3-5 Year Strategic Plan

This document includes Narrative Responses to specific questions that grantees of the Community Development Block Grant, HOME Investment Partnership, Housing Opportunities for People with AIDS and Emergency Shelter Grants Programs must respond to in order to be compliant with the Consolidated Planning Regulations.

GENERAL

Executive Summary

The Executive Summary is optional, but encouraged. If you choose to complete it, please provide a brief overview that includes major initiatives and highlights that are proposed throughout the 3-5 year strategic planning period.

3-5 Year Strategic Plan Executive Summary:

The State of Alabama's Year 2005 Consolidated Plan is once again a collaboration of two administrative entities – the Alabama Department of Economic and Community Affairs (ADECA) and the Alabama Housing Finance Authority (AHFA). This year's Plan is more than a one-year snapshot of proposed activities for CDBG, HOME, ESG and HOPWA. It is a five-year strategic planning document – the culmination of a period of information gathering and planning.

Much of the Plan information comes from the 2000 Census and other Census documents. Additionally, surveys of units of local governments, non-profits, and others were administered as part of our information gathering process. The goal of the State of Alabama 2005-2009 Consolidated Plan is to provide a guide for administrating and effectively blending federal dollars with local initiatives, both public and private sector, to address those needs identified in the strategic planning process.

For Years 2005-2009, **Community Development Block Grant** funding may be used for a variety of purposes including community development needs, community planning, economic development needs through infrastructure and

loan programs, health hazard or other urgent crises management, job creation, housing rehabilitation, etc. A new initiative regarding the Black Belt region of the state will also be implemented.

The **HOME** Program funds are scheduled to be used for new or rehabilitated multifamily rental housing across the state. HOME tenants will include families, the elderly, and other special needs households. All will be low-income and in need of affordable housing units. **ADDI** funds will be used to provide downpayment assistance to first-time, lower income Alabamians.

Emergency Shelter Grant funds will be used to facilitate the needs of Alabama's homeless population. Eligible activities include conversion, rehabilitation, operating costs, essential services, and homeless prevention.

Housing Opportunities for Persons with AIDS funds will be used primarily for rental assistance to persons and households with HIV/AIDS. Homeless prevention will be achieved through the use of Short Term Rent, Mortgage, and Utility Assistance funds. Other eligible activities will include supportive services and operating costs in support of existing AIDS housing programs, as well as supportive services, housing information and outreach services, and resource identification to access and maintain permanent/transitional supportive housing for persons with HIV disease and their families.

Program Contacts

- **CDBG Program:** Shabbir Olia @ ADECA 334/242-5468
- **HOME Program:** Barbara Wallace or Haywood Sport @ AHFA 334/244-9200
- **ESG Program:** Paula Murphy @ ADECA 334/242-5462
- **HOPWA Program:** Kevin Finney @ AIDS Alabama 205/324-9822 ext. 332
- **Consolidated Plan (General):** Sandra Donaldson @ ADECA 334/353-2044

Strategic Plan

Due every three, four, or five years (length of period is at the grantee's discretion) no less than 45 days prior to the start of the grantee's program year start date. HUD does not accept plans between August 15 and November 15.

Mission:

Alabama's mission is to serve the needs of Alabama's residents through professional and efficient management of the HUD programs and funds covered by this consolidated plan. Further, it is the state's mission to distribute the funds and resources in an equitable manner within the federal and state regulations and guidelines.

Long-Term Objectives:

1. To provide important community facilities that address all aspects of community development. (CDBG)
2. To promote economic development that creates new jobs, retains existing employment, and expands the local tax base. (CDBG)
3. Meet the affordable housing needs of low- and moderate-income Alabamians. (HOME and CDBG)
4. Provide assistance to homeless persons and victims of domestic abuse. (ESG)
5. Prevent homelessness. (ESG)
6. Provide housing and supportive services for persons with HIV/AIDS. (HOPWA)

Short-Term (Five Year) Objectives:

1. Allow communities to address the community development needs perceived to be the most important at the local level. (CDBG)

2. Encourage communities to plan for the future. (CDBG)

3. Assist communities in responding to economic and development needs in a timely manner primarily through infrastructure assistance. (CDBG)

4. Provide a vehicle to deal with health hazards or urgent needs so that communities can readily respond to crises. (CDBG)

5. Provide a vehicle to address a wide variety of community development needs including housing rehabilitation. (CDBG)

6. Utilize a combination of HOME funds, Low-Income Housing Tax Credits, and conventional lending sources. (HOME)

7. Fund the greatest number of requests while maximizing the number of affordable rental units which will be made available to Alabama citizens. (HOME)

8. Upgrade existing homeless facilities and domestic abuse shelters. (ESG)

9. Help meet the operating costs of homeless facilities and domestic abuse shelters. (ESG)

10. Provide essential services to homeless persons and victims of domestic abuse. (ESG)

11. Support a state-wide rental assistance program through qualified AIDS Service agencies. (HOPWA)

12. Support existing AIDS housing programs, continued operating costs, and continued supportive housing through existing programs in the state. (HOPWA)

13. Support housing information and outreach to low-income HIV-infected persons statewide. (HOPWA)

14. Prevent homelessness of persons living with HIV disease through the use of Short Term Rent, Mortgage, and Utility Assistance funds statewide. (HOPWA)

General Questions

1. Describe the geographic areas of the jurisdiction (including areas of low income families and/or racial/minority concentration) in which assistance will be directed.

2. Describe the basis for allocating investments geographically within the jurisdiction (or within the EMSA for HOPWA) (91.215(a)(1)) and the basis for assigning the priority (including relative priority, where required) given to each category of priority needs (91.215(a)(2)).

3. Identify any obstacles to meeting underserved needs (91.215(a)(3)).

3-5 Year Strategic Plan General Question response:

According to the Alabama Data County Book 2003, the State of Alabama is a rural state with a total 2002 population of 4,486,508. As the 28th largest state, it covers 51,705 square miles. Alabama's neighbor to the north is Tennessee, to the west is Mississippi, to the east is Georgia, and to the south is the state of Florida and the Gulf of Mexico. Alabama is divided into 67 counties and 447 incorporated municipalities. Eleven of these counties have populations exceeding 100,000 and 43 have populations less than 50,000. Over one million of the residents of Alabama live in counties with populations less than 50,000. Over 50 percent of Alabama's population reside in the 11 most populated counties.

Alabama has seen a 10.1 percent change in population from 1990 to 2000. All but 12 of the counties saw a growth during this time period. According to the Center for Business and Economic Research, The University of Alabama, Alabama's total population will reach 4,644,503 by 2005 and 4,838,812 by 2010. The five highest growth rate counties are Shelby, Baldwin, Madison, Lee, and Mobile. Those counties seeing the greatest population losses were Calhoun, Dallas, Sumter, Perry, and Macon. All of these losses were in Black Belt counties, except Calhoun. The Black Belt counties include Bullock, Choctaw, Dallas, Greene, Hale, Lowndes, Macon, Marengo, Pickens, Perry, Sumter and Wilcox (as defined by the Black Belt Action Commission).

Because Alabama's priority needs are broadly distributed throughout the state, the allocating of funds is not generally based on geography alone. CDBG funds are allocated based on a competitive process which reviews factors such as absolute number and percentage of low- and moderate-income people, cost per beneficiary, and other factors. HOME funds will be dispersed throughout Alabama. To ensure that the funds are geographically distributed across the state, preference points will be given to those projects located in the counties of

greatest need and to counties which have not had a HOME development in at least three years. ESG's primary allocation method is based on the review of applications submitted. The HOPWA funds are distributed geographically based on a formula which reserves funds for each area of the State. The formula is based on numbers of reported cases of HIV. A more detailed description of the allocation of the funds is provided in the action plan for each fund.

The primary obstacle to meeting the underserved needs of Alabama's residents is the sheer volume of need. Using Census data, the counties with highest or lowest occurrences of various needs can be identified. Pockets of multiple needs can also be identified. Yet, what the Census data really identify is that most counties in Alabama share the same problems and that the degree of the problem varies only slightly between the counties with the most needs and those with the least needs.

The 10 counties with the greatest concentration of housing built prior to 1960 include Butler, Calhoun, Chambers, Colbert, Covington, Crenshaw, Dallas, Etowah, Jefferson, and Randolph. The 10 counties with the greatest concentration of overcrowded residences are Barbour, Bullock, Dallas, Greene, Lowndes, Macon, Marengo, Perry, Sumter, and Wilcox. Bullock, Conecuh, Dallas, Lauderdale, Lee, Lowndes, Macon, Perry, Sumter, and Tuscaloosa counties had the highest rent as percent of income in the state, while Cullman, Elmore, Greene, Lee, Lowndes, Macon, Montgomery, Shelby, Tuscaloosa, and Wilcox counties had the highest mortgages as percent of income in the state. Lee, Lowndes, Macon, and Tuscaloosa counties were the counties with the highest rents and mortgages as percent of income in the state.

The 10 counties with the lowest median family income are Bullock, Choctaw, Conecuh, Dallas, Greene, Lowndes, Macon, Perry, Sumter, and Wilcox. The 10 counties with the greatest concentration of residents living below the poverty level are Barbour, Bullock, Dallas, Greene, Hale, Lowndes, Macon, Perry,

Sumter, and Wilcox. Alabama counties with the greatest concentrations of persons over 65 are Butler, Chambers, Clay, Covington, Crenshaw, Etowah, Fayette, Geneva, Henry, and Tallapoosa counties. The counties with the greatest concentrations of people under the age of 18 are Autauga, Dallas, Greene, Hale, Lowndes, Marengo, Perry, Sumter, Washington, and Wilcox.

The largest concentrations of Black residents are located in Bullock, Dallas, Greene, Hale, Lowndes, Macon, Marengo, Perry, Sumter, and Wilcox counties. While the largest concentrations of Hispanic residents are located in Blount, Bullock, Chilton, Coffee, Dale, Decatur, DeKalb, Franklin, Limestone, and Marshall counties.

Managing the Process (91.300)

1. Lead Agency. Identify the lead agency or entity for overseeing the development of the plan and the major public and private agencies responsible for administering programs covered by the consolidated plan.

2. Identify the significant aspects of the process by which the plan was developed, and the agencies, groups, organizations, and others who participated in the process.

3. Describe the jurisdiction's consultations with housing, social service agencies, and other entities, including those focusing on services to children, elderly persons, persons with disabilities, person with HIV/AIDS and their families, and homeless persons.

   *Note: HOPWA grantees must consult broadly to develop a metropolitan-wide strategy and other jurisdictions must assist in the preparation of the HOPWA submission.

3-5 Year Strategic Plan Managing the Process response:

The Alabama Department of Economic and Community Affairs (ADECA) is the lead agency for the development of the plan. The following agencies administer the programs covered by the Consolidated Plan:

- ADECA administers the Community Development Block Grant Program (CDBG) and the Emergency Shelter Grants Program (ESG). ADECA also oversees the Housing Opportunity for Persons with AIDS Program (HOPWA) that is administered by AIDS Alabama.

- The Alabama Housing Finance Authority (AHFA) administers the Home Investment Partnerships Program (HOME).

On April 24, August 18, and November 10, 2004, representatives of ADECA and AHFA met to coordinate development of the plan. In addition, there were on-going consultations between ADECA, AHFA, HOME, and AIDS Alabama. Input was solicited from the following state agencies:

- Alabama Department of Environmental Management
- Alabama Department of Human Resources
- Alabama Department of Mental Health and Mental Retardation
- Alabama Department of Public Health
- Alabama Department of Senior Services
- Alabama Department of Transportation
- Alabama Development Office
- Alabama Emergency Management Agency
- Governor's Office of Faith-Based and Community Initiative

On July 20, 2004, ADECA hosted a Program Review Session for the purpose of conducting an open dialogue regarding possible changes to the current CDBG Program. Twenty-nine persons representing regional planning and development commissions and private grant consultants attended this session.

On August 26, 2004, ADECA distributed a Community Needs Survey to over 700 entities including all chief elected officials in Alabama, regional planning and development commissions, community action agencies, continuum of care groups, non-profit organizations and private grant consultants, as well as professionals in housing and community development. Two hundred sixty-seven responses were received, a 38 percent response rate. The results of this survey are incorporated into the plan.

Citizen Participation (91.300)

1. Provide a summary of the citizen participation process.

2. Provide a summary of citizen comments or views on the plan.

3. Provide a summary of efforts made to broaden public participation in the development of the consolidated plan, including outreach to minorities and non-English speaking persons, as well as persons with disabilities.

4. Provide a written explanation of comments not accepted and the reasons why these comments were not accepted.

*Please note that Citizen Comments and Responses may be included as additional files within the CPMP Tool.

3-5 Year Strategic Plan Citizen Participation response:

The Notice of Public Hearing and Notice of Availability was published in the four major daily newspapers, The Montgomery Advertiser, The Birmingham News, The Huntsville Times, and The Mobile Register on November 29, 2004. In an effort to broaden public participation, approximately 700 copies of the Notice of Public Hearing and Notice of Availability were mailed to chief elected officials, regional planning and development commissions, community action agencies, continuum of care groups, non-profit organizations and private grant consultants as well as professionals in housing and community development. The Notices were also published on ADECA's web site at www.adeca.state.al.us. All notices offered assistance to persons with disabilities or special needs.

Copies of the draft action plans were distributed to all persons attending the public hearing; and, again, in an effort to broaden public participation, the entire Consolidated Plan was published on ADECA's web site. A hard copy was also made available for review at the ADECA office in Montgomery. The hearing was held on December 14, 2004, in the Center for Commerce Auditorium in Montgomery, with 63 persons attending. A comment period was allowed from December 15, 2004, to January 14, 2005. Individuals were offered the opportunity to comment verbally at the public hearing or in writing via formal correspondence, fax, or e-mail. ADECA's web site also offered the ability to submit written comments. Comments received at the hearing, as well as written

No comments were received at the public hearing; but written comments received during the comment period, along with ADECA's response, are summarized below.

Comment: Previously, when a particular fund had been depleted, there was a possibility of having an application funded from the Recapture Fund. Since monies in the Recapture Fund can now be transferred to the Black Belt Region Fund, please continue to give funding consideration to other types of applications as well.

Comment: Due to the timing of grant announcements, consider changing the Close-Out Thresholds for Community Enhancement and Special Fund applications to allow adequate time to complete and close the projects in order to be eligible for the next round of funding.

ADECA Response: Both parties received written responses stating that ADECA would give full consideration to their comments.

COMMENTS REGARDING THE PROPOSED
HOME AND LOW-INCOME HOUSING TAX CREDIT
2005 STATE QUALIFIED ACTION/ALLOCATION PLANS

The Alabama Housing Finance Authority (AHFA) conducted a separate public hearing on October 21, 2004. Notices of a 30-day public commenting period for the HOME Action Plan and Housing Credit Allocation Plan (Plans) were published in the Birmingham, Huntsville, Mobile and Montgomery newspapers. The Alabama Housing Finance Authority (AHFA) mailed more than 300 notices of the draft Plans' availability to interested parties, requesting that they submit written comments by November 22, 2004, regarding the modifications to the Plans. AHFA received several oral comments and 26 written comments. The

following is a recap of the comments received and AHFA's response and intended revisions to the Plans based on the comments.

Establishment of Housing Priorities (Page 4)

Comment: The distribution of housing credits should also take into account the existing population of relevant geographic areas as well as established migration patterns. Replace the existing language with the following:

- Balanced distribution of Housing Credit throughout the state in terms of geographic regions, counties, urban areas, rural area, population densities, and established residential migration patterns.

AHFA Response: The third party market study takes into account the existing population of relevant geographic areas as well as established migration patterns.

Comment: The plan states that the AHFA "reserves the right to allocate credits that yield equitable distribution of credits throughout the state". Specifics should be offered regarding the following situations:

- If a HOME application is in the same county as a tax credit only application, although in general the projects are not in competing markets, which one will be chosen?

- If the market supports more than one tax credit project, for instance if the competing applications are on opposite ends of a major metropolitan area, will only one be selected?

- Will AHFA accept two tax credit only applications in a county if one is family and one is elderly?

AHFA Response: AHFA typically allocates HOME funds to one project per county and allocates Housing Credits based on the market. AHFA considers the type of housing, such as, elderly, family, new construction, or rehabilitation of existing units in determining the need for more than one Housing Credit project in a county.

Qualified Multifamily Residential Rental Projects (Page 6)

Comment: While it is easy to recognize why historically the quality of mobile home developments did not justify long-term governmental financial support, the design quality standards for manufactured homes have been revolutionized in recent years. The following should be inserted:

Manufactured homes may be utilized in projects outside of metropolitan statistical areas provided that (i) the development meets applicable zoning requirements; (ii) the home is permanently affixed to the land such that it constitutes real property under applicable law; (iii) the home has at least a 12 run/5 rise roof pitch; (iv) the home was manufactured on a date not earlier than one year prior to the application date; (v) the home meets all applicable HUD code construction guidelines in effect as of the date the home is affixed to the real property; (vi) the home is sited on a concrete slab, without under carriage remaining in place and/or the undercarriage is otherwise permanently enclosed with a brick foundation; (vii) the manufacturer of the home provides a comprehensive structural warranty to the owner which is for a period of a minimum of twenty (20) years; (viii) each home is sited such that it is not closer than 30 feet from nearest adjacent home; and (ix) except to the extent clearly inconsistent, the design quality standard provisions otherwise applicable shall be applicable to manufactured home projects.

AHFA Response: Section IIC of the Design Quality Standards outlines the requirements for Modular Construction.

Market Feasibility (Page 6)

Comment 1: AHFA's market study should be made available to the owner. If AHFA's market study differs from the application, the owner should be allowed to modify his application. In the case of total discrepancy the applicants who obtained a market study at their own expense should be allowed to review that of the AHFA.

Comment 2: AHFA should establish an approved panel of market analysts similar to approved panels established for appraisers by banks and other federally regulated institutions. This panel would be open to all individuals making application to the AHFA and submitting proof of qualifications, errors and omissions insurance, and sample work products for review. Every market study would be subject to review for compliance with standards and reasonableness. The enforcement of standards would be accomplished by removal of the analyst from the approved panel for non-compliance issues. The developer should select the market analyst from the approved panel with the contractual responsibility for payment of the service. A certification that neither the service nor fee for the service was contingent upon a predetermined result should be required.

Comment 3: Market studies should be commissioned by the developer near the beginning of the development process to better identify the market. If there is not an advanced assessment of feasibility then the study can only be viewed as market justification.

Comment 4: An AHFA commissioned independent market study imposes a duplication of effort, as well as unnecessary added cost on a development. Due to the very limited number of competent market analysts in Alabama, the capacity of those individuals and firms will be tested. Qualified sponsors will be left with limited market analytical resources due to potential conflict or interests,

because the AHFA business will be more important to the market analysts than the business of an individual sponsor, particularly a non-profit sponsor.

Comment 5: The sponsor should have the ability to either abandon the development before it expends too much money or mitigate potential market problems through lower rents, larger subsidies or soft financing.

Comment 6: Sponsors should be required to submit a market study with each application. AHFA should require that market analysts register with the AHFA. AHFA should establish certain eligibility requirements for the analysts and certain requirements for each study in an effort to try to create a better and more standardized project.

Comment 7: In order for the applicants to incorporate the findings of the market analyst into the application, the applications should be conducted in two phases; a pre-application (where market studies would be performed), and a final application.

Comment 8: Since each applicant will need its own market study prior to developing an application, it would save both time and money (presumably reducing the application fee by half or so), if AHFA could obtain a “reliance letter” from the market analyst who prepares the study, rather than require a study of its own.

Comment 9: The developer will have to have a market analysis done to insure there is a market for the units, resulting in the expense of two market analyses. In addition to the double expense, the biggest problem is if these two analyses are different. Also in question is the time it will take to get sixty to eighty market analyses completed once all the applications are submitted to AHFA.

Comment 10: Allow the applicant to obtain, at applicant's expense, a market study from a third party market analyst the same as in prior years. This action will save an applicant the time and expense of submitting an application in an area that is not suitable.

Comment 11: Provide the developer with an opportunity to discuss the results of the market study during the application process and provide any rebuttals or additional insight.

Comment 12: AHFA should allow the developer the ability to order their own market study. If the developer does not have the ability to understand the market prior to submitting an application, they end up spending thousands of dollars on a project that won't be funded.

Comment 13: Leave the market study responsibility with the applicant, as in 2004. AHFA could develop a list of Qualified Market Analysts that the applicant must choose from.

Comment 14: The draft plan, as is, will likely force most applicants to pay for an additional market study for their own use prior to submitting each application. This is another expense added to the cost of preparing an application. The draft has added significant expenses in other areas that already increase the cost of apply by 6-8 times that of the 2004 application.

Comment 15: Allow the owner/developers to obtain their own market study and submit it as part of the application package. If there seems to be substantial concerns regarding a particular market study, then AFHA should require a third party study at the owner/developer expense.

Comment 16: Specify any differences in AHFA's market feasibility requirements.

Comment 17: The language in previous Qualified Allocations seems sufficient to address any questions concerning the market. If there is a concern over a market area, AHFA can commission another market survey prior to allocation.

Comment 18: Having the market study prepared by AHFA and included in the fees paid by the applicant will ultimately result in additional cost to the application. Conflicting information may be obtained and the applicant should have the ability to provide that information along with the application to support the proposed units for the project.

AHFA Response: AHFA agrees that market studies should be commissioned by the developer near the beginning of the development process to better identify the market. AHFA-commissioned independent market studies will impose a duplication of efforts, cause delays, as well as unnecessary added costs for the development. AHFA feels the applicant should have the ability to either abandon the development before it expends too much money or mitigate potential market problems early on. AHFA feels that engaging market analysts on behalf of the applicant puts AHFA in a vulnerable position if the units are not absorbed into the market in a timely manner. For these reasons and the liability and exposure to AHFA, the developer will be required to contract with the market analyst as in the past. As in the past, the market analyst will be required to complete an AHFA prepared Market Study Certification that contains reliance language. AHFA will continue to provide potential applicants with a list of market analysts that have prepared market studies for a HOME or Housing Credit applicant in the past.

Application Fee (Page 8)

Comment 1: Increasing the application fee 16 times the previous amount will not result in a financial strain on the larger developers in the state, but places a huge burden on those of us trying to bring affordable housing to our communities.

Comment 2: Lower the application fee from $8,000 to $5,000 and allow the applicant to obtain, at applicant's expense, a market study from a third party market analyst the same as in prior years.

Comment 3: AHFA should not increase its application fees to cover the costs of AHFA commissioned market studies. But if it does, the cost for the market study should be culled out as a specific cost in order for the cost to be included in the applicant's tax credit basis and non profit sponsors should be exempt from paying it. The fee could be increased slightly so that a few non-profit applicants exempted would effectively subsidized by the for-profit community.

Comment 4: The new application fee seems to be somewhat egregious, even if you compensate for the market study. A tiered rate could be used to deter a developer from submitting too many applications.

Comment 5: Even though the suggestion of the $8,000 fee does include the market study, this increase is excessive. When you add to that a Phase I and a survey requirement, the cost of the application has increase too much.

Comment 6: AHFA should conduct the market study, therefore reducing the application fee.

Comment 7: The application fee increase from five hundred dollars to eight thousand dollars is absurd.

Comment 8: If the developer can continue to commission the market studies as explained above, then it should bring the application fee down significantly. Keeping reasonable application costs is in the best interest of getting enough competitive applications.

AHFA Response: The increase in the application fee was to cover the cost of engaging a market analyst to conduct a market study and hiring a third party to perform the site visit. Since AHFA will not be engaging the market analyst, the application fee will be lowered from $8,000 to $2,000. This fee, which has not been increased since 1986, covers AHFA's administrative costs and the cost to hire a third party to perform the site visit. This fee is an allowable project cost.

Minimum Rehabilitation (Page 9)

Comment: A $6,000 per unit rehabilitation far more often than not will not be adequate to ensure viability throughout the compliance period. The minimum rehabilitation threshold should be at least $10,000 per unit. A 20+ year-old property should cost in excess of $20,000 per unit.

AHFA Response: Section 42 of the IRC requires at least $3,000 per unit in rehabilitation expenditures to be eligible for rehab credits. AHFA, in adhering to the NCSHA Recommended Practices, has further restricted the minimum rehabilitation standard by increasing it from $3,000 to $6,000 per unit. AHFA also requires the project architect to prepare a Capital Needs Assessment to determine the amount and cost of the rehab to be performed to ensure that the project will meet housing quality standards throughout the compliance period.

Flood Certification (Page 9)

Comment: The threshold requirement that no portion of the property be located in the 100-year flood plain should be modified to state that (i) not more than fifteen percent of the project property can be located in a special flood hazard area; and (ii) no portion of any building may be located within a special flood hazard area unless (a) the application includes a conditional letter of map revision ("C-

LOMR") from the United States Army Corps of Engineers, which indicates that when certain steps are taken, the affected area will be removed from the special flood hazard area; and (b) a final letter of map revision consistent with C-LOMR must be provided to AFHA prior to issuance of IRS Forms 8609.

AHFA Response: AHFA feels strongly that no portion of the site should be in the 100-year flood plain. The applicant may carve off any portion of the site that lies in the 100-year flood plain prior to submitting the application.

Phase I Environmental (Page 9)

Comment: It appears that all environmental issues should be resolved before the application could be submitted rather than giving points for "no finding" from the Phase I.

AHFA Response: AHFA wants to allow the applicant time to correct any environmental findings. However, a project that does not have any findings will earn 5 points. The Phase I will be moved from a threshold item to a point-scoring item.

Certified Survey (Page 9)

Comment 1: The requirements for a certified survey should be clarified prior to adoption of the QAP.

Comment 2: Survey requirements required at the time of application should be substantially less than the requirements to close a HOME loan.

Comment 3: Requiring a survey increases the cost of submitting an application by approximately $2,000. The survey should be left out.

Comment 4: The certified survey, which must be provided in the application, should not have to meet the full HOME and Housing Credit survey requirements.

AHFA Response: The survey is needed to determine if the site is adequate, the proper legal description, size of the site, and to identify encroachments and easements. Identifying these items early on could actually lower or eliminate additional costs later. Survey requirements will be included in the application instructions and will be posted on AHFA's web site. The survey will be moved from a threshold item to a required document. It will not be a point-scoring item but must meet applicable survey requirements to be accepted.

Applicant's Financial Capacity (Page 9)

Comment 1: The new net worth requirement of 50% of the total development cost and the liquidity requirements virtually eliminate the possibility of local non-profits being able to participate in the program alone.

Comment 2: Nonprofits often have limited net worth and liquidity as they deal with restricted funds.

Comment 3: Allow banks and investors to determine the net worth and liquidity requirements.

Comment 4: Define whether the net worth requirement is aggregated. For example, would the applicant of two $3 million dollar projects, need to have a net worth of $3 million? Define whether two general partners can combine financial statements to comply with these standards.

Comment 5: Developer fees should provide sponsors with sufficient financial strength, liquidity and economic gravity to ensure viability. The net worth and

liquidity requirement proposed should be amended to apply only to (i) those sponsors who are not also the project developers or who do not receive at least 25% of the developer fee and (ii) those sponsors in which more than 75% of the developer fee is deferred. The financial strength requirement should be waived for any sponsor that has a demonstrated track record of successfully developing at least three tax credit properties and continues to operate them with no outstanding compliance issues or regulatory agreement defaults.

Comment 6: The concern about the general partner having the financial ability to bring the project to fruition can be satisfied by changing the net worth requirement from 50% to 10% of the total development cost. The liquidity requirement is appropriate as it is at 6 months operating costs plus 3 month's debt service.

Comment 7: Delete the net worth and liquidity requirements. In its place, securing construction and permanent financing commitments could be made a threshold item rather than merely one of which an application can obtain points under readiness category. This would force a market determination of financial wherewithal.

Comment 8: In the case of non-profits, determining financial capacity may be difficult. AHFA should ask for a certification from the non-profit's accountant that it meets the requirement.

Comment 9: There needs to be guidance as to how AHFA will view this criteria in the case where one applicant submits more than one application.

Comment 10: To the extent a new participant or non-profit does not meet net worth criteria, AHFA should allow a provision whereby the participant or non-profit can partner with another individual or entity that does meet the specific net worth criteria.

Comment 11: The new net worth and liquidity requirement clearly gives larger developers an advantage and will keep small developers from being able to compete. This will force a developer with a small net worth to build less than the optimal units in a market place, which translates into a greater price per unit. It also means the operating cost of managing the development will be higher on a per unit basis.

Comment 12: Clarification is need on whether the fifty percent net worth rule and liquidity requirement apply to total projects awarded or a single project.

Comment 13: The levels for net worth and liquidity are very excessive and should be reduced by 50% or more.

Comment 14: Clarify if the intention was the combined net worth/liquidity of all partners, principals, and/or members involved.

Comment 15: This requirement will allow those owner/developers who have the greatest financial capacity an unfair advantage to some of the smaller owner/developers who have demonstrated that they have both the experience and capacity to develop affordable multifamily properties, yet, whose net worth would not meet this requirement.

Comment 16: The same financial obligation should be required of an owner/developer regardless of their organizational status.

Comment 17: The new net worth will eliminate most if not all of the small non-profits in Alabama from participation.

Comment 18: The liquidity requirements should be kept the same but the new worth requirement should be lowed to 25% of the development costs with a minimum $1,000,000 net worth requirement.

Comment 19: Project reserves adequately set-aside in the development budget and available to be drawn on in the future are and have been the best long-term financial feasibility guarantee for tax credit projects. Realistic point scoring guidelines regarding rent and income targeting will continue to be the best insurance for safe guarding a project's long term financial feasibility.

AHFA Response: The net worth requirements of 50% of the total development costs, with a liquidity requirement of not less than the sum of six months operating cost plus three months debt service, will be deleted. However, 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 and HOME throughout the compliance period.

Financial Feasibility (Page 11)

Comment: Indicate whether the $300 family replacement reserve is for 10 years.

AHFA Response: The final Plans will specifically state that new construction projects targeting families and all rehabilitation properties must establish and maintain a minimum replacement reserve of $300 per unit annually for ten years.

Comment: Consider reducing the replacement reserve requirement from 10 years to 7 years in order to allow for a more financial viable development.

AHFA Response: AHFA feels the replacement reserve should be required throughout the 10-year credit period.

Comment: The vacancy rate for elderly developments should be reduced to 5% since the turnover rate is significantly lower in elderly developments.

AHFA Response: The 7% vacancy factor currently used is consistent with industry standards.

Federally Subsidized Project (Page 13)

Comment: This provision should be reviewed to ensure that it is not more restrictive than that required under recent IRS Q & A requirements set forth in Revenue Ruling 2004-82.

