

**ALABAMA HOUSING FINANCE AUTHORITY
ADDENDUM TO
LOW-INCOME HOUSING TAX CREDIT
2006 STATE QUALIFIED ALLOCATION PLAN**

This Addendum to Low-Income Housing Tax Credit 2006 State Qualified Allocation Plan (“this Addendum”) is adopted by the Alabama Housing Finance Authority (the “Authority”) on January 19, 2006, to be effective immediately upon publication of the required public notice:

WHEREAS, on November 22, 2005, the Board of Directors (the “Board”) of the Authority approved the Low-Income Housing Tax Credit 2006 State Qualified Allocation Plan (the “Plan”) for low-income housing credits;

WHEREAS, in December 2005, in response to Hurricane Katrina and other recent hurricanes, the United States Congress adopted the Gulf Zone Opportunity Act of 2005 (the “Act”) that, among other things, amended Section 42 of the Internal Revenue Code relating to low-income housing tax credits;

WHEREAS, the amendments to Section 42 create a Gulf Opportunity Zone, and for projects located within that zone, the amendments create additional housing credits, allow enhanced eligible basis under certain circumstances and adjust the applicable gross median income in non-metropolitan areas;

WHEREAS, the Internal Revenue Service will implement and administer the Act’s programs relating to projects within the Gulf Opportunity Zone that apply for low-income housing tax credits;

WHEREAS, the Authority wishes to make the most beneficial use of the Act for citizens of the State of Alabama; and

WHEREAS, the amendments to Section 42 require that the Plan be amended, and the Authority wishes to amend the Plan as set forth in this Addendum in order to implement Section 42, as amended by the Act;

NOW, THEREFORE, the Plan is hereby amended as follows:

1. For purposes of this Addendum, the following capitalized terms shall be defined as set forth below:

“**Existing Housing Credits**” shall mean the state’s 2006 housing credit ceiling, excluding Gulf Zone Housing Credits.

“**Gulf Opportunity Zone**” shall mean the portion of the Hurricane Katrina disaster area determined by the President of the United States to warrant individual or individual and public assistance from the federal government under the Robert T. Stafford Disaster Relief and Emergency Act by reason of Hurricane Katrina that is located within the State of Alabama.

“**Gulf Zone Housing Credits**” shall mean the 2006 housing credits available to the state as a result of the Act.

“**Housing Credits**” shall include both Existing Housing Credits and Gulf Zone Housing Credits.

Capitalized terms used in this Addendum and not otherwise defined shall have the meanings given in the Plan.

2. The existing language in Section II.A. of the Plan under the heading “Application Cycle” beginning with “AHFA may, in its discretion, allocate . . .” and ending with “relating to Hurricane Katrina” is hereby amended to read as follows:

“AHFA may, in its discretion, allocate Housing Credits without the use of application cycles, the point scoring system or project score to:

- Any project financed by tax-exempt bond financing;
- Any project financed by HUD’s HOPE VI Program where the HOPE VI funds will be lost if a Housing Credit allocation is not received in 2006;
- Any project placed in service that has already received a Housing Credit allocation, has a final cost certification that indicates the need for additional allocation, and has been approved for additional credits by AHFA.
- Any project eligible for Housing Credits pursuant to any waiver, exception, program or other special action by the Internal Revenue Service relating to Hurricane Katrina.
- Any project that must be funded to meet Section 42’s nonprofit set aside requirement.”

3. The first paragraph of Section II.G.3 of the Plan beginning with the subheading “Ceilings.” and ending with “for all owners” is amended to read as follows:

“3.) Ceilings. No single project located outside the Gulf Opportunity Zone will be allocated Housing Credits in excess of 12% of the state’s 2006 per capita allocation of Existing Housing Credits (i.e., such allocation estimated to be approximately \$8,660,200), and no related entities, principals or individuals as defined below shall be allocated Housing Credits for such projects in excess of 12% the state’s 2006 per capita allocation of Existing Housing Credits, as described above. No single project located within the Gulf Opportunity Zone may exceed 200 units, and no related entities, principals or individuals as defined below shall be allocated Gulf Zone Housing Credits for such projects in excess of 12% of the maximum amount of the state’s 2006 per capita allocation of Gulf Zone Housing Credits (i.e., such allocation estimated to be approximately \$15,651,792). Regardless of each individual owner’s percentage of ownership in a project, 100% of the project’s Housing Credit allocation will count towards all caps for all owners.”

4. The following provision is added to the Plan at the end of Article II. and immediately prior to Article III.:

“N. Designation of Housing Credits

Projects located within the Gulf Opportunity Zone may be allocated Housing Credits either from available Existing Housing Credits or from available Gulf Zone Housing Credits, in AHFA’s discretion. Such allocation will apply to determination of applicable ceilings.”

5. The existing language in Section III. of the Plan under the heading “POINT SCORING SYSTEM” beginning with “AHFA has established a housing priority...” and ending with “will be selected for funding per county” is hereby amended to read as follows:

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

- For projects located outside the Gulf Opportunity Zone, only one new construction project (or one rehabilitation project that is less than 50% occupied at the time of application) and targeting the family population will be selected for funding per county.
- For projects located outside the Gulf Opportunity Zone, only one new construction project (or one rehabilitation project that is less than 50% occupied at the time of application) and targeting the elderly population will be selected for funding per county.
- For projects located within the Gulf Opportunity Zone, the foregoing limits on projects selected for funding per county shall not apply.

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.”

6. The existing language in Section III. of the Plan beneath the heading “**Tier 2 Funding Selection Procedures**” beginning with “The highest scoring new construction. . .” and ending with “previously scheduled for funding in the same county. . .” is hereby amended to read as follows:

“Tier 2 Funding Selection Procedures:

The highest scoring new construction or rehabilitation project will be selected for funding subject to the following restrictions:

- For projects located outside the Gulf Opportunity Zone, new construction projects must target a different population (elderly versus family) than a project that was previously selected for funding in the same county.
- For projects located outside the Gulf Opportunity Zone, rehabilitation projects that are less than 50% occupied at the time of the application must target a different population (elderly versus family) than a project that was previously selected for funding in the same county.
- Projects located within the Gulf Opportunity Zone need not be targeted at a different population than projects previously selected for funding within the same county within the Gulf Opportunity Zone.

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.”

7. The following language is added to the Plan at the end of the existing provisions under the heading “III. POINT SCORING SYSTEM” and immediately prior to the subheading “A. POINTS GAINED.”

“Minimum Score

Projects with a net score of less than 100 points (Points Gained less Points Lost) will not be considered for funding based on project score.”

8. The following provision is added to the Plan at the end of the existing **bold** provisions in Section III.B.2:

“AHFA will not consider an application for funding in the Gulf Opportunity Zone within a 2-mile radius, determined as described above, of (a) any project funded within the Gulf Opportunity Zone during a 2006 allocation cycle or (b) any AHFA 2003, 2004, and/or 2005 project that has been placed in service and is less than 90% occupied at the time of application; provided, however, that AHFA may, in its discretion, consider an exception to this radius requirement for projects in the Gulf Opportunity Zone if the need for the proposed project overrides the potential adverse impact on projects in the proposed development locale that have received an allocation of Housing Credits or Home funds, or both, from AHFA.”

9. All other provisions of the Plan shall remain in full force and in effect.