

This allocation plan was approved by the AHFA Board of Directors on December 13, 2012, and is pending approval by Governor Robert Bentley. It is subject to change.

LOW-INCOME HOUSING TAX CREDIT 2013 State Qualified Allocation Plan



Administered by the Alabama Housing Finance Authority

**2013 HOUSING CREDIT STATE
QUALIFIED ALLOCATION PLAN**

TABLE OF CONTENTS

	<u>PAGE</u>
I. HOUSING CREDITS	
A. Development of Selection Criteria	4
B. Establishment of Housing Priorities	5
C. Project Selection Criteria	6
D. Fees	8
E. Amendments	10
F. Future-Year Binding Commitments	10
II. AHFA ALLOCATION PROCESS	
A. Application Cycles	10
B. Mailing List	11
C. Application Threshold Requirements	11
D. Negative Actions	14
E. Application Evaluation	15
F. Developer and Builder Fees	17
G. Housing Credit Allocations	18
H. Notification of Approval	19
I. Progress Requirements After Reservation	20
J. Negative Action After Reservation	22
K. Change in or Denial of Housing Credit Allocation	23
L. Memoranda of Understanding	23
M. Disclosure	23

III. POINT SCORING SYSTEM

A. Points Gained	26
B. Points Lost	33

IV. COMPLIANCE MONITORING

V. ADDENDA

A. Addendum A	Alabama Housing Finance Authority’s 2013 Design Quality Standards (For Attached New Construction Rental Units)
B. Addendum B	Alabama Housing Finance Authority’s 2013 Design Quality Standards (For Single-Family Rental Homes)
C. Addendum C	Alabama Housing Finance Authority’s 2013 Design Quality Standards (For Attached Rehabilitation of an Existing Building)
D. Addendum D	Alabama Housing Finance Authority’s 2013 State Qualified Allocation Plan Compliance Monitoring Procedures, Requirements and Penalty Criteria

I. HOUSING CREDITS

The Housing Credit 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 Housing Credits, 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 2013 Housing Credit State Qualified Allocation Plan (QAP) 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 The Department of Housing and Urban Development (HUD), AHFA prepared an extensive list of interested relevant parties from which to gather information and mailed letters of inquiry, questionnaires and surveys to various state agencies, service providers, housing directors and individuals. Based on the information gathered, along with data from the relatively new 1990 U. S. Census, AHFA then compiled a blueprint document for creating affordable housing across the State.

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

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

current status of housing in Alabama with special attention devoted to the condition of housing and housing affordability.

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

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

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

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

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

B. Establishment of Housing Priorities

This QAP seeks to ensure that, where economically feasible, every county in Alabama regardless of population size and other factors, will have an opportunity to compete for funding to address their unmet housing needs, with the understanding that respective county stakeholders must be proactive toward a) providing additional funding sources and incentives as available, b) helping to remove regulatory and discriminatory barriers, and c) seeking experienced Housing Credit and HOME development partners to assist in creating housing development solutions for their respective communities. AHFA has established certain housing priorities to be used in the distribution of Housing Credits. AHFA seeks to

promote the following housing priorities (not in order of preference) in the 2013 allocation cycle:

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

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

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

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

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 a neighborhood street. *An exception to the single site or contiguous sites will be allowed for non-contiguous existing rental project sites if the project meets the following requirements:*

- (i.) All units included in the project are within 1.5 miles of all other units included within that project.
- (ii.) Each separate site within the project contains a minimum of eight contiguous units.
- (iii.) The number of non-contiguous sites does not exceed six.
- (iv.) The project must be rehabilitation of existing units and may include the construction of utility rooms, additional bathrooms or bedrooms.

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 the United States Department of Agriculture and Rural Development (RD) rehabilitation.

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

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

Project's financed through AHFA's Multifamily Housing Revenue Bond Program are exempt from the single-site or contiguous-site requirement.

- 3.) Provide evidence that the application meets AHFA market and feasibility requirements. The proposed rental project must meet AHFA's market feasibility and analysis requirements. A market study conducted by an independent third party market analyst must, at a minimum, document the following criteria.
 - (i.) The project's market area must be clearly defined and reasonable;
 - (ii.) The supply analysis of comparable subsidized or non-subsidized developments must include, but not be limited to, vacancies, amenities and rental rates;
 - (iii.) The demand analysis must convincingly demonstrate a need for the proposed type of housing;

- (iv.) The market feasibility of the proposed rent structure must demonstrate that there is a rent advantage over non-subsidized housing in the defined market area;
- (v.) The analysis of the relationship between supply and demand must demonstrate a reasonable absorption rate; and
- (vi.) The summary of salient facts and conclusions as provided in the market study must include a statement from the professional market analyst clearly stating in the analyst's professional opinion whether the project as proposed will be successful.

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

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

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

D. Fees

The following fees, as applicable, must be paid by a business check or certified funds and be made payable to Alabama Housing Finance Authority. Cash or personal checks will

not be accepted:

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

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

- 4.) Deviation Request Fee(s): A \$500 fee will be charged for any deviation from the Design Quality Standards after the reservation for funding and through the end of construction of the project. Any request for deviation from the Design Quality Standards must be approved in writing by AHFA before work commences.
- 5.) Change Order(s): a) A \$500 fee will be charged for each AHFA-approved change order request from the original application through the end of the extended use period. Each change will be charged separately even if multiple change requests are submitted by applicant in the same request. b) **\$3,000 per occurrence will be charged for failure to notify or obtain AHFA's approval of significant or numerous changes.** (AHFA will determine whether the change(s) is significant or numerous in its sole discretion.)
- 6.) Cost Certification Fee: A \$500 fee will be charged for processing the initial Cost Certification package and an additional \$500 fee will be charged each time a Cost Certification package is submitted for reprocessing for any reason.
- 7.) Compliance Fee: a) A \$750 fee will be charged per low-income unit for each application awarded Housing credits, and b) a \$500 fee will be charged per low-income unit for each application awarded Housing Credits combined with HOME funds.
- 8.) Reprocessing Fee: A \$100 fee per form will be collected if AHFA is required to amend any AHFA-provided forms or IRS forms due to owner request or error.
- 9.) Re-underwriting Fee: A \$2,500 fee will be charged if the project has to be re-underwritten due to a change in the number of buildings, units, design of the project, sources and uses of funds, etc.

