which provide extra unit/project amenities. Refer to the application for distinction between an *extra* amenity and a *required* amenity.

Points will be awarded for providing the following amenities.
Only the amenities listed below will be eligible for points.

4 Points

Clubhouse/Community Building (*must contain at a minimum a kitchen, community meeting room, and restrooms to qualify for points*)(*a community laundry must be included if not provide a washer/dryer in each unit to qualify for points.*)

Washer/Dryer provided in each unit (3-7 cu. ft. capacity)

Security Package (*Must include cameras, alarms and lighting*)

Storm Shelter (*Must meet the International Code Council National Storm Shelter Association Standard for the Design and Construction of Storm Shelters (ICC-500 August 2008) Standards*)

3 Points

Playground (*Must provide commercial grade playground equipment with a minimum of three (3) play activities.*)

Computer center (two or more computers with printer and internet access)

Splash Center

Exercise/Fitness room with equipment (*Must provide a minimum of three (3) separate types of commercial grade exercise/fitness equipment with adequate floor space to qualify for points.*)

Covered bus stop shelter (*Must be separate/independent of the mail kiosk unless location allows for proper access of bus to pick-up and drop off.*)

Gazebo

2 Points

Community TV with cable (*minimum of 42 inch TV*)

Basketball court (*break-away rim and shatter proof backboard*)

Picnic area with grills

Storm doors

Provide wireless internet service in clubhouse/community building

Walking Trail with Benches (*5' wide concrete and minimum of 1/4 of a mile long*)(*must be separate of required sidewalks*)

Emergency Pull Cord/Call Button

New Construction Projects (Maximum of 8 Points)

- (b.) 4 points will be given for storm windows and insulated exterior doors or thermal break insulated windows or extruded vinyl and insulated exterior doors. Windows must be Energy Star Rated.
- (c.) 4 points for full brick/cementitious siding, stucco, or concrete masonry unit (CMU) products (no EIFS is acceptable).

Multifamily units (*two or more units in a building*)

A minimum of 40% of each building, defined as the exterior façade from finished grade elevation to eave line, shall be brick. The remaining 60% can be cementitious siding, stucco, or CMU products. The CMU products must be decorative, textured, patterned, color core, or painted. All entry areas into the apartment including covered breezeways, porches, balconies, and patios must have brick, cementitious siding, stucco, or CMU to be considered full brick.

Single-family units (*single unit/detached building*)

A minimum of 50% of the building, defined as the exterior façade from finished grade elevation to eave line, shall be brick.

Each exterior wall must contain brick up to the bottom of the first floor windows on a two-story unit or the window sill of a one-story unit. The remaining 50% can be cementitious siding, stucco, or CMU products. The CMU products must be decorative, textured, patterned, color core, or painted.

(ii) Energy Conservation and Healthy Living Environment
(Maximum of 8 points)

- (a.) 4 points will be given for ARI-rated furnace (90% AFUE), or heat pump (HSPF 7.8 for both HP 1.5 ton units and HP 2.0 ton units).
- (b.) 4 points will be given for the kitchen range hood ventilation to be vented to the exterior and equipped with a damper.
- (c.) 4 points will be given for high efficiency water heaters (30 gal=0.94; 40 gal= 0.93 EF, 50-gal= 0.92 EF).
- (d.) 4 points will be given for the use of Energy Star rated “cool roof” shingles.

(iii.) Rent Affordability (Maximum 4 Points)

A maximum of 4 points will be given to projects, which have a commitment for additional subsidies from the Federal Home Loan Bank for Affordable Housing Program (AHP) funds (AHP funds must be in the form of a grant from Federal Home Loan Bank), HOPE VI funds, HOME funds (AHFA’s HOME funds do not qualify), USDA Rural Development 515 funds, CDBG, CDBG Disaster Funds, Neighborhood Stabilization Program funds, Capital Fund Program Grant, Replacement Housing Factor Fund Grant, CHOICE Neighborhood funds, Promised Neighborhood fund, and HUD’s Economic Development Initiative program funds funded through the Community Development funds. The commitment must be a fully executed firm commitment from the applicable entity that will be granting the funds to project.

Any additional subsidies that will be loaned (required repayment) or granted to the project, at least 50% of the total amount of funds committed for points must be a permanent source of funds.

- 4 points - \$10,001 + per unit
- 3 points - \$6,001 - 10,000 per unit
- 2 points - \$4,000 – 6,000 per unit

(iv.) Tenant Needs (Maximum 2 Points)

- (a.) 1 point will be given to projects with 100% of the units

in the project designed, equipped and set-aside for elderly.

- (b.) 1 point will be given to projects targeting low-income families (individuals with children) with a minimum of 15% of the units having three or more bedrooms. **(If an applicant chooses 100% elderly, the applicant will not receive points for three or more bedrooms.)**
- (c.) 1 point will be given to projects which have committed in writing to target households on the public housing waiting list.

(v.) Readiness Issues (Maximum 5 Points)

5 points will be given to applicants with evidence of attendance at the AHFA-sponsored HOME/Housing Credit Training Seminar. The attendant must be a member of the development team listed in the application. For applicants that have not closed an AHFA HOME loan and/or received IRS Form 8609 from AHFA on a prior project, the Seminar attendee must be the owner, an officer or a principal of the ownership entity in the proposed application in order for the applicant to qualify for the points.

(vi.) Location (Maximum 22 Points)

(a.) Points Gained for Site Selection

Sites Located in Disaster Counties (Maximum 2 Points)

Points will be awarded for the following counties that lost the greatest number of housing units due to the tornados, storms and flooding on April 27, 2011. *(Not all counties that were federally declared Disaster Areas are eligible for these points.)*

Calhoun	Cullman	DeKalb	Franklin
Jefferson	Lawrence	Limestone	Madison
Marion	Marshall	St. Clair	Tuscaloosa
Walker			

Neighborhood Characteristics (Maximum 20 Points)

Points will be awarded for the following services located within the specified distance of the site. Distance will be measured by odometer from the automobile entrance of the proposed project site to the closest automobile entrance to the parking lot of the applicable service. Points will only be awarded for the services listed below. (Neighborhood Services defined in the Application Instructions)

4 points (<1 mile)

3 points (1>2 miles)
2 points (2>3 miles)

Grocery Store
Hospital/Doctor Office
Pharmacy/Drug Store
Convenience Store
Bank/Credit Union

(b.) Points Deducted for Site Selection

(1.) Negative Neighborhood Services (No Maximum)

(There is **not a limit** on the amount of points that can be deducted for negative neighborhood services.)

5 points **each** will be deducted if any of the following incompatible uses are adjacent to the site. *Adjacent is defined as nearby, but not necessarily touching. (The following list is not all inclusive).* (Negative Neighborhood Services defined in the Application Instructions)

Junk yard/dump	Pig/chicken farm
Salvage yard	Processing plants
Wastewater treatment facility	Industrial
Distribution facilities	Airports
Electrical utility Substations	Prisons/Jail
Railroads	Adult video/theater
Solid waste disposal	

2 points **each** will be deducted if any of the following incompatible uses listed are within ½ mile of the site. (The list is not all inclusive).

Junk yard/dump	Pig/chicken farm
Salvage yard	Processing plants
Wastewater treatment facility	Airports
Prisons	Solid waste disposal

(2.) Accessibility (Maximum 2 points Deducted)

2 points will be deducted if the condition of the streets and sidewalks are unsatisfactory. The width of the streets and the difficulty of access to the proposed site will be taken into consideration.

2.) Applicant Characteristics (Maximum 28 Points)

- (i.) 5 points will be given to applicants with participation of minorities or women. To qualify for the points for participation of minorities or women, the application must meet one of the following requirements:

- Minorities or women have ownership in the project;
- Minority- or women-owned business or individual(s) is/are listed as the developer on page 2 of the application;
- Applicant/Owner guarantees at least 10% of the total building cost (line 19 of the Estimated Cost Certification) is awarded to minority- or women-owned businesses.

