

ALABAMA HOUSING FINANCE AUTHORITY
WORKFORCE HOUSING TAX CREDIT POLICY

I. WORKFORCE HOUSING TAX CREDITS

On May 9, 2024, the State of Alabama enacted Act No. 2024-302 entitled “The Alabama Workforce Housing Tax Credit Act” (the “Act”), which established a new workforce housing tax credit (“Workforce Housing Credit”) program. The Workforce Housing Credit program encourages and promotes continued investment in affordable rental housing for low-income households located in areas near to employers with expanding or recently created workforce jobs. Through these investments, the program is intended to increase the number of affordable housing units available to Alabamians seeking employment in areas of economic growth. The primary benefit to Qualified Taxpayers is a dollar-for-dollar reduction in certain Alabama state tax liabilities.

The Act designates Alabama Housing Finance Authority (“AHFA”) as the administrator of the Workforce Housing Credit program and provides that the Workforce Housing Credit should be awarded to qualified applicants according to certain priorities. The purpose of this Alabama Housing Finance Authority 2025 Workforce Housing Tax Credit Policy (this “Policy”) is to provide applicants with the information necessary to apply for Workforce Housing Credits.

AHFA has adopted this Policy for the State of Alabama in compliance with the Act as the “qualified allocation plan” thereunder and related requirements contained in Section 42 of the Internal Revenue Code of 1986 (“Section 42”), AHFA’s Qualified Allocation Plan for Low-Income Housing Tax Credits published by AHFA in accordance with Section 42 (the “QAP”) and, where applicable, AHFA’s Multifamily Bond Policy (the “Bond Policy”). This Policy also includes input from the Alabama Department of Commerce, the Alabama Insurance Commission (“DOI”) and the Alabama Revenue Department (“DOR”).

This Policy incorporates applicable provisions of the QAP and the Bond Policy and shall be interpreted and administered in a manner that is consistent with AHFA’s interpretation and administration of the QAP and the Bond Policy. This policy also includes additional provisions specific to the Act.

II. DEFINED TERMS

The following capitalized terms have the meanings set forth below.

“Award Cycle” means the 12-month period from January 1 to December 31 of each year during which AHFA accepts applications for Workforce Housing Credits and awards Workforce Housing Credits to qualified projects; provided that the final Award Cycle shall end September 30, 2027.

“Award Cycle Cap” means the aggregate dollar amount of Workforce Housing Credits available for award during each Award Cycle, which will be the sum of the following amounts:

- \$5,000,000;
- The amount, if any, that was available but not awarded during the prior Award Cycle; and

- The amount, if any, recaptured or disallowed from a prior Award Cycle.

“Priority Economic Development Areas” means the top forty (40) counties in Alabama in which the most jobs have been created within the past five (5) years based on data provided by the Alabama Department of Labor. The current list of Priority Economic Development Areas is attached as **Addendum B** to this Policy.

“Project Award Cap” means the maximum dollar amount of Workforce Housing Credits available for award to an individual project during each Award Cycle, which will be equal to the lesser of (1) the amount determined by AHFA to be necessary for the financial feasibility of the project in accordance with the QAP and the Bond Policy, as applicable, and (2) \$2,000,000.

“Rural Area” means an area within the State of Alabama that meets the definition of “Rural Area” established by the United States Department of Agriculture, Rural Development, for its Section 515/538 programs. *See* 7 C.F.R. § 3560.11 (January 1, 2023) *and* USDA Administrative Notice No. 4888 (dated October 27, 2022). AHFA elects to use this definition of Rural Area for purposes of the Act and this Policy.

“Rural Set-Aside” means the requirement contained in Section 4(f) of the Act that, subject to viable applications being received, at least 20% but not more than 25% of the Award Cycle Cap during each Award Cycle be awarded to projects located in Workforce Preference Areas. For example, if the Award Cycle Cap is \$5,000,000, the Rural Set-Aside would be between \$1,000,000 and \$1,250,000 as determined by AHFA.

“WHTC Point Scoring System” means the point scoring system set forth in **Addendum A** to this Policy. The WHTC Point Scoring System applies only to applications for Workforce Housing Credits and does not modify or amend any other point scoring system utilized by AHFA, including without limitation the point scoring systems used for Housing Credits or the HOME Investment Partnerships Program.

“Workforce Preference Areas” means Rural Areas that are located in Priority Economic Development Areas.

