

LOW-INCOME HOUSING TAX CREDIT

2007 State Qualified Allocation Plan



Administered by the Alabama Housing Finance Authority

**HOUSING CREDIT
2007 STATE QUALIFIED ALLOCATION PLAN**

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I. HOUSING CREDITS

The Housing Credit (HC) program encourages and promotes investment in affordable rental housing for low-income households. Through these investments, the number of housing units is increased and the quality of existing housing units is significantly upgraded. The primary benefit to investors is a dollar-for-dollar reduction in federal tax liability.

To receive HCs, a project must qualify under federal rules contained in Section 42 of the Internal Revenue Code of 1986 (Section 42).

The Alabama Housing Finance Authority (AHFA) has developed and implemented this Housing Credit Allocation Plan for the State of Alabama in compliance with the rules set forth in Section 42. AHFA is required by Section 42 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 targeting persons on public housing waiting lists;
- 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 the provisions of Section 42 and for notifying the Internal Revenue Service (IRS) 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* 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. AHFA, as administrators 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 some \$50,000,000 annually in HUD funding 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.

The State Consolidated Plan relied on figures from the 2000 U. S. Census. While Alabama, like all states, has experienced ups and downs in population, income, and other

critical census-tracked data between 1990 and 2000, 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 available resources to address them.

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. .

NOTE: *Hurricane Katrina*, which struck the Gulf Coast in late August 2005, has created a monumental housing shortage throughout the region. Some 23 counties in our State (about a third) have been declared eligible for federal assistance, either Individual or Public. These counties are located primarily on the western side of Alabama. Areas such as Bayou La Batre in Mobile County were particularly hard-hit. AHFA expects to take advantage of all waivers, special conditions or new programs made available by the IRS, HUD, or any other federal, state or local agency in response to Hurricane Katrina.

The “**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. Those counties considered to be in the Gulf Opportunity Zone are Baldwin, Marengo, Mobile, Pickens, Greene, Hale, Tuscaloosa, Washington, Choctaw, Clarke, and Sumter.

B. Establishment of Housing Priorities

AHFA has established certain housing priorities to be used in the distribution of Housing Credits. In establishing these housing priorities for the 2007 allocation cycle, AHFA seeks to promote:

- Projects that add to or significantly upgrade the existing low-income housing stock ;
- Projects which, without Housing Credits, 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 Housing Credits throughout the state in terms of geographical regions, counties, urban, and rural areas.

C. Project Selection Criteria

In accordance with Section 42(m)(1)(a)(ii) of the Internal Revenue Code, AHFA is required to notify the chief executive officer (or equivalent) of the local jurisdiction within which an applicant has submitted an application for funding using the Low-Income Housing Tax Credit program. AHFA is required to provide such individual a reasonable opportunity to comment on the project. Comments made by the executive officer will be considered by AHFA, along with other market information, to determine the feasibility or viability of the project.

While a lack of expressed support does not mean that the project is necessarily opposed by the community, more consideration is given to projects which are able to demonstrate support from the communities they will ultimately serve. AHFA recognizes that having community support can also reduce the “NIMBY” (Not-In-My-Backyard) issues that may accompany an affordable housing project.

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

- 1.) A complete application must be submitted 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 forms with original signatures, legible, and all applicable spaces are fully completed. All AHFA-provided forms/documentation (see application checklist) must be submitted with the application in original form with original signatures. These forms/documentation must be submitted in numerical order behind the index pages, which are included 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 III (B)(1)).

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 rejected, and no further consideration will be given.

- 2.) Qualified multifamily residential rental projects must meet the basic occupancy and rent restrictions required of Section 42.

When Housing Credits are combined with HOME funds, the project must meet the occupancy and rent restrictions required in Section 42 and the HOME regulations, whichever is more restrictive.

Residential rental projects must be on a single site or contiguous sites. Sites may be considered contiguous if separated only by one neighborhood street. *An exception to the single site or contiguous sites will be allowed for non-contiguous sites if the project meets the following requirements:*

- (i.) The project is located within a qualified census tract or in an area designated by HUD or the local government as a neighborhood revitalization area.
- (ii.) All units included in the project are within 1.5 miles of all other units included within that transaction.
- (iii.) Each separate site within the project contains a minimum of eight contiguous units.
- (iv.) The number of non-contiguous sites does not exceed six.
- (v.) The project must be new construction or rehabilitation of existing units. A combination of new construction and rehabilitation of existing units will not be allowed.

Because non-contiguous sites increase AHFA's compliance monitoring and administrative costs, the reservation fee on non-contiguous sites will be increased from 10% to 12% of the first year's credit allocation.

Mobile home developments 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 Housing Credits under Section 42. Projects with combined HOME funds and Housing Credits must contain no more than 56 units. Further, projects applying for Housing Credits must contain no fewer than 12 units. An exception to this requirement will apply if the project is a proposed HUD or USDA Rural Development rehabilitation.

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

Applicants cannot submit more than one phase of the same project in the same application cycle.

- 3.) Market feasibility. The proposed rental project must meet AHFA's market feasibility requirements. AHFA's Market Study Criteria is included in the application package. A market study conducted by an independent third party market analyst must, at a minimum, document the following criteria.
 - (i.) Project's market area;
 - (ii.) Supply analysis;
 - (iii.) Demand analysis;
 - (iv.) Market feasibility of the proposed rent structure;
 - (v.) Analysis of the relationship between supply and demand; and
 - (vi.) Summary of salient facts and conclusions.

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 multi-family units.

- 4.) Financial feasibility. The project must meet certain financial feasibility requirements. See Section II (E) (1) (iii) of this Housing Credit Allocation Plan.
- 5.) Prove adequate infrastructure capacity within the city (or county) in which the proposed project is/will be located.
- 6.) Likelihood of sustained 15-year compliance with Section 42. 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 Section 42 throughout the compliance period.

D. Amendments

AHFA is entitled to amend this Housing Credit Allocation Plan, including compliance monitoring provisions, as required by the promulgation or amendment of Section 42, HOME Rules and Regulations, or both, from time to time or to implement new features or provisions of Section 42, the HOME Rules or their applicable regulations. Such amendment(s) are expressly permitted and the making of such amendment(s) will require a public notice.