*In all cases, the minority or female individual(s) must have at least a 50% ownership interest as the project's general partner or 50% ownership interest in the participating business to qualify for the points. These businesses include, but are not limited to, real estate firms, construction firms, appraisal firms, management firms, financial institutions, investment banking firms, underwriters, accountants, and providers of legal services. **The name and address of the company and the anticipated contract amount must be listed at the time of application on the form provided by AHFA in the application package in order to receive the points.***

(ii.) A maximum of 10 points will be given to owners (individual(s), corporation(s), or in the case of a limited partnership, the general partner(s)) who have previous successful experience in the development of multifamily housing. Mobile home developments, hospitals, sanitariums, life care facilities, or intermediate care facilities **are not** considered multifamily housing for purposes of qualifying for points. The owner may include experience gained as an owner in another firm, but not as an *employee* of another firm. Applicants with less than five (5) calendar years of combined experience in developing (and owning) Housing Credit or HOME properties in Alabama must agree to allow AHFA to perform on-site physical inspections of applicant's existing properties, prior to scoring the applicant's application, based on a selection process determined by AHFA. The selection will be made based on applicant's Schedule of Real Estate Owned, which is to be submitted at the time of application. All costs related to the AHFA-required inspections shall be at the expense of applicant and shall be received by AHFA before the inspection. AHFA may terminate applicant's application if, at a minimum, any projects inspected have construction deficiencies, health and safety violations, uninhabitable, non-rent ready units or federal housing standard violations. Applicants must **currently own** the properties listed for development points.

- 10 points (1000+ units or 10+ projects)
- 9 points (900 - 999 units or 9 projects)
- 8 points (800 - 899 units or 8 projects)
- 7 points (700 - 799 units or 7 projects)
- 6 points (600 - 699 units or 6 projects)
- 5 points (500 - 599 units or 5 projects)
- 4 points (400 - 499 units or 4 projects)
- 3 points (300 - 399 units or 3 projects)
- 2 points (200 - 299 units or 2 projects)
- 1 point (100 - 199 units or 1 project)

- (iii.) A maximum of 10 points will be given to applicants with sound experience as managing agents of **low-income** housing. This experience is defined by the highest number of units currently managed. Only those units in projects that are considered low-income units will be counted in this total.

- 10 points (1000+ units or 10+ projects)
- 9 points (900 - 999 units or 9 projects)
- 8 points (800 - 899 units or 8 projects)
- 7 points (700 - 799 units or 7 projects)
- 6 points (600 - 699 units or 6 projects)
- 5 points (500 - 599 units or 5 projects)
- 4 points (400 - 499 units or 4 projects)
- 3 points (300 - 399 units or 3 projects)
- 2 points (200 - 299 units or 2 projects)
- 1 point (100 - 199 units or 1 project)

- (iv.) A maximum of 3 points will be given to applicants that have been awarded Housing Credits or HOME funds from AHFA in year 2000 or later. The applicant must have received IRS form 8609 or have closed the

HOME loan and be in compliance at the time of allocation to qualify for the points. Applicants must **currently own** the properties listed for development points:

- 3 points (300+ units or 3+ projects)
- 2 points (200-299 units or 2 projects)
- 1 point (100-199 units or 1 project)

B. POINTS LOST

- 1.) Incomplete Application (No Maximum Points Lost)

If threshold documentation is missing or a threshold requirement is not met at the time AHFA receives the application, the application will no longer be considered. AHFA may request a clarification of a threshold requirement and determine if the application is complete at AHFA’s discretion.

One (1) point per missing and/or incomplete document will be deducted from an applicant’s score if AHFA, during the completeness check or any time during the evaluation of the application, must notify the applicant of any document(s), which must be submitted. If the documents are not received by the specified time, the application will no longer be considered.

There are certain third-party required documents that require additional time to obtain. They are listed below to allow time for obtaining the documents prior to the date of application submission. This list is not all inclusive (all required documents will be listed in the application checklist and instructions):

- Dated and executed organizational documents
- Construction and permanent financing commitments

- Utility letters for electricity, water, sewage, telephone and gas.

AHFA will not transfer information or forms from one application file to another. AHFA will not call applicants for missing items related to scoring the application.

2.) Davis Bacon Requirements (Loss of 10 Points)

10 points will be deducted if the applicant has not met one of the following Davis-Bacon requirements on any existing project.

- No response on outstanding issues for over 6 months;
- The general contractor is unable to submit payrolls, causing an escrow account to be established;
- Outstanding issues remain over 2 years from the date of the notice to proceed;
- Failure to provide AHFA the Section 3 report on the required date; or
- Failure to provide AHFA the HUD 2516 report on the required date.

3.) Financial Structure (Loss of 10 Points)

10 points will be deducted if there is a change in the financial structure without AHFA's prior written approval. AHFA must be notified within 30 days of any change in financing structure from what was disclosed in the original application. For example, changes in any amount of the first mortgage and any additional fund such as AHP, HUD funds, any other soft debt, or a change in equity price. AHFA must be notified not less than 60 days prior to any increase or decrease of rents. This requirement only pertains to projects that have been funded but have not closed AHFA's HOME loan and/or have been issued the project's IRS Form 8609's

2.) Compliance (Maximum of 20 Points Loss)

AHFA's compliance requirements are outlined in **(Addendum D) Compliance Monitoring Procedures, Requirements and Penalty Criteria.**

VI. ADMINISTRATIVE OVERVIEW

A. Alabama Housing Finance Authority (AHFA)

AHFA is a public corporation and instrumentality of the State of Alabama, organized pursuant to the provisions of Title 24 Chapter 1A of the Code of Alabama, as revised. AHFA was established as the housing finance entity for the State in 1980. Since its inception, AHFA has issued mortgage revenue bonds in excess of \$2.6 billion for the financing of more than 48,000 single-family homes, and nearly \$849 million in multifamily bonds for the production of some 110 complexes. Additionally, AHFA has issued nearly \$136 million in Housing Credits to fund 705 projects with 30,000 units and over \$ 219 million in HOME funds to construct 222 projects with 8,531 units.

Currently, AHFA has an experienced staff of employees with many having 10-20 years of commercial banking, mortgage banking or accounting experience. AHFA staff includes experienced commercial real estate and construction lenders, mortgage bankers, accountants and support personnel. The multifamily staff, responsible for the HOME Program, has experience in dealing with other federal programs, which include the Housing Credit and Multifamily Bond Financing Programs. The single-family staff administers a number of programs including the Mortgage Revenue Bond program, the Mortgage Credit Certificate program, the Down Payment Assistance program, the Step Up program, the Rural Alabama Mortgage program, the Building Blocks to Homeownership program, and the Habitat for Humanity Loan Purchase program.

AHFA has the necessary computer hardware and software programs required to properly administer and service loan transactions in connection with the HOME Program. Hardware components consist of a personal computer local area network with multiple large-capacity file servers with the capacity to run mortgage loan servicing software packages.

B. Administrative Policies and Procedures

AHFA's administration of the HOME program includes, but is not limited to, the following functions: accounting, loan processing, loan servicing, administration, compliance, investments, and disbursement of funds. AHFA will be compensated for any and all expenses incurred in performance of its duties (inclusive of those duties for which AHFA may subcontract) through draws from available administrative funds in the HOME account.

The State of Alabama, as a Participating Jurisdiction, is responsible for ensuring that HOME funds are used in accordance with all program requirements. AHFA, acting in its capacity as Administrator of the State of Alabama's HOME program, AHFA's Board of Directors, officers, employees and agents will not be held responsible or liable for losses incurred from claims, suits, damages, and costs and expenses of any kind or of any nature that the HOME program may suffer, incur or pay arising out of decisions by AHFA concerning any application, loan decision(s), or action(s) associated with the administration of the HOME Program unless said responsibility or liability is specifically contained within the Act.