Capitalized terms used in this Policy and not otherwise defined shall have the meanings assigned in the Act, or if not defined therein, the meanings assigned in the QAP, the Bond Policy and AHFA’s Defined Terms for its Multifamily Programs, in that order of priority. The QAP, the Bond Policy and AHFA’s Defined Terms are available at www.ahfa.com.

III. Project Eligibility

A project is eligible for an award of Workforce Housing Credits if the project (1) has submitted or concurrently submits a successful application for low-income housing tax credits (“Housing Credits”) in accordance with the QAP and the Bond Policy, if applicable, and (2) satisfies all of the following criteria:

- A. Project is new construction and available for families.
- B. Project covenants to comply with tenant income restrictions applicable to Housing Credits and, as applicable, Multifamily Tax Exempt Bonds.
- C. Project satisfies the threshold requirements contained in the QAP and the Bond Policy.

- D. Project meets the financial feasibility requirements contained in the QAP, taking into account the proposed award of Workforce Housing Credits.
- E. For each Award Cycle, the project either (a) enables AHFA to meet the Rural Set-Aside, or (b) after that requirement is satisfied, scores high enough under WHTC Point Scoring System to receive Workforce Housing Credits within the applicable Award Cycle Cap.

Applications that meet the foregoing criteria will be considered viable applications for purposes of the Act.

IV. Housing Priorities

The Act requires AHFA to provide the following preferences for projects located in areas where new industry and jobs have been located:

- A. Geographical Preferences: Preference for projects located in Workforce Preference Areas to the extent necessary to satisfy the Rural Set-Aside.
- B. Childcare Preference: Preference for projects that commit to either:
 - Subsidize the cost of after-school care for children of tenants in grades K through 8 for at least three years from the project's placed in service date in an amount equal to the lesser of (a) \$1,000 per year per unit occupied by a participating student, and (b) \$50,000 per annum. AHFA's requirements for a subsidized after-school childcare program will be published at www.ahfa.com.
 - Furnish (a) a licensed and qualified children's activity center available at no cost to tenants, and (b) an insured childcare provider for after-school care for children of tenants in grades K through 8 during ordinary school days from 2:30 pm to 6:00 pm. Childcare centers are not required to be located directly onsite or to be owned by the same entity that owns the project.

V. Application Process

A. Award Cycles

AHFA will award Workforce Housing Credits in annual Award Cycles. The first Award Cycle will begin on January 1, of each program year, and will end on December 31, of each program year (the "Award Cycle"). Subsequent Award Cycles will be conducted as needed to award the full amount of the annual Award Cycle Cap in a timely manner.

B. Application Process

Applications for Workforce Housing Credits must be submitted during each Award Cycle as part of a project's application for Housing Credits under the QAP. AHFA will establish separate application processes for projects that combine Workforce Housing Credits with Multifamily Tax Exempt Bonds and 4% Housing Credits ("4% Bond Projects") and for projects that combine Workforce Housing Credits with 9% Housing Credits ("9% Housing Credit Projects"). These application processes are expected to operate as follows:

1. 4% Bond Projects: To enable 4% Bond Projects to request an award of Workforce Housing Credits in a timeframe sufficient to meet the annual allocation amounts specified by the Act, 4% Bond

Projects will be required to submit two separate packages to AHFA in order to participate in an Award Cycle:

- (a) Notice of Intent: During a specified period in advance of each Award Cycle, expected for to begin on or about January 15, of each program year, 4% Bond Projects must submit, a Notice of Intent to Apply for Workforce Housing Credits (“NOI”). Each NOI must be accompanied by certain project specific items currently identified in the QAP and Bond Policy that typically require significant lead-time for review. AHFA expects the NOI to include, without limitation, threshold items relating to site control, environmental review and market review. NOIs will be processed in the order received.

The form of the NOI for each Award Cycle and the list of required items will be posted on www.ahfa.com on or before the date on which AHFA begins accepting NOIs for that Award Cycle. Except to the extent specified within the form and list of required items posted by AHFA, an NOI is treated as an “application” for purposes of the QAP.

- (b) Application: During a specified period during each Award Cycle, expected to begin on or about January 15, of each program year, 4% Bond Projects must submit an application for Housing Credits and Multifamily Tax Exempt Bonds in accordance with the requirements for “applications” under the applicable QAP and the Bond Policy. Each application must be accompanied by the items required by the QAP and the Bond Policy, except to extent they have been submitted previously with an NOI.