E. Future-Year Binding Commitments

AHFA reserves the right to issue reservations for future-year Housing Credit allocations on current year projects only.

II. AHFA 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 II (B)) will receive notification of the cycles by mail or 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 Housing Credits must request and complete the AHFA Multifamily Funding application. Applications may be obtained by letter request. All correspondence and inquiries are to be directed to the following:

Alabama Housing Finance Authority	
Attn: Multifamily Division	Phone Number: (334) 244-9200
P. O. Box 230909	Fax Number: (334) 244-9214
Montgomery, Alabama 36123-0909	www.AHFA.com

Applications received during a cycle will be evaluated on a competitive basis.

AHFA may, in its discretion, allocate Housing Credits without the use of application

cycles or the point scoring system 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 2007;
- 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.

However, owners for the projects listed above may be required at AHFA's discretion to submit a complete application and be subject to AHFA's threshold items and AHFA's underwriting and cost requirements in order to be considered for a Housing Credit allocation or additional allocation.

B. Mailing List

AHFA's mailing list is updated annually. Therefore, anyone not on AHFA's mailing list and wishing to receive notifications of application cycles and other related AHFA activities must request to be placed on the mailing list. That *written* request must be sent to the aforementioned address. AHFA will contact everyone on the mailing list each year to request updated information and to determine if anyone wishes to be removed from the mailing list. AHFA will be converting the mailing list to an e-mail distribution list in the near future. At that time, all AHFA multifamily notices will be sent via e-mail and/or will be made available on AHFA's website.

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 following threshold requirements do not meet AHFA's requirements, the application will terminate. The threshold requirements are:

- 1.) Application Fee. A \$ 2,000 non-refundable fee must accompany the application. *The fee must be in the form of a check (no cash 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, 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/to be owned is properly zoned and consistent with the proposed project's use.

(AHFA does not consider the property zoned if 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 the proposed units will not adversely impact any existing AHFA projects or create an excessive concentration of multifamily units. If the market study does not satisfy AHFA's requirements, the application will terminate.
- 5.) Certification of Consistency with the Consolidated Plan. (HOME/Housing Credit only) If the proposed project is in an area that is covered by a local Consolidated Plan (see 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 under the State of Alabama's Consolidated Plan and a letter will not be required. *Applications applying for Housing Credits only do not have to provide certification.*
- 6.) Design Quality Standards. All projects are required to meet **AHFA's Design Quality Standards, (Addendum A)**. 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.) Minimum Rehabilitation. The minimum rehabilitation threshold is \$8,000 in hard construction costs per qualified low-income unit.
- 8.) Flood Certification. The applicant must provide a completed FEMA Standard Flood Hazard Determination Form (FEMA form 81-93, DEC 05) from a licensed surveyor that no buildings or other improvements of the property is located within the 100-year flood plain. Other portions of the site maybe located in a flood plain. No portion of the property can contain wetlands. AHFA may allow an existing acquisition/rehabilitation rental property to be located in a flood plain as long as acceptable evidence of flood insurance is provided at the time of application.

Any applicant applying for a Housing Credit allocation for a project financed with tax exempt bonds does not have to compete in the point scoring process. However, the application must meet all of the Housing Credit Allocation Plan's required threshold items and AHFA's underwriting and cost requirements.

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;
- 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 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;
- 6.) Change in the management company;
- 7.) Change in the architect;
- 8.) Instances of excessive or flagrant non-compliance on applicant's existing projects;
- 9.) Any staff or 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 staff or 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.

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 allocation plan. AHFA strictly adheres to the policy and procedures of the program. Efforts to influence this process through the aid of lobbyists or other sources would be futile. Action of this type would be a violation of the allocation plans and could subject any offenders to civil or criminal liability. Each application must stand on its own merit.

- 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 on page 5, Section C, Part 1 of this Housing Credit Allocation 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 rejected, and no further consideration will be given. AHFA will not transfer information 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 III.
- (iii.) Financial Feasibility. Once the application is point-scored, the project will then be evaluated to determine its financial feasibility, including examining the market in which the project is located and performing an initial review of costs in connection with the proposed sources of funds. 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 1.15 (1.05 in USDA RD and HOPE VI properties) for Housing Credit 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 foreclosable, currently amortizing debt service obligations. AHFA will determine the allowable operating expense based on historic and current Housing Credit properties' financial statements.

AHFA will require the project to establish and maintain throughout the compliance 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 of debt service.

AHFA will require the project to establish and maintain throughout the compliance period a minimum replacement reserve of \$250 per unit annually (for ten years) for all new construction properties targeting the elderly and \$300 per unit annually (for ten years) for all new construction targeting families and all rehabilitation properties.

AHFA will underwrite all applications using a fixed 9% and/or 4%.

AHFA will award the lesser of the Housing Credit amount determined by AHFA or the amount requested by the applicant.

AHFA's determination of the appropriate amount of Housing Credits 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. The amount of equity capital (net syndication proceeds) contributed by Investors to a project partnership shall not be less than the amount generally contributed by investors to similar projects in current market conditions. In the event that the project owner receives less equity capital than the amount, which should be obtained based on current market conditions. AHFA

will underwrite each project at the current market rate. Any equity deficits will become the responsibility the owner to contribute.

- (iv.) Credit Worthiness. AHFA will perform credit investigations of the individuals and trade reports of businesses involved in the development and operation of the project. If these reports prove to be less than satisfactory, the application may be rejected.
- (v.) Reasonableness of Project Costs. Any line item costs, square footage costs or total unit costs exceeding a range of reasonableness may 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.

AHFA requires a cost certification made by an independent CPA verifying that the owner has met the 10% test as required by the Carryover Allocation Agreement for Housing Credits. 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 Housing Credit. When the project is placed in service, AHFA requires the final cost certification to be made by an independent CPA.

2.) Frequency of Evaluation. Applications will be evaluated at least three times:

- At submission;
- When the allocation is made; and
- When the project is placed in service.