1.) HOME Disbursement Accounts

Two accounts have been established to administer Alabama's HOME Program. The first account, the HOME Investment Trust Fund, is established in the United States Treasury and managed through HUD's Integrated Disbursement and Information System (IDIS). The second, Alabama's HOME Account, is established and utilized by AHFA as a deposit and disbursement account of HOME funds. HOME funds from the federal government, interest earnings and repaid principal will be deposited and disbursed from this account. All HOME related funds in this account will be kept separate from other accounts maintained by AHFA. AHFA may establish other administrative accounts, which are allowed under Title II of the Act.

Once a project has been approved for funding, and all of the conditions required to be satisfied prior to the execution of the HOME Agreement have been satisfied, an account for said project will be established in IDIS. Requests for HOME funds will be made to the IDIS by AHFA or its designee.

2.) Administrative Duties

(i.) Audits and Reviews:

AHFA, as administrator, may conduct reviews and audits of recipients as may be necessary or appropriate to determine compliance with the rules and regulations of Title II of the National Affordable Housing Act. An accounting firm chosen by AHFA will conduct required external audits of Alabama's HOME program.

(ii.) Monitoring:

AHFA will monitor each designated recipient of HOME funds for compliance with occupancy and use restrictions. The scope and frequency of monitoring activities will meet or exceed the minimum requirements of the specific program as outlined in the Act or regulations. See Compliance Section VII.

Recipients of HOME funds must comply with the reporting requirements as defined in 24 CFR Section 92.508 and are responsible for providing AHFA with the information necessary to complete the annual reporting requirements. Recipients must report all instances of non-compliance to AHFA at P. O. Box 230909, Montgomery, AL 36123-0909 and the HUD office in Birmingham, Medical Forum Building, 950 22nd Street North, Suite 900, Birmingham, AL 35203.

VII. COMPLIANCE

A. Minority and Women's Business Outreach

As required in Section 281 of the HOME Investment Partnerships Act, AHFA will work to involve minority and women's business enterprises whenever possible. In an effort to comply with these requirements, AHFA has obtained from the Alabama Small Business Development Consortium, 1717 11th Avenue South, Suite 419, Birmingham, Alabama 35294, a list of eligible businesses for use by potential recipients of State HOME funds. AHFA will continue to work with this office to update and expand this list for use with the HOME Program.

AHFA will maintain a record of reported activities of Minority- and Women-Owned Businesses involved in the HOME Program.

B. Equal Opportunity and Fair Housing

Affirmative marketing procedures will be utilized so that no person in the United States shall, on the grounds of race, color, national origin, religion, or sex, be excluded from participation in, be denied benefits of, or be subject to discrimination under any program or activity funded in whole or in part with funds made available under Alabama's HOME Program. Recipients of Alabama's HOME funds must adhere to the requirements of the Fair Housing Act and the Age Discrimination Act of 1975. AHFA will maintain records, whenever possible, of the percentage of low-income units occupied or purchased by minority and single parents.

All loan applicants or local units of government applying for Alabama HOME funds must certify in the application that they will adhere to the affirmative marketing procedures (as defined in 24 CFR Section 92.351). Records concerning the characteristics of tenants renting HOME assisted units must be maintained by the owners; and supplied to AHFA on an annual basis. AHFA will analyze this data to assess the success of the owner's affirmative marketing procedures. AHFA will give additional preference points to those applications, which evidence the participation of minorities in connection with the project.

C. Section 3 Economic Opportunities for Low – and Very Low-Income Persons

As required by Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u, recipients of HOME funds must ensure that employment and other economic opportunities generated by housing development must be directed toward low- and very low-income persons.

D. Environmental Review

AHFA will conform to the Environmental Review requirements of Title II of the Act.

E. Matching

NOTE: The State of Alabama is typically required to match a portion (twelve and one-half percent) of annual HOME funds. This match may be derived from several possible sources including the donation of land by localities, the donation of voluntary skilled or unskilled labor, sweat equity, the use of tax exempt bond proceeds, the value waived of property taxes by localities, cash injections by localities, and any other source which may be determined at a later date. Additionally, a number of AHFA programs (Down Payment Assistance, Habitat for Humanity Partnership) provide financial assistance to HOME-eligible Alabama households and a portion of this funding may count as match. The use of any possible state funds would require an appropriation by the legislature. Specific sources and the amount of possible funds available to meet the matching requirements for a program year will be determined prior to any draw of HOME funds.

For 2002, HUD granted a full waiver of the match requirement due to the State of Alabama's designation as a Participating Jurisdiction in *severe financial distress*. Specific waivers for subsequent program years may also be granted if an Alabama county is listed as a presidentially declared disaster area.

F. Occupancy and Rent Requirements

In HOME and Housing Credit residential rental projects at least 20% of the units must be occupied by households with incomes at or below 50% of median family income and the rent must be restricted at or below the 50% rent level or Section 8 Fair Market Rent, whichever is less. The remaining units must be occupied with households with incomes at or below 60% of median family income and the rent must be restricted at or below the 60% rent level or Section 8 Fair Market Rent, whichever is less. HOME income limits and rent limits are calculated annually by HUD's Office of Policy Development and Research (PDR), once the Section 8 income limits have been issued.

G. Compliance Monitoring

The compliance monitoring procedures apply to all buildings placed in service in Alabama, which have received allocations of HOME funds determined under the HOME Regulations. A complete outline of AHFA's compliance requirements is located in AHFA Compliance Manual available at www.ahfa.com. A description of AHFA's basic compliance monitoring procedures and requirements are described per attached Addendum D.

VIII. AMERICAN DREAM DOWNPAYMENT INITIATIVE

American Dream Downpayment Initiative (ADDI)

ADDI is a HOME Program-based funding source for the provision of down payment assistance to eligible first-time homebuyers. AHFA serves as administrator of the State of Alabama HOME Program and the State of Alabama ADDI Program.

The initial allocation of ADDI funds to the State was approximately \$1,463,919 -- 2003 HUD-appropriated funds totaling \$671,691 and 2004 new funding totaling \$792,228. Each source had its own separate requirements. Because the 2003 funds have a shorter shelf life (before recapture) than the 2004 funds, AHFA allocated the 2003 funds first.

ADDI Funds

The State of Alabama has not received an new allocation of funds since 2009. Should the program continue to be funded, AHFA will continue to use these funds to provide down payment assistance throughout the State. The per-family assistance shall not exceed \$10,000 in the form of a grant or a forgivable loan.

Families and households eligible to receive ADDI funds must (a) earn 80% or less of the Area Median Income (AMI) per HOME guidelines, (b) have less than \$4,000 in liquid assets at the time of loan application through the date of closing, (c) complete a homeownership counseling course provide by a HUD-approved counseling agency, the Homeownership Consortium of Alabama (HCA), or any other AHFA-approved homeownership counseling course, and (d) meet lenders credit requirements.

Outreach and marketing efforts for ADDI will be conducted by AHFA and its many business partners such as the Homebuilders Association of Alabama, the Alabama Mortgage Bankers Association, the Alabama Association of Realtors, the Alabama Federation of Housing Counselors and Agencies, and the Consuming Credit Counseling Services of Alabama.

ADDI Recapture Provision

If at any time during the five-year affordability period, the original homebuyer sells, trades, transfers title or otherwise ceases to occupy the home as their primary residence, the homebuyer will be subject to recapture and must pay back the funds as deemed applicable. ADDI recapture is assessed on a reduced prorated basis of 20% per complete year, except in cases of non-compliance, which requires 100% of the ADDI funds to be repaid. Non-compliance for ADDI means that the homebuyer was not eligible for the ADDI funds at the time of the application. Non-compliance would result if the program criteria such as prior ownership, family income limits, sales price limits, and occupancy of residence during the affordability period are not met and this information was not properly disclosed.

Any recaptured funds paid back to AHFA will be returned to the ADDI allocation and used to assist other qualifying homebuyers.

