

2025 Draft Workforce Housing Tax Credit Policy (The Policy):

Listing of Comments Received

This document contains the cumulative list of comments received with respect to the 2025 Draft Policy.

Index of Comments Received

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All comments regarding The Policy must be submitted using this form by 5:00 p.m. CDT on Wednesday, August 28, 2024. **Comments which include cut-and paste text (or redlined/re-worded sections) of the proposed Policy will be rejected.** AHFA will not respond (or seek to interpret) to suggested change in language without a complete explanation of the suggested language change. Please provide full explanatory and careful comments regarding your proposed changes, keeping in mind that your proposed changes might have an unintended consequence for a different project or location in the state. All forms should be submitted to ahfa.mf.gap@ahfa.com as an attachment to the email. Other documentation, e.g., product information or photos, may also be submitted. All comments will be posted at www.ahfa.com for review.

8/23/2024

Name: Gary Hall, Manager Organization: Hall Group, LLC Email: ghall@hallhousing.net Phone: 334-701-9024

| Policy Section | Section Reference | Page # | Specific Comments |
|--|-------------------|--------|--|
| Application Process - Application Process | VB1(b) | 4 | After the phrase "to begin January 15, 2025", add the language "and to end on February 4, 2025 (it being understood that if all available Workforce Housing Credits for the Award Cycle are not awarded to applications in such period, the AHFA may establish additional period(s) during the Award Cycle). |
| Application Process- Award Criteria - Allocation of Award Cycle Cap after Satisfaction of Rural Set-Aside | VC2 | 5 | At the end of such Section after "subject to the Project Award Cap", add "; provided that not more than one 4% Bond Project shall be funded in a county if there are other viable 4% Bond Project applications in other counties. |
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8/26/2024

Name: Thom Amdur Organization: Lincoln Avenue Communities Email: tamdur@lincolnavenue.com Phone: 646-585-5526

| Policy Section | Section Reference | Page # | Specific Comments |
|----------------|------------------------------|--------|---|
| Addendum A | Project Selection Procedures | A-2 | <p>We have significant concerns regarding the tie-breaker methodologies proposed in the draft WHTC Policy. We believe that the programs selection criteria generally and tie-breakers specifically (which are likely to be the deciding factors in many if not most applications) should be designed to achieve the stated policy outcomes in the enacting legislation (which is to maximize affordable rental housing production “for low-income households located in areas near to employers with expanding or recently created workforce jobs.”) and complement the housing priorities in the QAP, which emphasize adding and upgrading existing housing, leveraging additional assistance, meeting needs that wouldn’t otherwise be met by the market, promote health living or balance the distribution of housing credits across the state.</p> <p>We maintain that the 3rd tiebreaker, which gives priority to applicants whose owner has the highest number of existing AHFA units, does not help further any of these housing priorities. It does not follow that the number of units owned by the applicant that are covered by an AHFA use agreement will promote the creation of additional affordable housing, the more efficient allocation of resources or a housing quality or services that are more likely to benefit the residents.</p> <p>We suggest eliminating this tiebreaker entirely and replacing it with a tiebreaker that is more closely aligned with the housing priorities established in statute and the QAP. Specifically, we suggest a tiebreaker that emphasizes efficient use of the state tax credit will promote more overall production in more communities. We recommend the tie-breaker preference the projects with the lowest state tax credit request per unit and/or lowest state tax credit request per bedroom. Alternatively, the program could give preference to the</p> |

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| | | | <p>projects with the greatest total number of LIHTC units. Given the per project cap established in the program this would have a similar impact. These approaches will encourage developers to only request the amount of state credits that are needed and/or encourage developers to leverage other sources of federal, state, or local subsidies resulting more of the state credit resource being available to fund additional transactions and/or increased unit production per dollar of state tax credit.</p> |
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8/28/2024

Name: Caleigh Miller, CPA

Organization: The Banyan Foundation, Inc.

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Phone:

256-293-7069

| Policy Section | Section Reference | Page # | Specific Comments |
|------------------------|--|---------|--|
| V. Application Process | B. Application Process, 1. 4% Bond Projects, Items (a) and (b) | 3 and 4 | <p>In paragraph (a). Notice of Intent, please clarify the timeline NOIs may be received. The paragraph states "During a specified period in advance of each Award Cycle, expected for the 2025 Award Cycle to begin on or about October 4, 2024..." Will there be an official "open and close" period or since NOIs will be reviewed on a first come, first serve basis, will the term be indefinite?</p> <p>In addition, the next paragraph states that the "form of the NOI for each Award Cycle and the list of required items will be posted on www.ahfa.com on or before the date on which AHFA begins accepting NOIs for that Award Cycle." Considering that in the preceding paragraph, Applicants will be required to submit "long-lead time items" which are not explicitly listed in the policy, only that AHFA expects the NOI to include; the list of required items for the NOI should be released several weeks, if not over a month in advance so that the Applicant has sufficient time to make the best and complete application possible. This seems to be setting up the Applicant for failure with the withholding of direct information on what will be required.</p> <p>Further, in paragraph (b)., the Award Cycle is to begin January 15, 2025. For all intents and purposes in this policy, is the NOI a full application, rather than a "Notice of Intent" which is usually used to indicate an application will be submitted in the future? Is January 15th the date of potential award announcements or the date in which full applications are due?</p> |
| V. Application Process | B. Application Process, 2. 9% Housing Credit Projects | 4 | <p>Please clarify when the Workforce Housing Credits would be allowed to be accompanied on the application. In addition, the scoring items are very different between the usual 9% scoring and Workforce Housing Credit scoring. Would there be a reconciliation of score should this occur?</p> |