F. Developer and Builder Fees

- 1.) Developer Fee (New Construction and Rehab). 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.) Developer Fee (Acquisition). The developer fee on acquisition costs only will be determined based on the following scale:

<u>Per Unit Hard Construction Costs</u>	<u>Maximum Developer Fee</u>
\$8,000-\$12,000 rehab expenditures	5%
\$12,001-\$16,000 rehab expenditures	10%
\$16,001 and over rehab expenditures	15%

*The Developer fee on Rural Development projects will be capped at 8%.
A capital needs assessment will be required on all rehabilitation properties.*

- 3.) 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 USDA Rural Development regulations.

- 4.) 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 in Section II (G) (3) of the Housing Credit Plan.

G. Housing Credit Allocations

Any Housing Credit allocation awarded will be calculated first by using AHFA’s computed eligible basis.

- 1.) Four Percent Credit. AHFA will compute the Housing Credit allocation at a maximum of 4% of AHFA’s determined Eligible Basis if the project is (or will be):
 - (i.) A Federally Subsidized Project. A new building or substantial rehabilitation of an existing building shall be treated as federally subsidized for any taxable year if, at any time during such taxable year or any prior taxable year, there is or was outstanding any obligation the interest on which is exempt from tax under Section 103, or any below-market federal loan, the proceeds of which are or were used (directly or indirectly) with respect to such building or the operation thereof;
 - (ii.) A HOME-Financed Project unless the owner elects to rent at least 40% of the units in the project to tenants at 50% of the area median income; and/or
 - (iii.) Any Qualifying Acquisition.
- 2.) Nine Percent Credit. The computed Housing Credit allocation will be a maximum of 9% of AHFA’s determined Eligible Basis for any new building or substantial rehabilitation of an existing building that is not federally subsidized.
- 3.) Ceilings. **The intent of the ceilings is to promote fair and objective administration of the Housing Credit program by ensuring that no single applicant can receive an excessive share of the available Housing Credits in any application cycle.**

“Existing Housing Credits” shall mean the state’s 2007 housing credit ceiling, excluding Gulf Zone Housing Credits.

“Gulf Zone Housing Credits” shall mean the 2007 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.

- (i.) No single project will be allocated Existing Housing Credits in excess of 12% of the state’s 2007 Existing Housing Credit ceiling, and no related entities, principals or individuals as defined below shall be

allocated Existing Housing Credits in excess of 12% of the state's credit ceiling. 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.

There will be an exception to the project cap and owner cap for a development financed with HOPE VI funds. If the project exceeds the caps, then the owner will not be allowed to receive any additional Existing Housing Credits during the current allocation cycle. In all circumstances, all Existing Housing Credits received on any project (including HOPE VI) will count toward the individual owner's credit cap. There will be an exception to the owner cap for 4% Existing Housing Credit projects.

- (ii.) 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 2007 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."

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, or a combination of both in AHFA's discretion. Such allocation will apply to determination of applicable ceilings."

When Housing Credits are combined with HOME funds, no related entities, principals or individuals as defined by AHFA's identity of interest shall be allocated HOME funds in excess of 15% of the state's 2007 HOME fund allocation. Regardless of the percentage ownership in a project, 100% of the project's HOME fund allocation will count towards all caps.

Parties that have an identity of interest are presumed to be sufficiently related for them to be treated as single applicant for purposes of the ceilings. 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 ceilings. 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 ceilings.

For purposes of this paragraph 3, the following relationships constitute an identity of interest for purposes of identifying related parties in order to apply the ceilings:

- (i.) Individual persons are considered related to each other (a.) 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 (b.) if one individual is an employer, by common law or otherwise, of the other.

- (ii.) Entities are considered related to each other (a.) if any director, shareholder, partner, member or any other type of owner of any entity would be considered a related individual (under item a. above) to any director, shareholder, partner, member or any other type of owner of another entity, (b.) if the entity has the ability to control another entity, or (c.) 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.
- (iii.) Without limiting the above, a trust will be considered related to any 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 a. or b. above.
- (iv.) 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

The applicant will be notified of AHFA's decision in the form of a reservation letter. The Reservation Letter will outline actions by which owners, if they accept the terms, must abide. Failure to abide by the terms of the reservation will automatically terminate such reservation.

I. Progress Requirements After Reservation

From the date of the reservation, the applicant has the outlined time constraints set forth below in which to obtain the following items. AHFA may grant a thirty-day extension of certain items for a fee of \$1,000. **If the applicant requests a change from the original application, AHFA will charge a fee of \$250 for each approved change.** Each change will be charged separately even if submitted with multiple change requests in one letter. All fees are payable in advance. Failure to comply with any one of the items may cause the reservation to be automatically terminated:

- 1.) Within 15 days of the date of the Reservation Letter, the applicant must:
 - (i.) Submit the Certificate of Existence from the Secretary of State (must be dated prior to execution of the reservation letter).
 - (ii.) Submit the original executed Reservation Letter acknowledging acceptance of the terms and conditions.
 - (iii.) Remit a check (no cash accepted) in an amount equal to 10% (*12% for non-contiguous sites*) of the first years Housing Credit allocation.
 - (iv.) Carryover Allocation Agreement.

- 2.) Within 60 days of the date of the Reservation Letter, the applicant must:
 - (i.) Submit a legally binding commitment for construction and permanent financing which details the specific terms of funding and repayment and is not subject to further approval of the creditor's board or credit committee.
 - (ii.) Submit an executed binding commitment for syndication, in form and content acceptable to AHFA.
 - (iii.) Submit evidence that an application for a Site Appraisal and Market Analysis (SAMA) or Multifamily Accelerated Process (MAP) has been made if the project is to be financed by HUD.
 - (iv.) Syndicator Relevant Experience Form in an AHFA provided form.

- 3.) Within 75 days of the date of the Reservation Letter, the applicant must:
 - (i.) Provide final stamped plans and specifications.
 - (ii.) Provide a site specific soils report.
 - (iii.) Provide a Certified Survey bound within the Plans and specifications.
 - (iv.) Provide standard form of agreement between owner and architect.
 - (v.) Provide the utility letters.