Addendum A

Alabama Housing Finance Authority's 2013 Design Quality Standards (For Attached New Construction Rental Units)

The following outline of minimum standards must be used in designing Housing Credit and HOME projects of 12 or more units.

Any deviations from these standards must have the prior written consent or approval of AHFA fourteen (14) days prior to submitting an application for funding. Any deviations from these standards after the reservation for funding and through the construction of the project must have the prior written consent or approval of AHFA before the work has commenced. Any deviation requested and approved will be charged \$500.

All projects must be designed in accordance with the applicable requirements of the 2010 Americans with Disabilities Act, Section 504 Requirements, Fair Housing and any local building codes.

I. Site Selection Criteria:

- A. HOME proposed sites containing property within a 100-year flood plain and/or wetlands are not permitted.
- B. Sites located in a Radon Zone-1 (highest level) will require Radon Resistant New Construction Practices. The following counties are located in Radon Zone -1: Calhoun, Clay, Cleburne, Colbert, Coosa, Franklin, Jackson, Jefferson, Lauderdale, Lawrence, Limestone, Madison, Morgan, Shelby, and Talladega. For the most current radon information see: www.aces.edu.
- C. All new construction developments must submit a complete site-specific soils report, not more than one year old at the time of submission of final plans and specifications, bound within the project specifications. The soils report must reflect the results of laboratory tests conducted on a minimum of one (1) soil boring per planned building location and a minimum total of two (2) soil borings at the planned paved areas of the development. A registered professional engineer or a certified testing agency with a current license to practice in the State of Alabama must prepare the report.
- D. Sites located outside municipal city limits:
 - 1. A proposed new construction site may be located outside a municipality's city limit, but must be within the local police or sheriff jurisdiction.
 - 2. A proposed site that is located in the police jurisdiction of a local municipality must comply with applicable zoning restrictions as if located within that municipality's city limit.
 - 3. Domestic water and fire water service must be provided to the development by the local utility service provider.

II. Building Design Criteria

A. Maximum Building Standards:

1. The square footage of the Project’s clubhouse/community building may exceed 3,000 square feet heated and cooled (inclusive of the office area, community laundry, community meeting room, restrooms, kitchens, etc.)(any square footage over this amount will not be included in the eligible basis used to calculate the Housing Credit) and be ADA accessible.
2. All 100% Elderly projects must be one-story structures. Exception: Projects may have more than one story, provided elevators are to be installed to service all upper level apartments. Design exceptions, or deviations, must be reviewed by AHFA on an individual basis.

B. Minimum Building Standards:

1. Minimum Apartment Unit Net Area Requirements:
 - a. Net area is measured from the **interior finished face** of the exterior wall to the **centerline** of the common, or party, wall.
 - b. Minimum Bedroom Net Area is measured from the interior faces of all walls surrounding each bedroom, excluding closets, mechanical rooms, and storage rooms.

<u>Unit Type</u>	<u>Number of Bathrooms</u>	<u>Minimum Unit Net Area*</u>	<u>Min. Bedroom Net Area</u>
1 Bedroom	1	725 s.f.	120 s.f.
2 Bedroom	1	900 s.f.	120 s.f.
2 Bedroom	1.5	925 s.f.	120 s.f.
2 Bedroom	2	975 s.f.	120 s.f.
3 Bedroom	2	1,200 s.f.	120 s.f.
4 Bedroom	2	1,455 s.f.	120 s.f.

**Note 1: Net unit areas do not include outside storage, covered porches, patios, balconies, etc.*

2. Exceptions to the minimum area requirements:

Single-Room Occupancy (“SRO”) projects; and
3. All units must include an exterior storage closet with a minimum area of sixteen (16) square feet. Developments designed with all interior unit access must provide the additional required exterior storage for each unit in the interior of the building(s). It may be located inside the unit, on the tenants’ floor, or in a common area. All exterior and interior storage must be lockable.
4. Exterior Building Standards:
 - a. Exterior Finishing Materials:
 1. Exterior building coverings: For new construction, very-low maintenance materials are required. Acceptable materials include:
 - a. Brick;
 - b. High-quality vinyl siding with a minimum thickness of .044 and a lifetime non-prorated limited warranty (50 year) transferable;
 - c. Cementitious siding and trim material; or
 - d. Engineered composite siding and trim material.

All siding materials listed above are required to be 12 inches above the finished floor elevation of the building ground floor, with the exception of

- concrete patio and covered breezeway areas. Brick or decorative block must be used as an apron material.
2. Fascia and soffit: Must be prefinished vinyl, prefinished aluminum, cementitious trim or engineered composite trim. Material used for soffits must be perforated or vented.
 3. Windows frames and sashes are to be constructed of vinyl-clad wood, solid extruded vinyl, fiberglass, or aluminum and all windows are required to have screens.
 4. Materials for entry doors are to be metal-clad wood, fiberglass, or hollow metal construction. "Peepholes" and deadbolt locks are required in entry doors. Dead bolt locks on entry doors must have "thumb latch" on interior side. Double-keyed dead bolt locks are prohibited. Minimum clear width of all exterior doors must be 34 inches.
 5. Roofing materials: Anti-fungal shingles or metal roof with 30-year warranty or better must be used.
 6. Roof gable vents must be made of aluminum or vinyl materials.
 7. All attics shall be vented.
 8. All primary entries must be within a breezeway or have a minimum roof covering of 3-feet deep by 5-feet wide, and must be designed to divert water away from the entry door. Entry pads measuring 4 feet by 4 feet and made of impervious material with a minimum slope of 1/4 inch per foot are required at each exterior entry.
 9. All breezeways must be constructed of concrete floor/decking material.
 10. Exterior shutters are required on all 100% Brick or vinyl siding buildings.
 11. Stairway components, such as stringers, treads, and risers must be constructed from steel or concrete. Handrails and pickets must be constructed from steel or aluminum.
 12. Patio and porch/balcony components used as part of the building must have concrete slabs or decks and must be constructed so that no wood is exposed. Concealment must be with materials such as aluminum, vinyl, cementitious materials trim or engineered composite trim. Structural wood columns must be at a minimum 6" x 6" pressure treated columns concealed as noted above or properly sized columns of fiberglass, high density urethane or aluminum. Decorative rails and/or guard rail systems used at porches and patios must be code compliant systems of vinyl, fiberglass steel or aluminum. Wooden support posts must be installed to prevent degradation (rotting) to ends of posts and to provide for structural and anchoring of post to slab. Wood railings are not allowed.

b. Other Exterior Standards:

1. Adequate exterior lighting is required at entry doors.
2. Address numbers are to be clearly visible.
3. One and one-half parking spaces per living unit required for family units, one space per unit for elderly units, two parking spaces for single-family homes, and two parking spaces for each duplex, unless local code dictates otherwise, and no designated street parking allowed.
4. Metal flashing or 20 mil polyethylene when used in conjunction with a self-adhering polyethylene laminate flashing, must be installed above all exterior door and window units.
5. A landscaping plan must be submitted indicating areas to be sodded and landscaped. Landscaping plan(s) must follow any applicable municipal landscape ordinance. At a minimum, 20 feet of solid sod must be provided

(if ground space allows) from all sides of every building and between all buildings and paved areas. All disturbed areas must be seeded.

Landscaping around and between the buildings is allowed. At a minimum, provide one 2" caliper tree per unit and Six 1 gallon shrubs per unit.