AHFA Response: The language in the draft Plan is a direct excerpt from Section 42(i)(2)(A) of the Internal Revenue Code (IRC). The same language is included in Revenue Ruling 2004-82. AHFA does not feel it is more restrictive or necessary to include the IRS Q & A set forth in Revenue Ruling 2004-82 in the Plans.

Comment: Capping the developer fee on Rural Development projects at 8% removes a significant financial incentive to foster the preservation of such properties. The 8% developer fee cap on Rural Development deals should be eliminated and the developer fee schedule for acquisition rehabs should be revised as follows:

Per Unit Construction Costs	Maximum Fee
$10,000 - $12,000	5%
$12,001 - $15,000	10%
$15,001 - $20,000	15%
over $20,000	20%

*includes contractor overhead, profit, and general conditions.

AHFA Response: The 8% developer fee on USDA Rural Development properties is imposed by Rural Development via the Subsidy Layering

Memorandum of Understanding. Therefore, AHFA cannot revise the amount of developer fee allowed on Rural Development properties. AHFA feels the current scale for basing the developer fee earned on the acquisition costs by the amount of rehabilitation expenditures is sufficient.

Ceilings (Page 13)

Comment 1: The definition for related party appears to go further than it needs to in order to address the legitimate objective of preventing parties with common economic interest from evading the ceilings otherwise imposed under the QAP. The proposed definition should be replaced with the following:

The following persons (whether natural persons or legal entities, such as limited partnerships, limited liability companies, corporations or trusts) shall be deemed related parties if any of the following exist:

(a) Those persons regularly reside in the same household, whether as husband-wife, parent-child, grandparent-grandchild or otherwise;
(b) One person controls the other person by virtue of (i) being the regular common law employer of the other; (ii) owning a controlling interest in such other person (where “controlling interest” for purposes of this QAP means ownership of 25% or more of the equity interest and profits in such person, except in the case of a limited partner or member of the limited liability company who has no management rights in the ordinary course of business); (iv) the ability to elect in its discretion a majority of the directors, managers, general partners or trustees of an entity; or (v) persons who derive a majority of their income from one or more commonly controlled persons.
(c) The foregoing criteria shall be applied to all relationships, direct or indirect, unless fairness would require otherwise, as determined the sole discretion of the AHFA.

(d) The purpose of the foregoing is to prevent the evasion of the ceiling set forth herein by persons who have significant mutual economic interests.

Comment 2: Owners/developers, as individuals or entities that have no business relationship, should not be penalized as far as caps are concerned. There should be a time limit associated with related parties who are no longer business associates. A suggestion for such a time limit would be the last three funding cycles. Any prior relationship would not apply.

Comment 3: Change the identity of interest restrictions to exclude entities that have had separate businesses for a period of at least five years.

Comment 4: Eliminating the caps for a for-profit entity partnering with a non-profit entity would encourage partnering non-profits with for-profits.

Comment 5: The definition of identity of interest is entirely too broad and by connecting the dots one could create identities of interest that go well beyond reason. There is no point in defining an identity of interest since caps are already in place.

Comment 6: Cousins and nieces and nephews, aunts and uncles, etc., that have no business dealings with one another should not be penalized simply because they are related some how by family. The key should be business dealings and should include all the participants in an application including the developer and consultants. Certifications executed by the parties submitting the application should be required subject to penalties in the event AHFA determines the information included in the application is false or misleading.

Comment 7: Consideration should be given to the allocation caps to limit the credits given such large allocation to project in the larger counties which quickly eliminates smaller projects from being funded else where in the state.

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

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

b) Entities are considered related to each other (i) 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 or another entity, (ii) if the entity has the ability to control another entity, or (iii) 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 the 20% test.

c) 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.

d) Any other relationship which, while not specifically listed above, is determined to constitute an identity of interest because it is a relationship at least as close as an identity of interest described above or because it would permit an allocation that violates the intent of the ceiling.

Progress Requirements After Reservation (Page 14 & 15)

Comment: The following language should be added to the first paragraph after the "a fee of 1,000". "AHFA will consider waiving the fees if the delay requiring the extension is beyond the control of the owner/developer."

AHFA Response: Adding this language to the Plans would only encourage applicants to document reasons "outside their control" in asking for an extension. AHFA intends to charge late fees for any extension. However, AHFA will, as in the past, consider waiving the late fees in a situation where third parties contracted by AHFA caused the delays.

Comment: The fee extension request for items after the reservation seems high at the $1,000 amount. $500 seems like a more reasonable amount.

AHFA Response: AHFA does not feel $1,000 in late fees is unreasonable for a 30-day extension. In many cases, this will be less than the $100-a-day late fee paid in the past.

Comment 1: Instead of increasing the reservation fee to 12% of the annual allocation for non-contiguous sites, the sponsor of a RD pool or possibly all tax

credit projects should be given a choice of (a) either paying the higher fee or (b) reducing AHFA's compliance monitoring burden by (i) maintaining all tenant lease files at a central location; (ii) maintaining all lease files in electronic format for submission to AHFA upon its request; and (iii) creating an annual electronic photographic survey of all building exteriors, common areas, grounds and vacant unit interiors for submission to AFHA.

Comment 2: Delete the requirement for the $500 per unit compliance fee for all HOME projects. This fee is not part of eligible basis and will only end up being paid for by HOME funds.

Comment 3: The additional revenue needed for compliance monitoring would be more fairly raised through increasing the reservation fee. Some portion of the fee, at least that portion attributable to the increase needed to cover compliance monitoring costs, should be payable with the request for 8609s. That way, the developer can utilize development sources to pay the fee, and allow non-profit sponsors to utilize their cash reserves for emergencies.

Comment 4: The compliance fee should be made a line item in the new construction (estimated cost certification form) or allow it to become an operating expense (at a per unit per year fee) once the development has been completed.

Comment 5: If the compliance fee increases, then there should be consideration for the following:

1) Decreasing the reservation fee on a pro-rata basis;
2) Decreasing the compliance fee for tax credit only projects due to the files being audited much less frequently than the HOME/tax credit projects;
3) Increasing HOME funds to cover the difference in HOME/tax credit projects;
4) Allowing the reservation fees to be included in eligible basis like many other states; or

5) Lowering the amount of owner provided rental assistance and provided amenities.

AHFA Response: AHFA will amend the final Plan to allow payment of the compliance monitoring fees at the time of cost certification and prior to issuing 8609s. However, electronic submission of records and electronic photographic surveys will not be allowed to replace on-site monitoring conducted by AHFA staff at this time. Stand-alone Housing Credit projects will be required to pay $500 per unit. HOME and Housing Credit combined projects will be required to pay $250 per unit. AHFA will not allocate HOME funds to cover the compliance fees on HOME and Housing Credit combined projects. AHFA is following advice from IRS officials by refusing to allow reservation fees to be included in basis.

Comment: Allow longer than 120 days for building permit and construction commencement on single family projects.

AHFA Response: The current deadlines are achievable and necessary to insure that the project moves forward in a timely manner and meets the Section 42 requirement of placing in service within two years. AHFA considers and allows extensions of deadlines when necessary.

Comment 1: The requirement to provide the syndication commitment should be moved from 30 days to 45 days.

Comment 2: Extend the time frames for commitments letters from construction and permanent lenders and letters of intent from syndicators as 30 days does not allow for the best comparison shopping and negotiation of pricing and pay in schedule.

AHFA Response: The deadline for construction and permanent financing commitments and syndication agreements will be extended from 30 days to 60 days from the date of the Reservation Letter.

Comment: The soils report must follow the survey, and the site plan must follow the soils report. More time is justified, perhaps another 15 days.

AHFA Response: The deadline for the following items will be extended from 60 days to 75 days from the date of the Reservation Letter:

- **Final stamped plans and specification**
- **Site specific soils report**
- **Certified survey bound within the plans and specifications**
- **Standard form of agreement between owner and the architect**
- **Utility Letters**

Negative Actions After Reservation until the Placed in Service Date (Page 16)

Comment: AHFA should retain discretion to approve any of these changes provided written approval is obtained. There may be reason to allow such changes after the application is submitted.

AHFA Response: This section of the Plan documents the areas where discretion to make changes is allowed if written approval is obtained from AHFA.

Point Scoring (Page 16 of the HOME Plan)

Comment: In the fourth paragraph, first two sentences, there appears to be a typo.

AHFA Response: The final Plans will be corrected and this sentence will read as follows:

If there still remains a tie, AHFA will fund the project in the county with the fewest number of HOME and Housing Credits (combined) funded in the past seven years.

Tie Breaker (Page 18)

Comment: AHFA should use the following tie breaker procedure:

1. Application located in a county that has not received funds in the current cycle by a higher scoring application.
2. Applications that have the highest quantifiable per unit level of leverage from the **local** government, regardless of funding source: Examples may be:
   - HOME funds
   - CDBG
   - Tax Abatement
   - Building Permit
   - Donated land and/or buildings
   - Infrastructure improvements

3. Applications that have the highest quantifiable per unit level of leverage from **state or federal government** programs (other than AHFA programs);
4. Trace the Developer and General partner/Owner entities to the owner/principals. Then count the number of applications that each owner/principal is involved in without regard for their percentage of ownership in the entity. Add together the cumulative application involvement for the Developer and GP/Owner to create an overall "Involvement" score. In the event of a tie, use this "Involvement" score and give preference to the lowest overall "Involvement " score. Management companies or contractors should

not be considered, as there are only a limited number of competent management companies and contractors experienced with AHFA programs.

AHFA Response: The contractor will be removed from the participation test. Subsidies already earn points in the financial feasibility section of the Plan. Due to the complexity of monitoring tax abatements, donated land, and infrastructure improvements, and the disadvantage to small cities, they will not be included as a tie-breaker.

Comment: AHFA should want to encourage more participation from the owner, developer, and contractor since they ultimately decide and make a successful project.

AHFA Response: For clarification purposes, the participation is based on the amount of participation the owner and developer have in prior-approved projects within the same application cycle, not the amount of participation in the project that has tied with another project and is being considered for funding.

Type of Construction (Page 18 & 19)

Comment: The maximum number of points for extra amenities should be limited to 10 in order to allow acquisition/rehabs and Rural Development properties to better compete.

AHFA Response: Rehabs and development in rural areas and Black Belt counties are encouraged through the awarding of points in other sections of the Plan. Therefore, points obtainable for amenities will not be lowered in this section to benefit rehabs and rural development properties.

Comment 1: Specify the number of cameras, alarms, and lighting required for the three points for a security package. Define whether the cameras and alarms are required to be monitored.

Comment 2: Specify what would be necessary for a "security package" to get these points. What kind of lighting, cameras (how many/type), alarms (what kind/how many) would be necessary to obtain these points.

AHFA Response: The project architect will be required to certify that the amenities provided are adequate for the proposed project. Therefore, the Plan will not specifically state what is required to meet the security needs of a particular project.

Comment: Provide a description of "splash center".

AHFA Response: A splash center is an aquatic water play area. Examples can be found on the following web sites: www.kraftsmanplaygrounds.com**;** www.vortex-intl.com**;** www.hammill.net

New Construction (Page 19)

Define whether a soils letter or full soils report is acceptable to obtain the 3 points for concrete paved areas.

AHFA Response: As indicated in the Plan, a Soils Report prepared by a geotechincal engineer is required. An example report is provided in Attachment I of the Instruction Package.

Rent Affordability (Page 20)

Comment: Properties that set aside all of the units for households earning 50% of the area median income or less should receive points in this category.

AHFA Response: Offering an incentive for 50% income or rents gives HOME applicants and unfair advantage over Housing Credit applicants.

Comment 1: A $250,000 subsidy is too high for the smaller rural deals. Due to the limitations by the Federal Home Loan Bank, the smaller project can not receive this amount. Consider the following sliding scale:

1 – 24 units	$20,000
24 – 40 units	$50,000
40 – 60 units	$75,000
60 – 100 units	$150,000
100 units or more	$250,000

Comment 2: The increase in AHP funds for points from $50,000 to $250,000 goes against how the Federal Home Loan Bank's AHP program works. Points are given for lower per unit requests versus the other applicants.

Comment 3: The AHP minimum should be lower because the smaller towns where the housing might be more needed may not have the funds to commit to only one project. They normally want to spread it around on different projects and diversify its use.

Comment 4: Make AHP, HOPE VI, and CDBG an amount per unit. The five points in this category should be awarded if there is a minimum of $5,000 per unit in subsidy.

Comment 5: Points for AHP commitment for $250,000 should be on a per unit scale to make for a more even playing field. Points should be awarded on the following scale:

$1,000 to $1,400 per unit	1 point
$1,500 to $1,999 per unit	2 points
$2,000 to $2,499 per unit	3 points
$2,500 to $2,999 per unit	4 points
$3,000 and above	5 points

Comment 6: The amount of subsidy should be a dollar amount per unit rather than a fixed amount. This will leave smaller projects on a more even playing field.

Comment 7: We suggest a sliding scale similar to the one proposed for owner-finance rental assistance: 1 point for $1,000/unit; 2 for $2,000/unit; up to 5 points for $5,000/unit.

Comment 8: Projects that have commitments from local Participating Jurisdictions for HOME funds should be included as eligible to receive the five (5) points for financial commitments of $250,000 or more.

Comment 9: The $250,000 amount required for points is much too high. Many good rural projects are awarded amounts less than $250,000. A practical contribution to a project would be $50,000, but if an increase is needed, $100,000 is certainly more reasonable than $250,000.

Comment 10: The provision which encourages the use of outside subsidies to stretch Housing Credits further and which reduces the need for AHFA HOME funds and otherwise makes feasible projects which are otherwise not financially viable, should be further expanded to recognize other potential sources of subsidy and encourage applicants to pursue them. This could be done by adding “or other financing or grants obtained at below market rates (based on comparison to the relevant Applicable Federal Rate) from an organization whose primary mission is fostering affordable housing, which is an IRS recognized

public or private charity or which is a consortium of financial institutions and which, in either case, is not a related party of the applicant."

Comment 11: AHP funds give non-profits more leverage when partnering with for-profit companies and larger shares of developer feel. This should not be changed.

Comment 12: The subsidies should not be limited to AHP, HOPE VI, or CDBG funds. They should also include retaining HUD or rural Development funding.

Comment 13: The allocation of HOME funds by the local PJ should receive the same scoring as the other funds listed. Other local contributions regardless of source should also be considered in the scoring system.

Comment 14: It seems that increasing this to a firm commitment of at least $75,000 evidenced by an executed Tri-Party or Housing Assistance Agreement from FHLB would be more reasonable.

AHFA Response: Points will be awarded to projects which have a commitment from the Federal Home Loan Bank for Affordable Housing Program funds, HUD for HOPE VI funds, local HOME or CDBG funds, or Rural Development funds according to the following scale:

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

Comment: Consider moving the application deadline to the end of June or July so it will be after the Federal Home Loan Bank's award of AHP funds.

AHFA Response: AHFA anticipates accepting applications in March in an effort to commence construction before the rainy season and to extend the construction period. Moving the application deadline to June or July would mean announcements would not be made until October. AHP allocations granted in 2005 can be submitted with AHFA's 2006 applications.

Comment 1: Eliminate owner-provided rental assistance. If it is not eliminated, make it only applicable in higher rent counties such as Madison, Jefferson, Montgomery, Mobile, etc.

Comment 2: Eliminate owner-provided rental assistance, or at the very least, do not increase the amounts of rental assistance, or points available, over previous years.

Comment 3: Leave owner-financed rental assistance the same as last year, 1 point for $10, 2 points for $20, and 3 points for $30.

Comment 4: Increase the amount of points given for doing $30, $40, or $50 owner-financed rental assistance per unit and eliminate the $10 and $20 per unit points.

AHFA Response: Owner-provided rental assistance is optional to the applicant. Because it benefits many low-income residents, it will not be removed from the Plans.

Rent Affordability (Page 21)

Comment 1: Instead of awarding points for at least 80% of the units for low-income housing tenants, award points if a minimum of 10% of the units are

market rate units. As the Plan is written, there is no incentive to develop market units.

Comment 2: Under the 4 points for at least 80% of the rental units for low-income tenants, the last sentence should be clarified to say “All low-income or tax credit tenants must be at or below 60%.”

Comment 3: Since this program was designed for affordable housing; we suggest that the points for this category be allowed but reduced by 2 points. This allows a scoring advantage for building a development that is 100% low- income housing.

Comment 4: There should be a minimum amount of units for mixed income.

AHFA Response: The 100% low-income requirement for points was changed to “at least 80%” to allow for mixed-income properties. However, this change was not intended to encourage or discourage mixed-income properties. Only market and financial feasibility can determine if a mixed-income property is feasible. The last sentence will be re-written to encourage 100% - 80% low-income and will read “All Housing Credit tenants must be at or below 60% of Area Gross Median Income (“AGMI”).

Comment: Eliminate the points for five years extended use if there is a qualified lease purchase plan of single family. The qualified plan should include an agreement with a HUD qualified housing counseling organization and on online homeownership program.

AHFA Response: Section 42 and the HOME program encourage long term affordability periods. In this effort, points are awarded for an additional 5 years of extended use. The applicant should decide when submitting a proposal for homeownership conversion whether it is feasible to elect an

extended use period or not. State HOME funded projects are required to remain affordable rental housing for 20 years. The Homeownership Conversion Proposal (AHFA Form) requires the applicant to disclose the type of homeownership, financial, and maintenance counseling that will be provided to the tenant.

Special Needs Housing (Page 21)

Comment 1: Forcing developers to offer multiple services multiple times per year might force developers to cut out other areas of the project, which will have a greater long-term benefit. AHFA should cut approximately half of the required times each service will be offered in any given year, and cut the service down to two, for a maximum score of two points in this category.

Comment 2: The programs/services listed are good one, but they should not be the only services that qualify. The frequency of some of the required services is too often. For example; fire, law, and CPR twice a year is adequate and reasonable.

Comment 3: Because of the schedules and the amount of work required of our managers, we feel that it is not necessary to provide services as frequently as the Plan states. Some of the listed services could be a liability to the complex.

Comment 4: Points for services should remain at 3 or be reduced to 2 points. The following revisions should be made:

Holiday festivities (5 times annually)
Financial (1 time annually)
Potluck (2 times annually)
Movie night or game night (1 time quarterly)
CPR classes (1 time annually)

Computer training (quarterly)
Fire safety (1 time annually)
Police Neighborhood Watch and Child Safety Programs (1 time annually)

Comment 5: Tutoring assistance, after-school programs and mom's day out should be removed for liability reasons.

Comment 6: Rather than increase the number of times per year a service is performed, an increase of the number of different services seems to be more appropriate.

AHFA Response: Points will be given for the following services and activities:

Holiday festivities (3 times annually)
Financial (2 times annually)
Potluck dinners (2 times annually)
Game night (monthly)
Law (2 times annually)
Movie Night (monthly)
Monthly newsletter
Blood pressure screening (4 times annually)
CPR classes (2 times annually)
Computer training (monthly)
Tutoring assistance (weekly)
Fire safety (2 times annually)
After-school program (weekly)
Arts and crafts (monthly)
Mom's day out (monthly)

Comment: Because applicant can not receive points for both elderly and three-bedrooms, the maximum allowable points in this section should be 10 instead of 14.

AHFA Response: This correction will be made. The maximum points will be changed to 10.

Readiness Issues (Page 21)

Comment: Remove construction and permanent loan commitments from point issues.

AHFA Response: Because construction and permanent commitments are an important part of the financial feasibility of the project and points for the commitments are optional at the time of application, they will not be removed from the Plans.

Comment: Points could be increased in this area for having actual recorded organizational documents.

AHFA Response: Recorded organizational documents will not be required at the time of application due to the number of partnerships that are formed for the sake of submitting an application and then do not proceed forward.

Comment: Points should be added for applicants/general partners who own the land.

AHFA Response: Deed to the land was added as a readiness issue a few years ago and then removed based on that experience. Land purchase is a large and risky expense to ask applicants to expend prior to approval for funding.

Neighborhood Characteristics and Features (Page 22 & 23)

Comment: Consider allowing all services listed under the 4 point (1 mile) category to roll over into the next category of 3 points (2 mile).

AHFA Response: Services listed under the 4 point (1 mile) category will rollover to the 3 point (2 mile) category. Services listed under the 3 point (2 mile) category will rollover to the 1 point (2 mile) category.

Comment: Would an applicant receive any points for a grocery store that was 1.5 miles away from the site?

AHFA Response: A grocery store located 1.5 miles away from the site should be awarded 3 points.

Comment: Distinguish between public athletic fields and parks since they are worth different point amounts.

AHFA Response: Parks will be removed from the list of services. Public athletic fields will earn one point if they are within 2 miles of the site.

Comment: Is a ball field at a school considered a "public athletic field"? Could an applicant get 4 points for a school and an additional 1 point for an athletic field for a total of 5 points? Would a high school (not an elementary school) qualify for 4 points?

AHFA Response: A ball field at a school is not considered a "public athletic field." The applicant would earn 4 points for an "elementary" school if located within 1 mile of the site. Junior High, Middle schools, and High schools are not eligible for points.

Comment: What constitutes "professional services"? Would a massage therapist, nail salon, law office… be considered professional services?

AHFA Response: Professional services will be removed as a service from the final Plans.

Comment: If a grocery store had a pharmacy, video rental, and bank services inside, would the applicant get 12 point for this one grocery store?

AHFA Response: Video rental will be removed as a service from the final Plans. Therefore, a grocery store that has a pharmacy, video rental, and bank services would be eligible for 4 points for the grocery store, 4 points for the pharmacy, and 3 points for the bank for a total of 11 points.

Comment 1: Would a strip shopping center be the same as a mall for 4 points?

Comment 2: Malls are only found in metropolitan areas and should be eliminated or have shopping center added to assist rural areas in being competitive.

AHFA Response: A strip shopping center would not be the same as a mall. Mall will be removed as a service from the final Plans. Convenience stores will be eligible for points in rural areas.

Comment 1: If a video store also carries adult videos, how would this be scored?

Comment 2: Chain discount stores are listed as a desirable characteristic. An auto repair facility is listed as an undesirable characteristic. Many chain discount stores such as Wal-mart superstores have auto repair facilities within them. This will need clarification.

Comment 3: There appears to be a possibility for conflict in this area.

AHFA Response: Gas stations, malls, chain discount stores, parks, YMCAs or YWCAs, public safety, restaurants, professional services, farmers market, basketball courts, tennis courts, fitness/nature trails, video rental, court house, and hair salons will be removed from the list of eligible

services. Municipal parks and churches will be moved to the 1 point (2 mile) category.

Comment: What is the difference between a convenience store and a grocery store?

AHFA Response: A convenience store is a small retail self-service store intended to service the convenience of a residential neighborhood selling a limited line of fast-moving food products such as, milk, bread, medicine, gasoline, newspapers, and other household items.

Comment: A church providing daycare services should qualify for the 3 points earned for a daycare.

AHFA Response: A church providing daycare services should qualify for the three points.

Comment: Specify that the distance to a service will be determined by the entrance to the parking lot since some of the services are located in shopping centers which could allow for a difference in the distance of the service based on the spot in the parking lot.

AHFA Response: Distance will be measured by odometer from the automobile entrance to the site to the closest automobile entrance to the parking lot of the service.

Comment: Neighborhood characteristic points should be reduced in order to put less emphasis on services.

AHFA Response: AHFA does not feel points should be reduced putting less emphasis on services.

Negative Neighborhood Services (Page 23)

Comment: Negative points should be assigned on a scale instead of all being 5 points. There are degrees of offensiveness.

AHFA Response: Determining levels of offensiveness is subjective. The list of negative neighborhood services is not inclusive. Therefore, a set number of points must be assigned.

Comment: If a dry cleaner store is merely a drop off/pick up point and does not have the actual dry cleaning facilities on site, would the applicant still lose 5 points?

Comment 2: Dry cleaners should not be listed as negative neighborhood characteristics.

AHFA Response: This was not the intent. Because the dry cleaning plant will be addressed in the Phase I if it is an environmental concern, dry cleaners will be removed from the list of negative neighborhood services.

Comment 1: Point deductions (5 points each) for being adjacent to or within ½ mile of railroads/airports should be reconsidered. 1,000 feet would be much more feasible, especially in the targeted “black belt” counties.

Comment 2: Deducting points for railroads unfairly penalizes small rural markets. This item should be removed from the negative point category.

Comment 3: Points should only be deducted if the site is within 200 yards of a railroad track.

AHFA Response: AHFA feels ½ mile distance from a railroad or airport is reasonable.

Comment 1: Clarify why a gas station is listed as a desirable and undesirable.

Comment 2: Gas stations should not be listed as negative neighborhood services, as many times they are convenience stores as well.

Comment 3: Gas stations and dry cleaners should be eliminated from negative neighborhood services as they are addressed with the environmental study.

AHFA Response: A gas station within ½ a mile of the site could cause environmental issues, such as, leaky underground tanks. But, a gas station within two miles of the site is considered a convenience. Gas stations will be removed from the service list and negative neighborhood service list since the Phase I will address any environmental concerns raised by a gas station in the immediate area.

Comment: Clarify how AHFA would look at a convenience store that sells gas, beer, and liquor.

AHFA Response: A convenience store that sells gas, beer, and liquor will be considered a convenience store for purposes of scoring the application.

Comment: Define what is meant by “utility substations”.

AHFA Response: A water tower, power plant, standard “substation” serving multiple power lines, or similar facilities would be considered a utility substation.

Comment 1: Can the applicant provide more than 20 points under the Neighborhood Characteristics category, when they know they will receive a deduction for Negative Neighborhood Service so that the application will net 20 points?

Comment 2: All of the positive points for services should be allowed and then a reduction for negative points, with the max allowed of 20 points.

AHFA Response: The applicant may not earn more than the maximum 20 points for services listed under the Neighborhood Characteristics and Features category. Then deductions will be assessed for negative characteristics.

Comment: Clarify what is meant by “commercial” in the negative services. A restaurant, mall, convenience store, etc., are all commercial spaces. How would you both add and subtract points for these adjacent uses?

AHFA Response: The intent was to deduct points if the proposed location is mostly commercial and industrial with limited or no residential housing in the immediate area. However, commercial will be deleted from the point deductions. Industrial areas will still receive point deductions.

Comment 1: Reference to gas stations, dry cleaners, liquor stores, utility substations, auto repair and commercial as negative factors should be deleted in their entirety.

Comment 2: Many areas where the desired services are located, such as the strip center with the grocery store and drug store, automobile tire, oil and tune up businesses also exist. Often these are some of the neatest most attractive businesses in the area.

Comment 3: Just because a site is near a gas station, dry cleaner and/or auto repair shop does not make it an undesirable location. Basing funding decisions on malls or auto repair shops doesn't make sense.

Comment 4: Reduce negative points to 1 or 2 points and reduce the items on the negative list to the following:

- Junk/salvage/dump yards
- Liquor stores
- Adult entertainment
- Prisons

Comment 5: Would an express oil change location or express brake shop be considered "auto repair" and therefore be assigned negative points?

AHFA Response: Reference to gas stations, dry cleaners, auto repair, and commercial will be removed since the Phase I will address these issues. Points will be deducted for the remaining items on the list.

Comment 1: Require the site to be within 2 miles of some service (list what services are acceptable) and make this a point deduction rather than a points gained section like it was in last year's Plan, thus eliminating the Negative Neighborhood Services altogether.

Comment 2: There seems to be discrepancies, for example:

1. How many sites can you find near a mall where the site wouldn't be on a four-lane highway?
2. Finding property within one mile of a mall, chain discount store, pharmacy or elementary school can be incredibly expensive. Since no one is going to walk one mile, why can't points be awarded if the site is within 3-5 miles?

3. Aren't malls, YMCA's Farmer's Markets and Banks typically in commercial areas? You get four points for one and a deduction of five points for another, which doesn't make sense.

AHFA Response: AHFA's goal is to reward the positives of a site and deduct points for negative characteristics.

Comment: Distribution facilities should be qualified by stating "distribution facilities of more than 100,000 square feet", that a time be specified (at the time of the application) and that the distance for other factors be reduced to 220 yards (approximately two city blocks) in the case of projects within a MSA.

AHFA Response: AHFA feels ½ a mile is fair and reasonable.

Accessibility (Page 23)

Comment: Clarify or define what is meant by "inadequate traffic controls".

AHFA Response: Inadequate traffic controls means there should be a stop sign, light, or turn lane to safely access the site.

Comment 1: The three subcategories of negative 5 points each are too broad, vague and non-descript. Eliminate the language in this category entirely, as most local regulatory/permitting agencies will deal with these items during site plan/building plan review and approval.

Comment 2: Street, sidewalks, inadequate traffic control, etc. are the responsibility of the city. The city finances may prohibit the repair or improvement of streets, sidewalks and traffic control, however, the point deduction could result in the city losing affordable housing.

Comment 3: Points should not be deducted for sites off of a 4-lane unless they are clearly detrimental to the safety of the tenants. Safety can be achieved through a thoughtful site plan that addresses traffic concerns with multiple entrances and exits.

Comment 4: Inadequate streets and sidewalks could be subjective in determining the site suitability and scoring. There is also a concern for the turning lanes, stop lights, etc.

AHFA Response: Points for these items have been deducted in the past and AHFA and their third party site inspector agree these items should be considered in evaluating the best site in any given location. However, AHFA agrees that it is difficult to monitor inadequate traffic controls. Therefore, this part of the accessibility category will be removed from the Plans.

Comment: Most rural towns/communities are those that can least afford refurbishing their existing streets and sidewalks. The 5-point deduction should be reconsidered, especially in the “black belt” counties.

AHFA Response: The applicant is not required to refurbish the existing streets and sidewalks. But, if upon conducting the site visit, AHFA staff and their third party decide the streets and/or sidewalks are in poor condition, 5 points will be deducted.

Comment: Instead of deducting points for access to a four-lane road, the design quality standards should include special provisions concerning ingress/egress and screening from four-lane roads.

AHFA Response: As in the past, due to the traffic and noise from a 4-lane, points will be deducted if access to the site is on a 4-lane highway. The required survey will address ingress/egress.

Suitability (Page 23)

Comment 1: Eliminate the language in this category.

Comment 2: Further define or clarify "any limitations or site impediments" regarding the schematic.

Comment 3: Who will determine if the schematic has any limitations? Will the architect have to issue a certification so no points would be deducted?

AHFA Response: Five points if the schematic does not appear to have any limitations or site impediments will be deleted because "limitations and site impediments" will be documented in the accessibility and environmental sections of the Plan.

Comment 1: There is no mention as to the suitability of the site in regard to trends of real estate and economic conditions in the area, the physical condition of nearby building and improvements and land use patterns.

Comment 2: Add or deduct points for the overall economic health of a neighborhood such as awarding points for the site being surrounded by newer growth and single family homes. Deduct points for neighborhoods where over 10% of the properties within a ½ mile radius are vacant.

Comment 3: Consider the compatibility of surrounding land uses when evaluating sites and assessing point deductions.