- 10.) Third-Party Fees: Applicant will be required to reimburse to AHFA any third-party costs incurred by AHFA resulting from changes in the application which may result in additional third party fees being incurred by AHFA, including without limitation, legal fees, architect and engineers' fees, consultant (construction or otherwise) fees, and environmental fees, etc.

E. Amendments

AHFA is entitled to amend this QAP, 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.

F. Future-Year Binding Commitments

AHFA reserves the right to issue reservations for future year Housing Credit allocations on current year projects only. Any future-year binding commitment is contingent upon AHFA's receipt of a 2014 Housing Credit allocation from the U.S. Department of the Treasury, Internal Revenue Service. AHFA's obligations under the reservation are subject to changes in law or regulation. The amount of Housing Credits reserved may be reduced or terminated in its entirety as the result of changes in law or regulations. AHFA shall not have any liability whatsoever to the owner for the impact of any changes in law or regulation.

II. AHFA ALLOCATION PROCESS

A. Application Cycle

The dates of application cycle (or cycles, if more than one) 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 cycle by e-mail. Notice of the cycle will also appear in *The Birmingham News*, *The Huntsville Times*, *The Mobile Press Register* and *The Montgomery Advertiser*.

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

Alabama Housing Finance Authority
Attn: Multifamily Division
P. O. Box 242967
Montgomery, Alabama 36124-2967

Phone Number: (334) 244-9200
Fax Number: (334) 244-9214
www.ahfa.com

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

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

- Any project(s) financed using tax-exempt bonds as a single or pooled transaction.

- Any project placed in service that has already received a Housing Credit allocation, has a final cost certification that indicates the need for an 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.
- Any project that must be funded to meet the nonprofit set aside requirement as specified in Section 42.

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

C. Application Threshold Requirements

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

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

- 4.) Market Study. The applicant must provide a market study conducted by an independent third-party market analyst with a signed Certification of Market Study Requirements Form provided by AHFA in the application package. The market study must demonstrate an adequate market for the proposed units and that the proposed units will not adversely impact any existing AHFA projects or create an excessive concentration of multifamily units or housing targeting low-income tenants. If the market study does not satisfy AHFA's requirements, the application will terminate.
- 5.) A Phase I Environmental Site Assessment. The applicant must provide a Phase I environmental site assessment, which must include an environmental lien search and color photos of the site. The Phase I must be addressed to AHFA and conform to the American Society for Testing and Materials Practice Standard E-1527-05. **If the Phase I recommends that a Phase II be conducted, the applicant must submit a Phase II at the time of application. All negative items must be cleared (or a plan in place) acceptable to AHFA concerning all contaminants before construction can begin. AHFA will not consider any sites designated a "Superfund Site".**
- 6.) 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 Addendum G of instructions for list), the applicant must have the certification of consistency completed by an authorized official of the participating jurisdiction. If not, the project will be governed by the State of Alabama's Consolidated Plan, and a letter will not be required. *Applications applying for Housing Credits only do not have to provide a certification of consistency.*
- 7.) Design Quality Standards. All projects are required to meet **AHFA's Design Quality Standards for attached new construction rental units (Addendum A), for single-family rental homes (Addendum B) or for attached rehabilitation of an existing building (Addendum C).** These are minimum standards. AHFA will permit projects to exceed these standards.
- 8.) Architect's Certification of Project Progress. The project's architect must certify that all building foundation slabs or crawl spaces are in place on 2010 and 2011 AHFA-funded projects. AHFA funding includes HOME, Housing Credit, TCAP, Exchange and Tax-Exempt Bonds.
- 9.) Minimum Rehabilitation. The minimum rehabilitation threshold is a) \$20,000 of hard construction cost for projects not funded previously with funds from AHFA, b) \$12,500 of hard construction cost for projects funded previously with funds from AHFA per qualified low-income unit based on hard construction costs. The hard construction cost must be certified by a Capital Needs Assessment, which is required to be submitted with the application. AHFA reserves the right to engage a third-party construction consultant to verify cost at the applicant's expense.
- 10.) Flood Certification. The applicant must provide a completed FEMA Standard Flood Hazard Determination Form (FEMA Form 086-0-32) from a nationally recognized flood data service or from a licensed surveyor indicating that **no buildings** (residential or any other use) of the property are located within the 100-year flood plain. Other portions of the site may be located in a flood plain but not

in an area designated as a wetland, including any portions not considered part of the site but necessary for ingress and egress to the site. 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.

- 11.) Site Location. AHFA will not consider any application (for any new construction project, or rehabilitation project that is less than 50% occupied) if the project is located within a two (2) mile radius of any project approved for AHFA funding, which were previously approved during 2010 through 2012 that have not placed in service or are less than 90% occupied.

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

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

- a.) **Applications 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.**
- b.) **Applications that contain financing through HUD's HOPE VI, Choice Neighborhood, Replacement Housing Factor funds, Capital Fund Program funds, and Promise Neighborhood.**
- c.) **Applications for the rehabilitation of an existing building(s) that are listed on the National Register of Historical Places.**
- d.) **Applications which are located in Jefferson and Tuscaloosa Counties.**

AHFA will provide reasonable assistance in determining occupancy of applicable projects, upon request. All information provided to applicants by AHFA may be based upon third-party reports.

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

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

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

- 13.) Multifamily Housing Revenue Bonds. Any applicant applying for a Housing Credit allocation for a project financed through AHFA's Multifamily Housing Revenue Bond program will be exempt from the point scoring process. However, the application must meet all of the QAP's required threshold requirements, with the exception of the minimum \$20,000 per unit of hard construction cost expenditures, if a capital needs assessment that is satisfactory to AHFA shows a lower amount is needed. AHFA reserves the right to engage a third-party construction consultant at the applicant's expense to verify costs and to further determine the adequacy of the planned capital needs assessment. AHFA's underwriting and cost requirements outlined in Section E of the QAP will also apply.