- 4.) Within 105 days of the date of the Reservation Letter, the applicant must:
 - (i.) Provide certified organizational documents.
 - (ii.) Provide a copy of the complete to-be-built appraisal.
 - (iv.) Provide phase I environmental.
 - (v.) Provide construction cost estimate summary.
 - (vi.) Provide detailed construction schedule.
 - (vii.) Provide standard form of agreement between owner and contractor (AIA form)

- 5.) Within 135 days of the date of the Reservation Letter, the applicant must:
 - (i.) Submit a copy of executed construction note or agreement.
 - (ii.) Take full possession of the site as evidenced by the warranty deed.
 - (iii.) Provide original recorded Declaration of Land Use Restrictive Covenants.
 - (iv.) Submit 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.
 - (vi.) Provide Title Insurance Policy.

- (vii.) Provide IRS Form #SS-4 Assignment of Employer Identification Number.
- 6.) Within 6 months of the date of the Carryover Allocation, the applicant must incur more than ten percent (10%) of the reasonably expected basis in the project.
- 7.) Within 90 days after the project is placed in service, the applicant must:
 - (i.) Provide AHFA with the Actual Cost Certification package.
 - (ii.) Remit a check (no cash accepted) in an amount equal to \$500 (\$250 if Housing Credits are combined with HOME funds from AHFA) per unit for the project's Housing Credit Compliance Fee.
- 8.) Within the first-year credit period the owner must close the first mortgage and receive the IRS Form 8609 from AHFA.
- 9.) Place the project in service by December 31, 2009, or request an extension of the placed-in-service date, if eligible, under IRS Revenue Ruling 95-28, by December 1, 2009.

AHFA is under no obligation to issue 8609s for the current year if the package is received after December 1, 2007.

J. Negative Action After Reservation.

Should the following actions occur, the reservation of Housing Credits may be terminated:

- 1.) Site change;
- 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 staff or 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 staff or 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;
- 12.) Any material adverse change relating to the project or owner; and/or
- 13.) Any AHFA fee returned due to insufficient funds.

The above list of negative actions is not all-inclusive. The reservation letter itself will list other necessary requirements. AHFA may terminate reservation 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 Housing Credit Allocation

The evaluations listed in Section II (E) of the Housing Credit Allocation Plan may result in a possible change in the amount of Housing Credits 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 Reservation 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;
- 5.) Additional syndication proceeds other than those disclosed in the application;
- 6.) Subsequent regulations issued by U.S. Treasury or the IRS pertaining to Section 42; and/or
- 7.) 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. Memoranda of Understanding

The Memorandum of Understanding ("USDA MOU"), executed August 14, 1997, between AHFA and USDA Rural Development, will apply to applicants seeking both Housing Credits and RHS loan assistance. USDA Rural Development will provide a copy of the USDA MOU to applicants for their guidance when combining assistance provided by both agencies.

The Memorandum of Understanding ("HUD MOU"), executed August 30, 2000, between AHFA and HUD, will apply to applicants seeking both Housing Credits and HUD loan assistance. The HUD MOU gives AHFA the authority to conduct the subsidy layering review to determine if excess federal funds are being used in the project.

M. Disclosure

AHFA will attempt to request all information necessary to make informed decisions regarding Housing Credit 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 applicant notify AHFA of any errors that may occur upon discovery. Any modification made by the applicant to the final cost certification after AHFA has issued IRS Form 8609 is subject to a re-processing fee. Said modification must be acceptable to AHFA in order for the amended 8609 to be issued.

III. 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 separated rehabilitation into two types of projects for scoring and funding purposes. Rehabilitation projects are defined as the following:

1. A rehabilitation project that has less than 50% occupancy at the time of application will not be considered existing multifamily residential housing due to the fact that it will be adding significant new units to the proposed market. Therefore, the project will be treated as a new construction project when considering funding for targeting elderly and family populations.
2. A rehabilitation project that has 50% or more occupancy at the time of application will be considered existing multifamily residential rental housing. Therefore, the project will be treated as rehabilitation of existing multifamily residential housing and the targeted population will not be considered during the funding process.

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:

- In all circumstances, 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.
- In all circumstances, 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.

Existing Housing Credit Selection Procedures:

Tier 1 Funding Selection:

- The highest scoring HOME project combined with Housing Credits and/or Housing Credit project will be funded per county until all HOME and Housing

Credit funds have been allocated. All projects must score a minimum of 130 points to be considered for funding in Tier 1.

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

Tier 2 Funding Selection:

The highest scoring new construction or rehabilitation project 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.
- 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.

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 100 points (Points Gained less Points Lost) will not be considered for funding based on project score.

Gulf Zone Housing Credit Selection Procedures:

Tier 1 Funding Selection:

- The highest scoring HOME project combined with Housing Credits and/or Housing Credit project will be funded per county until all HOME and Housing Credit funds have been allocated. All projects must score a minimum of 130 points to be considered for funding in Tier 1.

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

Tier 2 Funding Selection:

The highest scoring new construction or rehabilitation project 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.
- 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.

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 100 points (Points Gained less Points Lost) will not be considered for funding based on project score.

Note: Specific GOZONE Funding Restrictions for new construction projects in Baldwin, Mobile and Tuscaloosa Counties:

1.) AHFA will consider a new construction projects in Baldwin County with the following restrictions:

- i.) *The project is not located in a 5- mile radius of a project funded in the 2006 allocation round. (Radius is defined as a straight line extending from the center of a circle to the circumference.*
- ii.) *The project is not located in a 2- mile radius of a project funded in the 2005 allocation round.*
- iii.) *The project is not located in the city limits of Robertsdale or the projects primary market area is from the Robertsdale area.*
- iv.) *The project is not located in the city limits of Bay Minette or the projects primary market area is from the Bay Minette area.*

AHFA will not consider funding more than 300 total units (with a +5% variance) in Baldwin County.