AHFA Response: AHFA considered point deductions due to economic health and surrounding land uses, but felt this part of the site inspection becomes very subjective and conditions change. Also, Section 42 requires that we target revitalization areas and award extra credits to difficult to develop areas and qualified census tracts.

Environmental (Page 24)

Comment 1: Acquisition/rehab developments for which the sponsor elects to fully remediate all environmental findings should also receive the 5 points.

Comment 2: Five points should be awarded if the Phase I concludes that there are “no incurable or unacceptable negative findings”.

Comment 3: This provision should be rephrased to state “there are no findings of a recognized environmental condition which would require, in the professional judgement of the environmental engineer, either remediation or further investigation (unless, if a phase II study is recommended, it has been performed and it finds no requirement of further inquiry, remediation or other material risk with respect to the project site.

Comment 4: Points should be significantly lowered if the Phase I requires remediation or the undertaking of a Phase II environmental study.

Comment 5: The draft Plan still lists the Phase I as a 90-day requirement after funding and it is also listed as a Threshold item.

Comment 6: Use ASTM terminology for describing environmental findings.

AHFA Response: The final Plans will move the Phase I from a threshold item to a point scoring item, making it optional for the applicant to obtain a

Phase I at the time of application. AHFA requires applicants to clear all environmental findings. Clearing environmental issues can be costly, risky, and time consuming. AHFA revised the terminology describing the environmental findings. Therefore, five points will be awarded to those projects where the Phase I indicates all of the following:

1. **No recognized environmental conditions**
2. **No environmental regulatory concerns**
3. **No further action/investigations recommended**

Location (Page 24)

Comment 1: Eliminate 15 points for projects located in black Belt counties. There is a market driven reason why most of these counties aren't sought after by developers, which include loss of population, lack of growth, high unemployment, etc. AHFA already penalizes counties previously funded in the last 3 years, which makes most Black Belt counties more attractive.

Comment 2: Points should be lowered or removed for developments in the Black Belt counties. The fact that the proposed development will not have a permanent loan should be an incentive for developers to consider the Black Belt. Instead of giving points for going into the Black Belt counties, give two points for developments in the Black Belt counties if they agree to elect to rent to all persons in the 50% income limit.

AHFA Response: Points are awarded in the Black Belt counties to encourage applicants to consider these areas due to the desperate need for affordable housing. Applications should not be submitted solely for the points. The application will be rejected if it is not financially feasible or there is a lack of market.

Comment 1: Add specific requirements for location if a revitalization plan can not cover a town or city.

Comment 2: Please note that a “Consolidated Plan” is not the same as a “Revitalization Plan”.

Comment 3: A more lenient way to document revitalization should be allowed. Locations in qualified census tracts typically are already in areas that need community revitalization anyway.

AHFA Response: The Revitalization Plan must target a specific geographic location in a town or city. The final Plans will state that a Consolidated Plan is not considered a Revitalization Plan for purposes of scoring an application.

Comment 1: AHFA should add the following categories for point consideration:

- Two points should be awarded if the proposed development site is located in a federal or state enterprise community, an empowerment zone, or Renewal Community.

- Two points should be awarded if the proposed development is an adaptive reuse of an existing building.

- Two points should be awarded if the proposed development is a reuse of an existing building that has received a historic designation and for which Historic Tax Credits have been or will be applied for.

- One point should be awarded for projects located within the city limits of a community designated as an Alabama Main Street Program community.

Comment 2: Give points for locating projects in census tract in a county, MSA, or municipality that is over 100% of the AMFI for that county, MSA, or municipality.

AHFA Response: AHFA prefers to allow the market analysts and zoning officials to determine the need and location for affordable housing. Historically, tax credits provide their own benefit and do not need to be incentivized separately by the Plan.

Applicant Characteristics (Page 24 & Page 25)

Comment 1: An increase from 150 units to 1,000 units in order to receive the maximum ownership experience points is an increase of more than 600%. For most non-profits this is simply unreasonable to expect even with years of experience in affordable housing. This clearly gives the larger more established developers an advantage they do not need.

Comment 2: Eliminate the “owner” language. Replace this with executive level participation.

Comment 3: Document whether two owners/general partners can combine their separately owned units for a total number of units on a single project application.

Comment 4: The high number of units owned (1,000) could encourage large out of state developers to enter Alabama.

Comment 5: There are very few non-profit sponsors that can demonstrate 1,000-unit ownership capacity. Ownership of 500 units should be worth 10 points, with a point subtracted for every 50 units owned below 500.

Comment 6: A nonprofit sponsor should be allowed to count units it owns in concert with others towards its ownership points. It should be allowed to

combine its ownership points with one or more other nonprofits' points in a joint venture arrangement.

Comment 7: Experience points should be awarded for projects developed rather than projects currently owned.

Comment 8: Experience should be divided pro rata among any applicant claiming it, unless such applicants submit a joint statement allocating such experience among themselves.

Comment 9: In lieu of the phrase "owners" revise the language to read "must currently have a relationship as a principal, or must have had a relationship as a principal for a period of at least ten years".

Comment 10: Clarification should be provided in the case where there may be co-general partners. Can the "development experience" points be counted by a co-general partner regardless of his/her/its percentage of interest in the entire general partner interest, or will they go to only the majority interest? Define how a 50/50 general partner split will be handled.

Comment 11: Eligible multifamily "projects" should be defined as apartment complexes owned and/or managed under either the FmHA 515 program or the Low Income Housing Tax Credit program.

Comment 12: The scoring system presented unfairly and unjustly penalized owners who specialize in small deals in rural markets. A better, more fair and just alternative is to also list a minimum number of deals to correspond with the number of units, and have the scoring be an either/or scenario. For example:

- 10 points (1,000+ 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 (30 – 99 units or 1 project)

Comment 13: This part of the QAP clearly discriminates against the small developer. Not only are there an enormous amount of points awarded to the larger developers, they are also given the same amount of points if they manage their own properties.

Comment 14: Any owner who has made a long-term commitment to an affordable housing project should be allowed experience points, without regard to other owners. One owner's experience should not cancel out that of another.

Comment 15: Reduce the range of points allowed from 1 to 10 and go back to the 1 point (50-99 units), 2 points (100-149 units) and 3 points (150+ units).

Comment 16: Rather than points being given for units currently owned, consider giving credit for units that have been owned/developed in the past 5 years.

Comment 17: If both parties were equal in the ownership and development of existing properties, than both should be allowed to claim points for said developments.

Comment 18: The change in ownership experience points appears to be incongruous with a level playing field between small non-profits and the larger developers.

Comment 19: To ask a person to cull projects that give them experience points, because the other partner(s) wish to also claim them, would be an extremely unfair and onerous position to place someone in. This is not good business and could create unnecessary conflict and possible litigation.

Comment 20: The current experience level required to maximize points is entirely too high. The current three projects are more than adequate. Setting the bar too high will potentially squeeze out the local players, who are better connect to the area markets than the large out of state developers.

Comment 21: By counting experience for any multi-family development, new participants could come in that have no clue about tax credit projects and what it takes to successfully develop and operate a project.

Comment 22: The concept of separation of experience points for one participant could completely eliminate some participants who have followed AHFA guidelines in past years and now would be qualified to develop units on heir owner

AHFA Response: Points will be awarded to applicants based on the number of multifamily projects or units currently owned using the following scale:

10 points (1,000+ 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)

Comment: No credence is given to developers who have owned properties but have subsequently sold them.

AHFA Response: This is the intent. AHFA wants the applicant to currently own the multifamily rental housing to earn the experience points.

Management Experience (Page 25)

Comment 1: Giving points for the number of units managed is unfair. This method will cause those applying to "farm" out their management to the company that will produce the most points. This gives the larger companies an unfair advantage gives them a monopoly on future management. Instead, consider the length of management experience and the number of properties managed. There is no consideration given to the number of properties managed.

Comment 2: AHFA should level the playing field a little by giving 10 points to a sponsor for a managing agent with 500 affordable units under management, and reducing the number of points by 1 for every 50 units under 500 managed.

Comment 3: Experience points should be given to managers based on the highest number of units managed over the preceding five years.

Comment 4: Allow an applicant who owns and serves as managing agent of multiple management companies to include the total number of low-income units managed by all companies for points gained under the applicant characteristics section.

Comment 5: The scoring system presented unfairly and unjustly prenalizes owners who specialize in small deals in rural markets. The following criteria should be used:

- 10 points (1,000+ 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 (30 – 99 units or 1 project)

Comment 6: Reduce the range of points allowed from 1 to 10 and go back to the 1 point (55-99 units), 2 points (100-149 units) and 3 points (150+ units)

AHFA Response: Points will be awarded to applicants with sound experience as managing agents of low-income housing using the following scale:

10 points (1,000+ 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)

Incomplete Application (Page 25)

Comment: The statement regarding one point per missing document is confusing. Does this mean AHFA is required to let you know what document is missing?

AHFA Response: AHFA will perform a completeness review after submission of an application, call the applicant for any missing documentation, and allow the applicant a specified period of time to submit the missing documentation so their application can proceed forward. AHFA will not call on threshold or scoring items.

Project Location (Page 26 & Page 27)

Comment: Chambers County should be removed from the 2003 list of counties funded because credits were returned.

AHFA Response: Chambers County will be removed from the list.

Comment: Dale County should be listed as a county awarded funds in 2004.

AHFA Response: Dale County should not listed as a county funded in 2004 because the project funded in Dale County was rehabilitation of existing units.

Comment: Jefferson County should be excepted from the cumulative deduction, and be "capped" at 3 points when a project was funded the previous cycle. The same exception should be considered for the 2nd tier cities like Huntsville, Mobile, and Montgomery.

AHFA Response: AHFA feels the cumulative deduction is appropriate to prevent an over concentration of multifamily housing and encourage geographical distribution of available funds.

Comment 1: Add to the definitions of mixed income the requirement that 10% of all units shall be market rate units. The current definitions would allow a complex with only one market rate unit to be considered mixed income and not have to meet the one-mile radius requirement.

Comment 2: Consideration should be given to changing the point scoring area to give points for 3 categories of market rate housing, 80%, 60%, and 20%.

AHFA Response: The final Plans will include the additional requirement that the remaining units must be at market rate to obtain the mixed-income project exemption of the 1-mile radius rule.

Comment 1: All developments should be subject to the one-mile radius requirement.

Comment 2: Eliminate the language that exempts projects in the Black Belt counties, HOPE VI projects and mixed income projects from point deductions.

Comment 3: A mixed unit development should be required to meet the one-mile radius requirement. This development with market and affordable units will have the same impact as a 100% low-income property that is within the one-mile radius.

Comment 4: Mixed income projects should be subject to the one-mile radius. At a minimum, the low-income rent restricted portion of the mixed income project should be subject to the one-mile radius

AHFA Response: Due to efforts to revitalize particular areas, exceptions to the 1-mile radius requirement will be allowed for Black Belt counties, HOPE VI projects and mixed- income projects.

General Comments:

Comment: Require a minimum ownership in a project to qualify for the nonprofit set-aside of 51% and require the nonprofit to receive a minimum of 20% of the developer fee with no consulting agreements to be paid from its share to any party related to the co-general partner or developer.

AHFA Response: AHFA feels this is a business decision that should be made by the non-profit and for-profit partners. AHFA does not feel it can adequately monitor developer agreements between parties.

Comment: Consider renumbering sections in the allocation plans so that each provision has a unique outline number. Also, consider using consecutive numbers/letters rather than bullet points where applicable.

AHFA Response: AHFA will be diligent to ensure that all program documents follow standard outline formatting.

Comment: In an effort to encourage AHFA to leverage their finite resources, HOME funds should be available in the following order of preference:

Scenario 1 – Require a dollar for dollar match of HOME Funds for the amount of State HOME funds AHFA provides to projects located in Participating Jurisdictions.

Scenario 2 – Do not allow any State HOME funds to be available to any project that has a commitment for HOME funds from a local Participating Jurisdiction.

Scenario 3 – State that State HOME funds are not eligible for use in a Participating Jurisdiction.

AHFA Response: In order for an applicant to receive state HOME funds, they must obtain a commitment for HOME funds from the applicable participating jurisdiction, prior to applying for the state HOME funds, equal to half of the HOME funds requested from AHFA.

Comment: Allow for the interest rate on state HOME funds to be set at the Applicable Federal Rate for deals located in Qualified Census Tracts that are eligible for the 130% bump in basis.

AHFA Response: The state HOME funds are currently structured at ½ a percent for 20 years. The applicant is required to set aside 40/50 for the 9% credits. In most cases, this is 100% financing. Therefore, there is no need to structure the loan at the AFR for the 130% increase in credits. Local HOME funds may be structured at the AFR and eligible for the 130% increase in qualified census tracts.

Comment: AHFA should do the site analysis solely in-house. If AHFA is insistent upon hiring a third-party to assist in the site analysis process, then the independent site analysis should be done by a true third-party analyst that has no potential conflict of interest in the market studies or appraisals for developers.

AHFA Response: An independent third party will be hired to perform separate site visits from those conducted by AHFA staff in order to provide independent opinions on site-related matters.

Comment: Some consideration should be given to caps for consultants. They essentially act as developer, yet have no commitment to the project over the long term.

AHFA Response: Consultant fees are to be paid out of the 15% developer fee. It is up to the applicant to determine the amount of fee the consultant earns.

Comment: Any owner/developer can apply for and set up non-profit organizations and submit their applications separately through a third party so that they are not identified as having a relation to the organization, thus allowing themselves to exceed the tax credit/home limit and be exempt from financial capacity restriction. In order to eliminate this from happening, AHFA should impose a requirement for a non-profit organization to submit all documents pertaining to the establishment of their organizations.

AHFA Response: AHFA currently requires a copy of the nonprofit status from the IRS, a legal opinion from an attorney that the nonprofit is materially participating in the project, and evidence that the non-profit has ownership in the project.

Comment: Currently five points are granted to an applicant that chooses to set their rent limits at 50% of the area median. Because of the additional subsidy that HOME funds provide, this essentially is automatic points for a HOME application. In most cases, the economics of a stand alone tax credit application does not allow this option.

AHFA Response: The points for the 50% rent election were removed from the 2005 draft plan for these reasons.

Comment 1: AHFA should reserve the right to allocate Housing Credits to pools of Rural Development properties sponsored by nonprofit organizations without the use of application cycle or the point scoring system. AHFA should set-aside 20% of its 2005 Housing Credit Allocation for Rural Development pools sponsored by nonprofits.

Comment 2: Create an exception to the definition of non-contiguous sites for a pool of properties, none larger than 48 units, currently encumbered with Section 515 debt sponsored solely by one or more non-profit organizations.

Comment 3: Sponsors of a Rural Development pool, in order to meet market feasibility requirements, should be required to demonstrate that each asset in a pool has (i) a history of 85% or higher economic occupancy over the last three calendar years; or (ii) projected rents at or below market rents, adjusted to the asset's amenity package, as determined by a rent survey to be included in the application; or (iii) a market study demonstrating acceptable demand for the product at the pro-forma rents.

Comment 4: Rural Development pools developed by non-profit sponsors, in which the nonprofit actively participates in the development and receives at least 25% of the developer fee, should be exempt from the 12% ceiling.

Comment 5: A Rural Development pool should automatically get the five points for local financial assistance in the rent affordability category.

Comment 6: Because affordable rental housing in rural areas is a special need all its own, Rural Development pools should receive 4 points in the special needs category.

Comment 7: Three points should be given to Rural Development Pools if more than 50% of the properties in the pool are distressed properties.

Comment 8: A Rural Development pool should receive the 20 points for neighborhood characteristics and features if it can demonstrate for each property in the pool that it either earns the points as proposed in the draft plan or has maintained 85% economic occupancy over the last three calendar years.

Comment 9: If at least 10% of the properties in a Rural Development pool are located in a Black Belt county, then the entire pool should get the 15 points.

AHFA Response: AHFA agrees with the writer of the above list of comments who stated, "Material substantive changes would have to be adopted in the QAP in order for pools of RD properties to effectively compete against more traditional tax credit developments. Pools of properties would represent both underwriting and scoring challenges. Putting together and properly balancing such pools geographically and financially is in itself an extraordinarily time consuming task exacerbated by the performance of basic due diligence." Therefore, Housing Credits will not be allocated or set-aside for pools of Rural Development scattered site projects.

Institutional Structure (91.315(i))

1. Explain the institutional structure through which the jurisdiction will carry out its consolidated plan, including private industry, non-profit organizations, and public institutions.

2. Assess the strengths of the delivery system.

3. Assess the strengths and gaps in the delivery system for public housing, including a description of the organizational relationship between the jurisdiction and the public housing agency, including the appointing authority for the commissioners or board of housing agency, relationship regarding hiring, contracting and procurement; provision of services funded by the jurisdiction; review by the jurisdiction of proposed capital improvements as well as proposed development, demolition or disposition of public housing developments.

3-5 Year Strategic Plan Institutional Structure response:

The four Consolidated Plan Program administrator groups meet frequently to coordinate strategies to the greatest extent possible. The creation and coordination of the statewide homeless coalition as well as the continuum of care efforts have aided the state's ability to provide services in a coordinated manner. Every reasonable effort will be made to pursue the "consolidated" concept and to attempt to make it work in Alabama. In most cases, the four programs serve

different clientele. The needs in Alabama are so great that the state's strategy has been to let each program work to serve one set of needs. There is absolutely no duplication of effort.

Alabama relies heavily on the numerous housing and social service providers in the state to assist in the provision of services. Units of local government, program directors, and others involved in the implementation of housing and social services are consulted on a regular basis to determine the greatest needs and the best way to address them. ADECA will work with all local homeless coalitions, the Domestic Violence Council, the Continuums of Care, Community Action Agencies, the Alabama Alliance to End Homelessness and all other groups to assess and address the needs of homeless persons. ADECA, AHFA and the Governor's Office have successfully identified the parties interested in the implementation of the housing and non-housing programs addressed in this plan. Further, ADECA, AHFA, and the Governor's office have developed productive communication channels with these groups. Alabama intends to continue this course in order to maximize the effectiveness of the programs.

In regard to HOPWA services, ADECA will continue to work with AIDS Alabama, the state's most experienced HIV housing provider. AIDS Alabama has implemented the statewide HOPWA program since its inception in 1994. AIDS Alabama provides more than 60,000 nights of safe, decent, and affordable HIV housing throughout the state each year. In addition to properties owned and managed by AIDS Alabama, the organization works with eight partnering AIDS Service Organizations to ensure that HOPWA resources are available in all 67 counties of the state. The partners are:

- AIDS Action Coalition – Huntsville
- Birmingham AIDS Outreach – Birmingham
- East Alabama AIDS Outreach – Auburn
- Family Clinic at UAB – Birmingham and Montgomery

- Health Services Center - Anniston
- Mobile AIDS Support Services – Mobile
- Montgomery AIDS Outreach – Montgomery
- West Alabama AIDS Outreach – Tuscaloosa

Through this network of experienced providers, HOPWA services can be delivered anywhere in the state, as every county is covered by at least one of the partners. These agencies can maximize HOPWA dollars by coordinating delivery of services with each other and with other funding sources, such as the Ryan White C.A.R.E. Act, the Veterans Administration, and McKinney-Vento homeless programs. The greatest gaps faced by these organizations is not the delivery of HOPWA services, but the lack of additional resources to increase housing stock, the extreme poverty and need within Alabama's HIV-positive population, the poor or non-existent transportation systems, and the continuing stigma and prejudice still associated with HIV and AIDS.

As to the strengths and gaps in the delivery system of these programs, the state's greatest strength is the experience of the entities who administer the Consolidated Plan programs. Both ADECA and AHFA have competent and responsible staffs to carry out the necessary details of the programs. In addition, the capacity to reach more interested parties, including non-profit groups and other community-based organizations, has increased dramatically over the last few years with technical assistance workshops, training sessions, etc. Other strengths include the ability to layer different sources of subsidy to maximize eligible activities. The combination of city funds and state funds or the layering of HOME dollars and Low Income Housing Tax Credits are examples of this strength. Among the gaps encountered are the myriad of regulations and red tape inherent with federal programs. The largest gap thus far has been the lack of financial resources to carry out each program to its full potential.

As discussed previously, the primary obstacle to service delivery in Alabama is the sheer volume of need. Alabama has some of the poorest counties in the nation. Alabama has incredible employment, medical, educational, and housing needs in the Black Belt counties. However, the Delta Region and the Appalachian Region also have severe needs. Alabama will continue to coordinate efforts between state agencies and individual service providers to ensure the most efficient use of limited federal dollars. When possible, multiple funding sources will be utilized to maximize the impact of individual projects or initiatives. However, Alabama's current priority is to prevent the duplication of efforts so as to spread resources among the areas with the greatest needs.

Continued review of the competitive rating systems of some of the state's grant funds will also help to ensure the equitable and efficient distribution of funds. Annual reviews of the CDBG grant process have been effective in improving service delivery.

Monitoring (91.330)

1. Describe the standards and procedures the jurisdiction will use to monitor its housing and community development projects and ensure long-term compliance with program requirements and comprehensive planning requirements.

3-5 Year Strategic Plan Monitoring response:

The HUD formula and entitlement funding received by the state each year is administered by ADECA and AHFA. The directors of these programs and their subrecipients have developed detailed monitoring programs to ensure compliance with all state and federal regulations. Generally, HUD monitorings of Alabama's programs end with favorable reviews or minor compliance issues that need to be addressed. Alabama has an excellent track record of resolving all concerns and findings in a timely and conscientious manner. A more detailed review of the monitoring programs established by the Consolidated Plan programs is provided below.

CDBG Program

On behalf of the State of Alabama, ADECA does an on-site monitoring review of all CDBG construction grants at least once during the life of the project. Areas reviewed for compliance include adherence to one or more of the program's national objectives, eligibility, financial management, civil rights, environmental concerns, citizen participation, timeliness, procurement, contract management, labor standards enforcement, acquisition, relocation, job creation, and housing as appropriate.

The State utilizes a computerized tracking system to initiate each monitoring visit at the point when a reasonable percent of the grant has been drawn down. Currently, most monitoring visits are scheduled at the time at least 30 percent of the funds have been drawn. The system also tracks the resulting resolution of any findings made in a timely manner.

After each monitoring visit, a report is written to the grantee to explain the results of the review. Monitoring determinations range from "acceptable" to "finding" with appropriate corrective measures imposed. Corrective measures may include certifications that inadequacies will be resolved, documentary evidence that corrective actions have been instituted, reimbursement of disallowed costs, or other sanctions which limit the grantee's future participation in the program. Furthermore, no grant can be closed until all monitoring findings have been satisfactorily resolved.

HOME Program

Under HOME Program guidelines, AHFA is required to conduct annual on-site inspection of recipients to determine compliance with the rules and regulations of Title II of the National Affordable Housing Act & 24CFR Part 92. The compliance monitoring procedures and requirements are as follows:

1. AHFA will conduct on-site inspections of all HOME projects each year to review the current tenant files for adherence to occupancy and rent restrictions as established by Alabama's HOME program.

2. Owners must certify annually under penalty of perjury that the owner has received an annual low-income certification from each low-income tenant and documentation to support these certifications, that each low-income unit is rent-restricted under HOME Guidelines and that the project meets all the requirements of the HOME program.

3. Owners may be allowed up to a 90 day correction period to supply missing documentation or to correct noncompliance. This correction period begins the earlier of the date the notification is mailed or the date of inspection.

4. AHFA has the right to inspect HOME Funded projects any time during the compliance period including, but not limited to, on-site inspections and review of all records relating to compliance with HOME requirements. AHFA may require copies of the tenant certifications and supporting documentation to be forwarded to AHFA.

5. Compliance with requirements of the HOME Regulations is the responsibility of the owner of the building for which HOME funds are loaned or granted. AHFA's obligation to monitor for compliance with the requirements of the HOME Regulations 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.

ESG Program

The state monitors ESG grants by going onsite to review program records and to make limited visits to sub-recipients to observe activities being carried out. The state has checklists for important program areas such as financial, environmental, etc. After each monitoring visit, a report is written to the grantee to explain the results of the review. Results range from “acceptable” to “concern” to “finding” with appropriate corrective measures being applied. Such measures may include certifications that shortcomings will be addressed, documentary evidence that corrective actions have been undertaken, reimbursement of disallowed costs, or other sanctions. Similar to CDBG, grants will not be closed if findings are unresolved.

HOPWA Program

Alabama’s FY 2005 HOPWA Program is being administered by ADECA through a sub-recipient, AIDS Alabama, located in Birmingham. The state monitors this sub-recipient at least once a year through on-site visits to AIDS Alabama and any of their sub-recipients. Monitoring is designed to assure compliance with applicable laws and regulations. Additionally, AIDS Alabama receives an annual external audit to monitor compliance with Generally Accepted Accounting Principles (GAAP) and with all applicable HUD regulations. AIDS Alabama annually monitors all of its sub-recipients across the state to ensure compliance with all applicable laws and regulations and to monitor compliance with GAAP.

Priority Needs Analysis and Strategies (91.215(a))

1. Describe the basis for assigning the priority given to each category of priority needs.
2. Identify any obstacles to meeting underserved needs.

3-5 Year Strategic Plan Priority Needs Analysis and Strategies response:

Basis for Assigning Priority Needs CDBG

On August 26, 2004, ADECA distributed a Community Needs Survey to over 700 entities including all chief elected officials in Alabama, regional planning and development commissions, community action agencies, continuum of care groups, non-profit organizations and private grant consultants, as well as professionals in housing and community development. A response rate of 38 percent was achieved with responses received from all but 5 of Alabama's 67 counties. The survey responses indicated the following priority needs:

Need Category	%
Economic Development	16%
Sewer	12%
Roads	12%
Drainage	9%
Water	7%
Downtown Revitalization	7%
Recreation Facilities	7%
Housing	6%
Senior Centers	6%
Community Centers	6%
Planning	5%
Public Services	4%
Homeless Facilities	2%
Other	1%
Total	100%

The priorities continue to be consistent with those stated in the 2000-2004 Consolidated Plan. The top non-housing priorities at that time were economic development, sewer, water, roads, and drainage. This is confirmed by the fact that of the 1,099 grant applications received during 2000-2004, 718 or 65 percent were for these activities. Furthermore, 88 percent of CDBG funding for completed projects during 2000-2004 was expended on the priorities stated in

that 5-Year Plan. Fifty-nine applications or 5 percent of the total applications received were for housing rehabilitation activities. Although single-unit residential rehabilitation is the highest housing priority, the expense of lead based paint reduction activities has reduced the number of applications the State receives in this category, prompting the creation of a “partial rehabilitation” program.

Based on the survey results, prior funding history, and the sheer volume of need in Alabama, CDBG priorities for the next 5 years will be economic development, sewer, roads, drainage, and water.

Additionally, on August 11, 2004, Governor Bob Riley signed an Executive Order creating the Black Belt Action Commission to propose and work toward substantive solutions that will improve the quality of life in Alabama’s Black Belt. The Black Belt is a band of twelve largely rural counties stretching across the south-central part of the state. It has long been characterized by high rates of poverty, illiteracy, infant mortality and economic stagnation. ADECA is proposing the creation of the Black Belt Region Fund in its 2005 Action Plan. This fund will make available up to $1.5 million in additional funds from recaptured and other funds to assist applicants who were unsuccessful in the rating process.

Obstacles to Meeting Underserved Needs CDBG

With regards to obstacles in meeting underserved needs, the state views lack of funding as the chief obstacle to meeting those needs. The state is undertaking efforts to utilize all programs to address the needs of underserved groups. This will include geographically isolated and impoverished counties, particularly those in the southern and southwestern parts of the state. It will also include client groups who may be underserved, such as abused spouses or working parents who need day care or transportation to help them make the transition from welfare to work.

Basis for Assigning Priority Needs HOME

a. Rental Housing for extremely low- (0-30% MFI), low- (31-50% MFI) and moderate- (51-80% MFI) income households with HOME funds.

The top priority for HOME funds over the next five years should be an increase in the number of affordable, decent rental units for extremely low-income (0-30% MFI), low-income (31-50% MFI) and moderate-income (51-80% MFI) households.

The 2000 Census shows that a substantial number of e*xtremely low-income* renters have housing problems and are classified as cost burdened. For small related households, 69 percent have housing problems and 65 percent have a greater than 30 percent cost burden. Fifty percent of this group have a greater than 50 percent cost burden. For large related households, 81 percent have housing problems and 66 percent have a greater than 30 percent cost burden. Forty-seven percent of these large households have a greater than 50 percent cost burden. For elderly households, 52 percent have housing problems. Just over half (50.2%) have a greater than 30 percent cost burden and 31 percent have a greater than 50 percent cost burden. For all other households, 67 percent have housing problems and 66 percent are cost burdened greater than 30 percent. A substantial 53 percent of this group have a greater than 50 percent cost burden.

The 2000 Census also shows that a substantial number of l*ow-income* renters have housing problems and are classified as cost burdened. For small related households, 57 percent have housing problems and 53 percent have a greater than 30 percent cost burden. Eleven percent of this group have a greater than 50 percent cost burden. For large related households, 69 percent have housing problems and 43 percent have a greater than 30 percent cost burden. Five percent of these large households have a greater than 50 percent cost burden.

For all other households, 68 percent have housing problems and 66 percent are cost burdened greater than 30 percent. A substantial 20 percent of this group have a greater than 50 percent cost burden.

For those households which are termed m*oderate-income*, they too have some dismal statistics. For small related households, 24 percent have housing problems and 18 percent have greater than 30 percent cost burden. For large related households, 46 percent have housing problems and 10 percent have a greater than 30 percent cost burden. For all other households, 28 percent have housing problems and 27 percent have a greater than 30 percent cost burden.

b. Down payment assistance for first-time homebuyers for moderate- (51 -80% MFI) income Households with ADDI funds.

The state has targeted m*oderate-income* (51-80% MFI) **renter** households in the state as likely recipients of ADDI funding. Because the new Program is designed to assist first-time homebuyers, the state has determined that ADDI beneficiaries will either be 1) renters who choose to become new homeowners or 2) persons living in households that are beginning their (independent) tenure as homeowners. The current AHFA ADDI Program guidelines provide awards of a flat $10,000 to recipients. If the state ADDI allocation is, for instance, $700,000 a year for the next five years, then approximately 70 households annually or 350 over five years should be assisted. If AHFA alters/downsizes the award amount, then a larger number of households will be helped.

c. Rental assistance for extremely low- (0-30% MFI), low- (31-50% MFI) and moderate- (51-80% MFI) income persons and families with HOPWA funds.