AHFA will perform a completeness review of each application in accordance with the QAP. If an applicant has failed to submit and/or complete items required by the QAP or Bond Policy, AHFA will contact the applicant via email regarding any missing and/or incomplete items. If an applicant for Workforce Housing Credits receives an email from AHFA identifying missing and/or incomplete items or documents, the applicant must submit all missing and/or incomplete items or documents in form satisfactory to AHFA (along with the required fee for each such item or document as specified in Section I.D.(2) of the QAP) within 10 business days after receipt of the email from AHFA. If the applicant fails to submit the missing and/or incomplete items when required, the application will be ineligible to receive an award of Workforce Housing Credits in the current Award Cycle.

4% Bond Projects that submit an application during an Award Cycle without having submitted an NOI in advance of that Award Cycle will not be eligible to receive Workforce Housing Credits during that Award Cycle but may be reviewed and considered for award during the next succeeding Award Cycle, if any.

2. 9% Housing Credit Projects: 9% Housing Credit Projects must include a request for Workforce Housing Credits in an application for Housing Credits submitted in accordance with the applicable QAP. 9% Housing Credit Projects will be eligible to receive Workforce Housing Credits only if (a) the project’s application includes a request for Workforce Housing Credits, (b) the Rural Set-Aside was not satisfied during the same year’s Award Cycle for 4% Bond Projects, and (c) the project is located in a Workforce Preference Area. Successful applicants will receive awards of Workforce Housing Credits as part of AHFA’s annual application cycle for Housing Credits.

AHFA staff is authorized and directed to modify the Application Intake Processes, Instructions and Forms for Housing Credits and Multifamily Tax Exempt Bonds as needed to enable applicants to request an award of Workforce Housing Credits in a timeframe sufficient to meet the annual allocation amounts specified by

the Act, including without limitation expediting statements of official intent to maximize the amount of project costs eligible to be paid or reimbursed from proceeds of Multifamily Tax Exempt Bonds.

C. Award Criteria

All determinations, calculations, judgments, assessments, or other decisions made by AHFA under this Policy, including without limitation its related Application Instructions and forms, shall be made in AHFA's sole and absolute discretion.

AHFA will award Workforce Housing Credits during each Award Cycle in accordance with following prioritized preferences.

1. Satisfaction of Rural Set-Aside:

- (a) Viable applications for 4% Bond Projects located in Workforce Preference Areas to the extent necessary to satisfy the Rural Set-Aside. **AHFA reserves the right to award Workforce Housing Credits to 4% Bond Projects irrespective of the ranking order established by the WHTC Point Scoring System, based on the amount of Workforce Housing Credits that must be allocated during each Award Cycle to meet the Rural Set-Aside.**
- (b) If the Rural Set-Aside for an Award Cycle has not been satisfied by viable applications for 4% Bond Projects, AHFA will reserve up to 25% of the Award Cycle Cap for applications for 9% Housing Credits received during the Competitive Application Cycle conducted during the same Award Cycle.

2. Allocation of Award Cycle Cap after Satisfaction of Rural Set-Aside:

After the Rural Set-Aside has been satisfied by 4% Bond Projects or reserved for 9% Housing Credit Projects, the remaining Award Cycle Cap for each Award Cycle will be awarded to viable applications for 4% Bond Projects in point scoring order under the WHTC Point Scoring System, subject to the Project Award Cap; provided that not more than one 4% Bond Project shall be funded in a county if there are other viable 4% Bond Project applications in other counties.

Regardless of strict numerical ranking, the WHTC Point Scoring System does not operate to vest in an applicant or project any right to an award of Workforce Housing Credits or any other source of funding from AHFA. AHFA will in all instances award Workforce Housing Credits consistent with sound and reasonable judgment, prudent business practices and the exercise of its inherent discretion.

D. Notice of Award

AHFA will notify successful applicants for an award of Workforce Housing Credits by issuing a reservation or determination letter (the "Notice of Award") to the applicant. In no event will any project receive an award of Workforce Housing Credits during a single Award Cycle in excess of the Project Award Cap.

Each Notice of Award will contain the following information:

- State the dollar amount of Workforce Housing Credits awarded to the project and identify the Award Cycle Cap from which they are awarded. The dollar amount specified in a Notice of Award will be the amount of Workforce Housing Credits that is eligible to be claimed with respect to the

project during each year of the Credit Period specified in the Act. Generally, the calculation of the Workforce Housing Credits available for each project will equal 4% of eligible costs, subject to the Award Cycle Cap, the Project Award Cap and the availability of other funding sources to achieve financial feasibility.