6. Concrete curbing is required along all paved areas throughout the development site, including parking areas. (Valley curbs are not allowed)
7. Sidewalk access to all parking spaces must be provided. Where the accessible route on the site crosses a vehicular roadway, crosswalk lines are required. They shall not be less than 6 inches or greater than 24 inches in width.
8. A lighted project sign including the Fair Housing logo is required. Depending on the placement as it relates to the access of the property from the public road, the project's sign may require the project's name and Fair Housing logo on both sides of the sign.
9. A minimum of one trash dumpster or compactor enclosed on a minimum of 3 sides is required. The trash dumpster/compactor enclosure must be ADA accessible and have a concrete apron. If the dumpster itself is not accessible, trashcans must be placed within the enclosure for use by handicap tenants.
10. Continuous asphalt or concrete paved access road must be provided to the entrance of the development.
11. All parking must be asphalt or concrete. An asphalt or concrete paving recommendation letter must be provided with the application by a geotechnical engineer.
12. All sidewalks and walkways must be concrete and at least 36 inches wide. All public buildings, clubhouse/community building and amenities must be connected to the dwelling units by a sidewalk or walkway.
13. Mailboxes, playground and all exterior project amenities must be on an accessible route as defined by the Fair Housing Guidelines.
14. No above ground propane tanks allowed on the site.
15. All utilities located on site must be underground.
16. Storm Water retention basins must include fencing around the entire perimeter and a lockable maintenance gate. The retention area will be maintained and managed in a manner to provide safety to the tenants. Including preventing vermin, insect and reptile infestation, vegetation overgrowth, and must be kept free of all trash and debris.

5. Interior Building and Space Standards:

a. Wall Framing:

1. Walls may be framed using metal studs in lieu of wood.
2. Sound proofing or sound batt insulation is required between the stud framing in tenant separation walls. A sound rating of Sound Transmission Class (STC) 54 is required.
3. Sound proofing between floors is required to achieve a rating of (STC) of not less than 50 and an Impact Insulation Class (IIC) of not less than 50.

b. Insulation Requirements:

1. Exterior wall insulation must have an overall R-13 minimum for the entire wall assembly.
2. Roof or attic insulation must have an R-38 minimum.

3. Vapor retarders must be installed if recommended by project architect.

c. Kitchen spaces:

1. A minimum 6 1/2-inch deep double bowl stainless steel sinks are required in each unit.
2. Each unit must be equipped with a 5 lb. ABC-rated dry chemical fire extinguisher readily accessible in the kitchen and mounted to accommodate handicapped accessible height in accessible units. Each unit must also contain either fire protection canisters above the cooktop surface or temperature limiting plates on the cooktop surface.
3. New cabinets must have dual sidetrack drawers and no laminate or particleboard fronts for doors or drawer fronts. Cabinets must meet the ANSI/KCMA A161.1 performance and construction standard for kitchen and vanity cabinets. Cabinets must bear the certification seal of KCMA (Kitchen Cabinet Manufacturers Association).
4. A pantry closet or pantry cabinet is required in each unit. The pantry must be 1'6" x 1'6" deep with a minimum five shelves, located in or adjacent to the kitchen.
5. A 4 foot long fluorescent light fixture is required.
6. All appliances must be Energy Star rated.
7. A grease shield is required behind ranges on the wall.
8. A microwave oven must be provided in each unit.
9. The refrigerator must contain an ice maker.
10. A dishwasher must be provided in each unit.

d. Bathroom Spaces:

1. Tub/shower units must have minimum dimensions of 30-inch width by 60-inch length and be equipped with anti-scald valves. All tubs in designated handicap accessible units must come complete with "factory-installed grab bars" where the tub surrounds are reinforced fiberglass. If the tub surrounds are not reinforced fiberglass, hard tile or cultured marble, solid wood blocking must be installed.
2. Water closets must be installed to comply with applicable ANSI, UFAS and Fair Housing accessibility guidelines. At a handicap accessible unit, the water closet must be centered 18" from the adjacent wall. At a Fair Housing unit, the water closet must be centered 18" minimum to a fixture or wall opposite the direction of approach.
3. Mirror length must extend to top of vanity backsplash with top of mirror a minimum of 6'-0" above finish floor. Framed decorative mirrors or medicine cabinets with mirrors are allowed with a minimum size of 14" x 24".
4. Vanity cabinets with drawers and a medicine cabinet must be provided in all units. All cabinets in designated handicap accessible units must be installed in compliance with applicable ANSI or UFAS guidelines.

e. Hallways must have a minimum clear width of 36 inches.

f. All interior doors to habitable spaces in units subject to Fair Housing Guidelines must have a minimum width of 34 inches. All interior doors to habitable spaces in designated handicap accessible units must have a minimum width of 36 inches. All

interior doors to habitable spaces in all other units must have a minimum clear width of 30 inches.

- g. Separately switched overhead lighting is required in each room. Energy Star ceiling fans with light kits are required in the living room and each bedroom.
 - h. Window treatments are required for all windows.
 - i. Sliding glass doors are prohibited.
 - j. Floor Finishes:
 - 1. Carpet materials must meet FHA minimum standards.
 - 2. Resilient flooring materials must meet FHA minimum standards.
 - k. A minimum of two hard-wired with battery back-up smoke detectors are required per unit. Townhomes must have a minimum of one smoke detector upstairs.
 - l. A carbon monoxide detector must be installed in each unit with gas mechanical systems or appliances. Units with an attached garage must also have a carbon monoxide detector installed.
 - e. All units pre-wired for cable television hook-ups in the living room and one (1) per bedroom.
6. Plumbing and Mechanical Equipment:
- a. Water heaters must be placed in drain pans with drain piping plumbed to the outside or to an indirect drain connected to the sanitary sewer system. Water heater T&P relief valve discharges must be direct to exterior of building and elbow down to 6" above finish grade.
 - b. Through-wall HVAC units are not permitted in residential units except in efficiency units.
 - c. CPVC supply piping is not allowed for interior space in-wall or overhead services.
 - d. HVAC units and water heaters are not permitted in attic spaces. HVAC units must be installed in Mechanical Closets with insulated walls located within the living unit. Water heaters are to be located within the living unit.
 - e. HVAC refrigeration lines must be insulated.
 - f. HVAC 14 SEER or greater must be used. On single-family homes, the HVAC equipment must be placed so that their operation does not interfere with the comfort of the adjacent dwellings.
 - g. All units must contain washer and dryer connections.

C. Modular Construction:

1. Modular units are to be constructed in component sections and assembled by a manufacturer in a controlled environment. The component sections are to be assembled on a conventional permanent foundation at the project site. Finish work is to be completed on site.
2. Modular units must be constructed to meet applicable building codes, AHFA's specifications and Design Quality Standards stated herein.
3. A modular home manufacturer's warranty must be provided.

Drawing Submission Criteria:

The following documents must be prepared by a registered architect, surveyor, or engineer licensed to practice in the State of Alabama.

A. Site Plan: The following items must be shown.

1. Scale: 1 inch = 40 feet or larger for typical units.
2. North arrow.
3. Locations of existing buildings, utilities, roadways, parking areas if applicable.
4. Existing site/zoning restrictions including setbacks, rights of ways, boundary lines, wetlands, and flood plain.
5. All proposed changes and proposed buildings, parking, utilities, and landscaping.
6. Existing and proposed topography of site.
7. Finished floor height elevations and all new paving dimensions and elevations.
8. Identification of all specialty apartment units, including, but not limited to, designated handicapped accessible and sensory impaired apartment units.
9. Provide an accessible route site plan with applicable details.

B. Floor Plans:

1. Scale: 1/4 inch = 1 foot or larger for typical units.
2. For projects requiring renovation and/or demolition of existing structures, show proposed changes to building components and design, identifying removal and new construction methods.
3. Show room/space layout, identifying each room/space with name and indicate finished space size of all rooms on unit plans.
4. Indicate the total gross square foot size, and the net square foot size for each typical unit.
5. For projects involving removal of asbestos and/or lead paint, identify location and procedures for removal.

C. Elevations and sections:

1. Scale: 1/8 inch = 1 foot or larger.
2. Identify all materials to be used on building exteriors and foundations.

D. Title Sheet:

Indicate Building Codes that are applicable for the project.

Addendum B

Alabama Housing Finance Authority's 2013 Design Quality Standards (For Single-Family Rental Homes)

The following outline of minimum standards must be used in designing Housing Credit and HOME projects of 12 or more units and consist of single-family. All single-family homes must be new construction.