AIDS Alabama concluded a statewide needs assessment survey in December 2003 in which 457 HIV-positive persons (5% of the state total) were interviewed one-on-one in a lengthy, research-style questionnaire. The

instrument utilized allows comparison of similar data gathered four years ago. The results reveal an astounding amount of information about the demographics, health, housing, medical care, mental health services, substance use, case management, transportation, food, and much more of persons living with HIV disease in Alabama. Some key characteristics about housing are below:

- 37% of those living with HIV did not live in their own apartment or home at the time of interview and were doubled up with friends, in a shelter, in a drug program, or homeless;
- 38% became unstably housed after their HIV diagnosis;
- 55% had children; 38% raised their children with the average number of children being two and a half;
- 20% reported other HIV-positive persons in the household;
- 55% currently receive housing assistance;
- 49% would like further housing assistance;
- 15% of homeless persons were on a housing waiting list;
- 30% would have to move if housing increased by $50;
- 72% did not have their own place to live, would have to move if rent increased by $50, or currently needed housing assistance;
- 37% needed housing assistance of some kind in the last six months;
- 47% had moved one to three times in the last three years;
- 16% had moved four or more times in the last three years;
- 29% said that they were able to obtain their current housing because of HIV/AIDS status;
- 25% said they were homeless in the last six months;
- 16% had slept in car since HIV/AIDS diagnosis;
- 18% had slept in a shelter since HIV/AIDS diagnosis;
- 14% had slept on the streets since HIV/AIDS diagnosis;
- 39% had stayed at a friend's house since HIV/AIDS diagnosis; and

- 28% of African-American males, 21% of White males, 19% of African-American females, and 19% of White females experienced chronic homelessness as defined by HUD.

Obstacles to Meeting Underserved Needs HOME

a. The state (AHFA) will allocate an indeterminable amount of HOME funds over the next five years for the production of rental housing for these income groups. This activity is presently the chief focus of Alabama's HOME Program. While it is a virtual surety that the state's HOME Program will expand into other activities, the production of rental housing, both new construction and acquisition/rehabilitation, will continue to be the dominant activity. At an estimated $17,000,000 per year in HOME funds, along with the current structure of investors, the layers of participation, and the same leveraging of resources, the state could expect to produce approximately 2,500-3,500 rental units over the next five years.

   NOTE: AHFA uses the Low Income Housing Tax Credit Program in conjunction with HOME funds. This allows the state's HOME subsidy to stretch much further. AHFA certifies that it will not invest any more HOME funds in combination with other federal assistance than is necessary to provide affordable housing.

b. The state (AHFA) will continue to administer the ADDI Program through its' network of affordable housing lenders throughout Alabama. The program will be promoted around the state, primarily in areas that do not receive their own ADDI funds. The ADDI Action Plan provides marketing details for the Program, including outreach efforts to persons residing in public housing or living in mobile home parks.

c. Alabama has five (5) types of housing programs geared toward persons living with HIV and AIDS. Those programs are:

- A statewide rental assistance program with the purpose of keeping persons stably housed who already have permanent housing and consisting of two types of assistance, emergency short-term rent, mortgage, and utility assistance (STRMU) and tenant-based rental assistance (TBRA), designed to provide ongoing subsidy to residents who pay rent based on their incomes. Since 1994 this program has aided over four-thousand (4,000) unique Alabama individuals and families and ensured their ability to stay in housing.

- There are no HIV/AIDS dedicated emergency beds in the state; however, existing emergency shelters provide emergency housing to persons with HIV/AIDS in Birmingham, Florence, and Mobile. These shelters are: The Firehouse Shelter, Salvation Army, SafeHouse, Jimmy Hale Mission, First Light, and Pathways.

- One of only two transitional housing programs in the state dedicated to persons with HIV/AIDS is in Birmingham and is operated by AIDS Alabama. The Birmingham program is known as Next Step housing and consists of fifteen scattered-site (one, two, and three bedroom) units of housing/apartments and one communal living facility with eleven beds that provides an HIV-specific statewide chemical dependency program. Applicants are screened for eligibility, individualized care plans are written and agreed to, and persons may reside in these programs for up to two (2) years. There are forty-seven total available beds in the Next Step Program.

  The master-leasing program will consist of leased apartments/houses in the state. These will support the step-down program for graduates of the

statewide chemical dependency program and clients in other areas in the state.

- Agape House and Agape II offer permanent apartment complex living in Birmingham for persons with HIV/AIDS. There are twenty-five (25) one-bedroom units, three two-bedroom units, and two three-bedroom units in these two complexes. Magnolia Place in Mobile offers thirteen two-bedroom units and one one-bedroom unit.

  Family Places is a Birmingham-based program of five scattered-site houses with four three-bedroom units and one four-bedroom unit for families living with HIV/AIDS.

  Alabama Rural AIDS Project currently offers ten three-bedroom homes in rural areas of the state.

- JASPER House in Birmingham offers fourteen beds in a single room occupancy model for persons who are unable to live independently due to their HIV status, mental illness, and/or addiction challenges. All occupants are low-income and HIV-positive.

Basis for Assigning Priority Needs HOPWA

The housing needs of persons living with HIV disease in Alabama are determined through epidemiological data provided by the Alabama Department of Public Health, through housing profiles provided through HUD technical assistance contractors, and through various needs assessments, such as AIDS Alabama's 2003-2004 Statewide Needs Assessment, which included about 5 percent of the state's HIV-positive population. Additional resources include the annual Point in Time surveys conducted by the Continuums of Care across Alabama.

The 2004 Point in Time survey conducted by the Birmingham Continuum of Care, Metropolitan Birmingham Services for the Homeless, indicates that 12 percent of Alabama's largest homeless population self-identify as HIV-positive. AIDS Alabama's 2003-2004 Needs Assessment indicates that 38 percent of Alabama's HIV-positive population experienced unstable housing after their HIV diagnosis. The data obtained also reveals that in excess of 20 percent of the state's HIV-positive population meets HUD's definition of chronic homelessness. The priorities are listed below.

1. **Rental Assistance-** A statewide rental assistance program with the purpose of keeping persons stably housed who already have permanent housing and consisting of two types of assistance, emergency short-term rent, mortgage, and utility assistance (STRMU) and tenant-based rental assistance (TBRA), designed to provide ongoing subsidy to residents who pay rent based on their incomes. Since 1994 this program has aided over four-thousand (4000) unique Alabama individuals and families and ensured their ability to stay in housing.

2. **Emergency Shelter-** There are no HIV/AIDS dedicated emergency beds in the state; however, existing emergency shelters provide emergency housing to persons with HIV/AIDS in Birmingham, Florence, and Mobile. These shelters are: The Firehouse Shelter, Salvation Army, SafeHouse, Jimmy Hale Mission, First Light, and Pathways.

3. **Transitional-** One of only two (2) transitional housing programs in the state dedicated to persons with HIV/AIDS is in Birmingham and is operated by AIDS Alabama. The Birmingham program is known as Next Step housing and consists of fifteen (15) scattered-site (one, two, and three bedroom) units of housing/apartments and one (1) communal living facility with eleven (11) beds that provides an HIV-specific statewide chemical dependency program. Applicants are screened for eligibility, individualized care plans are written

and agreed to, and persons may reside in these programs for up to two (2) years. There are forty-seven (47) total available beds in the Next Step Program. The master leasing program will consist of leased apartments/houses in the state. These will support the step-down program for graduates of the statewide chemical dependency program and clients in other areas in the state.

4. **Permanent Housing** Agape House and Agape II offer permanent apartment complex living in Birmingham for persons with HIV/AIDS. There are twenty-five (25) one-bedroom units, three (3) two-bedroom units, and two (2) three-bedroom units in these two complexes. Magnolia Place in Mobile offers thirteen (13) two-bedroom units and one (1) one-bedroom unit. Family Places is a Birmingham-based program of five (5) scattered-site houses with four (4) three-bedroom units and one (1) four-bedroom unit for families living with HIV/AIDS. Alabama Rural AIDS Project currently offers ten (10) three-bedroom homes in rural areas of the state.

5. **Service Enriched** JASPER House in Birmingham offers fourteen (14) beds in a single room occupancy model for persons who are unable to live independently due to their HIV status, mental illness, and/or addiction challenges. All occupants are low-income and HIV-positive.

Obstacles to Meeting Underserved Needs HOPWA

Obstacles in the provision of housing and services to persons in Alabama living with HIV disease include a lack of low-income housing stock, an extremely poor and transient population, geographical challenges in gaining access to medical care and other critical services, and the stigma still associated with HIV and AIDS.

Basis for Assigning Priority Needs ESG

Priority was assigned based on the results of the point in time surveys submitted by eight Continuums of Care in Alabama. The greatest need was shown to be emergency services for individuals with transitional housing for individuals a close second. Because of the overall goal of moving the homeless to permanent housing, the goal was set for a twenty percent reduction across the board. Also because of the national goal of ending chronic homelessness, emphasis is placed on developing a state plan and coordinating other efforts. The priorities are as follows:

- First, to provide funds for rehabilitation, renovation or conversion of emergency shelters so that they are clean, safe and sanitary for homeless individuals/families to live in. This effort will provide temporary housing for the homeless and necessary social services to begin the continuum of care process. The transitional housing needs will be met as much as possible by using the available amount of ESG funds and also by contacting and maintaining a relationship with the local PHAs, Section 8 and other subsidized housing.

- Second, the continuum of care process will be furthered by assessing homeless needs, providing substance abuse treatment, short-term mental health services, employment counseling, nutritional counseling, independent living skills, HIV counseling, etc. The ESG grant will provide funds for some of these activities. Each service provider will need to keep in contact with other resources such as DHR, church and civic groups in order to coordinate and analyze the needs of the homeless.

- The third component of the continuum is to provide homeless individuals and families with an opportunity for permanent housing or permanent supportive housing arrangements. Nonprofits may access CDBG funds to address

needs of homeless persons. The HOME Program will also be available to provide multifamily rental housing. The independent living skills of homeless persons will be assessed in counseling in an effort to help them transition into permanent housing. The state recognizes the importance of linking homeless persons with job training efforts which help them learn pertinent job skills. The state will also work to make economic development agencies and industrial recruiters aware of the skills of available homeless persons. Additionally, efforts will be made to educate homeless individuals/families on the financial aspects of budgeting and maintaining employment.

- Fourth, the state's ESG Program will make funds available to defray rent and utility costs for families that have received eviction notices or utility termination notices in efforts to prevent homelessness.

All of these components can be successful through coordination. The goal of the strategy is to reduce homelessness 20 percent during the next five years, but it is recognized that larger social and economic factors could very likely override these efforts. In any event, the state will make its best effort to address homeless needs as effectively as possible.

Obstacles to Meeting Underserved Needs ESG

The largest obstacle by far is the vast gap that exists between available resources and the critical needs that are present in much of the state. This is well documented in Table 1A.

A second important obstacle is the lack of definitive data on the nature and extent of homeless problems in some areas of the state. The state will take all feasible measures in the next year to help define problems in such areas, and to aid those who want to apply for various types of assistance from those areas. A

point in time survey for ARCH is scheduled in the near future and should provide data to fill many gaps in rural data.

A third obstacle, is the effect of growing problems that plague society in general such as drugs, divorce, alcoholism, spousal abuse, etc. Each of these problems exacerbates the plight of the homeless and undoubtedly swells the ranks of that population as well.

A fourth, and very important obstacle to addressing homelessness, is the lack of affordable housing in society at large. The need for more government assisted housing and for a private sector market that better serves the less affluent is greatly needed.

Lead-based Paint (91.315(g))

1. Estimate the number of housing units that contain lead-based paint hazards, as defined in section 1004 of the Residential Lead-Based Paint Hazard Reduction Act of 1992, and are occupied by extremely low-income, low-income, and moderate-income families.

2. Outline actions proposed or being taken to evaluate and reduce lead-based paint hazards and describe how lead based paint hazards will be integrated into housing policies and programs.

3-5 Year Strategic Plan Lead-based Paint response:

It is estimated by HUD that as many as 90.0 percent (± 10.0 percent) of the housing units built prior to 1940 may present a lead-based paint hazard, 80.0 percent (± 10.0 percent) of those built between 1940-59, and 62 percent (± 10.0 percent) of those constructed from 1960-79. The Consumer Product Safety Commission imposed a ban on lead paint in 1978. As a result of that ban, paint sold in the U.S. since 1979 has been virtually lead free.

Therefore, in order to determine the extent of the housing stock posing a lead-based paint hazard, Census data from the year 2000 regarding the age of the

housing stock has been used. The following table shows the number of occupied units by age of the house and tenure.

Year Built	Total Occupied Units	Owner Occupied Units	Renter Occupied Units
Prior to 1939	121,997	84,224	37,773
1940 – 1959	297,318	205,340	91,978
1960 - 1979	613,347	431,748	181,599
Total Units	1,737,080	1,258,686	478,394

The following estimates for occupied houses posing a lead-paint hazard were derived by applying the HUD percentages above to Alabama's occupied housing stock numbers.

Year Built	Total Occupied Units	Owner Occupied Units	Renter Occupied Units
Prior to 1939 (total x 90%)	109,798	75,802	33,996
1940 – 1959 (total x 80%)	237,854	164,272	73,582
1960 – 1979 (Total x 62%)	380,275	267,684	112,591
Total Units	727,927	507,758	220,169

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Based on the estimates above, approximately 727,927 or approximately 41 percent of the occupied housing units in Alabama pose a lead-based paint hazard. Approximately 40 percent of owner occupied units and 46 percent of renter occupied units pose a lead-based paint hazard. Except for Dallas County, the counties with the greatest concentration of housing built prior to 1960 do not correspond to the counties with the greatest number of people living below poverty or with the lowest median family income.

Currently, Alabama's CDBG program is the program most likely to be used for a project involving lead-based paint hazards. The state encourages all persons engaged in CDBG funded housing rehabilitation projects to presume lead is present if the house was constructed prior to 1979, therefore, no risk assessment

or prior testing is required. The CDBG program has issued recommendations, rather than requirements in order to maintain program flexibility. The Alabama CDBG program lead-based paint hazard recommendations are summarized below.

1. Prepare local housing rehabilitation policies and implement lead abatement requirements for units for which rehabilitation costs exceed $25,000.

2. Unless otherwise specified in an approved application, the local housing rehabilitation policies should specify that the standard treatment option per 24 CFR Part 35 et. al., will be used.

3. Have the housing rehabilitation inspector and a representative for all potential contractors take the University of Alabama course entitled “Lead Safe Work Practices for Renovators and Remodelers.” If the housing rehabilitation inspector will serve as a Lead Sampling Technician, then the inspector should take the University of Alabama course (or an equivalent course which has been approved by DHUD) entitled “Lead Sampling Technician Course”.

4. Determine if de minims levels are involved. If so, then safe work practices are not required and clearance testing is not required.

5. Provide the proper notices to occupants.

6. Determine what work (involving standard treatments and basic rehabilitation that will not impact painted surfaces) will need to be done and identify a plan to work room-by-room with the occupants. Outside construction work will need to be performed prior to any soil treatments. Treatment of any potentially contaminated soils will need to be done with either impermanent surface coverings or land use controls.

7. Avoid relocation of occupants, if at all possible, because of budgetary constraints. Sealing the work area and use of a 10' containment area will likely be sufficient as long as access to the bath, kitchen and adequate sleeping areas are provided after work is complete on a daily basis. Note that the project will have to be completed within five days.

8. Perform clearance examination per procedures and use appropriate procurement practices to identify a qualified Accredited Inspector or Risk Assessor as per accreditation provided by Safe State. It should be noted that Safe State maintains a list of qualified firms that can provide these services.

9. Other than the above, typical procedures and housing standards, per the adopted rehabilitation policies should be followed. Many of the standard treatments prescribed by 24 CFR Part 35 are already being used because they are necessary to correct code violations and to create safe and sanitary living spaces.

The overall goal of the recommendations listed above is to reduce lead-based paint hazards in CDBG funded housing rehabilitation projects over the next five years. The strategy has been broken into four parts below:

1. Coordinate state and local jurisdictions with public and private efforts to address and rectify the problem of reducing lead-based paint hazards and protecting young children from lead poisoning.

2. Integrate lead hazard evaluation and reduction activities into existing housing programs.

3. Develop technical capacity to ensure that the technical aspects of assessment and lead hazard reduction are managed properly.

4. Increase knowledge of lead safe practices among parents, property owners, and renovators of CDBG rehabilitated homes.

HOUSING

Housing Needs (91.305)

*Please also refer to the Housing Needs Table in the Needs.xls workbook

1. Describe the estimated housing needs projected for the next five year period for the following categories of persons: extremely low-income, low-income, moderate-income, and middle-income families, renters and owners, elderly persons, persons with disabilities, including persons with HIV/AIDS and their families, single persons, large families, public housing residents, families on the public housing and section 8 tenant-based waiting list, and discuss specific housing problems, including: cost-burden, severe cost-burden, substandard housing, and overcrowding (especially large families).

2. To the extent that any racial or ethnic group has a disproportionately greater need for any income category in comparison to the needs of that category as a whole, the jurisdiction must complete as assessment of that specific need. For this purpose, disproportionately greater needs exists when the percentage of persons in a category of need who are members of a particular racial or ethnic group is at least ten percentage points higher that the percentage of persons in the category as a whole.

3-5 Year Strategic Plan Housing Needs response:

As indicated in previous sections of this report, income levels are generally quite low in Alabama. HUD data, for example, indicate that nearly half (or 42.9%) of all households in the state were low- or moderate-income in 2000 (or below 80.0 percent of the median family income). Furthermore, 698,097 persons were below the poverty level in 1999, a number which totaled 15.7 percent of all persons in the state. Of the major categories within the population, blacks and other minorities are much more likely to be classified as either "low-income" or "below poverty level" than whites. In fact, there were some 20,000 more blacks who were living in poverty in 1999 than whites.

The discussion will now focus directly on the housing characteristics and needs associated with the low- and moderate-income sectors of the population. The

low-income grouping will be further subdivided into "extremely low-income" and "low-income," with additional elaboration of the data according to tenure, size of household, and age (specifically, the elderly).

Extremely Low-Income and Low-Income Households

Renter-Occupied Households

The lowest income households (i.e., those wherein the household income does not exceed 50.0 percent of the median family income) that were occupied by renters numbered 220,458 in 2000. They comprised almost half (46.1%) of all renter-occupied households in that year, as well as 48.2 percent of all lower income housing units. Many of these households were occupied by small families with two to four members (37.1%). Almost a fourth (22.8%) contained one or two members of which at least one of the persons was aged 65 and older, while 7.5 percent consisted of large families (five persons or more). Most of the remaining households (32.6%) were occupied by “all others”, often persons who were living alone.

These lowest income households can be further divided into extremely low-income (those at or below 30.0% of the median family income) and low-income (those ranging from 31.0% to 50.0% of the median). This division reveals that most of these households (136,794 or 62%) are extremely low-income. Approximately 49,120 small families were in this income segment in 2000 (60% of all greater than 50% MFI small families), along with 30,149 households with one or two elderly members (60.8% of all greater than 50% MFI households with elderly persons), and 9,675 households with large families (58.4% of all greater than 50% MFI large families). “All other” extremely low-income households numbered 47,500 and accounted for 66.1% of greater than 50 percent MFI "all others" households.

When the housing "cost burden" (i.e., gross rent and utility costs as a percentage of gross income) is analyzed for extremely low-income rental households, the data reveals that--in a very high percentage of cases, 30 percent or more of the household income is allocated for housing costs. For "all other" households, the proportion was 65.5 percent (or 31,113 households) in 2000, followed by small families (64.9%; 31,879), large families (66.3%; 6,415), and households with one or two elderly persons (50.2%; 15,310). For all extremely low-income rental households combined with incomes below 30 percent of the median, 62 percent (or 84,812) allocated 30.0 percent or more of the household income to housing costs.

A large proportion of extremely low-income rental households are also characterized by a cost burden in excess of 50.0 percent (referred to by HUD as a "severe cost burden"). Approximately 53.4 percent of "all other" households (or 25,365) were in this category at the time of the last census, followed by small families (49.7%; 24,413), large families (47.3%; 4,576), and households with one or two elderly persons (30.7%; 9,363). Altogether, 46.6 percent (or 63,746) of extremely low-income rental households were characterized by a cost burden in excess of 50.0 percent.

For low-income households (31% to 50% MFI), a large percentage in each size and tenure category, along with the elderly, are marked by a cost burden in excess of 30.0 percent. The proportions in 2000 ranged from 37.9 percent for elderly households to 66.4 percent for "all other" households. For all low-income rental households, the percentage was 52.5 percent (or 43,924) with a cost burden of 30 percent or more.

Low-income households with a cost burden of greater than 50 percent were, owing to their slightly higher incomes, less numerous. Thirteen and one half percent (11,295) of households were in this category in 2000. Approximately 19.6 percent (4,478) of "all other" households at this income level had a cost

burden greater than 50.0 percent, followed by households with one or two elderly members (12.6%; 2,478), small families (11.1%; 3,633), and large families (5.3%; 365).

Not only is the cost burden great for all rental households at the extremely low-income or low-income levels, but the numbers beset by various types of housing problems are, predictably, quite high. Houses with "housing problems" are, according to HUD those that are characterized by one or more of the following: (1) physical defects; (2) over-crowding; and/or (3) a cost burden of 30.0 percent or more.

For extremely low-income rental households, 65.2 percent (89,190) were identified as having housing problems in 2000. The percentage was highest for households occupied by large families (81.2%; 7,856), followed by small families (68.8%; 33,795), "all other" households (6%; 31,825) and elderly households (51.7%; 15,768). Similar proportions were observed for low-income rental households, with 56.8 percent (47,521) of all households in this category with housing problems.

Most of the two lowest income rental households are located in a relatively small number of the state's most populous urban and metropolitan concentrations. The total for the ten counties with the largest number of these rental households in 2000 was over half of all extremely low-income and low-income households in the state. Over 15 percent of all extremely low-income and low-income Alabama households live in Jefferson County alone.

The highest proportions of lower income renters, however, are typically observed in the more rural sectors of the state. For extremely low-income households, the greatest concentration is in the rural southern counties, especially the Black Belt. As indicated earlier, it is also these same counties wherein Alabama's black population is most highly concentrated. Low-income rental households (31% to

50% percent MFI) follow basically the same pattern, except some of the rural counties in the northern sector of the state join those in the south in displaying the highest proportions.

Extremely low-income and low-income rental households with housing problems, housing cost burdens of greater than 30.0 percent, and/or cost burdens above 50.0 percent, are also observed in largest numbers in the most highly urbanized and metropolitan counties in the state. The number in these six counties alone was about two-thirds of the total for the state. Again, the highest proportions, however, were generally observed in the state's southern, rural counties.

Throughout this report, it has been indicated that the highest proportions relative to various negative socioeconomic and housing indicators are generally associated with the rural counties in south Alabama. This same generalization usually holds true in regard to extremely low-income and low-income households that are occupied by renters. There is perhaps an increased tendency, however, for more highly urbanized counties to be among those with the highest proportions of both extremely low-income and low-income households with high cost burdens.

Summary--Low-income Rental Households

There are a great many rental households in Alabama that are characterized by highly negative housing conditions. About half of all renter-occupied households in the state (220,458) can be classified as extremely low-income or low-income (or below 50.0% of the median), of which the largest number (or 81,850) is occupied by small families. In the extremely low-income grouping, there are 136,794 households (or 62% of all greater than 50% MFI households), with small families again registering the largest number (49,120). About two-thirds (or 84,812) of these lowest income households have a housing cost burden of 30.0 percent or more (with small related, large related, and “all other” households with

about the same percentage), while nearly half (63,746) have a housing cost burden in excess of 50.0 percent (again, the three non-elderly household types predominate). For the 83,664 low-income households (31% to 50% MFI), 52.5 percent (or 43,924) have cost burdens greater than 30.0 percent, while 13.5 percent (11,295) exhibit cost burdens above 50.0 percent. For all households within both categories, 136,711 were beset with housing problems (89,190 extremely low-income households and 47,521 low-income households).

Whether it be housing problems or varying levels of housing cost burden, the majority of the two lower income renter households with poor housing conditions and with a low affordability ratio are found in a few of the state's most populous urban centers. The highest proportions, in contrast are also generally found in these rural, southern counties of the state.

Owner-Occupied Households

Extremely low-income and low-income households that were occupied by owners numbered 236,482 in 2000. This group totaled 51.8 percent of all lower income households, with the remainder occupied by renters. A large percentage of these households (46.3%; 109,374) contained one or more persons aged 65 and older.

Extremely low-income and low-income households occupied by owners in 2000 comprised approximately one-fifth (18.8%) of all owner-occupied households in the state. Households with extremely low-income or low-income elderly owners, however, totaled 32.3 percent of all elderly-owned households, while households containing extremely low-income and low-income persons under 65 years of age accounted for only 13.8 percent of all non-elderly owned households. Households with elderly owners, therefore, are much more apt to be classified as extremely low-income or low-income than those occupied by owners under 65 years of age.

Households containing owners are about equally divided between those who are extremely low-income and those who are low-income (i.e. 116,855 versus 119,627). Basically, the same pattern holds for both elderly homeowners and those of younger age.

For extremely low-income owner-occupied households in 2000, the percentage allocating 30.0 percent or more of the household income to housing costs was 64.3 percent (or 75,138). The corresponding percentages for households with elderly owners and those with owners under age 65 were 61.7 percent (32,497) and 66.4 percent (42,642), respectively. 45.6 percent (41,968) of these households have a housing cost burden of 50.0 percent or more. Households with owners under age 65, however, are somewhat more prone toward a severe cost burden than elderly homeowners. Over half (53.1%; 34,070) of the households with younger owners had a cost burden of 50.0 percent or more, but only 36.6 percent (19,277) of the households with elderly owners.

When the housing cost burden is analyzed for low-income housing units owned by persons with incomes ranging from 31.0 percent or 50.0 percent of the median, the data indicate that 44.4 percent (53,114) have a cost burden exceeding 30.0 percent. An additional 21.9 percent (26,198) are characterized by a housing cost burden in excess of 50.0 percent. Again, it is households with younger owners that endure the most severe burden at this income level. Thus, 55.8 percent (35,107) of these households exhibit a cost burden exceeding 30.0 percent, as opposed to 31.8 percent (18,032) for households containing elderly persons. While 28.3 percent (17,823) of the younger owners have a cost burden greater than 50.0 percent, the corresponding percentage for households with elderly persons, is only 14.8 percent (or 8392).

Predictably, it is the lowest income households that are saddled by the highest proportion of housing problems. 66.3 percent (77,475) of the households below 30.0 percent of the median income level were classified thusly in 2000. The

proportion was moderately higher among households with younger owners (69.5%; 44,581) than those with owners aged 65 and older (62.5%; 32,919). Although housing problems were observed with less frequency among households with owners in the 31.0 to 50.0 percent median income range, they were still substantial. Approximately 46.9 percent of all households occupied by owners in this income category, for example, had housing problems (56,105), while the percentage of households with younger owners (at 58.6%; 37,632) was much higher than those with elderly owners (14.8%; 8,392).

Proportionately, there is little variation relative to housing problems and cost burdens between owner and renter occupied households wherein incomes are below 30.0 percent of median. In the 31.0 percent to 50.0 percent of median family income bracket, however, households occupied by owners typically fare slightly worse than those with renters. NOTE: A noticeable shift has occurred since the 1990 Census when renter households definitely had more housing problems than owner households. Considering raw numbers, however, more renters reside in high cost problem-plagued housing than owners (except at the most severe level of cost burden).

Extremely low-income and low-income households that are occupied by owners are most numerous in the state's metropolitan counties. Indeed, approximately one-fifth of all such households in Alabama were located in just two of these metropolitan counties--Jefferson and Mobile. When these households are divided into different income strata (i.e., below 30.0% of the median and from 31.0% to 50.0% of the median), the largest frequencies are still found in the same metropolitan counties.

The highest proportions, however, are found in the rural portions of the state--especially the southern counties and principally, the Black Belt. The 11 counties with the largest percentages of owner-occupied households at below 30.0 percent of the median, for example, are all located in south Alabama (and most

are Black Belt counties). This is basically the same pattern that was observed for extremely low-income rental households.

Whether it is housing problems or varying degrees of cost burden, owner-occupied households that are extremely low-income or low-income are most numerous in the state's urban and metropolitan centers. This pattern holds true whether households with incomes below 30.0 percent of the median are examined or those at 31.0 percent to 50.0 percent of the median.

Following the same general pattern that has been noted throughout the report, the highest proportions of owner-occupied, extremely low-income and low-income households that have housing problems and high cost burdens are observed--almost without exception--in the southern rural counties of the state.

Summary--Low-Income Owner Households

Extremely low-income and low-income, owner-occupied households in Alabama numbered 236,482 in 2000. This total represented about one-fifth (18.8%) of all owner-occupied households in the state in that year. A large percentage of these households (46.3%, 109,374) contained one or more elderly persons. Some 116,855 of total households in this category (i.e., approximately one-half) were below 30.0 percent of the median income level. Of these, 54.2 percent (or 128,252) exhibited a housing cost burden in excess of 30.0 percent of the median household income (distributed about equally between elderly and younger homeowners), while about one-third (79,484) had a cost burden greater than 50.0 percent of the median (the majority of whom were younger owners). For owner-occupied households with incomes ranging from 31.0 percent to 50.0 percent of the median, the number was 119,627 (or 50.6% of all lower income, owner-occupied households). 53,114 of these households (or 44.4% of all households in this category) had a cost burden of 30.0 percent or more. The corresponding percentage at the 50.0 percent or more cost-burden level was

21.9 percent (26,198 households). Housing problems occur with great frequency for owner-occupied households with incomes below 30.0 percent of the median (66.3% of all households at this level, or 77,475, had housing problems in 2000). For households with incomes at 31.0 percent to 50.0 percent of the median, the proportion dropped to 46.9 percent (56,105 households), but it was still substantial. There were more younger owners, furthermore, burdened with high housing costs than elderly owners.

Like extremely low-income and low-income rental households, owner-occupied households at these levels are most frequently observed in the state's urban and metropolitan centers. The highest proportions, however, are associated with households in the rural, south Alabama counties. This same pattern also emerges when households with housing problems and high levels of cost burden are analyzed.

Moderate-Income Households

Renter-Occupied Households

The income rate for households occupied by moderate-Income is from 51.0 percent to 80.0 percent of the median family income. About 30 percent (or 94,653) of all lower income (0% to 80% MFI) rental households are in this category, but this group totals only about one-fifth (19.8%) of all rental households (extremely low-income households, at 43.4% is the largest grouping in the lower income group, but second to the greater than 80% MFI group in all rental households). Housing conditions, while far from where they need to be, are considerably better than those that exist among households with lower (0% to 50% MFI) income renters. Less than one-third (27.5%) of the households at this income level are characterized by housing problems, compared to 65.2 percent of extremely low-income renters and 56.8 percent of low-income renters. Approximately 21 percent (19,877) of moderate-income households were above the 30.0 percent cost burden level in 2000, while only 2.4 percent (2,272) were

above the 50.0 percent cost burden threshold. Both of these proportions are substantially lower than those that were observed for the lower income categories.