2.) AHFA will consider new construction projects in Mobile County with the following restriction:

- i.) *The project must contain financing from HUD's HOPE IV program.*

3.) AHFA will consider new construction projects in Tuscaloosa County with the following restrictions:

- i.) *The project is not located in a 5- mile radius of a project funded in the 2006 allocation round.*

AHFA will not consider funding more than 150 total units (with a +5% variance) in Tuscaloosa County.

In the event of a tie between two or more applications, the application located in a county that has not received funds in the current cycle by a higher scoring application will be funded. If there still remains a tie, AHFA will fund the project in the county with the fewest number of low income housing tax credit projects funded in the past seven years. If there still remains a tie, AHFA will fund the project that has the least amount of participation by the owner first and then the developer second in approved Housing Credits and HOME/Housing Credits (combined) projects in the current cycle. If there still remains a tie, AHFA will fund the project that is intended for eventual tenant ownership. The project must consist of single-family homes, duplexes, or townhomes to be eligible. Projects consisting of townhomes only must be exactly 12 units to be eligible. The applicant must complete the AHFA provided Homeownership Conversion Proposal and provide a plot plan. If there still remains a tie, AHFA will fund the project which is located in a Qualified Census Tract and which has a Revitalization plan. If there still remains a tie, AHFA

will fund the project that has the earliest submission date as evidenced by the time and date stamped by AHFA. However, if there still remains a tie, AHFA will conduct a drawing to determine the application that will be funded. The drawing will occur during AHFA's Board of Directors meeting in which the Housing Credit allocations are scheduled for consideration by the Board. An impartial person will be selected to draw. The owners of the application are not required to be present.

AHFA reserves the right to deny a Housing Credit 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 Housing Credit reservation be awarded out of the ranking order established by the points earned, based on the amount of Housing Credit allocation needed relative to the amount of funding available or the financial feasibility and /or viability of the project.

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

A. POINTS GAINED

1.) Project Characteristics (Maximum 145 Points)

(i.) Type of Construction (Maximum 40 Points)

- (a.) A maximum of 22 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.

3 Points

Clubhouse
Washer/Dryer provided in each unit

2 Points

Community laundry (not eligible for points if you provide washer/dryer in each unit)
Playground
Computer center (two or more computers with printer and internet access)
Swimming pool
Splash Center
Exercise room with equipment
Emergency pull cord/call button

Security package (includes cameras, alarms, lighting)

1 Point

Dishwasher in each unit
Garbage disposal in each unit
Microwave in each unit
Ice maker in each unit
Cable hook-up in each unit
Wiring for internet service
Washer-dryer connections in each unit (not eligible for point if you provide washer/dryer in each unit)
Garden area for each unit
Community TV with cable
Basketball court
Covered bus stop shelter
Gazebo
Picnic area with grills
Shuffleboard
Storm doors

- (b.) 3 points will be given for solid sod, which must provide a minimum of 20 feet from all sides of every building and between all buildings and paved areas. Landscaping around the building is allowed.

New Construction Projects Only (Maximum of 15 points)

- (c.) 4 points will be given for a 30-year roof as evidenced by manufacturer's warranty.
- (d.) 4 points will be given for storm windows and insulated exterior doors or thermal break insulated windows and insulated exterior doors.
- (e.) 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 60% of each exterior 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 40% 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.

- (f.) 3 points will be given for underground utilities.

Rehabilitation Projects Only (Maximum of 15 points)

- (g.) 3 points will be given for replacing existing roof with a 30-year roof as evidenced by manufacturer's warranty.
- (h.) 3 points will be given for replacing all entry doors with insulated exterior doors and replacing all windows with storm windows or thermal break insulated windows.
- (i.) 3 points will be given for replacing all kitchen cabinets and countertops.
- (j.) 3 points will be given for replacing all kitchen appliances.
- (k.) 3 points will be given for replacing all HVAC equipment
- (l.) 2 points will be given for replacing all plumbing fixtures.
- (m.) 1 point will be given for replacing all water heaters.

All points for rehabilitation construction items will be verified by the Capital Needs Assessment and Architect's Certification submitted with the application. Both documents must be completed and certified by the project Architect.

(ii) Energy Conservation and Healthy Living Environment

(Maximum of 9 points)

- (a.) 3 points will be given to projects that promote energy conservation by exceeding the standards of the Council of American Building Officials Model Energy Code, as verified by the project architect.
- (b.) 3 points will be given to projects that are designed and built or rehabilitated to exceed a 15-year maintenance-free exterior standard, as verified by the project architect.
- (c.) 3 points will be given for all units containing Energy STAR rated appliances (refrigerator and dishwasher).

- (d.) 3 points will be given for attic insulation to R-38 (all attic spaces must be insulated in new construction and rehabilitation proposals).
- (e.) 3 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).
- (f.) 3 points will be given for ARI rated Seer 12 cooling equipment with sensible heat ratio less than 0.75.
- (g.) 3 points will be given for the kitchen range hood ventilation to be vented to the exterior and equipped with a damper.
- (h.) 3 points will be given for ceiling fans in living rooms and all bedrooms.

(iii.) Rent Affordability (Maximum 12 Points)

- (a.) A maximum of 5 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), commitment from HUD for HOPE VI funds, HOME funds (AHFA's HOME funds do not qualify), USDA Rural Development 515 funds, or a commitment from a city and/or county for CDBG.

\$1,000 - \$1,999 per unit	1 point
\$2,000 - \$2,999 per unit	2 points
\$3,000 - \$3,999 per unit	3 points
\$4,000 - \$4,999 per unit	4 points
\$5,000 and above per unit	5 points

- (b.) 3 points will be given for project-based rental assistance provided for 25% of the units. The project-based rental assistance can be owner-financed project-based rental assistance of \$30 per unit per month, for a minimum of 25% of the low-income units (rounded up) for at least ten consecutive years. *At the end of ten years, any unused funds should remain available to assist tenants throughout the compliance period.* The project-based rental assistance can also be in the form of HUD or USDA RD project-based rental assistance. A commitment for the project-based rental assistance must be submitted at the time of application in order to qualify for the points.
- (c.) 4 points will be given to projects which have committed in writing to extend the low-income set-aside 5 years beyond the 15 years required by law.