- Stipulate that receipt of the Workforce Housing Credits is subject to AHFA’s final cost certification and its issuance of an Eligibility Certificate, as defined below.¹

VI. Final Eligibility Certificate

Upon approval of a final cost certification for a project, AHFA will issue an eligibility certificate to the owner of the project (the “Eligibility Certificate”) certifying that the project qualifies for Workforce Housing Credits and specifying the final dollar amount of Workforce Housing Credits that may be claimed in each year of the Credit Period specified in the Act. A copy of the Eligibility Certificate will also be provided to DOR and DOI. The dollar amount of Workforce Housing Credits specified in the Eligibility Certificate may be greater or lesser than the amount described in the Notice of Award, but in no event may a project’s final award of Workforce Housing Credits exceed the Project Award Cap or cause the aggregate amount of Workforce Housing Credits awarded by AHFA for any Award Cycle to exceed the Award Cycle Cap.

Upon receiving the final Eligibility Certificate, the qualified owner of the housing project may submit the credit allocation schedule to the DOR in the form it prescribes. No credit allocation can be made until the final Eligibility Certificate is received. Please note that the credit allocation schedule must be submitted by the project owner annually to allocate the credit among Qualified Taxpayers.

VII. Restrictive Covenants

AHFA staff is authorized and directed to prepare a form of declaration of restrictive covenants to be executed by the owner of the project and recorded against any project that receives an award of Workforce Housing Credit (the “WHTC Declarations”). The WHTC Declarations may be a separate instrument or an exhibit to the declarations recorded against such project with respect to Housing Credits. The WHTC Declarations will contain restrictions with respect to the project that are consistent with the Act and this Policy and that will run with the land for the applicable compliance period.

VIII. Allocation of Workforce Housing Credits-Applicable only to DOR

- A. Any allocation, assignment or passing of Workforce Housing Credits under the terms of the Act, including without limitation Sections 4(b)(1) and 4(e) thereof (an “Allocation”), is subject to DOR’s approval in accordance with the Act.
- B. AHFA will not require the right to approve Allocations of Workforce Housing Credits that are subject to DOR’s approval under the Act.
- C. This Policy applies only to Allocations of Workforce Housing Credits and does not modify or amend AHFA’s requirements with respect to any other matter under its programs. Except for Allocations of Workforce Housing Credits under the Act, AHFA expressly

¹ AHFA will prepare a sample form of Eligibility Certificate for review by the Alabama DOR and DOI confirm that it contains the data/information necessary from DOR’s and DOI’s perspectives.

reserves its right to approve or consent to any other matter for which its consent is required under its programs, regardless of whether or not the matter arises in connection with an Allocation.

IX. Compliance Monitoring Procedures, Requirements, Penalty and Suspension Criteria

AHFA's compliance department will conduct monitoring procedures and requirements for each project that receives Workforce Housing Credits in accordance with the compliance monitoring requirements for Housing Credits contained in the QAP. AHFA may require additional reporting information.

If a project that receives Housing Credits and Workforce Housing Credits is determined to be out of compliance with Housing Credits requirements in accordance with the QAP, such project will automatically be out of compliance with the Workforce Housing Credit requirements.

If a project that receives Housing Credits and Workforce Housing Credits follows the requirements for Housing Credits but is not in compliance with the requirements for the Workforce Housing Credits, AHFA may, in its absolute discretion, take any or all the following actions:

1. Provide written notice of non-compliance specifying a cure period, provided that the non-compliance issue can be cured or resolved to AHFA's satisfaction.
2. Report non-compliance to the DOR and DOI if non-compliance issues have not been cured or resolved to AHFA's satisfaction within a designated cure period.

AHFA's monitoring of a project's compliance with the requirements of its Workforce Housing Credits or the Act does not make AHFA or the State of Alabama liable to any Ownership Entity or to any shareholder, officer, director, partner, member or manager of any Ownership Entity or of any entity comprising any Ownership Entity for an Ownership Entity's non-compliance therewith.

X. Amendment

This Policy may be amended by AHFA at any time upon public notice.

XI. Tax Advisor

Workforce Housing Credits will be available to Qualified Taxpayers only in accordance with the Act and applicable law. AHFA takes no position regarding the desirability of Workforce Housing Credits or their tax impact with respect to any Taxpayer or Qualified Taxpayer. All parties with an interest in Workforce Housing Credits or in a project that receives them must consult their own tax advisers with respect to the desirability and impact of applying for or claiming Workforce Housing Tax Credits.