Approximately 43.3 percent (40,939) of the moderate-income group consists of small families. Another 33.6 percent (31,780) is comprised of "all other" households, followed by households with one or two elderly members (13.9%; 13,189), and households with large families (9.2%; 8,745). Households occupied by large families exhibit the highest proportion with housing problems (45.6%; 3,988), while "all other" households display the highest proportion with a housing cost burden of 30.0 percent or more of the median income (26.5%; 8,422). For those with a cost burden of 50.0 percent or more, the elderly registered the highest proportion. At just 5.9 percent, however, both the proportion and the number of households (i.e. 778) was very small.

The actual number with housing problems at this income level, however, is greatest for households with small families (9,703). For households with a cost burden of 30.0 percent or more, there were more "all other" households (at 9,026), followed by small families (7,369). For households with a severe cost burden, the largest number (731) was registered in the "all other" group.

Owner-Occupied Households

Households with moderate-income owners numbered 193,212 in 2000, or 15.4 percent of all owner-occupied households. This group, however, comprised by far the largest proportion (at 67.1%) of the moderate-income total households category (which totaled 287,865). Overall, 32.1 percent (or 62,021) of the households occupied by owners at this income level were characterized by problems. 29.2 percent (56,418) had a housing cost burden of 30.0 percent or more, and 7.8 percent (15,071) had a cost burden greater than 50.0 percent. While still very high (and much higher proportionately than in 1990), all of these

percentages are significantly less than the corresponding proportions observed for the lower income groups.

Households with owners under the age of 65, at 65.1 percent (125,818), comprised by far the largest proportion of households in this income category in 2000 (the remainder encompasses those aged 65 and older). Households occupied by younger homeowners were also more likely to have housing problems than those that house the elderly (39.7% versus 18.1%), to have a cost burden in excess of 30.0 percent (35.4% as opposed to 17.4%), and to have a cost burden greater than 50.0 percent (8.8% versus 5.9%).

Likewise, the actual numbers are greater for households occupied by younger owners than elderly owners for all three of the housing indicators: housing problems—49,897 versus 12,198; cost burden of 30.0 percent or greater—44,539 as opposed to 11,727; and cost burden of 50.0 percent or more—11.069 in contrast to 3,976.

While both renter and owner-occupied households in the moderate-income category are better off than those in the lower income groups, there are many households at this level that are still in need of housing assistance. Like the extremely low-income and the low-income, they are found in largest numbers in the more populous areas of the state. As a whole, renters are about as well off as owners when proportional variations are analyzed, but the numbers are much greater for owners relative to households with housing problems and elevated cost burdens.

Summary -- Needs Assessment of Households of Limited Means

Households classified as extremely low-income or low-income in Alabama (i.e. below 50.0% of the median family income) numbered 456,940 in 2000. Just over one-half (51.8%) were occupied by owners. The largest number of rental

households contained small families, while the elderly tended to dominate in the housing units that were owner-occupied.

Of the lower income households, a majority (253,649 or 55.5%) is below 30.0 percent of the median income level. In contrast to the lower income groups generally, it is rental households (at 53.9% of the total) that predominate in this category. The data reveal, furthermore, that almost two-thirds of all households in this grouping (159,799, or 63.0%) have a cost burden in excess of 30.0 percent of the median income level.

Those with the most severe housing needs in Alabama are, indisputably, those who are below 30.0 percent of the median income level, yet have a housing cost burden of 50.0 percent or more of income. This number totaled 116,932 households in 2000, of which about 58 percent were occupied by renters. Most of the rental households contained small families and persons living alone. Numerically, the households with the most severe needs are found in the major metropolitan areas of the state, but they are proportionately higher in the economically depressed counties in the southern sector of the state--a theme that has been repeated throughout this report.

Households at the two lowest income levels are overwhelmingly characterized by housing problems (i.e. physical defects, overcrowding, and/or a cost burden of 30.0% or more). Altogether, 270,325 households were classified in this category in 2000--three-fifths (59.2%) of all extremely low-income and low-income households in the state.

Housing conditions improve as one moves along the income continuum to moderate-income (51% to 80% MFI). Still, a significant number of households in this income category are characterized by elevated cost burdens. 76,284 of these households, for example, exhibited a housing cost burden of 30.0 percent

or more of household income in 2000. Fortunately, only a relatively small number reported a housing cost burden of 50.0 percent or more.

Considering the limited monetary resources that are available vis-à-vis the magnitude of the need, Alabama will be hard pressed to provide improved housing to households beyond those at the most severe level of need (i.e. below 30.0% of the median income with a housing cost burden of 50.0% or more). Indeed, with 117,032 households in the "most severe need category" in 2000, only a limited number of these households are likely to experience meaningful improvement in housing conditions within the foreseeable future. For a low-income state such as Alabama, the pervasiveness of the need is almost overwhelming.

Home Ownership for First Time Buyers

To our knowledge, there is no information available from research studies or surveys concerning the characteristics of first time home buyers in Alabama. Neither is it possible to extract data concerning this subject from the 2000 census. Our analysis of this topic, therefore, will be somewhat fragmentary and our conclusions will be tentative.

As a general rule, it is the younger segment of the population that comprises the category of "first time homebuyers." It has already been indicated that the rate of home ownership among the elderly in Alabama is very high, while studies conducted at the national level reveal that homeownership affordability generally rises as the age of the householder increases. The interconnection between age and income explains much of this pattern. Older persons have had the opportunity to accumulate more resources than younger people. Others will have experienced significant advancement in their careers, while most will receive incremental adjustments in their rate of remuneration based on length of

employment. As their monetary resources grow, they are in a better position to either purchase a home for the first time or to move into a larger dwelling.

As indicated previously, the value of housing in Alabama in terms of the dollar amount increased somewhat more during the 1990s than did the median family income. Likewise, housing prices at the national level have generally increased more than has income. This pattern has made it difficult for many younger persons, a large percentage of whom have limited incomes, to seriously consider the purchase of a home. Their incomes are either not sufficient to qualify for the size of the mortgage that would be required or they do not have enough reserve funds to make a down payment.

As a consequence, younger persons have developed a number of alternative strategies for coping with the economic realities of becoming a first time homeowner. Some (perhaps most) will simply live in rental housing for a longer period of time. Others will continue to reside in the parental home until they are in a better position to move to a residence of their own. Still others will postpone marriage and family formation until a somewhat later date. (Both of the latter trends have been well documented in recent years.)

The probability of becoming a first time homeowner in Alabama is more limited for some segments of the population than others (i.e., persons who head single-parent families, black families, young persons with limited levels of schooling, large families, etc.). As indicated in other sections of this report, it is these groups wherein one observes the highest proportion of members with limited incomes and/or incomes below the poverty level. There is undoubtedly a significant number of aspiring homeowners across the state who are unable to achieve their goal of homeownership because of financial considerations. Just how many there actually are, however, remains unknown at this point in time.

Single-Family Rehabilitation

Single-family rehabilitation is a need that crosses all segments of the low- and moderate-income population. It is particularly important for low- and moderate-income home owners, but applies to renters. When a homeowner or renter is already living at a cost burden or severe cost burden, there is little disposable income for upkeep and maintenance for houses. Due to the age of many of the houses occupied by low- and moderate-income residents, the maintenance and upkeep expenses are great. The age of these houses poses another threat, that is lead-based paint hazards. New lead-based paint regulations have increased the cost of using federal dollars o rehabilitate homes with lead-based paint hazards.

For the next five years (2005-2009), the following housing needs are projected:

Extremely low-income renters – For these persons at 0 percent to 30 percent MFI, the housing needs are the greatest. The state will utilize a major part of HOME funding to meet the needs of this group by developing an additional number of decent and affordable new rental units. The state recognizes that lead-based paint hazards are a problem for this population that must be addressed.

Extremely low-income owners – The Census figures show that, while a majority of Alabamians may be homeowners, the tenure does not always prove to be an economic advantage to the resident. The state has many 0 percent to 30 percent MFI owners with a myriad of needs, few of which can effectively be met with available funding. Obviously, a number of these households need home repair (rehabilitation), modifications, weatherization and the like. The CDBG housing rehabilitation will be used to reach some of these residents. The majority of these owners, however, probably would list lack of income as their

primary need. The state recognizes that this growing segment of the population needs to be counted when scarce funding allocations are planned. The state recognizes that lead-based paint hazards are a problem for this population that must be addressed.

Low-income renters – For these renters with incomes at 31 percent to 50 percent MFI, the needs are very similar to the 0 percent to 30 percent MFI group. Any household at less than half of the state median family income has severe financial obstacles to face. Again, the state will target HOME funds towards these households. The state recognizes that lead-based paint hazards are a problem for this population that must be addressed.

Low-income owners – See 0 percent to 30 percent MFI owners.

Moderate-income renters – For renters with 51 percent to 80 percent MFI, the data indicates a much brighter picture than the two lower income groups. These renters, however, are often also beset with housing problems and cost burden issues. Housing choice may also be critical for households who may be able to move. The state will target this group for homeownership education and for ADDI downpayment assistance funding if available. The state recognizes that lead-based paint hazards are a problem for this population that must be addressed.

Moderate-income owners – Unfortunately, large numbers of these households in the three non-elderly categories have housing problems or are greater than 30 percent cost burdened. The state does not anticipate having a sufficient amount of funding available to meet many of this group's needs except through CDBG housing rehabilitation. The state recognizes that lead-based paint hazards are a problem for this population that must be addressed.

Middle-income households – Interestingly, the data readily available for this project did not include a distinction between those Alabamians making “over 80 percent MFI” and those making “81 percent to 95 percent MFI” or middle-income. The state has chosen to not provide detailed analyses for this income group because, given the pervasiveness of poverty and the sheer numbers of poor households in Alabama, it is felt that this group is not the most deserving of the scarce funds that are available for affordable housing.

Persons with Disabilities – It is important that the state continues to consider persons with disabilities when making funding decisions. State HOME funds will be used to provide an ongoing, though limited, stream of new, affordable supportive rental units. CDBG funds can be used to make existing structures accessible.

Single Persons – This group is most readily identified on the HUD-supplied data sets as “All Other” households. One of the most noticeable differences in the state’s population since the 1990 Census has been the rapid growth of householders living alone. This group actually exceeds some of the other categories (small families, large families, and elderly) in some areas of need. In fact, the state must prioritize single persons about as much as families simply because of the sheer numbers of cost-burdened singles or those with housing problems. The HOME Program, including ADDI, will reach out to this group.

Small Families – Small Related households with two to four members has long been the mainstay of any data set of Alabamians. It is, in fact, the largest category of 0 percent to 50 percent MFI renters and the second largest category of 0 percent to 50 percent MFI owners (elderly owners outnumber small families by almost 40,000 households). The state will undoubtedly target small families for available funding over the next five years. New HOME rental units with one or two bedrooms will be developed across the State

Large Families – Large Related households with five or more members are certainly less numerous than any of the other three categories of renters and owners. They are not, however, without unique challenges including the most common obstacle – overcrowding. Homes for sale with more than three bedrooms are rarely affordable and apartments with three or more bedrooms are quite scarce. The State will encourage multiple bedroom HOME rental units if the local market studies confirm the need.

Public Housing residents – Not Applicable. The state does not operate public housing.

Families on the Public Housing and Section 8 Tenant-Based Waiting List – Not Applicable. The state does not operate public housing nor administer the Section 8 Program.

Cost-Burdened – Alabama renter households who pay more than 30 percent of their income for housing are definitely targets for affordable HOME rental units. For cost burdened owners, the need is acknowledged and the state will attempt to find a way to meet a portion of those needs.

Severely Cost-Burdened -- Alabama renter households who pay more than 50 percent of their income for housing are also targets for affordable HOME rental units. Again, it is difficult to project how available funding can benefit severely cost-burdened owners.

Substandard Housing – Some low-income renters who live in substandard apartments may have the opportunity to move into new, affordable HOME units over the next five years. If the state can provide some funding for owner rehabilitation, it could affect a limited number of these households.

Overcrowding – See Large Families.

Priority Housing Needs (91.315 (b))

1. Identify the priority housing needs in accordance with the categories specified in the Housing Needs Table (formerly Table 2A). These categories correspond with special tabulations of U.S. census data provided by HUD for the preparation of the Consolidated Plan.

2. Provide an analysis of how the characteristics of the housing market and the severity of housing problems and needs of each category of residents provided the basis for determining the relative priority of each priority housing need category.

Note: Family and income types may be grouped in the case of closely related categories of residents where the analysis would apply to more than one family or income type.

3. Describe the basis for assigning the priority given each category of priority needs.

4. Identify any obstacles to meeting underserved needs.

3-5 Year Strategic Plan Priority Housing Needs response:

Alabama has a huge job to address even a portion of the needs with approximately $50 Million in HUD CPD funds each year (or approximately $250 Million over the next five years). The Consolidated Plan program administrators are planning to implement realistic solutions over the next five years. Since the demand for these federal dollars far exceeds the supply, the most meaningful strategy is to stretch the funding as far as it can go and maximize the effectiveness of the funds by “doing what works” and adding viable new activities which meet the intent of the legislation.

<u>Renters</u>

With regard to housing, the HOME Program will prioritize affordable rental housing for extremely low-income (0% to 30% MFI), low-income (31% to 50% MFI) and some moderate-income (51% to 80% MFI) households. There are thousands of Alabamians within these income ranges who could benefit from the creation of new or rehabilitated rental units. Additionally, the HOPWA Program will prioritize affordable rental housing though the issuance of rental assistance for persons with

AIDS and their families, if applicable. CDBG will continue to prioritize home owner rehabilitation, but rental units are eligible for rehabilitation grants as well.

The following categories of renters will receive **High** priority on the **Housing Needs Table**:

1) Small Related households at 0% to 30% MFI with a cost burden of greater than 30%
2) Small Related households at 0% to 30% MFI with a cost burden of greater than 50%
3) Small Related households at 0% to 30% MFI with any housing problems
4) Small Related households at 31% to 50% MFI with a cost burden of greater than 30%
5) Small Related households at 31% to 50% MFI with any housing problems
6) Large Related households at 0% to 30% MFI with a cost burden of greater than 30%
7) Large Related households at 0% to 30% MFI with a cost burden of greater than 50%
8) Large Related households at 0% to 30% MFI with any housing problems
9) Large Related households at 31% to 50% MFI with a cost burden of greater than 30%
10) Large Related households at 31% to 50% MFI with any housing problems
11) Elderly households at 0% to 30% MFI with a cost burden of greater than 30%
12) Elderly households at 0% to 30% MFI with a cost burden of greater than 50%
13) Elderly households at 0% to 30% MFI with any housing problems
14) Elderly households at 31% to 50% MFI with a cost burden of greater than 30%
15) Elderly households at 31% to 50% MFI with any housing problems
16) All Other households at 0% to 30% MFI with a cost burden of greater than 30%
17) All Other households at 0% to 30% MFI with a cost burden of greater than 50%
18) All Other households at 0% to 30% MFI with any housing problems

19) All Other households at 31% to 50% MFI with a cost burden of greater than 30%
20) All Other households at 31% to 50% MFI with a cost burden of greater than 50%
21) All Other households at 31% to 50% MFI with any housing problems

NOTE: A **High** priority means that activities to address this need will be funded by the state during the five-year period. The groups (households) mentioned above are not only plentiful, but are also accessible and viable groups for targeting.

The following categories of renters will receive **Medium** priority on the **Housing Needs Table** with regard to HOME funding. Please note that those categories marked with an asterisk will receive a **HIGH** priority with regard to ADDI funding.

22) Small Related Households at 31% to 50% MFI with a cost burden of greater than 50%
23) Small Related Households at 51% to 80% MFI with a cost burden of greater than 30%*****
24) Small Related Households at 51% to 80% MFI with any housing problems*****
25) Large Related households at 51% to 80% MFI with any housing problems*****
26) Large Related households at greater than 80% MFI with any housing problems*****
27) Elderly households at 31% to 50% MFI with a cost burden of greater than 50%
28) Elderly households at 51% to 80% MFI with a cost burden of greater than 30%
29) Elderly households at 51% to 80% MFI with any housing problems
30) All Other households at 51% to 80% MFI with a cost burden of greater than 30%*****
31) All Other households at 51% to 80% MFI with any housing problems*****

NOTE: A **Medium** priority means that if funds are available, activities to address this need may be funded by the state during the five-year period. Also, the state will take other actions to help this group locate other sources of funds. The groups (households) mentioned above are also plentiful, but are somewhat less accessible given the existing program parameters and are less likely to reach the highest priority status.

Several other categories of renter households with varying incomes and family sizes are prioritized even lower. While they are certainly legitimate needs groups, they do not rank highly in the state's plan to maximize the respective funding sources.

The following categories of renters will receive **Low** priority on the **Housing Needs Table.** The single category below marked with a double asterisk will receive a **Medium** priority for ADDI funding.

32) Small Related households at 51% to 80% MFI with a cost burden of greater than 50%
33) Small Related households at greater than 80% MFI with a cost burden of greater than 30%
34) Small Related households at greater than 80% MFI with a cost burden of greater than 50%
35) Small Related households at greater than 80% MFI with any housing problems
36) Large Related households at 31% to 50% MFI with a cost burden of greater than 50%
37) Large Related households at 51% to 80% MFI with a cost burden of greater than 30%**
38) Large Related households at 51% to 80% MFI with a cost burden of greater than 50%

39) Large Related households at greater than 80% MFI with a cost burden of greater than 30%
40) Large Related households at greater than 80% MFI with a cost burden of greater than 50%
41) Elderly households at 51% to 80% MFI with a cost burden of greater than 50%
42) Elderly households at greater than 80% MFI with a cost burden of greater than 30%
43) Elderly households at greater than 80% MFI with a cost burden of greater than 50%
44) Elderly households at greater than 80% MFI with any housing problems
45) All Other households at 51% to 80% MFI with a cost burden of greater than 50%
46) All Other households at greater than 80% MFI with a cost burden of greater than 30%
47) All Other households at greater than 80% MFI with a cost burden of greater than 50%
48) All Other households at greater than 80% MFI with any housing problems

NOTE: A **Low** priority means that the state is unlikely to fund activities to address this need during the five-year period. The state will consider certifications of consistency for other entities' applications for Federal assistance.

Owners

With regard to housing, the HOME ADDI Program will prioritize affordable homeownership opportunities for first-time Alabama homebuyers. ADDI, or the American Dream Downpayment Initiative, will provide downpayment assistance (up to $10,000) for qualified households. Because the ADDI Program is designed for households who have not previously owned their own home, the target group for ADDI funding will be moderate-income (51% to 80% MFI) **renter** households. It

should be noted that the targeted categories will exclude extremely low-income (0% to 30% MFI) households or low-income (31% to 50% MFI) households, along with all middle-income (greater than 80 percent MFI) households. The lower income groups do not typically have the resources to become homeowners and the higher income households are not eligible for the state ADDI Program. However, CDBG may be used to target these groups (if eligible) through housing rehabilitation and/or other assistance.

NOTE: The state must make some priority distinctions for this entire section. Those moderate-Income (51% to 80% MFI) **renter** households who receive ADDI assistance will evolve into moderate-income (51% to 80% MFI) **owner** households upon buying a home. And, certain categories of renters may have a **Medium** or **Low** priority for traditional HOME funding, but may have a **High** priority for ADDI funds. The State will try to prepare both the narrative and the **Housing Needs Table** to reflect these unintended contradictions.

The state recognizes the high ownership rate across **all** household categories in Alabama. Poor owners exhibit the same housing problems and cost burden as poor renters. As previously mentioned however, the state is not prioritizing large numbers of lower income owners to be recipients of scarce HUD funding over the next five years. CDBG funds will be used to address owner rehabilitation if 1) there are applicants for this activity and 2) there are funds available for this activity. HOME funds are not presently targeted for owner rehabilitation, though the state program could be amended if necessary. The state will encourage the full utilization of all other resources (non-HUD) to address the needs of home owners and prospective home owners over the next five years. AHFA has numerous programs designed to make homeownership a reality for low- and moderate-income Alabamians, including a collaborative effort with USDA Rural Development called RAMP (Rural Alabama Mortgage Program) which targets traditionally underserved areas like the Black Belt counties. AHFA will continue to work with Alabama's more than 35 Habitat for Humanity affiliates to assist very low-income homeowners. All in all, the state will concentrate its efforts to provide quality affordable housing to the greatest number of citizens as possible.

No categories of owners will receive **High** priority on the **Housing Needs Table.**

All 12 extremely low-income (0% to 30% MFI) and all 12 low-income (31% to 50% MFI) **Owner** categories will receive a **Medium** priority for the next five years. Additionally, all eight moderate-income (51% to 80% MFI) **Owner** categories with cost burdens greater than 30 percent or with any housing problems will receive a **Medium** priority. A **Medium** priority means that if funds are available, activities to address this need may be funded by the state during the five-year period. The groups (households) mentioned above are plentiful, though less accessible given the existing program parameters. Again, CDBG funds will be used to address owner rehabilitation if 1) there are applicants for this activity and 2) there are funds available for this activity. HOME funds are not presently targeted for owner rehabilitation, though the state program could be amended if necessary.

All 12 middle-income (greater than 80% MFI) **Owner** categories and all four moderate-income (31% to 50% MFI) **Owner** categories with cost burdens of greater than 50 percent will receive a **Low** priority for the next five years. A **Low** priority means that the state is not likely to fund activities to address this need during the five-year period. The state will consider certifications of consistency for other entities' applications for Federal assistance.

Homeless

Like so many other categories of need, the state's homeless needs far outweigh the resources that are possible to access. The state is continuing to work with all

capable providers of homeless assistance as it also works to identify additional providers or potential providers. The state's ongoing assessment of needs in this area indicates the increasing significance of addressing the problems of substance abuse, mental illness, and lack of job skills among the homeless.

The state recognizes the evolving nature of the homeless problems and the efforts being made to assist them. Based on this awareness, the state will put high priorities on essential services that provide job training and counseling that can help homeless persons make their way back into the mainstream of society. The state will also put a higher priority on transitional housing which is another means of helping the homeless return to or become productive citizens. Still, the state will not abandon the priority of helping homeless persons get off the street for the night or the week when they are faced with the direst circumstances.

See Table 1A – Homeless and Special Needs Population

(b) <u>Affordable Housing</u>

As has been described in the previous sections, the State of Alabama has a seemingly unattainable challenge to meet the affordable housing needs of tens of thousands of households, primarily those with limited incomes, including some with special needs. Despite these large numbers, the state will fully utilize all available funding sources to meet the greatest number of those needs.

In preparing the description of priorities, it was necessary to explore what the needs actually were and which program funds could be used for meeting the prescribed need. Upon making those determinations, the state then faced the supply vs. demand principle which drives the provision of affordable housing - the supply of funds is far, far less than the demand. The state therefore has selected areas which have proven to be successful in the past and has made a commitment to explore new ways to utilize these federal funds in the years ahead. Each of the

four “Consolidated Plan” programs will target specific family and income types. As stewards of millions of federal dollars each year, it is vitally important for the state to “deliver” on the promises made to HUD. We will maximize every opportunity to stretch these funds as far as we can.

This section will list, in no particular order of magnitude, the affordable housing priorities for the State of Alabama from FY2005-2009. These priorities represent a thorough analysis of needs, capacity and available resources. It is very important that we have, to the greatest degree possible, attempted to formulate priorities which we believe have the greatest potential for success.

Priorities

1. Rental housing for extremely low- (0% to 30% MFI), low- (31% to 50% MFI) and moderate- (51% to 80% MFI) income households with HOME funds.

2. Down payment assistance for first-time home buyers for moderate- (51% to 80% MFI) income households with ADDI funds

3. Rental Assistance for extremely low- (0% to 30% MFI), low- (31% to 50% MFI) and moderate- (51% to 80% MFI) income persons & families with HOPWA funds

4. Housing rehabilitation with CDBG funds for extremely low-, low-, and moderate-income renters.

Priority A (HOME)

Analysis

For a number of reasons, the top priority for HOME funds over the next five years should be an increase in the number of affordable, decent rental units for extremely low-income (0% to 30% MFI), low-income (31% to 50% MFI) and moderate-income (51% to 80% MFI) households. While, of course, this will not solve all of the state's housing problems, a large number of Alabamians could benefit from an extensive program of new construction or acquisition/rehabilitation of existing units.

The 2000 Census shows that a substantial number of extremely low-income renters have housing problems and are classified as cost burdened. For small related households, 69 percent have housing problems and 65 percent have a greater than 30 percent cost burden. Approximately 50 percent of this group have a greater than 50 percent cost burden. For large related households, 81 percent have housing problems and 66 percent have a greater than 30 percent cost burden. Approximately 47 percent of these large households have a greater than 50 percent cost burden. For elderly households, 52 percent have housing problems. Just over half (50.2%) have a greater than 30 percent cost burden and 31 percent have a greater than 50 percent cost burden. For all other households, 67 percent have housing problems and 66 percent are cost burdened greater than 30 percent. A substantial 53 percent of this group have a greater than 50 percent cost burden.

The 2000 Census also shows that a substantial number of low-income renters have housing problems and are classified as cost burdened. For small related households, 57 percent have housing problems and 53 percent have a greater than 30 percent cost burden. Approximately 11 percent of this group have a greater than 50 percent cost burden. For large related households, 69 percent have housing problems and 43 percent have a greater than 30 percent cost burden. Five percent of these large households have a greater than 50 percent cost burden.

For all other households, 68 percent have housing problems and 66 percent are cost burdened greater than 30 percent. A substantial 20 percent of this group have a greater than 50 percent cost burden.

For those households which are termed moderate-income, they too have some dismal statistics. For small related households, 24 percent have housing problems and 18 percent have greater than 30 percent cost burden. For large related households, 46 percent have housing problems and 10 percent have greater than 30 percent cost burden. For all other households, 28 percent have housing problems and 27 percent have a greater than 30 percent cost burden.

Each of the low- and moderate-income groups (0% to 80% MFI) in Alabama face a severe shortage of affordable rental housing, though every locality has its own supply-and-demand factors. As of 2000, some localities may have an adequate stock of affordable rental units and great care will be taken to prevent overbuilding.

Overall, the rental conditions for Alabama's extremely low- (0% to 30% MFI), low- (31% to 50% MFI) and moderate- (51% to 80% MFI) income citizens are highly negative and very much in need of improvement. Whether beset with overcrowding or physical defects or overpriced rents, there are thousands of units which are presently inappropriate for its residents.

Strategy

The state (AHFA) will allocate an indeterminable amount of HOME funds over the next five years for the production of rental housing for these income groups. This activity is presently the chief focus of Alabama's HOME Program. While it is a virtual surety that the state's HOME Program will expand into other activities, the production of rental housing, both new construction and acquisition/rehabilitation, will continue to be the dominant activity. At an estimated $17,000,000 per year in HOME funds, along with the current structure of investors, the layers of

participation, and the same leveraging of resources, the state could expect to produce approximately 2,500 to 3,500 rental units over the next five years.

NOTE: AHFA uses the Low Income Housing Tax Credit Program in conjunction with HOME funds. This allows the state's HOME subsidy to stretch much further. AHFA certifies that it will not invest any more HOME funds in combination with other federal assistance than is necessary to provide affordable housing. CDBG funds may also be used to rehabilitate an undetermined number of owner occupied and rental units for all eligible income categories.

Priority B HOME (ADDI)

Analysis

The state has targeted moderate-income (51% to 80% MFI) **Renter** households in the state as likely recipients of ADDI funding. Because the new program is designed to assist first-time homebuyers, the state has determined that ADDI beneficiaries will either be 1) renters who choose to become new homeowners or 2) persons living in households who are beginning their (independent) tenure as homeowners. The current AHFA ADDI Program guidelines provide awards of a flat $10,000 to recipients. If the state ADDI allocation is, for instance, $500,000 a year for the next five years, then approximately 50 households annually or 250 over five years should be assisted. If AHFA alters/downsizes the award amount, then a larger number of households will be helped.

Strategy

The state (AHFA) will continue to administer the ADDI Program through its' network of affordable housing lenders throughout Alabama. The program will be promoted around the state, primarily in areas that do not receive their own ADDI funds. The

ADDI Action Plan provides marketing details for the program, including outreach efforts to persons residing in public housing or living in mobile home parks.

Priority C (HOPWA)

The housing needs of persons living with HIV disease in Alabama are determined through epidemiological data provided by the Alabama Department of Public Health, through housing profiles provided through HUD technical assistance contractors, and through various needs assessments, such as AIDS Alabama's 2003-2004 Statewide Needs Assessment, which included about five percent of the state's HIV-positive population. Additional resources include the annual Point in Time surveys conducted by the Continuums of Care across Alabama. The 2004 Point in Time survey conducted by the Birmingham Continuum of Care, Metropolitan Birmingham Services for the Homeless, indicates that 12 percent of Alabama's largest homeless population self-identify as HIV-positive. AIDS Alabama's 2003-2004 Needs Assessment indicates that 38 percent of Alabama's HIV-positive population experienced unstable housing after their HIV diagnosis. The data obtained also reveals that in excess of 20 percent of the state's HIV-positive population meets HUD's definition of chronic homelessness.

Obstacles in the provision of housing and services to persons in Alabama living with HIV disease include a lack of low-income housing stock, an extremely poor and transient population, geographical challenges in gaining access to medical care and other critical services, and the stigma still associated with HIV and AIDS.

Housing Market Analysis (91.310)

*Please also refer to the Housing Market Analysis Table in the Needs.xls workbook

1. Based on information available to the jurisdiction, describe the significant characteristics of the housing market in terms of supply, demand, condition, and the

cost of housing; the housing stock available to serve persons with disabilities; and to serve persons with HIV/AIDS and their families.

2. Describe the number and targeting (income level and type of household served) of units currently assisted by local, state, or federally funded programs, and an assessment of whether any such units are expected to be lost from the assisted housing inventory for any reason, (i.e. expiration of Section 8 contracts).

3. Indicate how the characteristics of the housing market will influence the use of funds made available for rental assistance, production of new units, rehabilitation of old units, or acquisition of existing units. Please note the goal of affordable housing is not met by beds in nursing homes.

3-5 Year Strategic Plan Housing Market Analysis responses:

The following provides a detailed analysis of the current status of housing in Alabama, with special attention devoted to the condition of housing and housing affordability. The present state of housing is also considered relative to general social and demographic trends that may impact on future demand and availability.