(iv.) Special Needs Housing (Maximum 12 Points)

- (a.) A maximum of 5 points (1 point each) will be given to applicants that provide services and/or activities for the tenants free of charge. In order for the service to be eligible for points, the owner must pay for the service, provide a place for the service, or provide transportation to the service. One point will be awarded for each fully completed Tenant Service form (see application package). **The Tenant Service form must be signed by the service provider to be eligible for points. (Example: A representative of Fire Department must sign as the provider if fire safety is offered as a service. The following services are the only services eligible for points.**

Holiday festivities (3 times annually)

Computer training (monthly)

Financial (2 times annually)

Tutoring assistance (weekly)

Potluck dinners (2 times annually)

Fire safety (2 times annually)

Police safety (2 times annually)

Game night (monthly)

After- school program (weekly)

Arts and crafts (monthly)

Movie night (monthly)

Mom's day out (monthly)

Monthly newsletter

Blood pressure screening (4 times annually)

CPR classes (2 times annually)

- (b.) 5 points will be given to projects with 100% of the units in the project designed, equipped and set-aside for elderly.
- (c.) 5 points 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.)**
- (d.) 2 points will be given to projects which have committed in writing to target households on the public housing waiting list.

(v.) Readiness Issues (Maximum 15 Points)

- (a.) 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.
- (b.) 5 points will be given for evidence that the applicant has secured construction and permanent financing sufficient to

complete the project, as evidenced by a firm letter of commitment from a lending institution. The borrower must accept the commitments, if required by the lending institution. A general letter of interest or support is *not* a firm commitment. To be considered a commitment, the document must contain the terms, conditions, interest rate, disbursement conditions, security requirements, and repayment provisions and be signed by an authorized representative of the lending institution. The commitment may be subject to an allocation of Housing Credits or HOME funds. The commitment may not be subject to final credit approval by the lending institution. If the applicant is applying for HOME funds the first mortgage must have a twenty-year term and a twenty-year amortization. If the project is an acquisition/ rehabilitation and the applicant is assuming the existing mortgage, the applicant must submit an approved assumption agreement or a commitment from the applicable lending institution approving the transfer.

- (c.) 3 points will be given for evidence of availability of ***all*** utilities (electricity, gas, water, sewage, and telephone) to the site or evidence that they will be provided. *The sewage letter must state whether there is capacity to serve the proposed units. Evidence must be in the form of a signed letter from the utility provider this also includes rehabilitation projects.*
- (d.) 2 points will be given for dated and executed organizational documents.

(vi.) Project Type (Maximum 17 Points)

- (a.) A maximum of 10 points will be given for rehabilitation of existing multifamily residential rental housing. Existing multifamily residential rental housing is defined as at least 50% occupied at the time of application. A minimum of \$10,000 per unit of hard construction cost must be completed in order to receive any points.

\$10,000 - \$19,999 per unit	5 points
\$20,000 and above per unit	10 points

- (b.) 5 points will be given for applicants that apply for a four-percent (4%) credit only. (The four-percent (4%) Acquisition credit does not qualify for the points)
- (c.) 2 points will be given to HUD and USDA RD “distressed” properties. A letter from HUD or USDA RD must be submitted with the application stating the reason property is “distressed”.

(vii.) Location (Maximum 40 Points)

(a.) Points Gained for Site Selection

(1.) Census Tract Location (5 points)

5 points will be given to a project located in census tract that the Median Family Income from the 2000 census data is 80% or more of the county's current Median Family Income in which the project is located.

(2.) Environmental (5 points)

The applicant must provide a completed Phase I Environmental Site Assessment that shall conform, but not be limited to, the minimum standards as defined by the American Society for Testing and Materials Practice Standards E-1527-00 to qualify for the points. *The report must be addressed to AHFA to receive the points.*

5 points will be awarded if the Phase I submitted with the application indicates all of the following:

- No recognized environmental conditions
- No environmental regulatory concerns
- No further action/investigation recommended

(3.) Neighborhood Characteristics (Maximum 30 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. Applicant should ensure that the service is suitable for the targeted population. Points will only be awarded for the services listed below.

4 points (1 mile)

Grocery store
Hospital/Doctor Office
Pharmacy/Drug Store

3 points (2 mile)

Convenience Store
Bank/Credit Union
Elementary School
Senior Activity Center
Public Transportation
Child Daycare

NOTE: 3 points will be awarded for any service listed in the 4 point category that is located over 1 mile but is within 2 miles.

(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).*

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

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	Industrial
Distribution facilities	Airports
Electrical utility substations	Prisons
Adult video/theater	Solid waste disposal
Bar/Night Club/Tavern	

(2.) Accessibility (Maximum 4 points Deducted)

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

2 points will be deducted if access to the site is on a 4-lane highway.

2.) Applicant Characteristics (Maximum 30 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 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 projects)

- (iv.) 5 points will be given to applicants that have been awarded Housing Credits or HOME Funds from AHFA. 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.

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 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.

- 2.) Project Location (Maximum Loss of 20 Points)

- (i.) Projects that qualify for Existing Housing Credits

Applications for the rehabilitation of existing multifamily residential rental housing which is defined as being at least 50% or more occupied at the time of application will not be subject to point deductions in any county and the 2-mile radius requirement.

Applications that contain financing through HUD’s HOPE VI program will not be subject to point deductions in any county and the 2-mile radius requirement.

Point deductions for project location are cumulative to a maximum of 6 points.