D. Negative Actions

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

- 1.) Site change or alteration of any kind;
- 2.) Change in ownership--a change in the parties involved in the ownership entity (e.g., addition of a new general partner/member or removal of an existing general partner/member);
- 3.) Change in 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 development team member (listed on page 2 of the application) who has instances of excessive or flagrant non-compliance with AHFA, Housing Credit, HOME, or Tax-Exempt regulations on existing projects;
- 10.) Any development team member (listed on page 2 of the application) who is presently debarred, suspended, proposed for debarment or suspension, declared ineligible or voluntarily excluded from any transactions or construction projects involving the use of federal funds or Housing Credits;
- 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;
- 13.) If the applicant's only project (applicant's first project and first time ever awarded funds by AHFA) was funded in, 2010, 2011 or 2012, and that project is not completed and has not reached 90% occupancy at the time of application; (Projects funded with HOPE VI, Replacement Housing Factor funds, and Capital Fund Program funds are exempt from this requirement); and
- 14.) Applicant (inclusive of development team partners) has any outstanding fees due to AHFA on other projects.

The above list of negative actions is not all-inclusive. The application package itself will list other necessary requirements. AHFA may terminate consideration of an application if any factual information supplied in connection with the application is fraudulent,

misleading, or materially incorrect. Determination of whether information is fraudulent, misleading, or materially incorrect will be determined by AHFA in its sole discretion.

E. Application Evaluation

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

1.) Process of Evaluation. Each application submitted will be subject to the following evaluations:

- (i.) Completeness. Applications will first be examined for completeness. Should an application not be complete as defined on page 6, Section C, Part 1 of this QAP, it will receive point deductions. *If the application is still incomplete after time has been given to submit the missing or deficient items, the application will be terminated, and no further consideration will be given. AHFA will not transfer information or forms from one application file to another. AHFA will not call applicants for missing items related to scoring the application. AHFA may call applicants for clarification of any document submitted with the application.*
- (ii.) Point Scoring System. Once the application is checked for completeness, the application will be further evaluated using the Point Scoring System included in Section III.
- (iii.) Financial Feasibility. Once the application is point-scored, the project will then be evaluated to determine its financial feasibility, including its viability as a qualified low-income housing project throughout the credit period. Taking into consideration that market, income and housing conditions vary greatly across the State of Alabama, the financial feasibility of any application submitted may require various other funding resources to be viable in the short term and to aid in the long term sustainability of any project. Local government resources, philanthropic efforts and other funding sources are critical to help ensure that limited AHFA resources can be allocated in all areas of the state where unmet housing needs still exist. Applications that are not financially feasible at the time of submission because additional sources of funds are necessary will not be considered for funding.

AHFA will require a minimum debt service coverage ratio of 1.20:1 for 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 extended use period a minimum operating reserve. The operating reserve will be an amount equal to six months of the projected first year operating expenses plus three months of debt service.

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

AHFA will underwrite all applications using a fixed 9 percent and/or 4 percent Housing Credit rate.

AHFA will award and will determine the financial feasibility of the project based on 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 of the owner to contribute.

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

All applicants seeking Housing Credits through the competitive allocation cycle will be underwritten using the same criteria regardless of project type.

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

Projects being financed through AHFA's Multifamily Housing Revenue Bond program and RD funds will be underwritten on a project by project basis. Projects previously funded with AHFA HOME funds and RD 515 loans with Housing Credits will be taken into consideration when determining financial feasibility.

- (iv.) Credit Worthiness. AHFA will perform credit investigations of the individual(s) and trade reports of businesses involved in the development and operation of the project. The applicant must provide sufficient documentation to obtain the required credit reports. If these reports prove to be less than satisfactory including but not limited to the finding of federal tax liens, the application may be terminated.
- (v.) Reasonableness of Project Costs. Any line item costs, square footage costs or total unit costs exceeding a range of reasonableness 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 of Housing Credits, regardless of funding type or project type, will be determined using AHFA's assessment of cost.

AHFA requires that a cost certification be prepared by an independent Certified Public Accountant (CPA) to verify 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 form and content satisfactory 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 that the final cost certification be prepared 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.
- 3.) Cost Certification. The financial feasibility of the project will be evaluated when the project's cost certification package for issuance of the IRS Form 8609 is submitted to AHFA.

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 RD 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 QAP.

G. Housing Credit Allocations

Any Housing Credit allocation awarded will be calculated first by using AHFA’s determined eligible basis (as defined in Section 42 of the Internal Revenue Code).

- 1.) Four-Percent Credit. AHFA will calculate the Housing Credit allocation at a maximum of 4% of AHFA’s determined eligible basis if the project is financed with tax exempt bonds or constitutes a qualifying acquisition.
- 2.) Nine-Percent Credit. AHFA will calculate the Housing Credit allocation at a maximum of 9% of AHFA’s determined eligible basis for any new building or substantial rehabilitation of an existing building. The 30% increase in eligible basis allowed under the Housing and Economic Recovery Act (HERA) regulations may be applied only to the extent needed at cost certification for the project to remain financially feasible due to the decrease of the credit percentage. The increase in the eligible basis will only be used to preserve the original amount of Housing Credits allocated to the project.
- 3.) Owner & Project Cap. **AHFA will establish a maximum amount of Housing Credits (Cap) an applicant and a project will be allocated. The intent of the Cap is to promote fair and objective administration of the Housing Credit program by ensuring that no owner(s), related entity, or project can receive an excessive share of the available Housing Credits in any application cycle.**

No single project will be allocated Housing Credits in excess of 12% of the state’s 2013 Housing Credit ceiling, as defined in Section 42(h)(3)(c) of the IRC (Ceiling) and no owner(s), related entities, principals or individuals as defined below shall be allocated Housing Credits in excess of 12% of the Ceiling. Regardless of each individual owner’s percentage of ownership in a project, 100% of the project’s Housing Credit allocation will count towards the Cap for all owners.

The Housing Credit Cap will be determined by the amount of Housing Credits the project is eligible to receive using AHFA’s determined eligible basis before the increase in basis is applied. The amount of Housing Credits received by the increase in basis will be allowed to exceed the owner and project Cap for one project only and the owner will not be eligible for any additional Housing Credit allocations. In all circumstances, all Housing Credits received in the 2013 competitive cycle will count toward the individual owner’s Cap.

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 20% of the state’s 2013 HOME fund

allocation. Regardless of the percentage of ownership in a project, 100% of the project's HOME fund allocation will count towards the Cap.