In addition to a broadly-based view of living conditions in Alabama, the housing needs associated with specialized groupings within the population are also examined (including minorities, single-parent families, the elderly, disabled persons, the mentally ill, AIDS/HIV victims, and the homeless). The data that are utilized in the development of the report are drawn primarily from the 2000 Census of Population and Housing, including both information obtained directly from the Bureau of the Census and special tabulations supplied by that office to the Department of Housing and Urban Development. Supplemental information was secured from various agencies of the Alabama state government and from individual providers of social services. Additionally, a publication prepared for AHFA by the Auburn University Montgomery Center for Demographic Research (Dr. Donald W. Bogie) was used extensively for this strategic document. Dr. Bogie's publication, Sweet Home Alabama, is also based on the most recent Census data and it can be viewed on the www.ahfa.com website in its entirety.

The findings indicate that a significant number of individuals in **all** parts of the state are in need of housing assistance. Those with the greatest need are, predictably, concentrated at the lowest levels of the income hierarchy, wherein the housing cost burden is also most severe. A significant number of both renters and owners are observed in this category, along with a disproportionate representation of such subgroups as blacks and the elderly. Altogether, there were nearly 117,000 households in Alabama in 2000 wherein the household income was less than 30.0 percent of the median, but the housing cost burden was 50.0 percent of the median income level or more. Over half of these households (or about 64,000) contained renters. While the latter category exhibits perhaps the greatest concentration of housing need, there are thousands of other renters and owners in the low- and moderate-income categories that are in need of improved, more affordable housing.

Although a number of indicators of housing quality and affordability are utilized in this report, all nevertheless point to the same conclusion. 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.

SWEET HOME ALABAMA Highlights

- Total housing units increased by 293,000 during the 1990s while the number of occupied units grew by 230,000. The growth rates for both (at 18 percent for all units and 15 percent for occupied units) outstripped the rate of increase for the population as a whole, as well as the rate of housing unit growth during the 1980s.

- The housing growth rate in Alabama for both total units and occupied dwellings exceeded that for the U. S. during the 1990s.

- Nearly two-thirds of all Alabama householders have moved into their current place of residence during the last ten years. Only about 11 percent have lived in the same place since 1969 or before.

- Mobile homes and dwellings in multi-unit housing structures together increased at a faster pace during the 1990s than single-unit dwellings.

- One of the fastest growing housing sectors in Alabama is mobile homes. The number of mobile homes surged by nearly 100,000 units during the 1990s, or by 42 percent.

- Mobile homes now comprise 30 percent or more of all housing units in 16 Alabama counties.

- The average household size in Alabama declined from 3.79 persons in 1950 to 2.49 in 2000. About one-fourth of all households now contain only one person.

- Approximately 51,000 Alabama households are “crowded” (or occupied by 1.01 or more persons per room). About 14,000 of these households are located in just two counties (i.e., Jefferson and Mobile). Several Black Belt counties rank the highest in percentage – Bullock at 7.9 percent and Wilcox at 7.7 percent, etc.

- Just over half of all Alabama households contain married-couple families. While both married-couple families and married-couple families with children have declined over the years, housing units with single-parent families, persons living alone, and unmarried-partners have all increased significantly.

- Households with householders aged 65 and older, at 22 percent of all occupied households in Alabama, are now the largest single group of householders in the state (i.e., using the age categories of 15-24, 25-34, 35-39, etc.).

- Although whites comprise 74 percent of all occupied housing units in Alabama, the greatest household growth during the 1990s was associated with the nonwhite sector. The number of households with Hispanic householders (who may be of any race) jumped by 173 percent from 1990-2000, or more than any other group. Jefferson and Marshall Counties saw the greatest increases.

- About three-fourths of all housing units in the state are owner-occupied. While the number of both owned and rented units increased during the 1990s, owned units grew 2.5 times faster than rented units. The number of "owned" housing units increased by nearly 200,000 in the 1990s, or by 19 percent.

- Sixty-four percent of all owner-occupied housing units in Alabama at the time of the 2000 census were mortgaged. About a fifth of the owner-occupied homes that were mortgaged also carried either a second mortgage or a home equity loan.

- Whites are more likely to be homeowners than persons of other races. However, all race categories exhibited increases in homeownership during the 1990s.

- Renters are much more prone to live in multi-unit housing structures than owners, to reside in smaller units, and to live in crowded dwellings.

- The median household income for the US was 123 percent of Alabama's in the Year 2000 ($34,135 v. $41,994). Over a third (37.3 percent) of all households in Alabama have annual incomes less than $25,000, making it virtually impossible for them to buy a home. The market for renters, therefore, remains strong.

- The median value of housing in Alabama in 2000 (as estimated by owners) was $85,100, up from an inflation-adjusted value of $67,800 in 1990. The value of black owned units, however, was only 63 percent of that of white owned units.

- The median monthly homeowner cost in 2000 for homes with mortgages was $816. The corresponding cost for those without mortgages was $228.

- About one-fourth of all owner-occupied households with mortgages spent 30 percent or more of their household income on housing in 2000. Overall, homeowner costs as a percentage of income are higher in the Black Belt than other parts of the state, higher for younger persons than older persons, and higher for blacks than whites.

- Shelby County posted the highest median gross rental value in the state in 2000 with a monthly total of $635, while Greene County (at $235) registered the lowest.

- Over one-fourth of all renter-occupied households in Alabama in 2000 had monthly gross rental payments totaling 35 percent or more of household income. For renter households with incomes under $10,000, nearly 60 percent spent 35 percent or more of their income on rent.

- Half of all housing units in Alabama have been built since 1975. Almost a quarter (22.6 percent) was built in the 1990s. The median age of housing in Shelby County is just 13 years (newest in Alabama), while the median in Chambers, Etowah, and Jefferson counties is 32 years (oldest in Alabama).

- Forty-six percent of all Alabama households use electricity to heat their homes while 38 percent use utility gas. About 4,300 units do not use any heat at all.

- Only small percentages of housing units lack complete plumbing (0.6 percent) and kitchen facilities (also 0.6 percent), but larger proportions are without telephone service (4.2 percent) and do not have vehicles available (8.3 percent).

- Renter-occupied housing units are more apt to lack complete plumbing and kitchen facilities, telephone service, and vehicles than owner-occupied units. The same pattern holds for black households versus white households and Black Belt residents versus those in other sectors of the state.

- 210,000 more people moved into Alabama in the 1990s and 47 of 67 counties posted net migration gains.

- Thirteen percent of the State's housing units are apartments. Sixteen percent are mobile homes. The rest (about 2/3 overall) are single unit dwellings.

- Alabama reflects an aging society. Three percent of Alabamians were 65 and older in the year 1900. By the Year 2000, that figure had risen to 13 percent.

- Only 13 of Alabama's 67 counties were above the State's median household income of $34,135. All 13 higher income counties are metropolitan counties. The remaining 54 counties were below the median. The poorest ten (10) counties are all in southern Alabama.

SWEET HOME ALABAMA Findings

HOUSING AND POPULATION CHANGES, 1990-2000

More Homes for People

Alabama's housing units totaled nearly 2 million (or 1,963,711) at the time of the 2000 census of which 88.5 percent (or 1,737,080) were occupied. The total number of housing units in the state grew by 293,000 during the 1990s, while the number of occupied units jumped by 230,000. Both the growth of all housing units (at 17.6 percent) and occupied units (15.3 percent) out stripped the 10.1 percentage increase that characterized the population as a whole. In contrast to the 1990s, total housing units grew by 13.8 percent during the 1980s (or by 203,005), while occupied units were up by 12.3 percent (164,934).

A combination of factors helped to spur housing increases during the 1990s, including overall population growth, net migration gains, and the favorable interest rates (particularly during the latter part of the decade) that made it easier to purchase both existing homes and to build new dwelling places. Alabama's population increased by 406,513 from 1990 to 2000, with all but 12 of the state's 67 counties adding people. During the 1980s, however, the state's population growth was an anemic 3.8 percent as over half of all Alabama counties (or 35) lost population. Much of the recent population growth traces to the significant net migration gains that the state experienced during the 1990s. Approximately 210,000 more people moved into Alabama than moved out and 47 counties posted net migration gains. This contrasted significantly with the 1980s when

about 90,000 more people moved from Alabama than entered and 51 of the 67 counties saw more people leaving than entering.

Where people live tends to be highly concentrated in Alabama. Thus, nearly a fourth of all housing units (23.1 percent) are found in just two counties (Jefferson and Mobile). Not surprisingly, both are also the state's most populous counties. Better than a third (or 37.9 percent) of all housing units are located in just five counties (Jefferson, Mobile, Madison, Montgomery, and Baldwin), while over half (52.1 percent) are found in just ten counties. Jefferson County, at 288,162 (and nearly 15 percent of the state's total) leads all counties in the number of housing units, while Bullock County, at 4,727 (and just 0.2 percent of the state's total), has the fewest dwelling places. Understandably, occupied dwelling units follow the same pattern. Hence, nearly a fourth (23.8 percent) of all occupied units are in Jefferson and Mobile counties, 38.8 percent in just five counties (Jefferson, Mobile, Madison, Montgomery, and Tuscaloosa), and 52.9 percent in only ten counties.

Alabamians on the Move

Most Alabamians have not lived in their current place of abode for very long. Nearly two-thirds (or 62.7 percent) have moved into their current place of residence during the last ten years. Another 15.1 of all householders moved into their current residence during the 1980s. About 11 percent have been in the same place since the 1970s, while a like percentage has been in the same house since 1969 or before. Thus, there is a great deal of mobility in the Alabama population with relatively few people staying in the same dwelling for a long period of time.

Indeed, there were only two counties (Choctaw and Washington) in 2000 where less than half of all householders had moved into their current place of residence since 1990. And the percentages for these counties were 49.2 (Washington) and

49.4 (Choctaw). On the other hand, about 75 percent of the householders in both Lee and Shelby counties had moved into their homes since 1990. The location of Auburn University in Lee County and the thousands of students who attend school there translates to a highly mobile population. On the other hand, Shelby was the fastest growing county in Alabama during the 1990s, largely as a result of in-migration from neighboring Jefferson County. Other counties with highly mobile populations included Baldwin (71.6 percent of householders moving into their current home since 1990), Tuscaloosa (69.2 percent), Madison (68.5), Montgomery (67.8), Autauga (66.2), Elmore (65.9), St. Clair (64.7), and Houston (64.1). All of these counties are classified by the Census Bureau as "metropolitan counties."

The length of time that people have been in their current residence varies according to a number of factors and considerations. Thus, renters, younger persons, and blacks are more likely to have lived in their homes for a shorter period of time than owners, older people, and whites. Approximately 88 percent of the renters in Alabama, for example, had (according to the 2000 census) moved into their current places of residence since 1990. This compares with just over half (or 53.2 percent) of the homeowners. Indeed, the median year that renters had moved into their home was 1998 while the corresponding year for owners was 1991 (or seven years earlier). When "age" is examined, the data indicate that about 79 percent of the householders aged 35-44 had moved into their current homes since 1990 versus just 27.2 percent of those aged 75+. Likewise, blacks are slightly more apt to be new to their homes than whites. About 64 percent of the black householders had moved into their homes during the 1990s as opposed to approximately 62 percent of the whites.

Housing Vacancies

The difference between total housing units and occupied housing units translates to vacant housing units. Over a quarter of a million housing units across the

state (or 11.5 percent) were vacant at the time of the 2000 census. Forty percent of these vacant units were either for rent (28.3 percent) or for sale (11.4 percent). Seven percent had either been rented or sold and were waiting for occupancy. Another large category of vacant homes (20.8 percent) was those reserved for seasonal, recreational, or occasional use. A third of the empty units were classified as “other vacant” (presumably the majority of which had been empty for an extended period of time), while less than 1.0 percent were designated for migratory workers.

While the number of vacant homes is understandably most numerous in the state’s most populous counties (11.0 percent of the state’s total, for example, in Jefferson County), the rank-ordering is substantially different when vacancy rates are analyzed. Thus, sparsely populated Cherokee County led all counties with a 30.7 percent vacancy rate at the time of the 2000 census. On the other hand, Baldwin County (one of the most populous counties in the state) was second with a 25.5 percent vacancy level. Both of these counties have a large number of houses that are reserved for seasonal and recreational use. In fact, they ranked 1 and 2 in the state in the number of vacant units that were reserved for seasonal and recreational use in 2000 at 11,862 (Baldwin County) and 3,186 (Cherokee County). Seventy-four percent of all vacant units in Cherokee County were earmarked for seasonal and recreational use while the percentage in Baldwin was 62.6.

Other counties with high vacancies, however, are typically rural, often economically challenged, counties that are concentrated in the southern part of the state and/or the Black Belt region. Almost one-fourth of the dwelling units in Greene County, for example, were vacant in 2000, followed closely by Wilcox County (at 22.8 percent). An examination of the 2000 census data reveals that most of the vacant units in these two counties traces both to a high volume of seasonal and recreational use and houses that have apparently been vacant for a long period of time (i.e., they are neither for sale or rent).

On the other hand, vacant units are typically lowest in the state's rapidly growing metropolitan counties. Thus, only 7.9 percent of the housing units in suburban Shelby County (Birmingham metropolitan area) were vacant in 2000, the lowest proportion in the state. Indeed, of the 15 counties with housing vacancy rates under 10 percent, 14 are metropolitan counties. Altogether, Alabama's metropolitan counties numbered 22 at the time of the 2000 census.

Overall, housing unit growth in Alabama (both total and occupied) outstripped that for the United States during the 1990s. For total housing units, the differential was 4.3 percentage points (or a 17.6 percent increase for Alabama as opposed to 13.3 percent for the U. S.). The percentage-point differential for occupied housing units, however, was less than 1.0 (or a growth rate of 15.3 for the state versus 14.7 for the U.S.). Housing growth patterns in Alabama, therefore, either basically matched or exceeded those for the country as a whole during the last decade—a reflection of the population gains (most notably through in-migration) that occurred in most areas of the state during the 1990s.

TYPES OF HOUSING UNITS

Single-Unit Versus Multi-Unit Dwellings

Of the nearly 2 million housing units in the state, the vast majority (or two-thirds) are stand alone, single-unit dwellings that were constructed at the location. The next largest category of housing is mobile homes. There were approximately 319,000 mobile homes in the state at the time of the 2000 census, comprising 16.3 percent of all housing units. Next were apartment complexes of various shapes and sizes. Hence, there were 257,142 housing units in apartment buildings in 2000 (or 13.1 percent of all housing units in the state) ranging in size from just 3-4 units to 50 units or more. Within the apartment sector, there were more housing units located in complexes of 5-9 units (about 75,000) than any

other size. Still, there were approximately 43,000 units located in very large apartment complexes (or apartment buildings with 50 units or more). While units in duplexes numbered 43,427 in 2000, they only comprised 2.2 percent of all dwelling units. About 5,100 boats, RVs, and vans were used as dwelling places at the time of the 2000 census. However, these dwelling places totaled only 0.3 percent of all dwelling units in the state.

Rapid Growth in Multi-Unit Structures and Mobile Homes

With the exception of homes in apartments with 10-19 units (which declined by 12.8 percent) and boats, RVs and vans (-66.5 percent), all housing configurations increased during the 1990s. Homes in structures with 50 or more dwelling units posted the largest growth rate at 109.2 percent, followed by mobile homes (42.3 percent), single units attached (20.7 percent), and homes in structures with 3-4 units (19.1 percent). Single unit detached dwellings increased by only 14.7 percent and declined from 67.9 percent of all housing units in 1990 to 66.2 percent in 2000. Still, the numerical gain for single unit detached dwellings (at 166,345) was far greater than for any other category.

Perhaps the most dramatic change in housing structures during the 1990s traces to the increase in mobile homes. There were nearly 100,000 more mobile homes in the state in 2000 than in 1990 as the number moved from 224,307 to 319,212. For a state with a relatively large population in the lower socioeconomic categories, mobile homes represent a route to homeownership that might otherwise not be available and a lot of people were able to take advantage of that availability during the last decade. While the median value of all owner-occupied dwelling units in the state in 2000 was $85,100, the corresponding value for mobile homes was less than a third of that amount (or $26,400).

Jefferson, by far the most populous county in the state, also dominates in multi-unit housing structures. Thus, 26.3 percent of all housing units in buildings of

three units or more were located in Jefferson County in 2000. About the same percentage (or 27.5 percent) of all units in structures of 50 or more were also located in this same county. Jefferson also led the state in the number of units in duplexes at approximately 5,600. While every county had dwelling units in multi-unit structures of 3-4 units all the way up to 20-49 units, several Alabama counties reported no structures with 50 or more units.

As indicated above, mobile homes represented one of the fastest growing housing sectors in the state during the 1990s. They now comprise 30.0 percent or more of all housing units in 16 Alabama counties. Wilcox, at 39.7 percent, led all counties in 2000 in the percentage of mobile homes. Also in the 30.0 percent or more category were Lowndes, Hale, Choctaw, Bibb, St. Clair, Perry, Winston, Sumter, Cherokee, Coosa, Bullock, Cleburne, Greene, Chilton, and Washington. However, the four largest metropolitan counties in the state—Jefferson, Mobile, Madison, and Montgomery—registered the lowest proportions of mobile homes in Alabama (all under 10.0 of total housing units in each of their respective counties). Still, there are a lot of mobile homes in these counties as well. Mobile, for example, led all counties in the number of mobile homes in 2000 with 15,385—or nearly 5.0 percent of all mobile homes in the state.

Boats, RVs, and Vans

As noted previously, over 5,000 dwelling places in Alabama in 2000 took the form of boats, RVs, and vans. Almost a third (or 30.5 percent) of these alternative homes were located in just two counties: Cherokee (865) and Baldwin (688). Indeed, about 6 percent of all housing units in Cherokee County in 2000 were of this variety. While Greene County had many fewer units of this type (or 153) than several other counties, its percentage of all housing units in this category (at 3.0) was second only to Cherokee.

SIZE AND COMPOSITION OF HOUSEHOLDS

Who lives in Alabama's households? Household occupancy, of course, cuts across the spectrum of the many characteristics of the Alabama population. Thus, there are owners and renters, single-person households and dwelling units comprised of many people. There are one-family households and households composed of two or more families, often a single mother who has returned home to live with her parents during times of economic and other difficulties. There are households headed by younger persons and a growing number of households headed by the elderly. Finally, households across the state reflect Alabama's growing racial and ethnic diversity with many more households than formerly containing persons of Hispanic background, Asians and Pacific Islanders, and a myriad of other nationalities.

Persons Per Household

The average household in Alabama contained 2.49 persons in 2000. This represents a decline of 1.3 persons per household over the last 50 years. Birth rates have dropped significantly over the last half-century (from 26.9 births per 1,000 population in 1950 to 13.4 per 1,000 in 2001) and many more people live alone. Likewise, the average Alabama family has declined from 3.6 persons per household just 30 years ago to 3.01 today. A "household," according to the U.S. Census Bureau, is comprised of one person or more occupying a given dwelling unit while a "family household" consists of two persons or more who are related in some way. Thus, "family size" is always greater than "household size."

In terms of household size, there are more two-person households in the state than any other size. Thus, two-person households numbered approximately 579,000 in 2000 or one-third of all occupied housing units. Next were one-person households (453,898 and 26.1 percent of the total) followed by units with three persons (314,914 or 18.1 percent of all households). While households of

larger size diminish significantly in number, there were still over 16,000 households in the state in 2000 containing seven persons or more. Jefferson County posted the highest number of households with 7+ members (2,480), but Wilcox County registered the highest percentage (2.8).

The county with the largest mean household size in 2000 was Lowndes at 2.73 members. This value is about 10 percent greater than the average for the state as a whole (or 2.49). The smallest households, on the other hand, were found in Covington County (an average of 2.37 persons per household). Counties with the largest household size tend to be located in the rural, southern portions of the state and/or the Black Belt (e.g., Lowndes, Wilcox Washington, Bibb, Hale, and Perry) or rapidly growing counties surrounding the state's largest metropolitan areas (Autauga, Elmore, and Blount). Counties with the smallest households, on the other hand, either typically house college towns (e.g., Pike, Tuscaloosa, and Lee) or are located in the northern half of the state (Marion, Lauderdale, Fayette, Colbert and Calhoun, for example). Still, there are also some southern counties with atypically small households on average, including Covington (as noted above) and Crenshaw. Both of these counties exhibit older populations as a result of the out migration that characterized earlier years.

Size of Dwelling Units

There are a number of indicators of "size of housing" that emerge from the 2000 census. Although household occupants are not asked to state the square footage of their places of abode on the census form, they are asked to provide the total number of rooms and the number of bedrooms. In addition, one can begin to surmise the size of households by the cost of housing—a topic that will be considered in the next section of the report.

The median number of rooms for all housing units in the state in 2000 was 5.5. This compares to a median of 5.3 rooms for the U. S. as a whole. Less than 1.0

percent (or 0.8) of all housing units had one room or less while 27.3 percent had seven rooms or more. Likewise, only 1.1 percent of all dwelling places did not have a bedroom, while 14.7 percent had four bedrooms or more.

As measured by median number of rooms, homes are largest in Shelby County (6.0 rooms), followed by Autauga and Madison (5.8), Colbert and Elmore (5.7), and Etowah, Jefferson, and Lauderdale (5.6). These were the only counties in the state that were above the Alabama median of 5.5 rooms. All eight of these counties are classified by the Census Bureau as "metropolitan counties." The county with the smallest number of median rooms in 2000 was Lee (at 5.0), where the overall housing context is greatly influenced by the large student body at Auburn University. Other counties with a lower number of median rooms were Russell and Sumter (5.1), and Bullock, Cherokee, Crenshaw, Greene, Perry, Pike, and Winston (all at 5.2 rooms).

Another indicator of housing size is the "number of bedrooms." One-fifth or more of the dwelling units in just three of Alabama's 67 counties contained four bedrooms or more in 2000: Shelby (25.7 percent), Madison (21.6), and Autauga (21.5). Other counties in the top ten in the percentage of 4+ bedrooms were Lowndes (19.9), Elmore (18.2), Wilcox (18.0), Montgomery (17.3), Colbert (16.1), Greene (15.8), and Tuscaloosa (15.5). These counties represent an interesting mix of rich-poor, rural-urban, and metropolitan-non-metropolitan. Perhaps the inclusion of Lowndes, Wilcox, and Greene among these more wealthy, cosmopolitan counties most notably reflects the by-gone plantation era when many of the homes in these Black Belt counties were quite large and spacious.

Crowding

According to the Census Bureau, households are "crowded" when they reach 1.01 persons or more per room. Using this measure, 51,000 Alabama households (or 2.9 percent of all occupied dwelling units) were crowded at the

time of the 2000 census. Over 7,000 crowded units were located in Jefferson County, followed by 6,600 in Mobile County. Together, crowded units in these two counties totaled 13,969, or 27.4 percent of all crowded dwellings in the state. The top five counties in crowded dwellings (Jefferson, Mobile, Montgomery, Madison, and Tuscaloosa), totaled 21,668 (or 42.5 percent of the total), while the top ten summed to 27,376 (53.7 percent of the total). Cleburne County, on the other hand, had the lowest number of crowded households (at just 84).

In terms of the percentage of all dwelling units that were crowded, however, it is the low-income, Black Belt counties that exhibit the highest proportions. Thus, Bullock County (with 7.9 percent of its households crowded) led the state, followed by Wilcox (7.7), Perry (6.8), Sumter (6.4), and Lowndes (6.0). Five other counties (Greene, Macon, Dallas, Marengo, and Barbour) ranged from 5.0 to 5.5 percent in crowded households. The state's least crowded households are typically located in the northern half of the state, with the lowest percentage in 2000 registered in Lauderdale County (only 1.3 percent of all households). Lauderdale was followed by Cleburne and Shelby counties, both of which were at 1.5 percent.

Living Arrangements

Basically, it's either "families" or "non-families" who occupy the state's 1.7 million housing units. All of the one-person households noted above fall into the category of "non-family." In addition, such living arrangements as a homeowner with a boarder, a college student with a roommate, or unmarried persons who are living together as partners are all examples of "non-family households."

Family Households - (or two or more people who are related in some way) number about 1.2 million in Alabama and comprise 70.0 percent of all households. "Married-couple families," on the other hand, total only slightly more than half (or 52.5 percent) of all households in the state. And the stereotypical

family of the past—or the married-couple family with their own children living together—presently constitute only about one in five (or 22.5 percent) of all households in Alabama. A big portion of the state's family households are now comprised of single-parent families. Indeed, one-fourth of all family households are now composed of a head with no spouse present. Furthermore, single-parent families with one or more children under 18 constitute a whopping 32.8 percent of all family households.

Family households appear with greatest frequency (hence, non-family households with least frequency) in such outlying metropolitan counties as Autauga, Elmore, Blount, St. Clair, Lawrence, Bibb, and Washington. Thus, three-quarters or more of the households in all of these counties were classified as "family households" at the time of the 2000 census. Likewise, the counties with the smallest representation of family households (or less than two-thirds of all households) include Lee, Macon, Pike, Sumter, Tuscaloosa, Montgomery, and Jefferson. These counties reflect an interesting mix of counties with large student populations, economically distressed counties, and heavily populated metropolitan counties. Less than 60 percent of all households in Lee County, for example, are family households (where thousands of students also live).

Likewise, the most "familistic counties" in the state (as measured by the percentage of married-couple families with children) tend to be either outlying metropolitan counties (Shelby, Autauga, Blount, Elmore, St. Clair, Lawrence, and Limestone) or counties that are in close proximity to large metropolitan concentrations (Washington, Limestone, Chilton, and Cleburne). In these top ten counties, the range was from 28.1 percent of all households with married-couple families in 2000 (Cleburne County) to 32.1 percent (Shelby County). On the other hand, married-couple families were found with the least frequency in the southern, Black Belt counties of the state (such as Macon, Bullock, Greene, Sumter, Perry, Dallas, and Wilcox). In Macon County, for example, only 14.1 percent of all households contained married-couples with children. Montgomery

and Russell counties were also among the ten counties with the smallest proportion of married couple families with children.

There were seven Alabama counties in 2000 where one-fifth or more of all households were single-parent households with children under 18. Bullock County led the list (at 23.5 percent of all households) followed by Greene (22.1), Wilcox (21.9), Lowndes (21.8), Perry (20.8), Dallas 20.7), and Macon (20.5). All seven are economically disadvantaged Black Belt counties. Shelby County, however, exhibited the lowest percentage (6.7 percent), followed a long list of North Alabama counties.

Grandparents and Grandchildren - While there are many variations in the composition of Alabama's family households, the growing number of grandchildren who are living with one or both of their grandparents is worthy of special consideration. Thus, over 114,000 of the 4.3 million Alabamians who were living in households in 2000 were the grandchildren of the household head (or heads, as the case may be). Furthermore, of the household population under 18, nearly 93,000 were grandchildren (or 8.3 percent of the total number of children under 18 who were residing in households at the time of the 2000 census).

Many of these grandchildren live in their grandparent's home along with one or both of their parents who either never moved away from the parental home or who have returned. Altogether, there were 46,767 "subfamilies" (totaling 113,096 people) enumerated in the 2000 census. Households with subfamilies comprised 2.5 percent (44,160) of all households in the state at the time of the last census. Most of the subfamilies (or 57.3 percent) took the form of mother-child subfamilies. Nearly a fifth (or 18.4 percent) of all subfamilies resided in Jefferson County in 2000. Another 11.4 percent lived in Mobile County. Over half (or 51.5 percent) resided in just eight counties (Jefferson, Mobile, Montgomery, Madison, Tuscaloosa, Calhoun, Etowah, and Baldwin).

Non-family Households - As indicated above, 30.0 percent (or 521,112) of all households (and likewise dwelling units) in the state are classified as "non-family households." Most persons residing in non-family households live alone. Indeed, 87.1 percent of these households consisted of only one person in 2000. Just over a third of the households with people living alone (or 37.4 percent) were comprised of persons (mainly women) aged 65 +. Altogether, one-person households totaled 26.1 percent of all housing units (i.e., both family and non-family) in the state in 2000.

Of the remainder of non-family households (or approximately 67,000), most (or about 59,000) took the form of unmarried partners living together. The other 8,000 or so non-family households consisted of either housing units containing housemates or roommates or "householders" (the first individual who is mentioned on the census form) with roomers, boarders, or foster children.

Altogether, there are now many more non-family households (521,112) in the state than married-couple households with children under 18 (417,958) as well as more households with people living alone (453,898) than married-couple households with children.

As indicated above, about 59,000 (or 3.4 percent) of the state's 1.7 million households contain unmarried partners. About one-fourth of all unmarried-partner households are found in just two counties, Jefferson and Mobile. Approximately 41 percent are located in just five counties (Jefferson, Mobile, Madison, Montgomery, and Tuscaloosa), while in excess of half (or 54.8 percent) are found in only ten counties (those previously listed plus Baldwin, Lee, Calhoun, Shelby, and Morgan). The counties with the highest proportion of unmarried partner households, however, tend to be either Black Belt counties (five of the top ten) or metropolitan counties (four of the highest ten). Russell County, at 49 percent of all households, registered the highest percentage. The

lowest proportions, however, are most frequently found in rural counties in the northern portion of the state. Only 2.3 percent of all households in Lamar County, for instance, contained unmarried partners at the time of the 2000 census.

Changes in Household Composition

There have been significant changes in family and household composition over the last half-century or so. Family households have declined significantly and non-family households have increased dramatically. At mid-century, for example, family households comprised 92.8 percent of all Alabama households. Fifty years later, the proportion had dropped to only 70.0 percent of all households. Most of the drop can be traced to more people living alone. Only about 15 percent of all households in 1970 were one-person households while the proportion had nearly doubled to 26.1 in 2000.

Likewise, married-couple households with children have declined in the state while single-parent families with children under 18 have been on the rise. Almost half (or 47.9 percent) of all households in 1960 contained married couples with children compared to barely over one-fifth (or 22.5 percent) in 2000. On the other hand, the proportion of single-parent households as a percentage of all households has nearly doubled over the last two decades (from 6.2 percent in 1980 to 11.7 percent in 2000). “Traditional households” (or married-couple households with or without children) have declined from 84.2 percent of all households in 1950 to just over half (or 52.2 percent) today.

Changing living arrangements and longer life expectancies have fostered new demands for specialized housing, innovative ways to finance housing costs, and additional amenities to allow an aging population to maintain self sufficiency longer. Smaller households, fewer households with children, more households with only one parent, and more households with elderly householders have helped to alter the housing landscape in many parts of Alabama, particularly its

larger towns and metropolitan centers. Such trends will continue to be felt for many years to come as the population continues to age and as new household arrangements continue to evolve.

Age of Householders

We live in an aging society. The median age of the Alabama population in 1900 is estimated at approximately 22. Fifty years later, the collective age had increased only 3.5 years to 25.5. By 2000, however, the median had reached 35.8 and we were moving rapidly toward middle age. Indeed, it is projected that the median age of the U. S. population will reach 39.1 in 2035**.** Likewise, only 3.0 percent of the Alabama population was aged 65 and older in 1900, but the corresponding percentage in 2000 had grown over four-fold to 13.0.