- (a.) 3 points will be deducted for applications located in counties that AHFA funded a project in the 2006 application cycle. The applicable counties are:

Blount	Chambers	Cherokee	Etowah
Fayette	Franklin	Jackson	Jefferson
Madison	Marion	Marshall	Russell
Shelby	Talladega		

- (b.) 2 points will be deducted for applications located in counties that AHFA funded a project in the 2005 application cycle. The applicable counties are:

Bullock	Butler	Cleburne	Coffee
Crenshaw	Dallas	Elmore	Escambia
Limestone	Madison	Morgan	Perry
Pike	Randolph		

- (c.) 1 point will be deducted for applications located in counties that AHFA funded a project in the 2004 application cycle. The applicable counties are:

Bibb	Coffee	Colbert	Coosa
Dekalb	Etowah	Houston	Jackson
Jefferson	Lamar	Lauderdale	Lawrence
Lee	Marshall	Montgomery	Talladega
Tallapoosa	Russell		

Points will not be deducted for projects funded during AHFA’s 2005 and 2004 application cycles, which are located in the Gulf Opportunity Zone.

Note: If a project returns its Housing Credits and does not go forward before or during the application process, points will not be deducted for that county.

AHFA will not consider an application for new construction or rehabilitation that is less than 50% occupied at the time of application that is submitted in a county that AHFA funded in 2004, 2005, and 2006 unless all AHFA 2004, 2005, and/or 2006 projects within a 2-mile radius of the proposed site have been placed in service and are 90% occupied at the time of application.

Projects funded with Housing Credits only, Housing Credits combined with HOME 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.*

- (ii.) Projects that qualify for Gulf Zone Housing Credits

Applications for the rehabilitation of existing multifamily residential rental housing which is defined as being at least 50% or more occupied at the time of application will not be subject to point deductions in any county and the 5-mile radius requirement.

Applications that contain financing through HUD’s HOPE VI program will not be subject to point deductions in any county and the 5-mile radius requirement.

- (a.) 10 points will be deducted for applications located in the counties listed below that AHFA funded a project in the 2006 application cycle. The applicable counties are:

Clarke	Hale	Marengo	Pickens
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- (b.) 5 points will be deducted for applications located in the counties listed below that AHFA funded a project in the 2006 application cycle. The applicable counties are:

Baldwin Tuscaloosa

AHFA will not consider an application for new construction or rehabilitation that is less than 50% occupied at the time of application that is submitted in Mobile County unless the project contains financing through HUD's HOPE IV program.

AHFA will not consider an application for new construction or rehabilitation that is less than 50% occupied at the time of application that is submitted in a county that AHFA funded in 2006 unless all AHFA 2006 projects within a 5-mile radius of the proposed site have been placed in service and are 90% occupied at the time of application.

Projects funded with Housing Credits only, Housing Credits combined with HOME funds, and tax exempt Bonds combined with Housing Credits will be included within the 5-mile radius requirement. *Radius is defined as a straight line extending from the center of a circle to the circumference.*

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.

3.) Compliance (Maximum Loss of 15 Points)

- (i.) A maximum of 10 points will be deducted if the applicant's approved and/or existing projects or the applicant's management company's existing projects are not in compliance with Section 42, the HOME Regulations or AHFA's policies and procedures.
- (ii.) A maximum of 5 points will be deducted if the applicant has not met the Davis-Bacon requirements on any existing project.

4.) Returned Credits (Maximum Loss of 15 Points)

- (i.) 10 points per project will be deducted if a 1995 or later project was not or has not been placed in service within 24 months of receiving the reservation.
- (ii.) 5 points per project will be deducted if a 1996 or later project received a reservation for Housing Credits but did not meet the minimum 10% carryover requirement that resulted in returned credits.

Point deductions for returned Housing Credits will apply to the next Housing Credit allocation cycle the owner applies in following returning the Housing Credits.

IV. COMPLIANCE MONITORING

Section 11407 (b)(10) of the Omnibus Budget Reconciliation Act of 1990 provides an effective date of January 1, 1992, for qualified allocation plans to contain compliance monitoring procedures required by Section 42 (m)(1)(B)(iii). These compliance monitoring procedures apply to all buildings placed in service in Alabama that have received allocations of Low-Income Housing Tax Credits as determined by Section 42 and related Treasury Regulations (Reg.). The compliance monitoring procedures and requirements are as follows:

- 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 Reg. §1.42-5(b)(1), incorporated herein by reference.
- B. AHFA will verify that the records documenting compliance with Section 42 for each year as described in Paragraph A above are retained for at least six years after the due date (with extensions) for filing the federal income tax return for that year. AHFA will also verify that the records for the first year of the credit period are being retained for at least six years beyond the due date (with extensions) for filing the federal income tax return for the last year of the compliance period of the building.
- C. AHFA must receive from the owner of a low-income housing project written certification, under penalty of perjury, as provided in Reg. §1.42-5(c)(1) and other applicable HOME Regulations, which certification provisions are incorporated herein by reference. Owners must also supply a copy of the Schedule A (Form 8609) Annual Statement filed with the federal income tax return of the ownership entity. Both of these documents are to be submitted annually by May 1.
- D. AHFA will review the certifications described in Paragraph C above for compliance with the requirements of Section 42.
- E. AHFA will inspect at least 20% of the low-income housing projects each year and will inspect the low-income certification, the documentation the owner has received to support that certification, and the rent records for each low-income tenant in at least 40% of the low-income units in those projects. AHFA will determine which tenants' records are to be inspected, in accordance with Reg. §1.42-5(c)(2)(iii). AHFA will also conduct a physical inspection of at least 20% of the low-income units in projects selected for tenant file review.
- F. 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 is separate from any review of tenant files under Paragraph E and will include habitability requirements.
- G. AHFA will promptly notify the owner in writing if AHFA does not receive the certification described in Paragraph C, or is not permitted to inspect and review as

- described in Paragraphs D, E, and F, or otherwise discovers that the project does not comply with Section 42. 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: (1) the date the notification is mailed or (2) the date of the inspection.
- H. AHFA will notify the IRS 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. AHFA will notify HUD and/or the IRS by filing Form 8823, Low-Income Housing Credit Agencies Report of Noncompliance.
 - I. AHFA will charge fees to cover the administrative expenses in monitoring compliance and to collect all expenses incurred in carrying out its duties as the Tax Credit agency, including but not limited to, reasonable fees for legal and professional services.
 - J. During the compliance period, the owner will furnish to AHFA within 90 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.
 - K. Compliance with requirements of Section 42 is the responsibility of the owner of the building for which the credit is allowable. AHFA's obligation to monitor for compliance with the requirements of Section 42 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.
 - L. Owners and managers must attend AHFA's compliance training within 150 days of receiving IRS Form 8609 from AHFA.
 - M. Failure to comply with all of the accessible and adaptive design and construction requirements of the Fair Housing Act may result in loss of Housing Credits pursuant to 26 C.F.R. § 1.42-9.