Parties that have an identity of interest are presumed to be sufficiently related for them to be treated as a single applicant for purposes of the Cap. As described below, AHFA may in its discretion identify other parties whose relationship is sufficiently close to cause them to be treated as a single applicant for purposes of the Cap. A significant factor in AHFA's evaluation will be whether, based on the facts and circumstances, a primary purpose of a party's involvement in a project appears to be avoidance of the Cap.

The following relationships constitute an identity of interest for purposes of identifying related parties in order to apply the Cap:

- (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 Cap.

H. Notification of Approval

Applicants may be notified of AHFA's funding decisions by the AHFA website, email notification, a letter of non-selection, or a reservation package. Applicants approved for funding will be issued 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 letter will automatically terminate such reservation. Any applicants that are not selected for funding may schedule a conference call or meeting with AHFA to discuss the reasons their application was not selected for funding. The call or meeting must be scheduled and held within six weeks of the date of the notification letter from AHFA.

I. Progress Requirements After Reservation

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

- 1.) Within 15 days of the date of the reservation letter, the applicant must:
 - (i) Provide the original executed Reservation Letter acknowledging acceptance of the terms and conditions.
 - (ii.) Provide a cashier's or bank check, i.e., certified funds (no cash or personal checks accepted), in an amount equal to 12% (*14% for non-contiguous sites*) of the first year's Housing Credit allocation.
 - (iii.) Provide AHFA's Carryover Allocation Agreement.
 - (iv.) Provide Management Plan (available on AHFA's website www.ahfa.com)
 - (v.) Provide the Affirmative Fair Housing Marketing Plan (available on AHFA's website www.ahfa.com).
 - (vi.) Provide the Tenant Lease Agreement.
 - (vii.) Provide the Certificate of Existence from the Secretary of State (must be dated prior to execution of the Reservation Letter).

- 2.) Within 90 days of the date of the reservation letter, the applicant must:
 - (i) Provide an executed binding commitment for syndication, in form and content acceptable to AHFA.
 - (ii.) Provide 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.
 - (iii.) Provide the Syndicator Relevant Experience Form in the AHFA-provided form.

- 3.) Within 105 days of the date of the reservation letter, the applicant must:
 - (i.) Provide sealed plans and specifications from the architect.
 - (ii.) Provide a site-specific soils report.

- (iii.) Provide an ALTA/ACSM Certified Survey bound within the plans and specifications.
 - (iv.) Provide standard AIA form of agreement between owner and architect.
- 4.) Within 135 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.
 - (iii.) Provide construction cost estimate summary.
 - (iv.) Provide detailed construction schedule.
 - (v.) Provide standard AIA form of agreement between owner and contractor.
- 5.) Within 165 days of the date of the reservation letter, the applicant must:
- (i.) Provide a copy of executed construction note or agreement.
 - (ii.) Take full possession of the site as evidenced by recorded warranty deed.
 - (iii.) Provide original recorded Declaration of Land Use Restrictive Covenants.
 - (iv.) Provide a copy of the building permit.
 - (v.) Provide proof of construction commencement evidenced by copy of Owner's Notice to Proceed to project's General Contractor.
 - (vi.) Provide Title Insurance Policy.
 - (vii.) Provide IRS Form #SS-4 Assignment of Employer Identification Number.
 - (viii.) Provide and maintain a written Capital Maintenance Plan (CMP) for the project. See Attachment K of the Application Instructions or Addendum F of the HOME Commitment.
- 6.) The applicant must incur more than ten percent (10%) of the reasonably expected basis in the project by the deadline outlined in the Carryover Allocation Agreement.
- 7.) Within 120 days after the project is placed in service, the applicant must:
- (i.) Provide AHFA with the Actual Cost Certification package.
 - (ii.) Provide a check (no cash accepted) in an amount equal to \$500 for the processing of the Actual Cost Certification package.
 - (iii.) Provide a check (no cash accepted) in an amount equal to \$750 (\$500 if Housing Credits are combined with HOME funds from AHFA) per low-income unit for the project's Housing Credit Compliance Fee.
- 8.) The owner must close the first mortgage and receive IRS Form 8609 from AHFA no later than the end of the first year of the credit period. If AHFA is required to amend any AHFA or IRS Form due to an owner request or error, a reprocessing fee of \$100 per form corrected will be charged.
- 9.) The owner must place the project in service by December 31, 2015, or request an extension of the placed in service date, if eligible, under IRS Revenue Ruling 2007-54, by December 1, 2015.

AHFA is under no obligation to issue 8609s for any year if the Actual Cost Certification package is received after December 1 of such year.

J. Negative Action After Reservation.

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

- 1.) Site change--a change from the original site location will not be allowed under any circumstances. Any change in the site configuration or size from what was originally proposed in the application must have prior written consent from AHFA;
- 2.) Change in ownership--a change in the parties involved in the ownership entity (e.g., addition of a new general partner/member or removal of an existing general partner/member) without prior written consent of AHFA. Examples of situations in which consideration may be given for a change in ownership include, but are not limited to: death or bankruptcy. Any person or entity, including syndicators, that attempts to circumvent this requirement, may be subject to debarment from all AHFA programs;
- 3.) Change in syndication structure--a change in the role of the syndicator or in the distribution of funds/allocation to others through syndication as stated in the application without prior written consent of AHFA;
- 4.) Change in unit design, square footage, unit mix, number of units, number of buildings, etc. (unless changes are required by local regulatory codes);
- 5.) Change in the general contractor without prior written consent of AHFA;
- 6.) Change in the management company without prior written consent of AHFA;
- 7.) Change in the architect without prior written consent of AHFA;
- 8.) Instances of excessive or flagrant non-compliance on applicant's existing projects;
- 9.) Any development team member (listed in the application) who has instances of excessive or flagrant non-compliance with AHFA, Housing Credit, HOME, or Tax Exempt regulations on existing projects;
- 10.) Any development team member (listed in the application) who is presently debarred, suspended, proposed for debarment or suspension, declared ineligible or voluntarily excluded from any transactions or construction projects involving the use of federal funds or Housing Credits;
- 11.) Applicant has a project with AHFA that is in foreclosure or has been foreclosed;
- 12.) Any material adverse change relating to the project or owner; and/or
- 13.) Any AHFA fee is not paid when due or is returned due to insufficient funds.