Thus, it is not altogether surprising that householders aged 65 and older now comprise over one-fifth (or 22.1 percent) of all occupied households in Alabama. This was the largest single group of householders in the state in 2000 using the age categories of 15-24, 25-34, 35-44, 45-54, 55-64, and 65 and older. Householders aged 35-44 was the next largest group (21.2 percent of all householders) followed by the 45-54 age group (19.6 percent) and the 25-34 age group (16.7 percent). The large number of householders in the 35-44 and 45-54 age groups reflects the aging of the “baby-boom” generation (or those born between 1946 and 1964). This population will continue to age, of course, leading to ever-larger numbers and proportions in the older age groups. Interestingly, the 55-64 age group represents the smallest cohort of householders (at just 14.3 percent) except for those aged 15-24 (6.0 percent). This group, however, reflects the low fertility period that characterized the latter portion of the depression years and the World War II era.

Lee County by far has the largest proportion of householders aged 15-24 of any Alabama county. Over one-fifth (or 22.2 percent) of all households in this

university-dominated county were in that category in 2000. Tuscaloosa and Pike (also sites of large universities) followed Lee at 12.2 percent and 11.5 percent, respectively. Lowndes County, at just 3.5 percent of all households with householders aged 15-24, posted the lowest proportion in this age category.

Metropolitan counties typically display the highest proportion of householders in the 25-34 and 35-44 age categories. This pattern holds particularly true for outlying metropolitan counties (such as Autauga, Elmore, and Shelby) which have experienced significant in-migration of young families in recent years. However, some metropolitan core counties (such as Montgomery and Madison) also have a relatively large percentage of householders in these age categories. Shelby led all counties in the proportion of 25-34 year-old householders in 2000 (at 20.5) while Autauga County headed the list for householders aged 35-44 (at 25.7 percent). Butler County, with its older population, posted the lowest proportion of householders aged 25-34 (only 13.2 percent) while Henry County (with a median age of 39.3) registered the smallest percentage of householders aged 35-44 (21.2 percent).

Although Shelby and Elmore counties continue at the top of the list in the proportion of householders aged 45-54, “new counties” (such as Henry, Greene, Talladega, Barbour and Wilcox) now appear in the top ten. Many of these “new counties” have experienced the out-migration of young adults leaving behind an aging population. This pattern is reflected particularly well in the 55-64 age group of householders where Cherokee, Choctaw, Geneva, Winston, Marion, and Jackson counties (with a range of 16.7 to 18.0 percent) emerge as the top six counties in the proportion of householders aged 55-64. Major metropolitan counties such as Lee, Tuscaloosa, Montgomery, Jefferson, and Shelby, however, exhibit the lowest proportion in this age category. Lee, for example, only had 10.3 percent all householders in this age group at the time of the 2000 census.

Older householders (or those aged 65 and older) are found most frequently in the southern, rural sector of the state. Covington County led all counties (at 29.2 percent) in the proportion of householders aged 65 and older in 2000, followed by Crenshaw (29.1 percent), Butler (27.8), Conecuh (27.5) and Pickens and Perry (both at 27.2). However, metropolitan counties such as Lee, Shelby, Madison, Autauga, and Tuscaloosa (followed by several other metro counties) showed the lowest proportion of householders in this category. Once again, the out migration of younger people has left behind an aging population in many Alabama counties, particularly in the rural sectors of the state.

Race and Ethnic Origin of Householders

About three-fourths (or 73.9 percent) of all occupied housing units in Alabama contain whites. The other large block of household occupants is blacks (23.8 percent of all occupied housing). Together, therefore, these two groups inhabit 97.7 percent of all housing units in the state. None of the other race categories (American Indians/Alaska Natives, Asians and Pacific Islanders, persons of other races, and people of two or more races) individually account for more than 0.8 percent of all dwelling units (as do people of two or more races at 13,915). Asians and Pacific Islanders total 0.6 percent of all occupied housing (10,252), while American Indians total just 0.5 percent (8,162). These percentages, of course, follow closely the proportion of the various racial groups in the Alabama population. Thus, whites comprised 71.1 percent of the population in 2000, followed by blacks (26.0 percent), and Asians and Pacific Islanders (0.7 percent).

Hispanics, who may be of any race, constitute the largest ethnic group in Alabama. This group numbered approximately 76,000 according to the 2000 census enumeration, but was likely undercounted by a significant degree. Altogether, Hispanics comprised 1.7 percent of the state's population in 2000 with the largest proportion (13.6 percent of all Hispanics) living in Jefferson County. Hispanics occupied 1.2 percent (or 20,093) of all housing units in the

state in 2000, or one-half percentage point less than their representation in the population as a whole.

While whites tend to live in the northern half of the state with greater frequency, blacks appear in higher proportions in the southern tier of counties. However, persons of other race and ethnic groups are much more highly concentrated. Over two-fifths (or 41.5 percent) of all American Indians in the state, for example, reside in just five counties (Mobile, Madison, Jefferson, Morgan, and Coffee), while nearly two-thirds (62.9 percent) live in only a dozen of the state's 67 counties (those listed above plus Washington, Shelby, Marshall, Baldwin, Limestone, Cullman, and Montgomery). Half (48.1 percent) of all Asians and Pacific Islanders live in just two counties (Jefferson and Mobile), while nearly three-fourths (73.2 percent) reside in these two counties plus Madison, Shelby and Montgomery. Likewise, 56.7 percent of all Hispanics live in just ten counties (Jefferson, Madison, Mobile, Marshall, Morgan, Dekalb, Shelby, Blount, Montgomery, and Baldwin).

While white, black, American Indian, and Asian and Pacific Islander householders all experienced noteworthy increases in the number of dwelling units during the 1990s, the greatest rates of growth were associated with the non-white sectors of the population. Thus, black-occupied households increased by 23.7 percent (79,167), American Indian by 54.3 (2,874), and Asian and Pacific Islander by 68.7 (4,175). While the number of white-occupied households increased by 124,815, the rate of increase (at 10.8) was only half that of the black increase and a sixteenth of that of Hispanics.

The most dramatic change in the racial and ethnic composition of Alabama households over the last decade relates to the growth of Hispanic householders. Hispanic occupied households surged by 12,720 units during the 1990s or by 172.5 percent. Most of the Hispanic growth in the state during the 1990s was concentrated in a relatively small number of counties. Nearly a quarter of the

recorded Hispanic population increase of 51,201 occurred in just two counties (Jefferson and Marshall). These two counties plus DeKalb, Morgan, Blount, Shelby and Madison accounted for half of Alabama's Hispanic increase from 1990-2000. Although Hispanics are now found in every Alabama county, most of the recent growth has occurred in the northern portion of the state.

White population growth in Alabama is most heavily concentrated in the outlying metropolitan counties and Lee and Madison counties (both of which are central metropolitan counties). Black population increases, however, are more closely associated with core metropolitan counties (such as Jefferson, Montgomery, and Mobile). Indeed, 50.9 percent of the total black growth during the 1990s was in these three counties. And over four-fifths of the total black increment (80.7 percent) took place in just ten counties (Jefferson, Montgomery, Mobile, Madison, Tuscaloosa, Lee, Shelby, Houston, Talladega, and Elmore). On the other hand, 92.0 percent of the white growth occurred in Shelby, Baldwin, Lee, Madison, St. Clair, Elmore, Blount, Limestone, Cullman, and Autauga counties. Four of these counties—Madison, Lee, Shelby, and Elmore—were in the top ten counties for both white and black growth during the 1990s.

The growth in Alabama's American Indian population was less concentrated than that for either whites or blacks. Still, over one-third (or 37.6 percent) of the American Indian increase during the 1990s (5,924) occurred in Mobile, Madison, Jefferson, and Morgan counties. Nearly two-thirds (or 62.9 percent of the growth, moreover, was associated with just 12 counties (the four counties just listed plus Coffee, Washington, Shelby, Marshall, Baldwin, Cullman, Limestone, and Montgomery). Half (48.1 percent) of all Asian and Pacific Islander growth (10,958) was in only two counties (Jefferson and Mobile) while almost three-fourths (73.2 percent) was in just five counties (Jefferson and Mobile plus Madison, Shelby, and Montgomery.

Owners and Renters

Central to the American Dream is the ownership of one's own home. For most Alabamians, that portion of the dream has become a reality. Thus, 72.5 percent of all housing units in the state in 2000 (or 1.3 million) were owner-occupied. This leaves just over 478,000 units that were rented. While both owned and rented units increased in number during the 1990s, owned units grew 2.5 times faster than rental units. Indeed, the number of owned units jumped by nearly 197,000 from 1990-2000 (or by 18.5 percent) while rental units grew by just over 33,000 (or 7.5 percent). The very low interest rates that characterized the latter years of the decade apparently were a major factor in the differential growth rate.

Sixty-four percent of the owner-occupied housing units in the state in 2000 were mortgaged. This compares with 70.0 percent for the U. S. as a whole. About one fifth (20.4 percent) of the owner-occupied homes that were mortgaged also carried a second mortgage or home equity loan. Both (at 48.0 percent with second mortgages and 52.0 percent with home equity loans) were about equally popular. Less than 1 percent of those with mortgages had both a second mortgage and a home equity loan.

Homeownership is generally highest in the rural areas of the state. Of the top ten counties in homeownership, all but three are non-metropolitan counties. Washington County led all other counties in the rate of homeownership in 2000 at 88.1 percent. Choctaw County (at 86.3 percent) and Coosa County (84.8 percent) followed Washington. Altogether, approximately one-third (or 23) of all Alabama counties in 2000 had homeownership rates of 80.0 percent or more. Metropolitan counties and/or counties with large student or military populations typically registered the lowest proportions of owner-occupied dwellings (hence rental units). Thus, homeownership was lowest in Lee County (site of Auburn University) at just 62.1 percent of all occupied-dwelling units. Lee was followed

by Russell (62.5 percent), Tuscaloosa (63.5), Montgomery (64.1), and Dale (64.3).

Rental housing is highly concentrated in Alabama. Nearly one-fifth (or 18.4 percent) of all rental units in the state, for example, are located in Jefferson County alone. And almost one-half (or 46.5 percent) are found in just five counties (Jefferson, Mobile, Madison, Montgomery, and Tuscaloosa). As a further indicator of the high level of concentration, nearly 60 percent of all rental units are located in just ten counties (all of which are metropolitan counties). This is not to suggest that there are no places to rent in the rural areas of the state. Coosa County, for example, accounted for only 0.1 percent of all rental units in the state, yet had 712 rental units at the time of the 2000 census.

Homeownership and Age

Who owns and rents housing in Alabama varies according to age, race, ethnic origin, socioeconomic status and various other factors. Homeownership, for example, generally increases as people grow older. Thus, less than a third (28.8) of the households with householders aged 15-24 are owner-occupied while the percentage jumps to 82.3 for those aged 65 and older. In 2000, the highest rate of homeownership for any single age category was for households with householders aged 65-74. Here the percentage was 84.9, just slightly ahead of the 55-64 age group at 84.3. Homeownership reaches its peak among householders aged 65-74 then begins to trail off slightly after that. Apparently this reflects such patterns as moving into non-owned places after the death of a spouse, including assisted living facilities and nursing homes for some of advanced age.

Homeownership and Race/Ethnicity

Regarding race and ethnic origin, whites are more likely to own their own homes than any other group. Nearly four-fifths (or 77.8 percent) of all dwelling units

occupied by whites in 2000 were owned by them. The next highest group of homeowners was American Indians at 70.5 percent. The percentages drop significantly from there with blacks at 57.6 percent, Asians and Pacific Islanders at 48.3, and Hispanics at 43.9. Income differences, as will be indicated later in this section of the report, largely explain the black-white differential. They apparently also play a major role for the Hispanic sector of the population, plus the fact that a large proportion of the Hispanic population is new to Alabama. A significant portion of the Asian and Pacific Islander population also arrived in the state during the 1990s, but part of the low ownership in this group may also trace to a relatively large college-student population.

The 1990s saw increases, albeit slight, in homeownership among all sectors of the population except Hispanics. The white increment was about three percentage points (from 74.6 percent to 78.8 percent), while Asians and Pacific Islanders increased by 6.8 percentage points. American Indians moved about a percentage point higher, but the change for blacks was less than a percentage point. Hispanics, however, dropped by 8.1 percentage points from 52.0 percent homeowners in 1990 to just 43.9 percent in 2000. This pattern traces in large degree to the huge number of Hispanics that migrated into Alabama during the 1990s, many of whom ended up in lower paying jobs. In addition, the migratory tendencies associated with this group, as well as their current citizenship status, may work against the establishment of permanent roots until a more opportune time.

As indicated above, homeownership increases—at least to a point—as people age. Whites, however, are much more likely at most all ages to be homeowners than blacks. For householders aged 24-34, for example, homeownership is 64.5 percent for whites but only 37.7 percent for blacks—a 26.8 percentage point differential. It is only at the older ages that the differential begins to drop noticeably. For householders aged 75-84, for example, the white-black discrepancy drops to just 6.7 percentage points (where homeownership is 82.5

percent for whites and 75.8 percent for blacks). Interestingly, however, homeownership is actually greater for blacks than whites in the 85+ age category. Here, the percentage of white householders who are owners falls to 73.0, while that for blacks is 74.2. Economics undoubtedly plays a major role in these seemingly divergent patterns. Thus, whites are more economically able to purchase homes at an earlier age than blacks and, when sickness and other infirmities of old age arrive, they are also more able to move into other settings for care.

Other Characteristics of Homeowners and Renters

Rental occupied housing in Alabama, along with the characteristics of those who rent, is fundamentally different from owner-occupied housing in other ways. Thus, renters are much more likely to live in multi-unit housing structures than owners, are more apt to live in smaller units and, while characterized by a fewer number of persons per household, their homes are more likely to be crowded.

Approximately 82 percent of all-owner occupied dwelling units in 2000, for example, were single-unit dwellings. The corresponding percentage for renter-occupied dwellings was only 39.9 percent. Indeed, almost half (or 42.3 percent) of all rental units were in housing structures of three units or more compared to less than 1.0 percent for owned units. The most notable exception involving homeowners in multi-units structures is in Baldwin County where high-rise condominiums dominate the skylines of Orange Beach and Gulf Shores. Here, there were 5,141 dwelling units in housing structures with 50 or more units in 2000, the third highest total in the state behind Jefferson and Mobile counties. In addition, there were another 2,741 dwelling units in buildings containing 20-49 units.

Rental-occupied housing units in Alabama are also about one-third smaller than owner-occupied housing units. Using “number of rooms” as an indicator, the

median (or half above and half below) was 6.0 rooms in 2000 for owner-occupied dwelling units, but only 4.3 for those that were renter occupied. Thirty-seven percent of the owner-occupied households had seven or more rooms, but only 8.4 percent of the rental units. And while nearly four-fifths (78.3 percent) of the owned housing units had three or more bedrooms, the corresponding percentage for rental units was just one-third (32.3 percent).

With less room, therefore, it is fortuitous that renter-occupied households typically contain fewer people than owner-occupied households. In 2000, these households were about one-third person smaller, or an average of 2.3 persons for rented units versus 2.6 persons for owned units (a differential which also holds when whites and blacks are analyzed separately). Still, rented units are over twice as likely to be crowded (or more than one person per room on average) than owned units. Hence, only 1.9 percent of the owned units were crowded in 2000 as opposed to 5.7 percent for rented units. Other differences in owner- and renter-occupied units (such as age of housing, plumbing, kitchen facilities, telephones, vehicles available, etc.) will be noted in the following section.

Income and Housing

The size and type of housing, location of housing, homeownership, and housing amenities are all directly related to the income levels of household occupants. In 1999, the median household income for the state as a whole was $34,135. The median household income for the U. S., however, was $41,994, or 123.0 percent of Alabama's median. Over a third (or 37.3 percent) of all households in Alabama posted incomes less than $25,000, making it hard—if not impossible—for many individuals and families in Alabama to afford to buy their own homes. A recent study, for example, indicated that the self-sufficiency threshold for a single mother with one child in Alabama is $19,660 after taxes. For a single mother with two children, the threshold rises to $25,103 and for a single mother with

three children it is $32,282. “Self-sufficiency” is defined as independence from public assistance and housing assistance, an income that is adequate to meet basic needs, and enough earnings stability to prevent dependency on government benefits (2). On the other hand, 7.6 percent of all households reported incomes of $100,000 or more at the time of the 2000 census.

Theoretically, Alabama residents are in a better position to own their own homes or to rent better housing than they were a decade ago. Thus, the median household income increased from an inflation-adjusted $30,148 in 1989 to $34,135 in 1999 for a 13.2 percent increase. At the same time that household incomes were increasing, however, the cost of construction materials across the United States also increased by 22.6 percent.

There is also considerable variation across the state in how much people make. The median household income in Shelby County, for example was $55,440 in 1999. This was the highest recorded value in Alabama and nearly $11,000 more than the figure posted in Madison County (the second highest in the state). On the other hand, the median household income in Wilcox County was only $16,646, or just 30.0 percent of the Shelby County median. Furthermore, only 13 of the state’s 67 counties in 1999 were above the Alabama median ($34,135) in household income. All 13 of these “high income counties” are metropolitan counties. Of the ten counties with the lowest median household incomes, all are located in the southern portion of the state and eight are Black Belt counties.

Not surprisingly, household income levels vary significantly according to the “tenure” (i.e., owners or renters) of the dwelling unit. Thus, the median household income of owner-occupied housing units was $40,619 in 1999 compared to only $19,870 for renters. A large number of both owners and renters were clearly struggling, however, in their efforts to address housing costs. Over two-fifths (or 42.7 percent) of the owners, for example, generated less than

$25,000 in household income in 1999 while the corresponding figure for renters was 59.3 percent.

Housing affordability, whether owing one's own home or renting, is also reflective of race. The median household income of whites in 1999 was $38,539 compared to just $21,782 for black householders. The black household income level, therefore, was only 56.5 percent of that of whites. While the differential between incomes remained stagnant during the 1970s and 1980s with black income at only about half of white income, the 1990s witnessed a small decline in the discrepancy. Thus, as indicated by the most recent data, a significant gap remains between the two.

HOUSING VALUE AND COSTS

Value of Owner-Occupied Dwellings

The 2000 census questionnaire, as have the last several census questionnaires, asked homeowners to indicate the value of their homes. The median value of housing in Alabama in 2000 as estimated by homeowners was $85,100. This figure is up from an inflation-adjusted value of $67,824 in 1990. The booming economy during much of the 1990s made it possible for more people to buy larger homes. Many of these homes also came equipped with more amenities. Both of these factors helped to drive up the value of homes during the last decade. About 19 percent of all homeowners stated that their homes were worth less than $50,000. Approximately two-fifths (42.7 percent) valued their houses from $50,000 to $100,000, while another 19.6 percent were in the $100,000 to $150,000 category. Nine percent stated that their homes were worth $150,000 to $200,000 and another 9 percent said that their homes were worth $200,000 or more.

Median housing values were highest in Shelby County ($146,700) in 2000 and lowest in Perry County ($47,600). There were only 13 counties in which median housing values were 100.0 or more of the Alabama median (or $85,100): Shelby, Baldwin, Tuscaloosa, Lee, Madison, St. Clair, Elmore, Autauga, Jefferson, Morgan, Montgomery, Blount, and Limestone. All of these counties were classified as "metropolitan counties" at the time of the 2000 census. There were 14 counties, on the other hand, wherein housing values were less than 70.0 percent of the Alabama median. Almost all of these counties are located in the southern, rural sector of the state. In four of these counties (Perry, Crenshaw, Wilcox, and Sumter), almost half of the owner-occupied dwelling units were valued at less than $50,000. Less than 10.0 percent of the housing units in Shelby, Baldwin, Madison, Lee, and Tuscaloosa counties, however, were valued at $50,000 or less in 2000. Indeed, almost two-thirds of all owner-occupied units in Shelby County were valued at $100,000 or more and there were 139 homes in that county valued at $1.0 million or more. Shelby lagged behind several other counties in million dollar homes, including Jefferson (546 in that category), Baldwin (188), and Mobile (168). Together, these four counties accounted for 53.0 percent of all owner-occupied homes valued at $1.0 million or more.

Housing values also vary significantly by race in Alabama. Thus, the median value of white owned units in 2000 was $92,700 or 109.0 percent of the median for the state as a whole. The corresponding value for black owned housing, however, was only $58,400 or just 68.6 percent of the state's median. Overall, the median value of black housing was only 63.0 percent of the white median.

The Cost of Homeownership

Homeownership, of course, does not come without costs and the median monthly homeowner costs in 2000 for the 64.0 percent of homes with mortgages was $816. For those without mortgages, the median monthly costs were a much

more manageable $228. In addition to mortgage payments, monthly ownership costs include real estate taxes, house insurance, utilities, and the like.

About one-fourth (24.3 percent) of homeowners with mortgages paid less than $600 per month for housing costs. Another 34.6 percent paid from $600 to $900, while 30.6 percent paid from $900 to $1,500. Approximately 11 percent of those with mortgages stated that their monthly housing costs were in excess of $1,500 per month. For owners without mortgages, almost two-thirds (61 percent) indicated that their monthly costs were less than $250 per month.

Median monthly housing costs for homeowners with mortgages were highest in Shelby County (at $1,159) in 2000. There were ten other counties (Baldwin, Madison, Tuscaloosa, Lee, Elmore, St. Clair, Autauga, Jefferson, Montgomery, and Morgan) wherein the median was 100.0 percent or more of the Alabama median ($816). Median monthly homeowner costs for mortgaged homes, on the other hand, were lowest in Wilcox County (only $569). The median for Wilcox County was just 69.7 percent of the Alabama median. For the fortunate few without mortgages, homeowner costs were highest in Shelby County (a median of $264) and lowest in Geneva County ($186). Thus, there appears to be fairly significant variation in operational costs for those who own their homes fully from one sector of the state to another.

Approximately 193,000 Alabama homeowners with mortgages in 2000 had monthly housing costs of $1,000 or more. The greatest concentration of these high cost homes was in Shelby County where 64.2 percent of all mortgaged homes were in this category. For homes that were not mortgaged with high costs ($500 or more per month) the highest concentration was also in Shelby County where 8.0 percent of the fully owned homes had monthly operational costs of $500 or more. Thus, it follows that the highest incomes in the state are also found in this county.

Homeowner Costs As a Percentage of Income

Despite the inevitable foreclosures, most owners are apparently able to handle their monthly owner costs quite well. Slightly over half (or 50.6 percent) of the owners with mortgages in 2000, for example, indicated that their monthly owner costs amounted to less that 20.0 percent of their household income. Another quarter of all owners with mortgages indicated monthly housing costs took from 20 to 30 percent of the household income. Thus, for three-quarters of all homeowners with mortgages, monthly housing costs totaled less than 30.0 percent of the household income. Still, there was a relatively large group (i.e., 17.4 percent of all homeowners with mortgages) who spent more than 35.0 percent of their monthly income in mortgage payments and other housing costs. For the lucky 36.0 of homeowners without mortgages, however, monthly housing costs were not nearly as onerous. Thus, almost 80 percent indicated that less than 20.0 percent of the monthly household income was used for housing-related purposes.

Median monthly homeowner costs as a percentage of household income were highest (at 18.8 percent) in Greene and Macon counties in 2000 and lowest in Choctaw County (14.0 percent). Greene and Macon are two of the poorest counties in the state, but several of the state's wealthiest counties (e.g., Shelby, Montgomery, Lee, Tuscaloosa, Elmore, and Jefferson) are also in the top ten listing of counties with the highest cost/income ratio. The counties with the lowest ratios, however, are among some of the most rural in the state (Washington, Monroe, Clay, Clarke, etc.). For homeowners with mortgages, the highest cost/income ratio is decidedly in the Black Belt. The top seven counties, for example, are all Black Belt counties. In Bullock County, where the highest percentage is found, median homeowner costs for mortgaged homes total a hefty 29.6 percent of the household income. Black Belt counties also appear among those with the highest cost/income ratio for homeowners with no mortgages.

Again, Bullock County heads the list with median homeowner costs at 13.2 percent of household income.

Likewise, other housing cost indicators for homeowners do not bode well for the Black Belt counties. For those with mortgages, 44.1 percent of the homeowners in Bullock County have bills that exceed 35.0 percent of their monthly incomes. High percentages also characterize Wilcox (36.7 percent), Perry (29.2), Lowndes (27.3) and several other Black Belt counties. For those who do not have mortgages, most of the same counties are represented in the top ten listing. Thus, 31.0 percent of the homeowners in Wilcox County with no mortgages are characterized by monthly housing costs that exceed one-fifth or more of their monthly incomes. Overall, therefore, some of the highest housing costs in the state (based on percentage of income) are found in the poorest counties.

Homeowner Costs and Other Variables

Because of their limited incomes, housing costs are highest for the young. Thus, 24.9 percent of all Alabama householders aged 15-24 in 2000 spent 35.0 percent or more of their household incomes on housing-related costs (mortgages, utilities, house insurance, etc.). The percentage declined to the 12-14 percent range for householders of all other ages (i.e., 25-34, 35-44, etc.) except those aged 65-74 and 75+. Here, housing costs as a percentage of income begin to increase slightly as older persons retire and live on more limited incomes. For the 65-74 age group, for example, housing costs of 35.0 percent of income or more rose to 15.5 percent of all householders in that age range in 2000 and to 17.1 percent for householders aged 75+.

Likewise, homeowner-housing costs are greater for Alabama's blacks than whites. Median homeowner costs for whites, for example, were 16.0 percent of household income. The corresponding percentage for blacks, however, was 19.8, or nearly four percentage points more. This differential held for both

housing units with mortgages (19.3 percent of income for whites; 22.8 percent of income for blacks) and without mortgages (10.0 percent for whites and 13.0 percent for blacks). Examining black-white differentials from another perspective, 15.1 percent of the white owned units that were mortgaged reported housing costs of 35.0 percent or more of income compared to nearly twice as many (or 26.9 percent) of the black owned dwellings. For housing units that were not mortgaged, the percentages were 6.2 for whites, but 15.6 for blacks.

Rental Costs

As indicated earlier in the report, about 28 percent of all occupied housing units in Alabama are rented. During the decennial censuses, the Census Bureau collects information on both the amount of "contract rent" paid and "gross rent" paid. "Contract rent is the monthly rent agreed to or contracted for, regardless of any furnishings, fees, meals, or services that may be included in the rent. "Gross rent," on the other hand, is the contract rent plus the estimated average monthly cost of utilities and fuels if the renter pays these costs. Gross rent, according to the Census Bureau, is intended to eliminate differentials that result in the data from varying practices regarding the inclusion of utilities and fuels as part of the rental payment.

The median contract rent for the state as a whole in 2000 was $339. This is up from an inflation-adjusted value of $289 in 1990. The median gross rent, on the other hand, was $447 in 2000. This represents an increase of just $32 after the effects of inflation are taken into consideration. Since "gross rent" represents an effort to standardize rental cost across geographic areas (hence, allows for comparisons), it will be analyzed in this report to the exclusion to "contract rent."

The highest median monthly gross rental values in the state in 2000 were in Shelby ($635), Baldwin ($566), Autauga ($537), Montgomery ($526), and Madison ($503) counties. Other counties in the top ten included Jefferson

($500), Tuscaloosa ($487), Elmore ($486), St. Clair ($482), and Mobile ($476). All of these counties are either metropolitan core counties (Montgomery, Madison, Jefferson, etc.) or outlying metropolitan counties (e.g., Shelby, Baldwin, and Autauga). The median gross rent in these ten counties ranged from 142.1 percent of the Alabama median ($447) in Shelby to 106.5 percent in Mobile County. The county with the lowest median gross rent in 2000 was Greene at only $235 per month and at just 52.6 percent of the median for the state. Typically, the counties with the lowest median rental values are predominately rural counties in both the northern and southern sectors of Alabama. The Black Belt counties are also heavily represented in this category.

About two-fifths of all rental units in Alabama (or 38.0 percent) were characterized by monthly gross rental charges of $350 or less in 2000 (including the 10.4 percent that did not pay any cash rent at all). Gross rent for another quarter of all units (26.8 percent) was from $350 to $500, while the gross rent for 23.4 percent of all rental units was from $500 to $700. The remaining 11.7 percent of all units, therefore, entailed a gross rent of $700 or more. Interestingly, for one in every ten rental units (or 10.4 percent), no cash rent was levied. In addition, there were 619 dwelling units in the state in 2000 that rented for $2,000 or more. As one might except, these units totaled less that 1.0 percent of all rental units in Alabama.

Any amount above $500 per month is a relatively high rental amount in Alabama. There were only three counties in the state in 2000 (Shelby, Baldwin, and Montgomery) where the gross rent for at least half of the households was $500 or more. Nearly two-thirds (or 65.7 percent) of the renter-occupied units in Shelby were above that amount, followed by 55.0 percent in Baldwin, and 51.9 percent in Montgomery. In Washington County, on the other hand, just 3.6 percent of all renter-occupied units rented for $500 or more. Washington was joined by 14 other rural Alabama counties wherein less than 10.0 percent of the renter-occupied dwellings rented at that level.

Rent As a Percentage of Income

As the above discussion concerning homeowners indicates, housing costs can take a big bite out of the personal and/or family budget. Thus, over one-fourth (or 27.4 percent) of all renter-occupied households in the state in 2000 had gross monthly rental payments totaling 35.0 percent or more of the household income. Another 26.0 percent of renter-occupied dwellings were in the 20.0 to 35.0 percent range of household income. This leaves approximately one-half (or 46.6 percent) of all renter-occupied units (including those who paid no cash rent) for which the gross rental amount was less than 20.0 percent of the household income. For fully half of the renter-occupied units in 2000, the gross rent was 24.8 percent or more of the household income.

The counties wherein the median gross rent consumes the largest portion of household income represent an interesting mix of rural-urban and rich-poor. Thus, on the top ten list of median gross rents versus income one encounters such poor rural counties and/or economically struggling counties as Bullock (median rent at 35.1 percent of income), Perry (31.3), Macon (29.4), Conecuh (27.9), Dallas (27.4), Sumter (27.3), and Lowndes (27.0). But there are also several prosperous urban counties including Lee (35.1), Tuscaloosa (29.2), and Lauderdale (27.0). The large student population helps to explain the elevated rent to income ratio in Lee County. In this county, for example, the gross rent totaled 35.0 percent or more of the household income for 44.1 percent of the dwellings. This was the highest value in the state, but was followed in relatively close succession by Bullock (gross rent at 35.0 percent or more of income for 37.6 percent of the renter-occupied units), Tuscaloosa (36.2 percent), Perry (33.1), and Macon (32.8). At the other end of the continuum, gross rent in Clay and Clarke counties amounted to only 19.5 percent of the household income in 2000 while only 16.5 percent of the renter-occupied households in Blount County were at the 35.0 percent level of household income or above.