Any deviations from these standards must have the prior written consent or approval of AHFA fourteen (14) days prior to submitting an application for funding. Any deviations from these standards after the reservation for funding and through the construction of the project must have the prior written consent or approval of AHFA before the work has commenced. Any deviation requested and approved will be charged \$500.

All projects must be designed in accordance with the applicable requirements of the 2010 Americans with Disabilities Act, Section 504 Requirements, Fair Housing and any local building codes.

I. Site Selection Criteria:

- A.** HOME proposed sites containing property within a 100-year flood plain and/or wetlands are not permitted.
- B.** Sites located in a Radon Zone-1 (highest level) will require Radon Resistant New Construction Practices. The following counties are located in Radon Zone -1: Calhoun, Clay, Cleburne, Colbert, Coosa, Franklin, Jackson, Jefferson, Lauderdale, Lawrence, Limestone, Madison, Morgan, Shelby, and Talladega. For the most current radon information see: *www.aces.edu*.
- C.** All developments must submit a complete site-specific soils report, not more than one year old at the time of submission of final plans and specifications, bound within the project specifications. The soils report must reflect the results of laboratory tests conducted on a minimum of one (1) soil boring for every two (2) single-family buildings and a minimum total of two (2) soil borings at the planned paved areas of the development. A registered professional engineer or a certified testing agency with a current license to practice in the State of Alabama must prepare the report.
- D.** Sites located outside municipal city limits:
 - 1. A proposed new construction site may be located outside a municipality's city limit, but must be within the local police or sheriff jurisdiction.
 - 2. A proposed site that is located in the police jurisdiction of a local municipality must comply with applicable zoning restrictions as if located within that municipality's city limit.
 - 3. Domestic water and fire water service must be provided to the development by the local utility service provider.

II. Building Design Criteria

A. Maximum Building Standards:

- 1 The square footage of the Project’s clubhouse/community building may exceed 3,000 square feet heated and cooled (inclusive of the office area, community laundry, community meeting room, mechanical room, restrooms, kitchens, etc.)(any square footage over this amount will not be included in the eligible basis used to calculate the Housing Credit) and be ADA accessible.
2. All 100% Elderly projects must be one-story structures.

B. Minimum Building Standards:

1. Minimum Unit Net Area Requirements:
 - a. Net area is measured from the **interior finished face** of the exterior wall to the **centerline** of the common, or party, wall.
 - b. Minimum Bedroom Net Area is measured from the interior faces of all walls surrounding each bedroom, excluding closets, mechanical rooms, and storage rooms.

<u>Unit Type</u>	<u>Number of Bathrooms</u>	<u>Minimum Unit Net Area*</u>	<u>Minimum Bedroom Net Area*</u>
3 Bedroom	2	1,200 s. f.	120 s. f.
4 Bedroom	2	1,455 s. f.	120 s. f.

**Note 1: Unit areas do not include outside storage, covered porches, patios, balconies, etc.*

2. All units must include an exterior storage closet with a minimum area of sixteen (16) square feet.
3. All single-family rental homes must have a minimum of thirty (30) feet of building facing the front street. This thirty (30) feet must be the sum of all front-facing dimensions adjacent to conditioned space and can include the “common” wall which is part of a front-facing garage as long as this wall is front-facing and conditioned on one side.
4. All single-family rental homes must have a minimum of thirty (30) feet front yard building set-back from the curb. Each home must have a minimum of ten (10) foot side yards. (Minimum width of lot shall be fifty (50) feet.) Both lot width and side yard setbacks can be modified with the following exception: A ten (10) foot side yard setback on one lot side and a “zero lot line” setback on the other (thus, a forty (40) foot minimum lot width) will be allowed with a front-facing garage.
5. All single-family rental homes must have a minimum of three (3) different front and rear elevation designs. No identical front elevations may be built next to each other.
6. All single-family rental homes must have a minimum of three (3) different color schemes.
7. Exterior Building Standards:
 - a. Exterior Finishing Materials:
 1. Exterior building coverings: Very low maintenance materials are required. Acceptable materials include:

- a. Brick;
- b. High-quality vinyl siding with a minimum thickness of .044 and a lifetime non prorated limited warranty (50 year) transferable;
- c. Cementitious siding and trim material; or
- d. Engineered composite siding and trim material.

All siding materials listed above are required to be 12 inches above the finished floor elevation of the building ground floor, with the exception of concrete patio and covered breezeway areas. Brick or decorative block must be used as an apron material.

2. Fascia and soffit: Must be prefinished vinyl, prefinished aluminum, cementitious trim or engineered composite trim. Material used for soffits must be perforated or vented.
3. Windows frames and sashes are to be constructed of vinyl-clad wood, solid extruded vinyl, fiberglass, or aluminum and all windows are required to have screens.
4. Materials for entry doors are to be metal-clad wood, fiberglass, or hollow metal construction. "Peepholes" and deadbolt locks are required in entry doors. Dead bolt locks on entry doors must have "thumb latch" on interior side. Double-keyed dead bolt locks are prohibited. Minimum clear width of all exterior doors must be 34 inches.
5. Roofing materials: Anti-fungal shingles or metal roof with 30-year warranty or better must be used.
6. Roof gable vents must be made of aluminum or vinyl materials. All roof penetrations must be located on the rear most section of the roofline.
7. All attics must be vented.
8. Exterior shutters are required on all single-family homes.
9. Units where a conventional wood frame foundation system is used, a non-wood "maintenance-free" composite decking material may be used at porches above a pressure treated wood framing system.

b. Other Exterior Standards:

1. Exterior lighting is required at entry doors.
2. Address numbers are to be clearly visible.
3. Two parking spaces for each home.
4. Metal flashing or 20 mil polyethylene when used in conjunction with self-adhering polyethylene laminate flashing, must be installed above all exterior door and window units.
5. A landscaping plan must be submitted indicating areas to be sodded and landscaped. Landscaping plan(s) must follow any applicable landscape municipal ordinance. At a minimum, 20 feet of solid sod must be provided (if ground space allows) from all sides of every building and between all buildings and paved areas. All disturbed areas must be seeded. All rental units must have minimum of two (2) trees per unit and twelve (12) 1 gallon shrubs per unit.
6. Concrete curbing is required along all paved areas throughout the development site, including parking areas. Six (6) inch raised curbs and gutter design is required. No valley curbs allowed.
7. Sidewalk access to the front door and the driveway must be provided.
8. A lighted project sign including the Fair Housing logo is required. Depending on the placement as it relates to the access of the property from the public road, the project's sign may require the project's name and Fair Housing logo on both sides of the sign.

9. A minimum of one trash dumpster or compactor enclosed on a minimum of 3 sides is required. The trash dumpster/compactor enclosure must be ADA accessible and have a concrete apron. If the dumpster itself is not accessible, trashcans must be placed within the enclosure for use by handicap tenants. Individual dumpster at each home may be provided instead of a single trash dumpster.
10. Continuous asphalt or concrete paved access road must be provided to the entrance of the development.
11. All community parking must be asphalt or concrete. An asphalt or concrete paving recommendation letter must be provided with the application by a geotechnical engineer.
12. All sidewalks and walkways must be concrete and at least 36 inches wide. All public buildings, community building and amenities must be connected to the dwelling units by a sidewalk or walkway on one side of the street throughout the development.
13. All driveways must be concrete.
14. Mailboxes, playground and all exterior project amenities must be ADA accessible.
15. No above ground propane tanks allowed on the site.
16. All onsite utilities must be underground.
17. Storm Water retention basins must include fencing around the entire perimeter and a lockable maintenance gate. The retention area will be maintained and managed in a manner to provide safety to the tenants. Including preventing vermin, insect and reptile infestation, vegetation overgrowth, and must be kept free of all trash and debris.