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| Addendum A | A. Points Gained, Section 3. Project Extended Use Period. | 10 | <p>"3 points will be given to projects that irrevocably commit in writing to forego submitting a request for a Qualified Contract and to remain a Qualified Affordable Housing Project throughout the Extended Use Period (total of 30 years)."</p> <p>Although I understand the intent of this scoring item, to maintain affordability, however the traditional definition of Workforce is to support those that are above Low-Income and those below market (80%-120% AMI). It would make sense to allow the Project to become naturally occurring "workforce" housing after the 15 year compliance period. Although AHFA is now allowing income averaging, projects must still meet the 40% at 60% AMI test even though it will allow for 80% AMI residents. To offset the 80% AMI renters, the project will need more 50% AMI renters and below which can also add an added hurdle for income to support the ever growing operational expenses. Allowing the project to go to a maximum 100% AMI would still acheive the goal of "maintaining affordability" but allows for the diversification of the tenants to serve those who are at an AMI unable to qualify at a standard affordable project but still cannot afford market rate rent. Utilizing a Qualified Contract as a tool to serve the community that is named after the policy would be a more appropriate use.</p> |
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8/28/2024

Name: Amaya Sizer Organization: Fahe Email: asizer@fahe.org Phone: 859.228.2136

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| Housing Priorities | B | 3 | Are costs associated with fulfilling the childcare considered eligible project costs? |
| Project Eligibility | C | 2 | Could a project have a state tax credit allocation, 9% allocation, and a HOME allocation? |
| Points Scoring | Childcare Preference | A-3 | What does 'furnishing' mean in this context? Is it providing a space? Would that childcare provider be required to sign a lease? |
| Point Scoring | Income Averaging | 2 | The Fahe Alabama Caucus is very appreciative of allowance of income averaging for the WFHTC. |
| Point Scoring | Applicant Characteristics | A-5 | We appreciate how AHFA is awarding points for the participation of minorities and women and the removal of the language that specifies minority or female individual(s) have to have at least 50% ownership interest in the Ownership Entity. |
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8/28/2024

Name: David Morrow Organization: Morrow Realty Email: davidm@morrowrealty.com Phone: 205-759-5781

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| Addendum A | Tiebreaker 3 | A-2 | <p>Tiebreaker #3 - highest number of total AHFA units since 2019.</p> <p>We recommend changing tiebreaker #3 to read as follows: 3. If a tie remains, priority will be given to a project whose Responsible Owner(s) currently own(s) 350 or more AHFA units as evidenced by receiving a Certificate of Occupancy or having Placed in Service in 2019 or later.</p> <p>The 350 unit threshold should be sufficient to identify owners with Alabama experience.</p> |
| Addendum A | Tiebreakers 4 and 5 | A-2 | <p>We recommend switching tiebreakers #4 and #5. A project located in a QCT targets those that need workforce housing the most and should be given a higher priority.</p> |
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8/28/2024

Name: Layton Little Organization: Mobile Chamber Email: llittle@mobilechamber.com Phone: 251.431.8601

| Policy Section | Section Reference | Page # | Specific Comments |
|----------------------------------|-------------------------------------|--------|--|
| II. Defined Terms and Addendum B | Priority Economic Development Areas | 2 | <p>Utilize Combined Statistical Areas (CSAs): A request to use the Combined Statistical Areas (CSAs) rather than the top 40 counties in Alabama in which the most jobs have been created to better reflect the broader impact on workforce development. Limiting the scope to individual counties overlooks the inherently regional nature of workforce and housing needs.</p> <p>When a job is created in Mobile, Baldwin, or Washington County, the worker isn't confined by county boundaries for their housing needs. Instead, individuals assess the entire market, considering factors such as price range, lot size, schools, crime rates, amenities, and commute times. This often leads them to settle in neighboring jurisdictions that best meet their needs. This often leads them to settle in neighboring jurisdictions that best meet their needs.</p> <p>Given this, the current proposed policy should be revised to use CSAs, which would more accurately reflect the broader impact on workforce and housing needs.</p> |
| II. Defined Terms | Project Award Cap | 2 | <p>Limit Awards per County or CSA: Create a cap of one award per county or CSA annually to ensure a more equitable distribution of credits. Although the current policy includes set-asides for rural communities and limits the credit a project can receive, it does not impose a cap on the number of awards per county or CSA. Establishing such a cap would allow credits to be distributed more evenly across the state.</p> |
| Addendum A | A | A-2 | <p>Increase Local Participation: To foster stronger community ties and ensure a project align with local needs, we recommend providing additional consideration for initiatives that demonstrate significant local participation.</p> <p>By prioritizing projects with substantial local involvement — whether through partnerships with local governments,</p> |

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| | | | community organizations, or regional businesses—are more likely to reflect the unique character and needs of the area they serve. |
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