The above list of negative actions is not all-inclusive. The reservation letter itself will list other necessary requirements. AHFA may terminate the 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 QAP 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 United States Department of Agriculture Memorandum of Understanding ("USDA MOU"), executed August 14, 1997, between AHFA and USDA Rural Development, will apply to applicants seeking both Housing Credits and RD 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 Department of Housing and Urban Development 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. Any 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 selection and funding purposes. Rehabilitation projects are defined as the following:

1. A rehabilitation project that has less than 50% occupancy (*of income-qualified tenants for the proposed population*) 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 (*of income-qualified tenants for the proposed population*) 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.

Housing Credit Selection Procedures:

Tier 1 Funding Selection:

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

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

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

Tier 2 Funding Selection:

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

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

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

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

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

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

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

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

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

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

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

- a. *The owner who has not had a repeat audit performed in the prior calendar year and does not have a repeat audit scheduled on any existing AHFA-funded project.*
 - b. *The owner who has not requested a third extension on any 2012 AHFA-funded project.*
 - c. *The owner who has not returned their full allocation of AHFA HOME funds or Housing Credits in the prior calendar year through the date of allocation of 2013 funds.*
 - d. *The owner that has the most amount of additional long term subsidy per unit. Long term subsidy is defined in Section III(A)(1)(iii) Rent Affordability of the QAP.*
5. *If a tie(s) still remains, the owner that requested the least amount of Housing Credits per unit. The amount is to be calculated prior to the QCT increase in basis.*
6. *If a tie(s) still remains, priority for funding will be given to the project which is located in a Qualified Census Tract and is supported by its respective governmental entities approved Revitalization plan.*
7. *If a tie(s) still remains, funding priority will be given to the application and project that is intended for eventual tenant ownership. The project must consist of single-family homes, duplexes, or townhomes to be eligible. The applicant must complete the AHFA-provided Homeownership Conversion Proposal and provide a plot plan in form and content acceptable to AHFA.*
8. *If a tie(s) still remains, AHFA will fund the project that has the earliest submission date as evidenced by the time and date stamped by AHFA. Applications that are submitted by 11:00 a.m. on the first day of the application cycle will be entered into a drawing. The drawing will be held as soon as practical in AHFA's boardroom that same day to determine the order of funding in the event of a tie. An impartial person will be selected to draw. The drawing will be open to the public and the results will be posted on AHFA's website.*

AHFA reserves the right to deny a 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 for the project to be financial feasible.

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 80 Points)

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

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

Only the amenities listed below will be eligible for points.

4 Points

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

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

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

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

3 Points

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

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

Splash Center

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

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

Gazebo

2 Points

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

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

Picnic area with grills

Storm doors

Provide wireless internet service in clubhouse/community building

Walking Trail with Benches (*5' wide concrete and minimum of ¼ of mile long*)(*must be separate of required sidewalks*)

Emergency Pull Cord/Call Button

New Construction Projects Only (Maximum of 8 Points)

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

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

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

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

A minimum of 50% of the building, defined as the exterior façade from finished grade elevation to eave line, shall be brick. Each exterior wall must contain brick up to the bottom of the first floor windows on a two-story unit or the window sill of a one-story unit. The remaining 50% can be cementitious siding, stucco, or CMU products. The CMU products must be decorative, textured, patterned, color core, or painted.

Rehabilitation Projects Only (Maximum of 8 Points)

- (d.) 2 points will be given for replacing all entry doors with insulated exterior doors and replacing all windows with storm windows, thermal break insulated windows or extruded vinyl windows. Windows must be Energy Star rated.
- (e.) 2 points will be given for replacing all kitchen cabinets and countertops.
- (f.) 2 points will be given for replacing all plumbing fixtures.
- (g.) 2 points will be given for replacing all HVAC equipment

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 8 Points)

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

- (d.) 4 points will be given for the use of Energy Star rated “cool roof” shingles.

(iii.) Rent Affordability (Maximum 4 Points)

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

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

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

(iv.) Tenant Needs (Maximum 2 Points)

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

(v.) Readiness Issues (Maximum 5 Points)

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

(v.) Project Type (Maximum 6 Points)

- (a.) 3 points will be given for rehabilitation of existing buildings that are listed on the National Register of Historical Places.
- (b.) 3 points will be given for rehabilitation of existing multifamily residential rental housing.

(vii.) Location (Maximum 22 Points)

(a.) Points Gained for Site Selection

Sites Located in Disaster Counties (Maximum 2 Points)

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

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

Neighborhood Characteristics (Maximum 20 Points)

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

- 4 points (<1 mile)
- 3 points (1>2 miles)
- 2 points (2>3 miles)

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

(b.) Points Deducted for Site Selection

(1.) Negative Neighborhood Services (No Maximum)

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

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

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

**Please note: An exception may be allowed for rehabilitation or historic properties located near a railroad, provided a noise mitigation plan (subject to HUD standards) is presented at the time of application. The findings of the study must be acceptable to AHFA in all respects.*

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

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

(2.) Accessibility (Maximum 2 points Deducted)

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

2.) **Applicant Characteristics (Maximum 28 Points)**

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

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

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

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

- 10 points (1000+ units or 10+ projects)
- 9 points (900 - 999 units or 9 projects)
- 8 points (800 - 899 units or 8 projects)
- 7 points (700 - 799 units or 7 projects)
- 6 points (600 - 699 units or 6 projects)
- 5 points (500 - 599 units or 5 projects)

- 4 points (400 - 499 units or 4 projects)
- 3 points (300 - 399 units or 3 projects)
- 2 points (200 - 299 units or 2 projects)
- 1 point (100 - 199 units or 1 project)

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

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

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

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

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

B. POINTS LOST

1.) Incomplete Application (No Maximum Points Lost)

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

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

There are certain third-party required documents that require additional time to obtain. They are listed below to allow time for obtaining the documents prior to

the date of application submission. This list is not all inclusive (all required documents will be listed in the application checklist and instructions):

- Dated and executed organizational documents
- Construction and permanent financing commitments
- Utility letters for electricity, water, sewage, telephone and gas.

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

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

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

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

3.) Financial Structure (Loss of 10 Points)

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

4.) Compliance (Maximum of 20 Points Loss)

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

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.). A complete outline of AHFA's compliance requirements is located in AHFA Compliance Manual available at

www.ahfa.com. A description of AHFA's basic compliance monitoring procedures and requirements are described per the attached Addendum D.