8. Interior Building and Space Standards:

a. Wall Framing:

Walls may be framed using metal studs in lieu of wood.

b. Insulation Requirements:

1. Exterior wall insulation must have an overall R-13 minimum for the entire wall assembly.
2. Roof or attic insulation must have an R-38 minimum.
3. Vapor retarders must be installed if recommended by project architect.

c. Kitchen spaces:

1. 6 1/2-inch deep double bowl stainless steel sinks are required in each unit.
2. Each unit must be equipped with a 5 lb. ABC-rated dry chemical fire extinguisher readily accessible in the kitchen and mounted to accommodate handicapped accessible height in accessible units. Each unit must also contain either fire protection canisters above the cooktop surface or temperature limiting plates on the cooktop surface.
3. New cabinets must have dual sidetrack drawers and no laminate or particleboard fronts for doors or drawer fronts. Cabinets shall meet the ANSI/KCMA A161.1 performance and construction standard for kitchen and vanity cabinets. Cabinets shall bear the certification seal of KCMA (Kitchen Cabinet Manufacturers Association).
4. A pantry closet or pantry cabinet is required in each unit. The pantry must be 1'6" x 1'6" deep with a minimum five shelves, located in or adjacent to the kitchen.
5. A 4 foot fluorescent light fixture is required.

6. All appliances must be Energy Star rated.
 7. A grease shield is required behind ranges on the wall.
 8. A microwave oven must be provided in each unit.
 9. The refrigerator must contain an ice maker.
 10. A dishwasher must be provided in each unit
- d. Bathroom Spaces:
1. Tub/shower units must have minimum dimensions of 30-inch width by 60-inch length and be equipped with anti-scald valves. All tubs in designated handicap accessible units must come complete with “factory-installed grab bars” where the tub surrounds are reinforced fiberglass. If the tub surrounds are not reinforced fiberglass, hard tile or cultured marble, solid wood blocking must be installed .
 2. Water closets must be installed to comply with applicable ANSI, UFAS and Fair Housing accessibility guidelines. At a handicap accessible unit, the water closet must be centered 18” from the adjacent wall. At a Fair Housing unit, the water closet must be centered 18” minimum to a fixture or wall opposite the direction of approach.
 3. Mirror length must extend to top of vanity backsplash with top of mirror a minimum of 6’-0” above finish floor. Framed decorative mirrors or medicine cabinets with mirrors are allowed with a minimum size of 14” x 24”.
 4. Vanity cabinets with drawer and a medicine cabinet must be provided in all units. All cabinets in designated handicap accessible units must be installed in compliance with applicable ANSI or UFAS guidelines.
- e. Hallways must have a minimum clear width of 36 inches.
- f. All interior doors to habitable spaces in units subject to Fair Housing Guidelines must have a minimum width of 34 inches. All interior doors to habitable spaces in designated handicap accessible units must have a minimum width of 36 inches. All interior doors to habitable spaces in all other units must have a minimum clear width of 30 inches.
- g. Separately switched overhead lighting is required in each room. Energy Star ceiling fans with light kits are required in the living room and each bedroom.
- h. Window treatments are required for all windows.
- i. Sliding glass doors and bi-fold doors are prohibited.
- j. Floor Finishes:
1. Carpet materials must meet FHA minimum standards.
 2. Resilient flooring materials must meet FHA minimum standards.
- k. A minimum of two hard-wired with battery back-up smoke detectors is required per unit.
- l. A carbon monoxide detector must be installed in each unit with gas mechanical systems or appliances. Units with an attached garage must also have a carbon monoxide detector installed.

9. Plumbing and Mechanical Equipment:

- a. Water heaters must be placed in drain pans with drain piping plumbed to the outside or to an indirect drain connected to the sanitary sewer system. Water heater T&P relief valve discharges must be direct to exterior of building and elbow down to 6" above finish grade.
- b. Through-wall HVAC units are not permitted in single-family homes.
- c. CPVC supply piping is not allowed for interior space in-wall or overhead services.
- d. HVAC refrigeration lines must be insulated.
- e. HVAC 14 seer or greater must be used. HVAC equipment must be placed so that their operation does not interfere with the comfort of the adjacent dwellings.
- f. All units must contain washer and dryer connections.

C. Modular Construction:

1. Modular units are to be constructed in component sections and assembled by a manufacturer in a controlled environment. The component sections are to be assembled on a conventional permanent foundation at the project site. Finish work is to be completed on site.
2. Modular units must be constructed to meet applicable building codes, AHFA's specifications and Design Quality Standards stated herein.
3. A modular home manufacturer's warranty must be provided.

III. Drawing Submission Criteria:

The following documents must be prepared by a registered architect, surveyor, or engineer licensed to practice in the State of Alabama.

A. Site Plan: The following items must be shown.

1. Scale: 1 inch = 40 feet or larger for typical units.
2. North arrow.
3. Locations of existing buildings, utilities, roadways, parking areas if applicable.
4. Existing site/zoning restrictions including setbacks, rights of ways, boundary lines, wetlands, and flood plain.
5. All proposed changes and proposed buildings, parking, utilities, and landscaping.
6. Existing and proposed topography of site.
7. Finished floor height elevations and all new paving dimensions and elevations.
8. Identification of all specialty apartment units, including, but not limited to, designated handicapped accessible and sensory impaired apartment units.
9. Provide an accessible route site plan with applicable details.

B. Floor Plans:

1. Scale: 1/4 inch = 1 foot or larger for typical units.
2. Show room/space layout, identifying each room/space with name and indicate finished space size of all rooms on unit plans.
3. Indicate the total gross square foot size and the net square foot size for each typical unit.

C. Elevations and sections:

1. Scale: 1/8 inch = 1 foot or larger.
2. Identify all materials to be used on building exteriors and foundations.

D. Title Sheet:

Indicate Building Codes that are applicable for the project.

Addendum C

HOME HOME Action Plan For 2013 Funds

Compliance Monitoring Procedures, Requirements and Penalty Criteria

As referenced in Section VII (“Compliance”) of the HOME Action Plan for 2013 funds (“HOME Action Plan”), the AHFA Compliance department will conduct monitoring procedures and requirements to ensure owner and project are in compliance with the HOME Regulations. These compliance monitoring procedures apply to all buildings placed in service in Alabama, which have received an allocation of HOME funds from AHFA. A complete outline of AHFA’s compliance requirements is located in AHFA Compliance Manual available at www.ahfa.com.

I. Compliance Monitoring Procedures and Requirements:

- A. AHFA will verify that the owner of a low-income housing project is maintaining records for each qualified low-income building in the project. These records must show, for each year in the compliance period, the information required by the record-keeping provisions contained in the HOME Regulations, incorporated herein by reference.
- B. AHFA will verify that the records documenting compliance with the HOME Regulations for each year as described in Paragraph A above are retained for the entire affordability period.
- C. AHFA will inspect 100% of the HOME projects each year and will inspect the low-income certification, the documentation the owner has received to support that certification, and the rent records in those projects.
- D. The owner must allow AHFA to perform an on-site inspection of any low-income building in the project through the end of the compliance period. This inspection may be separate or in conjunction with any review of tenant files under Paragraph C and will include habitability requirements.
- E. AHFA will promptly notify the owner in writing if AHFA is not permitted to inspect and review as described in Paragraphs C and D, or otherwise discovers that the project does not comply with the HOME Regulations. In such event, the owner will be allowed a correction period to supply missing documentation or to correct noncompliance. This correction period begins the earlier of (i.) the date the notification is mailed or (ii.) the date of the inspection.
- F. AHFA may notify HUD of an owner’s noncompliance or failure to certify no later than 45 days after the end of the time allowed for correction and no earlier than the end of the correction period, whether or not the noncompliance or failure to certify is corrected.