[End of Policy]

Addendum A

Alabama Housing Finance Authority's

Workforce Housing Credit (WHTC) Point Scoring System

WITHOUT LIMITING ANY OTHER PROVISION OF THIS POLICY, ALL DETERMINATIONS, CALCULATIONS, JUDGMENTS, ASSESSMENTS OR OTHER DECISIONS MADE BY AHFA UNDER THIS ADDENDUM, INCLUDING WITHOUT LIMITATION RELATED APPLICATION INSTRUCTIONS, AHFA FORMS AND THE POLICY ITSELF, SHALL BE MADE IN AHFA'S SOLE AND ABSOLUTE DISCRETION.

The point scoring system described in this Addendum A and related provisions of the Policy (WHTC Point Scoring System) will allow AHFA to award points to projects that best meet the identified housing priorities for the State of Alabama. The WHTC Point Scoring System will rank each project in two sections (Points Gained and Points Lost). The ranking of each project will be determined by taking the Points Gained section and deducting the Points Lost section to get an overall project score. The WHTC Point Scoring System will largely determine which projects should be awarded Workforce Housing Credits. Applicants will be required to score their applications using the current year WHTC Point Scoring System scoring form provided by AHFA. This point scoring form must be submitted to AHFA as part of the Application Package.

Every category of points gained under the WHTC Point Scoring System or in the WHTC Policy is specific to the current Award Cycle and may not be carried (or brought) forward to (or from) any future (or past) Award Cycle by any entity, individual or application.

Project Selection Procedures:

AHFA will award Workforce Housing Credits during each Award Cycle in accordance with following prioritized preferences.

1. Satisfaction of Rural Set-Aside:

- (a) Viable applications for 4% Bond Projects located in Workforce Preference Areas to the extent necessary to satisfy the Rural Set-Aside. **AHFA reserves the right to award Workforce Housing Credits to 4% Bond Projects irrespective of the ranking order established by the WHTC Point Scoring System, based on the amount of Workforce Housing Credits that must be allocated during each Award Cycle to meet the Rural Set-Aside. The initial award of the first project which meets the Rural Set-Aside cannot exceed \$1,250,000**
- (b) If the Rural Set-Aside for an Award Cycle has not been satisfied by viable applications for 4% Bond Projects, AHFA will reserve up to 25% of the Award Cycle Cap for applications for 9% Housing Credits received during the Competitive Application Cycle conducted during the same Award Cycle.

2. Allocation of Award Cycle Cap after Satisfaction of Rural Set-Aside:

After the Rural Set-Aside has been satisfied by 4% Bond Projects or reserved for 9% Housing Credit Projects, the remaining Award Cycle Cap for each Award Cycle will be awarded to viable applications for 4% Bond Projects in Point scoring order under the WHTC Point Scoring System, subject to the Project Award Cap.

Regardless of strict numerical ranking, the WHTC Point Scoring System does not operate to vest in an applicant or project any right to an award of Workforce Housing Credits or any other source of funding from AHFA. AHFA will in all instances award Workforce Housing Credits consistent with sound and reasonable judgment, prudent business practices and the exercise of its inherent discretion.

In the event of a tie between two or more applications, the projects will be ranked in the following order to determine which application will receive priority:

1. In the event there is a tie in scoring among two or more applications, then a recommendation will be made for the application that has the least amount of aggregate participation by any one Responsible Owner. Aggregate participation is defined as the total of applications recommended for allocation in the current Award Cycle.
2. If a tie remains, priority will be given to a project with the highest number of total jobs as listed on the Priority Economic Development Areas.
3. If a tie remains, priority will be given to a project whose Responsible Owner(s) currently own(s) the highest number of total AHFA units as evidenced by receiving a Certificate of Occupancy or having Placed in Service in 2019 or later.
4. If a tie remains, priority will be given to a project which agrees to use full brick/cementitious siding, stucco, cultured stone, or concrete masonry unit (CMU) products (No Exterior Insulation Finishing System is acceptable). (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.)
5. If a tie remains, priority will be given to the project that is located in a Qualified Census Tract.
6. If a tie still remains, priority will be given in accordance with a drawing that will be held the next business day after the applications are submitted. The drawing will be held in AHFA's boardroom to determine the order of awards 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 at the conclusion of the drawing.