Addendum A

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

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

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

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

I. Site Selection Criteria:

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

II. Building Design Criteria

A. Maximum Building Standards:

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

B. Minimum Building Standards:

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

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

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

2. Exceptions to the minimum area requirements:

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

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

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

b. Other Exterior Standards:

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

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

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

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

5. Interior Building and Space Standards:

a. Wall Framing:

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

b. Insulation Requirements:

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

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

c. Kitchen spaces:

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

d. Bathroom Spaces:

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

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

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

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

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

C. Modular Construction:

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

Drawing Submission Criteria:

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

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

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

B. Floor Plans:

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

C. Elevations and sections:

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

D. Title Sheet:

Indicate Building Codes that are applicable for the project.

Addendum B

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

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

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

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

I. Site Selection Criteria:

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

II. Building Design Criteria

A. Maximum Building Standards:

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

B. Minimum Building Standards:

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

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

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

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

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

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

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

b. Other Exterior Standards:

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

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

8. Interior Building and Space Standards:

a. Wall Framing:

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

b. Insulation Requirements:

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

c. Kitchen spaces:

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

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

9. Plumbing and Mechanical Equipment:

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

C. Modular Construction:

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

III. Drawing Submission Criteria:

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

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

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

B. Floor Plans:

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

C. Elevations and sections:

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

D. Title Sheet:

Indicate Building Codes that are applicable for the project.

Addendum C

Alabama Housing Finance Authority's 2013 Design Quality Standards (For Attached Rehabilitation of an Existing Building)

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

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

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

I. Site Selection Criteria:

- A. Projects located in a Radon Zone-1 (highest level) 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. For the most current radon information see: www.aces.edu.
- B. Projects adding any new building foundations must submit a foundation-specific soils report. 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.
- C. Projects located outside municipal city limits:
 - 1. A project may be located outside a municipality's city limit, but must be within the local police or sheriff jurisdiction.
 - 2. A project that is located in the police jurisdiction of a local municipality must comply with applicable zoning restrictions as if located within that municipality's city limit.
 - 3. Domestic water and fire water service must be provided to the development by the local utility service provider.

II. Building Design Criteria

A. Maximum Building Standards:

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

2. All 100% Elderly projects must be one-story structures. Exception: Projects may have more than one story, provided the project currently has elevators or planned to be installed to service all upper level apartments. Design exceptions, or deviations, must be reviewed by AHFA on an individual basis.

B. Minimum Building Standards:

1. Minimum Apartment Unit Net Area Requirements:

- a. Net area is measured from the **interior finished face** of the exterior wall to the **centerline** of the common, or party, wall.

1 Bedroom Unit	600 s.f.
2 Bedroom Unit	775 s.f.
3 Bedroom Unit	1,000 s.f.

- b. Minimum Bedroom Net Area is measured from the interior faces of all walls surrounding each bedroom, excluding closets, mechanical rooms, and storage rooms. **No units may contain a bedroom of less than 90 square foot.**

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

2. Exterior Building Standards:

- a. Exterior Finishing Materials:

1. Exterior building coverings: very low maintenance materials are required. Acceptable materials include:
 - a. Brick;
 - b. High quality vinyl siding with a minimum thickness of .044 and a lifetime non-prorated limited warranty (50 year) transferable; or
 - c. Cementitious siding and trim material.
 - d. Engineered composite siding and trim material.

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

2. Fascia and soffit: Must be prefinished vinyl, prefinished aluminum, cementitious trim or engineered composite trim. Material used for soffits must be perforated or vented.
3. Windows frames and sashes are to be constructed of vinyl-clad wood, solid extruded vinyl, fiberglass, or aluminum and all windows are required to have screens.
4. Materials for entry doors are to be metal-clad wood, fiberglass, or hollow metal construction. "Peepholes" and deadbolt locks are required in entry doors. Dead bolt locks on entry doors must have "thumb latch" on interior side. Double-keyed dead bolt locks are prohibited. Minimum clear width of all exterior doors must be 34 inches.
5. **No Mansard Roofs are allowed.** Roofing materials: Anti-fungal shingles or metal roof with 30-year warranty or better must be used.
6. Roof gable vents must be made of aluminum or vinyl materials.

7. All attics must be vented.
8. Exterior shutters are required on all 100% Brick or vinyl siding buildings.
9. Handrails and pickets must be constructed from steel or aluminum.
10. Patio and porch/balcony components used as part of the building must have concrete slabs or decks and must be constructed so that no wood is exposed. Concealment must be with materials such as aluminum, vinyl, cementitious materials trim or engineered composite trim. Structural wood columns must be at a minimum 6" x 6 pressure treated columns concealed as noted above or properly sized columns of fiberglass, high density urethane or aluminum. Decorative rails and/or guard rail systems used at porches and patios must be code compliant systems of vinyl, fiberglass, Steel or aluminum. Wooden support posts must be installed to prevent degradation (rotting) to ends of posts and to provide for structural and anchoring of post to slab. Wood railings are not allowed.

b. Other Exterior Standards:

1. Adequate exterior lighting is required at entry doors.
2. Address numbers are to be clearly visible.
3. Metal flashing or 20 mil polyethylene when used in conjunction with a self-adhering polyethylene laminate flashing, must be installed above all exterior door and window units.
4. A landscaping plan must be submitted indicating areas to be sodded and landscaped. Landscaping plan(s) must follow any applicable landscape municipal ordinance. At a minimum, 20 feet of solid sod must be provided (if ground space allows) from all sides of every building and between all buildings and paved areas. All disturbed areas must be seeded. If bare spots or erosion exist in current landscaping, the area must be sodded. Landscaping around and between the buildings is allowed. One 2" caliper tree per unit and Six 1 gallon shrubs per unit.
5. Sidewalk access to all parking spaces must be provided. Where the accessible route on the site crosses a vehicular roadway, crosswalk lines are required. They shall not be less than 6 inches or greater than 24 inches in width
6. A lighted project sign including the Fair Housing logo is required. Depending on the placement as it relates to the access of the property from the public road, the project's sign may require the project's name and Fair Housing logo on both sides of the sign.
7. A minimum of one enclosed on a minimum of 3 sides trash dumpster or compactor is required that is enclosed. The trash dumpster/compactor enclosure must be ADA accessible and have a concrete apron. If the dumpster itself is not accessible, trashcans must be placed within the enclosure for use by handicap tenants.
8. Continuous asphalt or concrete paved access road must be provided to the entrance of the development.
9. All parking must be asphalt or concrete. An asphalt or concrete paving recommendation letter must be provided with the application by a geotechnical engineer.
10. All sidewalks and walkways must be concrete and at least 36 inches wide. All public building, community building and amenities must be connected to the dwelling units by a sidewalk or walkway.
11. Mailboxes, playground and all exterior project amenities must be on an accessible route as defined by the Fair Housing Guidelines.