- G. During the compliance period, the owner will furnish to AHFA, within 60 days of the close of each fiscal year, a consolidated statement of financial position, an income and expense statement, and a rent roll of the project for that fiscal year. These items are to be certified by the owner.
- H. Compliance with requirements of the HOME Regulations is the responsibility of the owner of the building for which HOME funds are loaned or granted. AHFA's obligation to monitor for compliance with the requirements of the HOME Regulations does not make AHFA or the State of Alabama liable to any owner or to any shareholder, officer, director, partner, member or manager of any owner or of any entity comprising any owner for an owner's non-compliance therewith.
- I. It is the policy of AHFA to immediately report any indication of fraud, waste, abuse, or potentially criminal activity pertaining to federal funds to the appropriate federal department and the cognizant inspector general of such department.

II. Penalty Scoring Criteria for Non-Compliance

Consistent with the monitoring procedures and requirements as described above, the AHFA compliance staff will deduct up to twenty (20) penalty points for owner/project non-compliance during the 2013 application cycle as follows:

- A. One (1) penalty point will be deducted for each project for which the applicant does not submit a complete Annual Owner's Certification form per project to the AHFA's Compliance Department by the AHFA specified deadline.
- B. Up to nineteen (19) penalty points will be deducted if the applicant's approved and/or existing projects are deemed by AHFA not to be in compliance with the applicable guidelines and regulations for any of the following: Section 42 of the IRS Code, the HOME program, AHFA Housing Credit and HOME Action Plans, the Tax Credit Assistance Program (TCAP) or the Exchange Program. Point deductions will be based on the following methodology:
 - a. Health and Safety Violations - Effective January 1, 2013, two (2) penalty points per occurrence (or collectively per project audited if the same violation) will be assessed for the health and safety violations (listed below), if cited as a finding at the time of inspection by AHFA (or its designated representative). AHFA will immediately notify the owner (and management company) during the onsite visit and will provide written notice regarding the applicable violation and specify the timeframe that the owner will be required to cure (or correct the applicable violation(s)). *Penalty deductions resulting from any violation listed below will be assessed automatically upon discovery and regardless of whether the identified violations are cured or corrected. In addition, four (4) additional penalty points will be deducted if the applicant fails to cure the violations within the timeframe specified in the violation notice from AHFA. The health and safety violations that will result in automatic penalty point deductions are as follow (the "Health and Safety Violations"):*

- i. Missing, non-charged or empty fire extinguishers for more than thirty percent (30%) of units audited. Missing, non-charged or empty fire extinguishers for thirty percent (30%) or fewer of the audited units will be subject to the penalty criteria as defined in section II(B)(e) herein.
 - ii. Missing or non-working smoke detectors for more than thirty percent (30%) of units audited. Automatic penalty points will not be deducted if there is at least one operable smoke detector unit per floor for each apartment unit inspected. For all other missing or non-working smoke detectors cited, the penalty criteria will be as defined in Section II(B)(e) herein.
 - iii. Exposed wiring.
 - iv. Insect infestation, including, but not limited to, applicant's failure to notify AHFA of any bed-bug infestation.
 - v. Severe damage to sidewalks or parking lots.
 - vi. Missing or broken handrails or steps.
- b. Occupied, Vacant Uninhabitable or Non-Rent Ready Unit Deficiencies - Effective January 1, 2013, one (1) penalty point per occurrence (or collectively per project audited if the same deficiency) will be assessed for each of the occupied, vacant (for more than thirty (30) days), uninhabitable or non-rent ready unit deficiencies listed below, if cited as a finding at the time of inspection by AHFA (or its designated representative). AHFA will provide written notice to the owner regarding the applicable deficiency and specify the timeframe that the owner will be required to cure (or correct the applicable deficiency(ies)). *Penalty deductions resulting from any deficiency listed below will be assessed automatically and regardless of whether the identified deficiencies are cured or corrected. In addition, two (2) additional penalty points will be deducted if the applicant fails to cure the deficiencies within the timeframe specified in the deficiency notice from AHFA. The deficiencies that will result in automatic penalty point deductions under this paragraph are as follows (the "Occupied, Vacant and Uninhabitable or Non-Rent Ready Deficiencies"):*
- i. Missing bathroom or plumbing fixtures.
 - ii. Missing stoves, dishwashers, or kitchen cabinetry.
 - iii. Boarded or missing exterior windows or doors.
 - iv. Not cleaned or unsanitary vacant units.
 - v. Units unable to be accessed or inspected by AHFA at the time of its inspection/audit.
 - vi. Severe and unrepaired damage to any vacant unit.
- c. Site, Exterior or Common Area Deficiencies - Effective January 1, 2013, one (1) penalty point per occurrence (or collectively per project audited if the same deficiency) will be assessed for the site, exterior or common area deficiencies listed below, if cited as a finding at the time of inspection by AHFA (or its designated representative). AHFA will provide written notice to the owner regarding the applicable deficiency and specify the timeframe that the owner will be required to cure or correct the applicable

deficiency(ies). Penalty deductions resulting from any deficiency listed below will be assessed automatically upon discovery and regardless of whether the identified deficiencies are cured or corrected. In addition, two (2) additional penalty points will be deducted if the applicant fails to cure the deficiencies within the timeframe specified in the deficiency notice from AHFA. The site, exterior or common area deficiencies that will result in automatic penalty point deductions under this paragraph are as follows (the “Site, Exterior or Common Area Deficiencies”):

- i. Missing project amenities as approved in owner’s approved application.
 - ii. Gutters and downspouts with missing or broken components or that do not function as intended.
 - iii. Siding and /or exterior trim has rotted and allows water to penetrate behind exterior.
- d. Documentation or File Deficiencies - Effective January 1, 2013, one (1) penalty point per occurrence (or collectively per project audited if the same deficiency) will be assessed for the documentation or file deficiencies listed below, if cited as a finding at the time of inspection by AHFA (or its designated representative). AHFA will provide written notice to the owner regarding the applicable deficiency and specify the timeframe that the owner will be required to cure or correct the applicable deficiency(ies). Penalty deductions resulting from any deficiency listed below will be assessed automatically upon discovery and regardless of whether the identified deficiencies are cured or corrected. In addition, two (2) additional penalty points will be deducted if the applicant fails to cure the deficiency within the timeframe specified in the deficiency notice from AHFA. The documentation or file deficiencies that will result in automatic penalty point deductions under this paragraph are as follows:
- i. Failure to provide an updated utility allowance that result in the tenant being charged rent in excess of applicable rent.
 - ii. If over thirty percent (30%) of files selected for audit indicates that tenants are over the applicable income limit. Any findings related to this category that total 30% or less will be subject to the penalty criteria as defined in section II(B)(e) herein.
 - iii. If over thirty percent (30%) of files selected for audit are missing. Any findings related to this category that is 30% or less will be subject to the penalty criteria as defined in section II(B)(e) herein.
 - iv. If over thirty percent (30%) of files selected for audit indicates that tenants are ineligible households due to student rule violations. Any findings related to this category that total 30% or less will be subject to the penalty criteria as defined in section II(B)(e) herein.
 - v. If over thirty percent (30%) of files selected for audit indicates that tenants were charged over the maximum applicable rents. Any findings related to this category that total 30% or less will be subject to the penalty criteria as defined in section II(B)(e) herein.

- e. Other General Deficiencies - Two (2) penalty points per occurrence (or collectively per project audited if the same deficiency) will be assessed for other general deficiencies if cited as a finding at the time of inspection by AHFA (or its designated provide written notice to the owner regarding the applicable violation or deficiency and specify the timeframe that the owner will be required to cure or correct them. General deficiencies include all violations or deficiencies not listed in the preceding paragraphs that are cited as findings during the AHFA onsite audits.
- C. Applicant/Owner(s) with less than five (5) years' experience with AHFA (or less than five-hundred (500) total AHFA units). AHFA may terminate any new applications submitted by owner/applicants with less than five (5) years' experience (or less than 500 AHFA-units) if any AHFA or non-AHFA units inspected by AHFA (or AHFA designated representative) are cited for any Health and Safety Violation, any Occupied, Vacant and Uninhabitable or Non-Rent Ready Deficiencies, or any Site, Exterior or Common Area Deficiencies.