AHFA reserves the right to deny an award of Workforce Housing Credits to any applicant or project, regardless of that applicant's Point ranking if, in AHFA's determination, the applicant's proposed project is not financially feasible. Additionally, AHFA may recommend that an award of Workforce Housing Credits be made irrespective of the ranking order established by the WHTC Point Scoring System, based on the amount of Workforce Housing Credits award that need to be awarded for a project to be financially feasible relative to the Award Cycle Cap.

A. POINTS GAINED

1. Geographical Preferences (Maximum 10 Points)

10 points will be given to projects located in Workforce Preference Areas located within the top 15 Priority Economic Development Areas (See Addendum B).

OR

6 points will be given to projects located in the top 25 Priority Economic Development Areas without regard to Rural Areas (See Addendum B).

OR

3 points will be given to projects located in the top 40 Priority Economic Development Areas without regard to Rural Areas (See Addendum B).

2. Childcare Preference (Maximum 5 Points)

5 points will be given for an owner-financed Childcare Assistance Reserve. These points will be given to applicants that subsidize the cost of after-school care for children of tenants in grades K through 8 for at least three years from the project's placed in service date in an amount equal to the lesser of (a) \$1,000 per year per unit occupied by a participating student, and (b) \$50,000 per annum. The reserve must be established and maintained in accordance with AHFA's requirements for a subsidized after-school childcare program published at www.ahfa.com to receive the points.

2 points will be given for furnishing (a) a children's activity center available at no cost to a licensed, qualified, and (b) an insured childcare provider for after-school care for children of tenants in grades K through 8 during ordinary school days from 2:30 pm to 6:00 pm. Childcare centers are not required to be located directly onsite or to be owned by the same entity that owns the project.

3. Project Extended Use Period (Maximum 3 Points)

3 points will be given to projects that irrevocably commit in writing to forego submitting a request for a Qualified Contract and to remain a Qualified Affordable Housing Project throughout the Extended Use Period (total of 30 years).

4. Income Averaging (Maximum 3 Points)

3 points will be given to projects which elect to use income averaging.

5. Project Location to Neighborhood Services (Maximum 10 Points)

(a.) *Points Gained for Site Selection*

2 points will be given for each of the following neighborhood services located within 3 miles 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 neighborhood service. Projects located in a federally declared disaster county may receive points for neighborhood services if the neighborhood service is currently under construction and funded in whole or part by Federal or State disaster funds. Existing multifamily projects, located in rural areas, may submit the best option available for the grocery store (i.e., Dollar General, convenience store, etc.). The applicant must provide sufficient evidence of both requirements. Duplicate neighborhood services will not be eligible for

additional points. Points will only be given for the neighborhood services listed below. If AHFA cannot locate a service due to incorrect directions, 1 point will be deducted for each service where incorrect directions are provided. (Refer to the Application Site/Project Information Form for instructions on providing directions from site, and a general definition of services eligible for points).

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

(b.) *Points Deducted for Site Selection (No Maximum)*

1. Negative Neighborhood Services

There is not a limit on the number of points that can be deducted for negative neighborhood services.

The following deductions will be taken:

5 points will be deducted for applications involving any other project that is adjacent to any incompatible use listed below.

Adjacent is defined as nearby, but not necessarily touching. The following list of incompatible uses is not all inclusive. (Refer to Negative Neighborhood Services as defined in the Application Instructions)

Junk yard or dump farm	Pig or chicken
Salvage yard	
Processing plant	
Wastewater treatment facility	Industrial
Distribution facility	Airport
Electrical utility Substation	Prison or Jail
Railroad disposal	Solid waste
Adult video/theater/live entertainment	

*Please note: Points will not be deducted for properties located adjacent to a railroad if the noise levels are acceptable (outside noise level < 65 dB; interior noise level < 45dB). AHFA will rely on the noise level assessment required in the environmental report submitted with the application.

If a project is not adjacent to one of the above incompatible uses, the following deductions will be taken:

2 points will be deducted for applications involving any other project that is within .3 miles of any incompatible use listed below.

The list is not all inclusive.

Junk yard or dump farm	Pig or chicken farm
Salvage yard	
Processing plant	
Wastewater treatment facility	Airport
Prison or Jail	
Solid waste disposal	

Points will not be deducted for a prison, jail, or detention facility if it is co-located with a police station or similar law enforcement office.

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.

3. Prior Funded County (Maximum 3 points Deducted)

3 points will be deducted for projects located in counties which received an award of Workforce Housing Credits in the immediately preceding Award Cycle.