Addendum A

2007 Design Quality Standards Twelve (12) or More Units

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

Any deviations from these standards should have the prior written consent or approval of the Alabama Housing Finance Authority.

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

I. Site Selection Criteria:

- A. Proposed sites containing wetlands are not permitted.
(HOME proposed sites can not contain property within a 100-year flood plain.)
- B. Sites located in a Radon Zone-1 (highest level) will require Radon Resistant New Construction Practices. Rehabilitation projects must meet the Radon Mitigation Standards as required by the Environmental Protection Agency. 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.
- 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 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 community building must not exceed 2,500 square feet (inclusive of the office area, community laundry, community meeting room, mechanical room, restrooms, kitchens, porches, etc.) 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 servicing all upper level apartments. Design exceptions, or deviations, may 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: Unit areas do not include outside storage, covered porches, patios, balconies, etc.*

- c. All single-family rental homes must be 3 or 4 bedroom units with two baths.
2. Exceptions to the minimum area requirements:
 - a. Projects with USDA Rural Development (formerly FmHA) financing;
 - b. Single-Room Occupancy ("SRO") projects; and
 - c. Rehabilitation of existing residential rental units.
3. For new construction, all units must include an exterior storage closet with a minimum area of 16 square feet.
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 .042 and a lifetime non-prorated limited warranty (50 year) transferable; or
 - c. Cementitious siding.

All siding materials listed above are required to be 8 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. Prefinished fascia and soffit: Vinyl or aluminum panels should be used and must contain vents.
 3. Windows frames and sashes are to be constructed of vinyl-clad wood, solid extruded vinyl, or aluminum and all windows are required to have screens.
 4. Materials for entry doors are to be metal-clad wood or hollow metal construction. "Peepholes" and deadbolt locks are required in entry doors. Dead bolt locks on entry doors should have "thumb latch" on interior side. Double keyed dead bolt locks are prohibited. Minimum clear width of all exterior doors shall be 34 inches.

5. Roofing materials: Anti-fungal shingles or metal roof with 25-year warranty or better should be used.
 6. Roof gable vents should be made of aluminum or vinyl materials.
 7. All attics shall be vented.
 8. All primary entries should be within a breezeway or have a minimum roof covering of 3-feet deep by 5-feet wide, and should 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. Breezeways functioning as fire exits must be constructed of concrete floor/decking material.
 10. Exterior shutters are required on all 100% vinyl siding buildings.
 11. Stairway components, such as stringers, steps, risers, handrails, pickets, and structural supports, and porch and patio components, structural and non-structural, either used as part of the building or within the site development, must be constructed from noncombustible materials such as concrete, steel, or masonry.
- b. Other Exterior Standards:
1. 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 is to 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, all disturbed areas must be seeded. One 1 1/2" tree per unit. Six 1 gallon shrubs per unit.
 6. Concrete curbing is required along all paved areas throughout the development site, including parking areas.
 7. Sidewalk access to all parking spaces must be provided.
 8. A project sign including the fair housing logo is required.
 9. A minimum of one enclosed on a minimum of 3 sides trash dumpster or compactor is required. The trash dumpster/compactor must be ADA accessible.
 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.
 13. All driveways on single-family homes must be concrete.
 14. Mailboxes, playground and all exterior project amenities must be ADA accessible.
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 party walls. A sound rating of STC 54 is required.
 - b. Insulation Requirements:
 1. Exterior wall insulation should have an overall R-11 minimum for the entire wall assembly.
 2. Roof or attic insulation should have an R-30 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 visible in the kitchen and mounted to accommodate handicapped accessible height.
 3. New cabinets should 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 is required in each unit. The pantry must be 1'6" x 1'6" deep with a minimum five shelves, located in the kitchen.
 5. Fluorescent lighting is required.
- d. Bathroom Spaces:
 1. Tub/shower units should 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".
 2. Water closets should be centered 18 inches from sidewalls or vanity/lavatories.
 3. Mirror length should extend to top of vanity backsplash with top of mirror a minimum of 6'-0" above finish floor.
 4. Vanity cabinets or a medicine cabinet shall be provided in all units. All cabinets in designated handicap accessible units must be installed at ADA mounting heights.
- e. Hallways should have a minimum width of 36 inches.
- f. All interior doors to habitable spaces should have minimum width of 30 inches.
- g. Overhead lighting is required in each room.
- 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 is required per unit.
 1. A carbon monoxide detector must be installed in each unit. (Only for projects using gas.)
- 6. Plumbing and Mechanical Equipment:
 - a. Water heaters should be placed in drain pans with drain piping plumbed to the outside. Pipe all T&P relief valve discharges direct to exterior of building and elbow down to 6" above finish grade.
 - b. All water piping located on exterior walls and in attic space should be insulated. Water and sanitary waste lines should be located in interior walls or stubbed up through the floor.
 - c. Through-wall HVAC units are not permitted except in efficiency units or in offices.
 - d. CPVC supply piping is not allowed for interior space in-wall or overhead services.
 - e. HVAC units and water heaters are not permitted in attic spaces. Units must be placed in Mechanical Closets with insulated walls located in the living unit.
 - f. HVAC refrigeration lines shall be insulated.
 - g. HVAC 13 seer or greater should be used.

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 should be prepared by a registered architect, surveyor, or engineer licensed to practice in the State of Alabama.

- A. Site Plan: The following items should 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. Site accessibility design requirements.
- 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 finished space size.
 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 for new construction:
 1. Scale: 1/8 inch = 1 foot or larger.
 2. Identify all materials to be used on building exteriors and foundations.