12. No above ground propane tanks allowed on the site.
13. Storm Water retention basins must include fencing around the entire perimeter and a lockable maintenance gate. The retention area will be maintained and managed in a manner to provide safety to the tenants. Including preventing vermin, insect and reptile infestation, vegetation overgrowth, and must be kept free of all trash and debris.

5. Interior Building and Space Standards:

a. Insulation Requirements:

Roof or attic insulation must have an R-38 minimum.

b. Kitchen spaces:

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

c. Bathroom Spaces:

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

4. Vanity cabinets with drawers and a medicine cabinet must be provided in all units. All cabinets in designated handicap accessible units must be installed in compliance with applicable ANSI or UFAS guidelines.
 - d. Hallways must have a minimum clear width of 36 inches.
 - e. All interior doors to habitable spaces in units subject to Fair Housing Guidelines must have a minimum width of 34 inches. All interior doors to habitable spaces in designated handicap accessible units must have a minimum width of 36 inches. All interior doors to habitable spaces in all other units must have a minimum clear width of 30 inches.
 - f. Separately switched overhead lighting is required in each room. Energy Star ceiling fans with light kits are required in the living room and each bedroom.
 - g. Window treatments are required for all windows.
 - h. Sliding glass doors and bi-fold doors are prohibited.
 - i. Floor Finishes all flooring must be replaced:
 1. Carpet materials must meet FHA minimum standards.
 2. Resilient flooring materials must meet FHA minimum standards.
 - j. A minimum of two hard-wired with battery back-up smoke detectors is required per unit. Townhomes must have a minimum of one smoke detector upstairs.
 - k. A carbon monoxide detector must be installed in each unit with gas mechanical systems or appliances. Units with an attached garage must also have a carbon monoxide detector installed.
 - e. All units pre-wired for cable television hook-ups in the living room and one (1) per bedroom.
6. Plumbing and Mechanical Equipment:
- a. Water heaters must be placed in drain pans with drain piping plumbed to the outside or to an indirect drain connected to the sanitary sewer system. Water heater T&P relief valve discharges must be direct to exterior of building and elbow down to 6" above finish grade.
 - b. Through-wall HVAC units are not permitted in residential units except in efficiency units.
 - c. HVAC units and water heaters are not permitted in attic spaces. HVAC units must be installed in Mechanical Closets with insulated walls located within the living unit. Water heaters are to be located within the living unit.
 - d. HVAC refrigeration lines must be insulated.
 - e. HVAC 14 seer or greater must be used. On single-family homes the HVAC equipment must be placed so that their operation does not interfere with the comfort of the adjacent dwellings.

- f. Units with existing washer/dryer connections must replace and install new water supply fixtures and valves.

Drawing Submission Criteria:

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

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

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

B. Floor Plans:

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

C. Elevations and sections for new construction:

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

D. Title Sheet:

Indicate Building Codes that are applicable for the project.

Addendum D

LOW-INCOME HOUSING TAX CREDIT 2013 State Qualified Allocation Plan

Compliance Monitoring Procedures, Requirements and Penalty Criteria

As referenced in Section IV (“Compliance Monitoring”) of the Low-Income Housing Tax Credit 2013 State Qualified Plan (“QAP”), the AHFA Compliance department will conduct monitoring procedures and requirements to ensure owner and project compliance with Section 42 (m)(1)(B)(iii) and all requirements as specified in the QAP.

I. Compliance Monitoring Procedures and Requirements:

- A. AHFA will verify that the owner of a low-income housing project is maintaining records for each qualified low-income building in the project. These records must show, for each year in the compliance period, the information required by the record-keeping provisions contained in 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) which certification provisions are incorporated herein by reference. Owners must also (1) supply a copy of the Schedule A (Form 8609) Annual Statement filed with the federal income tax return of the ownership entity, (2) financial statement of the project, and (3) entered all required tenant data annually by a date set by AHFA.
- D. AHFA will review the certifications described in Paragraph C above for compliance with the requirements of Section 42.
- E. AHFA will inspect the required number of the low-income housing projects each year and will review 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 20% 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 extended use 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 of not less than 30 days to supply missing documentation or to correct noncompliance commencing on the date of the notification letter.
- 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 the IRS by filing Form 8823, Low-Income Housing Credit Agencies Report of Noncompliance. Additionally, AHFA may notify HUD if deemed appropriate.
- 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 Housing 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 must be certified by the owner's chief executive officer or chief financial officer (or an equivalent position).
- 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. 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.
- M. It is the policy of AHFA to immediately report any indication of fraud, waste, abuse, or potentially criminal activity pertaining to federal funds to the appropriate federal department and the cognizant inspector general of such department.