6. Applicant Characteristics (Maximum 20 Points)

- (i.) A maximum of 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 the following requirements:

5 points will be given to applicants that guarantee that contracts for at least 10% of the total building cost are awarded to minority- or women-owned businesses.

In all cases or must have at least 51% 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 to receive the points.

- (ii.) **5 points** will be given to Ownership Entities with a Responsible Owner that currently owns and has previous successful experience in the development of Active AHFA Projects that received a Housing Credit Reservation/Determination Letter or HOME Written Agreement in 2000 or later.

These 5 points will also be given (without duplication) to Ownership Entities with one or more Responsible Owners that have listed non-AHFA Projects that were Placed-In-Service in 2006 or later. The Ownership Entity must list each Non-AHFA Project on the Responsible Owner's AHFA Schedule of Real Estate Owned included in the application.

Special limited partners do not qualify for these points. Mobile home developments, hospitals, sanitariums, life care facilities, or intermediate care facilities are not considered multifamily housing for purposes of qualifying for points. The Responsible Owner may include experience gained as a Responsible Owner in another firm, but not as an employee of another firm. Applicants must currently own the properties listed to receive development points.

5 points = (500+ units or 5+ projects)

- (iii.) **10 points** will be given to applicants with sound, experienced managing agents of low income multifamily housing. This experience is defined by the highest number of units or projects (with at least 20% of the units being considered low- income) 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)

All points relating to Applicant Characteristics will be awarded to the Ownership Entity identified in the application based on the characteristics of (a) for a for-profit Ownership Entity, its Responsible Owners who are individuals, and (b) for non-profit Ownership Entities, the Ownership Entity itself.

B. POINTS LOST

In addition to the points gained, each application submitted by an Ownership Entity may be subject to point deductions. Point deductions resulting from each existing AHFA-funded project (approved and/or Placed-In-Service) will be based on AHFA's QAP and HOME Action Plan for the applicable year and will cover all non-compliance with AHFA documents, executed agreements, audits and inspections that is identified during the period from January 1st through December 31st of the year immediately preceding the current Award Cycle. Point deductions for non-compliance identified between January 1st and December 31st of each year will take into account whether or not the Ownership Entity or other Responsible Owner completes corrective actions, follow up inspections or other verification of compliance within the deadline required by AHFA, even if the deadline falls after December 31st of such year. Points lost will be assessed based on the following criteria:

1.) Existing AHFA-Project(s) Approved and/or Placed-In-Service (No Maximum)

- (i.) 5 Points (for each occurrence) will be deducted from an application if any Responsible Owner of the Ownership Entity altered an approved project in any manner different from the approved project's original application without prior written consent from AHFA.
- (ii.) 5 points (for each occurrence) will be deducted from an application if any Responsible Owner of the Ownership Entity or the Management Company identified in the application is not in compliance with and/or has any uncured failure to meet a requirement specifically listed in any AHFA document(s), the AHFA HOME Loan Restructuring Policy or any applicable agreement(s) without prior written consent from AHFA.
- (iii.) 2 points (for each occurrence) will be deducted from an application if any Responsible Owner of the Ownership Entity or the Management Company

identified in the application for any of the following with respect to Davis Bacon requirements on any AHFA-Project (approved and/or Placed-In-Service):

- Outstanding issues not resolved within 6 months after the General Contractor has been notified of the problem.
- If required posting of Wage Decision and approved Additional Classifications wages are not posted on site visible to the workers employed on the project.
- The General Contractor is unable to submit payrolls, causing an escrow account to be established.
- Outstanding issues remain over 2 years from the notice to proceed.
- Failure to provide AHFA the Section 3 Summary Report on the required date.
- Failure to provide AHFA the HUD 2516 Report on the required date.

2.) Non-Compliance after the Initial On-Site Inspection (No Maximum)

Applications are subject to Point deductions for failure to comply with the Compliance Requirements as outlined in (Addendum D) Compliance Monitoring Procedures, Requirements and Penalty Criteria.

Applications with Responsible Owners that have non-AHFA Projects, whether in the State and/or out-of-State, will be subject to the same AHFA requirements defined in attached Addendum D (Health and Safety, Unit, Site, Exterior and Common Area Deficiencies). The 4-Point threshold in Addendum D does not apply to non-AHFA Project(s).