II. Penalty Scoring Criteria for Non-Compliance

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

- A. One (1) penalty point will be deducted for each project for which the applicant does not submit a complete Annual Owner's Certification form per project to the AHFA's Compliance Department by the AHFA specified deadline.
- B. Up to nineteen (19) penalty points will be deducted if the applicant's approved and/or existing projects are deemed by AHFA not to be in compliance with the applicable guidelines and regulations for any of the following: Section 42 of the IRS Code, the HOME program, AHFA Housing Credit and HOME Action Plans, the Tax Credit Assistance Program (TCAP) or the Exchange Program. Point deductions will be based on the following methodology:
- a. Health and Safety Violations - Effective January 1, 2013, two (2) penalty points per occurrence (or collectively per project audited if the same violation) will be assessed for the health and safety violations (listed below), if cited as a finding at the time of inspection by AHFA (or its designated representative). AHFA will immediately notify the owner (and management company) during the onsite visit and will provide written notice regarding the applicable violation and specify the timeframe that the owner will be required to cure (or correct the applicable violation(s)). *Penalty deductions resulting from any violation listed below will be assessed automatically upon discovery and regardless of whether the identified violations are cured or corrected. In addition, four (4) additional penalty points will be deducted if the applicant fails to cure the violations within the timeframe specified in the violation notice from AHFA. The health and safety violations that will result in automatic penalty point deductions are as follow (the "Health and Safety Violations"):*
 - i. Missing, non-charged or empty fire extinguishers for more than thirty percent (30%) of units audited. Missing, non-charged or empty fire extinguishers for thirty percent (30%) or fewer of the audited units will be subject to the penalty criteria as defined in section II(B)(e) herein.
 - ii. Missing or non-working smoke detectors for more than thirty percent (30%) of units audited. Automatic penalty points will not be deducted if there is at least one operable smoke detector unit per floor for each apartment unit inspected. For all other missing or non-working smoke detectors cited, the penalty criteria will be as defined in Section II(B)(e) herein.
 - iii. Exposed wiring.
 - iv. Insect infestation, including, but not limited to, applicant's failure to notify AHFA of any bed-bug infestation.
 - v. Severe damage to sidewalks or parking lots.
 - vi. Missing or broken handrails or steps.
 - b. Occupied, Vacant Uninhabitable or Non-Rent Ready Unit Deficiencies - Effective January 1, 2013, one (1) penalty point per occurrence (or collectively per project audited if the same deficiency) will be assessed for each of the occupied, vacant (for more than thirty (30) days), uninhabitable or non-rent ready unit deficiencies listed below, if cited as a finding at the time of inspection by AHFA (or its designated representative). AHFA

will provide written notice to the owner regarding the applicable deficiency and specify the timeframe that the owner will be required to cure (or correct the applicable deficiency(ies)). *Penalty deductions resulting from any deficiency listed below will be assessed automatically and regardless of whether the identified deficiencies are cured or corrected. In addition, two (2) additional penalty points will be deducted if the applicant fails to cure the deficiencies within the timeframe specified in the deficiency notice from AHFA. The deficiencies that will result in automatic penalty point deductions under this paragraph are as follows (the “Occupied, Vacant and Uninhabitable or Non-Rent Ready Deficiencies”):*

- i. Missing bathroom or plumbing fixtures.
- ii. Missing stoves, dishwashers, or kitchen cabinetry.
- iii. Boarded or missing exterior windows or doors.
- iv. Not cleaned or unsanitary vacant units.
- v. Units unable to be accessed or inspected by AHFA at the time of its inspection/audit.
- vi. Severe and unrepaired damage to any vacant unit.

- c. Site, Exterior or Common Area Deficiencies - Effective January 1, 2013, one (1) penalty point per occurrence (or collectively per project audited if the same deficiency) will be assessed for the site, exterior or common area deficiencies listed below, if cited as a finding at the time of inspection by AHFA (or its designated representative). AHFA will provide written notice to the owner regarding the applicable deficiency and specify the timeframe that the owner will be required to cure or correct the applicable deficiency(ies). Penalty deductions resulting from any deficiency listed below will be assessed automatically upon discovery and regardless of whether the identified deficiencies are cured or corrected. In addition, two (2) additional penalty points will be deducted if the applicant fails to cure the deficiencies within the timeframe specified in the deficiency notice from AHFA. The site, exterior or common area deficiencies that will result in automatic penalty point deductions under this paragraph are as follows (the “Site, Exterior or Common Area Deficiencies”):

- i. Missing project amenities as approved in owner’s approved application.
- ii. Gutters and downspouts with missing or broken components or that do not function as intended.
- iii. Siding and /or exterior trim has rotted and allows water to penetrate behind exterior.

- d. Documentation or File Deficiencies - Effective January 1, 2013, one (1) penalty point per occurrence (or collectively per project audited if the same deficiency) will be assessed for the documentation or file deficiencies listed below, if cited as a finding at the time of inspection by AHFA (or its designated representative). AHFA will provide written notice to the owner regarding the applicable deficiency and specify the timeframe that the owner will be required to cure or correct the applicable deficiency(ies). Penalty

deductions resulting from any deficiency listed below will be assessed automatically upon discovery and regardless of whether the identified deficiencies are cured or corrected. In addition, two (2) additional penalty points will be deducted if the applicant fails to cure the deficiency within the timeframe specified in the deficiency notice from AHFA. The documentation or file deficiencies that will result in automatic penalty point deductions under this paragraph are as follows:

- i. Failure to provide an updated utility allowance that result in the tenant being charged rent in excess of applicable rent.
 - ii. If over thirty percent (30%) of files selected for audit indicates that tenants are over the applicable income limit. Any findings related to this category that total 30% or less will be subject to the penalty criteria as defined in section II(B)(e) herein.
 - iii. If over thirty percent (30%) of files selected for audit are missing. Any findings related to this category that is 30% or less will be subject to the penalty criteria as defined in section II(B)(e) herein.
 - iv. If over thirty percent (30%) of files selected for audit indicates that tenants are ineligible households due to student rule violations. Any findings related to this category that total 30% or less will be subject to the penalty criteria as defined in section II(B)(e) herein.
 - v. If over thirty percent (30%) of files selected for audit indicates that tenants were charged over the maximum applicable rents. Any findings related to this category that total 30% or less will be subject to the penalty criteria as defined in section II(B)(e) herein.
- e. Other General Deficiencies - Two (2) penalty points per occurrence (or collectively per project audited if the same deficiency) will be assessed for other general deficiencies if cited as a finding at the time of inspection by AHFA (or its designated provide written notice to the owner regarding the applicable violation or deficiency and specify the timeframe that the owner will be required to cure or correct them. General deficiencies include all violations or deficiencies not listed in the preceding paragraphs that are cited as findings during the AHFA onsite audits.
- C. Applicant/Owner(s) with less than five (5) years' experience with AHFA (or less than five-hundred (500) total AHFA units). AHFA may terminate any new applications submitted by owner/applicants with less than five (5) years' experience (or less than 500 AHFA-units) if any AHFA or non-AHFA units inspected by AHFA (or AHFA designated representative) are cited for any Health and Safety Violation, any Occupied, Vacant and Uninhabitable or Non-Rent Ready Deficiencies, or any Site, Exterior or Common Area Deficiencies.