1. ADDENDUM B

2. Priority Economic Development Areas

	Area	2020*	2021	2022	2023	2024	5 Year Total
	Alabama (Seasonally Adjusted)	-127,572	93,939	54,111	27,355	20,417	68,250
	Alabama (Not Seasonally Adjusted)	-120,204	80,452	60,310	20,026	33,548	74,132
1	Madison	-6,310	11,430	7,812	6,657	3,392	22,981
2	Jefferson	-20,610	14,117	9,338	1,512	5,607	9,964
3	Lee	-5,229	4,362	3,235	1,446	2,633	6,447
4	Shelby	-5,228	5,331	3,512	520	2,139	6,274
5	Limestone	-740	2,622	1,834	1,460	828	6,004
6	Baldwin	-4,809	4,562	3,782	1,672	548	5,755
7	Morgan	-1,475	1,690	1,802	1,137	943	4,097
8	Tuscaloosa	-9,789	3,202	3,920	2,688	2,381	2,402
9	Washington	-334	130	8	2,631	-92	2,343
10	Marshall	-1,473	1,399	829	328	1,253	2,336
11	Houston	-1,597	1,094	1,404	401	981	2,283
12	St. Clair	-1,901	1,793	1,189	108	752	1,941
13	Montgomery	-7,808	4,190	2,364	1,436	1,611	1,793
14	Elmore	-2,066	1,512	830	452	606	1,334
15	Mobile	-9,483	6,284	3,454	-342	1,379	1,292
16	Lauderdale	-2,187	1,144	1,096	425	574	1,052
17	Cullman	-1,714	1,039	1,387	80	241	1,033
18	Lawrence	-370	350	403	187	238	808
19	Chambers	-1,020	440	468	263	566	717
20	Autauga	-1,575	1,003	563	263	427	681
21	Pike	-54	568	98	65	-10	667
22	Walker	-1,621	1,077	700	25	469	650
23	Blount	-1,369	961	667	-86	472	645
24	Marion	140	481	572	-568	-21	604
25	Dale	-664	586	253	150	215	540
26	Colbert	-1,284	609	616	264	299	504
27	Talladega	-1,485	828	737	699	-327	452
28	Cleburne	-146	93	347	24	128	446
29	Chilton	-1,074	710	521	-72	359	444
30	Macon	-417	237	159	178	113	270
31	Henry	-242	123	182	-5	151	209
32	Geneva	-250	83	247	-115	241	206
33	Randolph	-196	116	263	-90	98	191
34	Bibb	-590	351	243	14	152	170
35	Jackson	-1,621	844	475	114	288	100
36	Russell	-1,019	247	406	-99	486	21
37	Lowndes	-223	100	64	17	51	9
38	Greene	-119	96	-138	100	69	8
39	Pickens	-730	144	249	96	178	-63
40	DeKalb	-1,283	476	405	-466	803	-65

41	Cherokee	-842	533	-6	70	173	-72
42	Lamar	-256	55	87	-29	71	-72
43	Coosa	-349	117	132	82	-74	-92
44	Clarke	-208	153	97	-165	17	-106
45	Hale	-431	24	157	-9	134	-125
46	Escambia	-629	-141	342	178	112	-138
47	Clay	-139	45	209	-288	19	-154
48	Fayette	-341	287	6	23	-167	-192
49	Wilcox	-131	-95	6	-55	28	-247
50	Butler	-811	42	212	146	152	-259
51	Bullock	-122	-163	-45	-85	146	-269
52	Marengo	-368	63	132	-130	31	-272
53	Coffee	-1,040	143	167	83	365	-282
54	Sumter	-324	-73	273	-38	-123	-285
55	Conecuh	-158	-98	-28	-63	58	-289
56	Winston	-412	245	256	-686	307	-290
57	Crenshaw	-331	-163	-153	175	90	-382
58	Perry	-198	-80	-14	-139	-7	-438
59	Calhoun	-2,657	1,446	375	-376	773	-439
60	Franklin	-908	186	502	-418	119	-519
61	Monroe	-179	-9	163	-403	-123	-551
62	Choctaw	-156	131	-253	-188	-97	-563
63	Barbour	-182	-347	89	-183	-174	-797
64	Covington	-807	213	72	-491	168	-845
65	Tallapoosa	-2,118	872	177	-176	-33	-1,278
66	Dallas	-1,103	-124	358	-334	-192	-1,395
67	Etowah	-5,040	762	706	-46	554	-3,064
	* All data is June 30 to June 30 of date noted						
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