It has often been said that “the poor pay more.” Certainly, this is true in reference to the amount of money that households of limited means spend on housing in Alabama. For 57.0 percent of the renter-occupied dwellings with incomes under $10,000, for example, 35.0 percent or more of the household income was spent on rent in 2000. For households with incomes of $10,000-$19,999, the percentage declines to 41.5 but nevertheless remains at a lofty height. It is only at the $35,000 income level and above that the percentage of those spending 35.0 percent or more drops to non-significant proportions (i.e., under 1.0 percent).

Rental Costs and Other Variables

Just as homeowner costs vary by age, race, and other variables, the same is true for rental costs. For example, in about half of the households with householders aged 15-24 the gross rent was 35.0 percent or more of the household income. While the percentage of households with householders aged 25-34 with rent at the 35.0 percent level drops to 26.4, it gradually rises (beginning in the 55-64 age group) to 38.1 percent in the 75+ age group.

Rental levels also vary significantly by race. The median gross rent paid by black renters, for example, was only 85.2 percent of that paid by white owners (or $404 as opposed to $474). Even though rental payments were lower for blacks than whites, blacks spent a larger percentage of their incomes for housing. For white householders, median gross rent as a percentage of household income was 23.3 in 2000, but for blacks it was 28.0 (or about five percentage points more). Furthermore, the median gross rent paid was 35.0 percent or more of income for 27.9 percent of the households with white householders versus 38.1 percent of those with black householders.

AGE AND CONDITION OF HOUSING

Age of Housing

While housing of any age can present maintenance and other problems for its owners, older housing is more likely to be in less than mint condition and to require greater expenditures than newer housing. Half of the housing units in Alabama have been built since 1975. More specifically, about a quarter of all dwellings (or 22.6 percent) were built during the 1990s. Another 38.1 percent were constructed during the 1970s and 1980s, a period during which many of the baby boomers were coming of age. Likewise, the post World War II years precipitated a housing boom that extended into the 1950s and 1960s. Better than a fourth (or 26.0 percent) of all Alabama homes were built during this period. Thus, only 13.3 percent of the state's homes were constructed prior to 1950.

There is considerable variation across the state regarding the median age of housing. The newest homes are found in Shelby County (where the median age of housing was just 13 years in 2000) while the oldest homes are found in Chambers, Etowah, and Jefferson counties (where the median age of homes was 32 years at the time of the last census). Other counties with newer homes include Baldwin (a median of 14 years), Lee (17 years), and Cherokee and St. Clair (both at 18 years). Typically, the counties with the newest homes are also the counties that have experienced the highest levels of population growth over the last 2-3 decades. A majority, for example, are outlying counties of metropolitan core counties and, as such, have been the destination of migrants moving from the central city. On the other hand, the counties with the oldest housing generally experienced their greatest population growth during an earlier era (e.g., Jefferson, Dallas, Mobile, Montgomery, etc.).

Further analysis of the 2000 census data indicates that the age of housing varies significantly according to such factors as homeownership, the age and race of

the householder, and income level. Thus, renters are more likely to live in older housing than owners, older householders than younger householders, and poorer people more than those of higher socioeconomic status. Looking more specifically at the data, 27.1 percent of the renters live in housing constructed before 1960 while the corresponding percentage for owners is 23.0 (or four percentage points less). In addition, only 15.8 percent of the renters reside in housing built since 1990 compared to 25.6 percent of the owners. Concerning age, 32.1 percent of the householders aged 65-74 who own their own homes live in housing that was constructed before 1960 versus just 14.4 percent of the homeowners aged 25-34 years. Similar differentials hold for renters in those same age categories. Likewise, 29.9 percent of the pre-1960 owned units are occupied by persons below the poverty level but the percentage for those above the poverty level is only 22.2 (a differential that also holds for renters).

Condition of Housing/Housing Amenities

The Census Bureau has collected information for a number of years on what may be loosely termed “the condition of housing” and “housing amenities.” Such items as complete plumbing and kitchen facilities and the type of heating system that is used speak directly to the condition of housing and the extent to which housing units have become modernized over the years. On the other hand, whether or not households have such “add ons” as telephone service and automobiles (necessities though they may be) more closely address the topic of “housing-related amenities” or additional items that people may or may not be able to afford. While earlier censuses have collected information on such household amenities as radio and television sets, washing machines, electric lighting, mechanical refrigerators, and home food freezers, the most recent census was limited telephones and vehicles.

Home Heating Fuel

Most Alabama households (46.0 percent) use electricity to heat their homes. Utility gas (at 38.1 percent of all occupied housing units) is entrenched firmly in second place. Fourteen percent use bottled, tank, or LP gas. After that, the use of other sources of heat virtually declines to zero. About 20,000 households still use wood as the primary source of heat, but the percentage of all occupied housing units using wood is just 1.1. Only about 7,000 households use fuel oil or kerosene, 582 use coal or coke, and only 216 use solar energy. Interesting, approximately 4,300 occupied dwelling units did not use any heat at all.

The use of electricity for heating varies significantly from one county to another. Thus, the county with the highest percentage in 2000 was Houston (81.1 percent of all occupied dwelling units) while Macon had the lowest (only 25.3 percent). There were nine counties (in addition to Houston) where the percentage using electricity for heat was 60.0 or more (Baldwin, Coffee, Dale, Henry, Geneva, Limestone, Madison, Escambia, and Barbour). All but two of these nine counties are located in the southern portion of the state. On the other hand, there were ten counties (in addition to Macon) where the proportion was one-third or less using electricity for heat (Dallas, Randolph, Franklin, Greene, Etowah, Cleburne, Perry, Jefferson, Autauga, and Lowndes).

The county wherein utility gas was used most frequently for heat was Jefferson (65.3 percent of all households) while the county with the lowest use was Choctaw (just 8.0 percent of all households). Other high use counties included Montgomery (60.9 percent of all occupied households), Dallas (55.3 percent), Etowah (55.1 percent), and Mobile (53.9 percent). The only other county wherein usage was less than 10.0 percent was Wilcox (at 9.9).

There are still a number of Alabama counties that rely heavily on bottled gas for heating their homes. Hence, there were 16 counties in 2000 wherein one-third or

more of all households depended on bottled gas as the source of heat. The two highest users were Cleburne (52.8 percent of all households) and Lowndes (52.5 percent). The higher user counties are without exception some of the most rural counties in the state. It is not surprising, therefore, that metropolitan counties represent the low users when it comes to this source of heat.

As indicated earlier, almost 20,000 households use wood burning stoves and fireplaces to heat their homes. The county with the highest frequency of wood use was Washington at 6.8 percent of all households. Montgomery and Jefferson counties, on the other hand, were tied for the lowest frequency of use (0.2 percent). The top ten counties in the use of wood (Madison, DeKalb, Jackson, Baldwin, Lauderdale, Morgan, Mobile, Tuscaloosa, Cullman, and Washington) accounted for approximately one-third of all households in the state that used wood as a source of heat in 2000.

For the 7,300 households that used fuel oil, kerosene, etc, the top five counties were Madison, DeKalb, Morgan, Jefferson, and Limestone. Together these counties accounted for 29.1 percent of all households in the state that used these fuels as a source of heat in 2000.

Plumbing Facilities

“Complete plumbing facilities” is defined by the Census Bureau as hot and cold running water, a bath tub or shower, and an indoor flush toilet. While an estimated 40 percent of all occupied housing units in Alabama lacked one or more of these plumbing items in 1960, the percentage had declined to only 0.6 in 2000. Thus, there were now only 11,000 homes in Alabama without complete plumbing at the time of the 2000 census.

Counties with the highest percentage of incomplete plumbing were Wilcox, Greene, Hale, Lowndes, Sumter, Washington, Perry, Marengo, and Macon. For

these counties the range was 3.7 percent of the occupied housing units without complete plumbing for Wilcox to 2.1 percent for Macon. With the exception of Washington, all nine of these counties are located in the economically depressed Black Belt. Two counties—Etowah and Madison—were tied for the lowest percentage at 0.3 percent.

The county with the highest number of households lacking complete plumbing was Jefferson (1,132), followed by Mobile (915), Montgomery (520), Madison (366), and Tuscaloosa (284). Together, these five counties accounted for 29.2 percent of all occupied housing units in the state without complete plumbing in 2000. Jefferson County alone accounted for 10.3 percent of the total for the state.

Further analysis of the data indicates that renters were more likely to live in homes lacking complete plumbing facilities in 2000 than owners (1.0 percent versus 0.5 percent) and that blacks were more apt than whites (1.4 percent as opposed to 0.4 percent). Furthermore, crowded housing units were more likely to lack complete plumbing than those not crowded (1.9 percent vis-à-vis 0.6 percent) and households below the poverty level were more prone to lack complete plumbing than those above (2.2 percent compared to 0.4 percent).

Kitchen Facilities

The census definition of “complete kitchen facilities” is housing units having a sink with piped water, a range or cook top and oven, and a refrigerator. Only 0.6 percent of all occupied housing units in Alabama in 2000 (or 9,660 dwellings) lacked complete kitchen facilities. In contrast, nearly half of the occupied housing units in 1950 (or 46.4 percent) reported the absence a kitchen sink alone, while 42.3 percent did not have mechanical refrigeration equipment. Data were not collected on other kitchen-related items in that census.

Black Belt counties and other counties in the southern part of the state are most likely to be characterized by homes that lack complete kitchens. Wilcox County, at 2.5 percent of all occupied dwelling units, led all other counties in this regard followed by Hale (2.3 percent) and Lowndes (2.0 percent). On the other hand, Autauga County (at a miniscule 0.2 percent) registered the lowest percentage.

Thirty-six percent of all occupied dwelling units lacking complete kitchens were found in just five counties: Jefferson (12.5 percent of the state's total), Mobile (9.4 percent), Montgomery (6.9 percent), Madison (3.9 percent), and Baldwin (3.0 percent). Nearly half of the homes without complete kitchens were found in ten counties (the above counties plus Tuscaloosa, Lee, Calhoun, Talladega, and DeKalb).

As was true with plumbing, renter-occupied households lack complete kitchen facilities with greater frequency than owner-occupied homes (1.1 percent versus 0.4 percent) and blacks lack complete kitchens with higher frequency than whites (1.1 percent compared with 0.4 percent).

Telephone Service

About 4 percent of all occupied households in the state (or approximately 74,000 dwelling units) did not have telephone service available in 2000. "Telephone service" is defined by the Census Bureau as "households with a telephone in working order on which members of the household are able to receive and make calls. Households whose service has been discontinued for nonpayment or other reasons, according to the census definition, are not counted as having telephone service available.

There were four counties in Alabama in 2000 wherein 10.0 percent or more of the occupied dwelling units did not have telephone service available: Wilcox (13.6), Conecuh and Greene (10.2), and Sumter (10.1). There were 13 more

counties where the percentage without telephone service ranged from 8.0 to 9.7. Most of these counties lie in the southern sector of the state. The county with the lowest percentage of housing units without telephones was Shelby at only 1.6 percent. The 15 counties with the lowest percentages are all classified by the Census Bureau as “metropolitan counties.”

The five counties with the largest number of housing units without telephone service in 2000, however, were Jefferson (6,096), Mobile (5,529), Madison (2,350), Montgomery (2,267), and Baldwin (1,802). Occupied housing units without telephone service in these five counties totaled 18,044, or 24.5 percent of all occupied units in the state without telephone service. The fourteen counties with the highest number (all above 2.0 percent) totaled 44.9 percent of the Alabama total.

The census data indicate that black occupied dwelling units are less likely to have telephone service than white occupied units (7.4 percent versus 3.1 percent), that renters are less apt than owners (8.6 percent compared to 2.6 percent), younger persons than older persons (10.1 percent of persons aged 15-24 versus only 1.9 percent of those aged 75+), and those below the poverty level than those above (11.4 percent vis-à-vis just 2.8 percent).

Vehicles Available

Certain segments of the Alabama population are much more prone not to have vehicles available for their transportation needs than others. Thus, 17.4 percent of the renter-occupied housing units in 2000 did not have vehicles available as opposed only 4.8 percent of the owner-occupied households. On average, owners had 2.0 vehicles per household while renters had 1.3. In addition, blacks were less apt than whites to have a vehicle in their household (18.1 percent versus 5.1). While households with householders aged 25-34 and 75+ posted

the highest percentages without vehicles (at 10.0 and 22.1 percent, respectively), the percentages are generally much lower for the intervening age groups.

Index of Housing Conditions

In addition to data for such individual housing items as lacking complete plumbing, heating, telephone service, and vehicles, the Census Bureau also combines several indicators of housing quality into one index. Five indicators are included in the index that emerged from the 2000 census: (1) lacking complete plumbing facilities; (2) lacking complete kitchen facilities; (3) 1.01 or more persons per room (or "crowding"); (4) selected monthly owner costs as a percentage of income in 1999 greater than 30.0 percent; and (5) gross rent as a percentage of household income in 1999 greater than 30.0 percent. Data are then reported as to how many of the selected conditions are present for housing units in various locales across the state and for owners and renters.

About 75 percent of all occupied housing units in Alabama in 2000 did not exhibit any of the conditions that are contained in the index. While about one-fourth (or 419,327) displayed at least one of the conditions, housing units with more than one negative housing factor were generally quite rare. Just 1.2 percent (20,466) of all occupied units, for example, had two negative factors, while only 1,827 (0.1 percent) had three, and just 128 had all four. (A householder either owns or rents and not both; hence, the number of factors potentially present is effectively reduced from five to four).

The top 12 counties (three are tied for the tenth position) with two or more of these negative housing conditions were Wilcox (5.2 percent of all occupied households), Hale (4.1 percent), Perry (4.0), Lowndes (3.9), Greene (3.7 percent), Macon (3.2 percent), Sumter (2.9 percent), Pickens (2.9 percent), Marengo (2.8 percent), Bullock (2.6), Henry (2.6), and Dallas (2.6). All of these counties lie in the southern part of the state. The top 12 listing also includes all

of the Black Belt counties. On the other hand, Shelby County (at only 0.5 percent) had the smallest proportion of occupied housing with two or more of these characteristics.

Of the 22,421 units in the state with two or more negative housing conditions, 26.4 percent were in just two counties (Jefferson and Mobile), while 42.4 percent were in only five counties (Jefferson, Mobile, Montgomery, Madison, and Tuscaloosa). Fifty-three percent, furthermore, were in just ten counties.

Renters were about four times more likely to live in homes with two of more of these adverse conditions than owners (or 2.7 percent versus 0.7 percent). Still, for both groups the percentages are quite small.

SUMMARY AND CONCLUSIONS

Alabama is now home to 4.4 million residents and the population continues to grow with each succeeding decade. Nearly two million housing units dot the highways and byways of the state of which over 1.7 million are occupied. Most of these homes (or approximately 75 percent) are owned by those who live in them, although only about 36 percent of the owned homes are free of mortgages.

While most people live in conventional one-unit housing structures, dwellings in multi-unit structures grew at a faster pace than single-unit dwellings during the 1990s. Mobile homes, furthermore, represented one of the fastest growing segments of the housing market. They now total 319,000 units in the state, or 16 percent of all housing units. And there are 16 counties in Alabama wherein mobile homes comprise 30 percent or more of all housing units.

Whether single-unit dwellings, multi-unit dwellings, or mobile homes, most Alabama residents do not stay in one place very long. Thus, nearly two-thirds of all Alabamians have moved into their current place of residence within the last

ten years. They also apparently have an affinity for relatively new houses in that half of all dwelling units in Alabama have been built since 1975. Indeed, the median age of housing in Shelby County is only 13 years.

The composition of Alabama's homes reflects a wide variety of circumstances and living arrangements. Family households and married-couple households with children have declined, while single-parent, one-person, and unmarried-partner households have all increased. The typical Alabama household is a third smaller than it was just a half-century ago and 26 percent of all households currently contain people who live alone. In fact, there are now more single-person households than married-couple households with children.

We live in an aging society and this pattern is no where more vividly reflected than in the age distribution of the household population. Householders aged 65 and older now comprise over one-fifth of all occupied housing units in the state and constitute the largest single group of householders of any age category in the population. Altogether, householders aged 45+ total nearly 60 percent of all householders in the state.

There is growing diversity in household occupants throughout much of the state, with blacks, American Indians, Asians and Pacific Islanders, and Hispanics all posting major gains from 1990-2000. Hispanic householders (who may be of any race) registered the largest increase in the number of housing units at 173 percent. And a growing number of Alabamians now own their own homes. The number of owned units increased by nearly 200,000 during the 1990s, or by 19 percent. All of the major segments of the population except Hispanics saw increases in homeownership during the last decade.

Income gains during the 1990s, along with favorable interest rates, made it possible for more Alabamians to own their own homes. The median household income increased from an inflation-adjusted $30,148 in 1989 to $34,135 in 1999

(or a 13 percent gain in real dollars). Still, over a third of all Alabama households posted incomes of less than $25,000 in 1999, making it difficult for many to realize the American dream of owning their own homes.

Monthly homeowner costs, at $816 in 2000, are highest for homeowners with mortgages. This figure drops to only $288 for those without mortgages. About a fourth of all owner-occupied households with mortgages spent 30 percent or more of their monthly household income on housing in 2000, with homeowner costs higher in the Black Belt counties than other areas of the state, for younger persons than older persons, and for blacks than whites. Likewise, better than one-fourth of all renter-occupied households at the time of the last census had monthly gross rental payments totaling 35 percent or more of the household income. For half of the renter-occupied households, the monthly gross rent was one-fourth or more of the household income.

While the number of persons per household has declined over the years, the size and value of housing (even after the effects of inflation are taken into consideration) have increased. All but a fraction of homes now have complete plumbing and kitchen facilities. A larger yet modest percentage (i.e., 4.2) of the occupied housing units still do not have telephone service, but nearly one in every ten Alabama households do not have a vehicle at their disposal. About 51,000 households across the state (or 2.9 percent of all dwelling units) are "crowded." According to the Census Bureau's index of "selected housing conditions," about a fourth of all households in the state are characterized by at least one negative condition (lacking complete plumbing, lacking complete kitchens, crowded, or homeowner costs or rental payments at 30.0 percent or more of income).

There are a number of bright spots on the housing landscape. More Alabamians own their own homes than ever before, they are larger, worth more, and they come with many more amenities now than they did just a few years ago. But

there are also a number of troublesome areas that dog the housing sector. Affordable housing remains an elusive target for significant sectors of the population. Thousands of households are crowded and some homes still lack such rudimentary conveniences as complete plumbing and kitchen facilities. Many more do not have telephone service or readily available transportation. These problem areas are exacerbated for the black sector of the population, renters, and people living in rural areas, especially the Black Belt counties that span a large portion of the southern part of the state. These problems must continue to be addressed if we are to fully realize the goal of "Sweet Home Alabama."

Specific Housing Objectives (91.315(b))

1. Describe the priorities and specific objectives the jurisdiction hopes to achieve over a specified time period.
2. Describe how Federal, State, and local public and private sector resources that are reasonably expected to be available will be used to address identified needs for the period covered by the strategic plan.

3-5 Year Strategic Plan Specific Housing Objectives response:

As has been described in the previous sections, the State of Alabama has a seemingly unattainable challenge to meet the affordable housing needs of tens of thousands of households, primarily those with limited incomes, including some with special needs. Despite these large numbers, the state will fully utilize all available funding sources to meet the greatest number of those needs.

The "Sweet Home Alabama" report was used in developing the specific housing objectives. As clearly outlined in the report, the state faces a myriad of housing needs with very limited funding sources. However, the provision of affordable housing is the state's primary objective. More specifically, the state's objectives regarding affordable hosing focus on areas which have proven to be successful in

the past. Each of the four "Consolidated Plan" programs will target specific family and income types.

1. Provide new and rehabilitated rental housing for extremely low-, low-, and moderate-income households.

2. Provide down payment assistance for first-time home buyers for moderate-income households.

3. Provide rental Assistance for extremely low-, low-, and moderate-income persons & families.

4. Provide rehabilitated housing for existing homeowners of extremely low-, low-, and moderate-incomes.

Needs of Public Housing (91.315(i))

In cooperation with the public housing agency or agencies located within its boundaries, describe the needs of public housing, including the number of public housing units in the jurisdiction, the physical condition of such units, the restoration and revitalization needs of public housing projects within the jurisdiction, and other factors, including the number of families on public housing and tenant-based waiting lists and results from Section 504 needs assessment of public housing projects located within its boundaries (i.e. assessment of needs of tenants and applicants on waiting list for accessible units as required by 24 CFR 8.25). The public housing agency and jurisdiction can use the optional Priority Public Housing Needs Table (formerly Table 4) of the Consolidated Plan to identify priority public housing needs to assist in this process.

3-5 Year Strategic Plan Needs of Public Housing response:

The State of Alabama does not have a Public Housing Authority; therefore, this Strategic Plan item has not been addressed.

Public Housing Strategy (91.315(i))

1. Describe the public housing agency's strategy to serve the needs of extremely low-income, low-income, and moderate-income families residing in the jurisdiction served by the public housing agency (including families on the public housing and section 8

tenant-based waiting list), the public housing agency's strategy for addressing the revitalization and restoration needs of public housing projects within the jurisdiction and improving the management and operation of such public housing, and the public housing agency's strategy for improving the living environment of extremely low-income, low-income, and moderate families residing in public housing.

2. Describe the manner in which the plan of the jurisdiction will help address the needs of public housing and activities it will undertake to encourage public housing residents to become more involved in management and participate in homwownership. (NAHA Sec. 105(b)(11) and (91.215(k))

3. If the public housing agency is designated as "troubled" by HUD or otherwise is performing poorly, the jurisdiction shall describe the manner in which it will provide financial or other assistance in improving its operations to remove such designation. (NAHA Sec. 105(g))

3-5 Year Strategic Plan Public Housing Strategy response:

The State of Alabama does not have a Public Housing Authority, therefore, this Strategic Plan item has not been addressed.

Barriers to Affordable Housing (91.310(e) and 91.315(f))

1. Explain whether the cost of housing or the incentives to develop, maintain, or improve affordable housing are affected by public policies, particularly those of the local jurisdiction. Such policies include tax policy affecting land and other property, land use controls, zoning ordinances, building codes, fees and charges, growth limits, and policies that affect the return on residential investment.

2. Describe the strategy to remove or ameliorate negative effects of public policies that serve as barriers to affordable housing, except that, if a State requires a unit of general local government to submit a regulatory barrier assessment that is substantially equivalent to the information required under this part, as determined by HUD, the unit of general local government may submit that assessment to HUD and it shall be considered to have complied with this requirement.

3-5 Year Strategic Plan Barriers to Affordable Housing response:

Both of the State's five-year Consolidated Plans (1995 and 2000) addressed whether the cost of housing or the incentives to develop, maintain, or improve affordable housing in the State were affected by its laws, regulations and policies. In analyzing the barriers to affordable housing in Alabama, it seems evident that public policies (statutes, ordinances, regulations, administrative procedures and processes) may have an impact in certain areas of the State.

The more prevalent barriers are often those which are customary and/or implied, while others are the rigid, on-the-books type. The following is an overview of some of the public policy barriers which continue to have an impact.

Land Use Restrictions

Most of Alabama's cities restrict the use of properties within their jurisdiction to specific purposes through the use of zoning. In order for the property to be used for a purpose other than which it is zoned, a rezoning must be obtained from the city government. Although these zoning restrictions do sometimes delay or prohibit the production of housing units, they remain a necessary and prudent police power of the localities to ensure proper building activities within their community. Several cities have restrictions for the development of residential property, such as curb and gutter, storm drainage and underground utilities, which are prohibitive to the production of affordable housing particularly in the lower priced homes. Unfortunately, often only high-end developments can meet the intent of some of Alabama's zoning/land use laws.

For rural areas of Alabama, land use requirement barriers such as lack of infrastructure or zoning and subdivision regulations also affect the production of affordable housing. Virtually all of the State's counties have some areas not served by adequate water & sewer systems. While Federal programs such as the CDBG grants for non-entitlement areas make an impact on this problem, many communities remain unserved. Zoning laws and subdivision regulations which control the development and use of land in the smaller communities are often too complex for the purpose intended. It is common for local zoning ordinances to have restrictive low-density requirements and lot design (size) standards which are too constraining for the effective production of low-cost housing units. Many subdivision regulations are geared for typical suburban development. Some accommodations have been made for rural areas but these accommodations are usually associated with larger tracts or lots where the increased burden on the

county road system is minimal. The application of suburban standards for some areas often results in a situation in which affordable housing is not economically feasible. These factors often cause development costs to be unreasonably high in Alabama's rural areas.

Transportation Problems

Although not strictly a part of housing, the cost of and availability of transportation to work, shopping and services is a factor that limits housing choice and affordability. Outside of urban areas, there is very little readily available public transit and that which is accessible is often irregular in the times and patterns of service.

Building Codes

Building codes and FHA minimum property standards are often expressed in terms of rigid specifications i.e. the Southern Building Code. Even while new construction techniques and architectural innovations may be satisfactory in terms of safety, comfort and other measurable standards, they are not in compliance unless they meet these strict specifications. Inconsistency in building code enforcement also creates additional expenses for builders who may be unduly delayed in their construction and/or forced to undertake costly redesigns. The building code barrier is especially oppressive in terms of housing rehabilitation. The codes typically require that, during the rehabilitation of an existing structure, all systems be brought to new construction standards. This requirement is very costly and extremely prohibitive in keeping up with the housing rehabilitation needs of many Alabamians.

Costs Associated With Handicap Compliance

Another major governmental regulation currently hindering the production of rental housing is the Fair Housing Accessibility Guidelines, which became

effective early in 1991. These guidelines require building designs to be altered to accommodate handicapped persons. Accessible housing units are more costly to construct and the required renovations to existing structures can be especially costly for older less-modular buildings.

Fire Protection Costs

Due to a lack of fire protection in some rural Alabama counties, homeowner's insurance rates are higher causing an overall increase in the costs of housing. It is not uncommon for a rural homeowner to pay twice the amount for homeowner's insurance as an urban homeowner. This is particularly oppressive to low-income households attempting to buy a house in a rural or unincorporated area. The additional monthly expense in their mortgage payment for insurance could prevent some of these households from purchasing or qualifying for a home in these areas.

Lack of Land Use Regulations

Although the presence of restrictive regulations may hinder housing affordability, the lack of regulations may also pose a problem. For a great many Alabama families, the use of mobile homes and manufactured homes has been a viable solution to the problem of affordable housing. These types of homes, which are scattered throughout all 67 counties and within the State's municipalities, point to a need for a diversity of housing alternatives. A major problem with mobile home development however is a lack of county-wide zoning and/or the lack of land use regulations which would establish some ground rules for planned mobile home parks. A mobile home or manufactured home situated in an area without the required infrastructure (specified roads, water, sewer or septic) can be considered a substandard housing unit. Some Alabama counties exercise a lack of authority to permit location of these homes. Legislation introduced in the Alabama legislature to extend the authority for counties to regulate manufactured home parks has repeatedly failed. The results of such random and arbitrary land

use regulations are as follows: Mobile homes or manufactured homes are often located alone and are frequently substandard. Counties have made very few plans to accommodate the subdividing of land for this type of housing and there is often a negative perception of these types of homes in terms of aesthetics and suitability because of their location and/or condition.

Several Alabama counties have no regulations that prohibit unsafe, deteriorating and unsanitary housing. Virtually uninhabitable housing can be rented in Alabama because there is no required WARRANTY OF HABITABILITY*. State and county health departments are typically responsible for enforcing health and sanitation codes, but these same counties are less likely to enforce substandard structural-type housing conditions. Without an enforceable code with which to condemn these dilapidated structures, the overall effect can be a glut of homes which are unsuitable for habitation, too far gone for rehabilitation and eyesores to the community. The tenants of such structures are unprotected and the permissive non-code policy functions as a disincentive to improving affordable housing. A prominent part of any State or local housing plan should be the elimination of any substandard non-rehabilitative housing. As long as these substandard units remain in existence, some Alabama households will be in residence.

* NOTE: Most sessions of the Alabama Legislature have had this type of legislation on the table (i.e. “the Alabama Residential Landlord and Tenant Act”) for consideration. For the most part, these types of bills propose to establish uniform warranty coverage relating to habitability of residential rental units.

Institutional/Financial Constraints

An almost universal opinion of those having difficulty with the acquisition of a new home is that lending institutions are too conservative and too restrictive in their lending practices. Banks, mortgage lenders and other financial institutions have

historically been very reluctant to deviate from their standard patterns of loaning mortgage money. A poor credit history or an insufficient amount of credit experience is frequently the primary reason that many low- and moderate-income Alabamians cannot afford to buy a home. Among the chief complaints cited were:

- Credit history reports cover too many years, possibly exposing some financial difficulties early in one's adulthood
- Potential borrowers get little or no consideration for having made timely rental or utility payments for an extended period of time
- Banking guidelines require that a borrower come up with a 5% down payment from their own funds when buying a home
- Closing costs are excessive
- Lending institutions, particularly in Alabama's rural areas, are able to loan most of their available capital to lower-risk (more affluent) borrowers
- The banking industry generally lacks knowledge of low-income federal programs and educational services
- A few unpaid medical bills can jeopardize a loan
- Lower income persons are less able to weather a credit crunch when the cost of everything, including housing, goes up
- The young and the elderly alike are targeted as high-risk groups
- Conventional financing is not available for older homes.

In summary, lending options are limited for low- and moderate-income Alabamians. It remains very difficult to qualify for a mortgage loan without a combination of sufficient income and a good credit rating. Lenders stay on traditional courses and, despite Community Reinvestment Act obligations, are not likely to meet the growing need for affordable housing finance.

Fair Housing

Some Alabama counties cite discrimination as a barrier to affordable housing. While racial discrimination (mostly against blacks) is the most prevalent form, certain age groups (young people or the elderly) or class designations (families with young children or with a handicapped family member) also feel the pinch of this unfair housing practice. Frequently this barrier is disguised within other more acceptable barriers such as high rental rates, non-availability of mortgage financing and/or restrictive land use regulations. It is presumed that the advertising of rental properties and homes is sometimes by word of mouth to avoid fair housing laws.

Unfortunately, most Alabama counties have social problems that are linked to economic problems. When times get tough, lower income people, particularly blacks, face even greater discrimination and prejudices than ever and access to decent housing is very difficult. There is also a bias against low-income housing and especially against high density public housing or concentrations of subsidized units. The bias against such housing is accentuated by rising crime rates. The use of illegal drugs and an influx of gang activity even in non-metro Alabama counties have had a devastating effect on the public image of low-income housing.

The "NIMBY" Syndrome

NIMBY [Not In My Back Yard] is a common sentiment among many residents in Alabama and elsewhere. There is a stereotypical view that all low-income housing developments are an eyesore to the community. Mobile home parks and other planned affordable housing developments are shunned by more affluent residents who are concerned over a possible decrease in the property value of their home if such a development is close by. Many otherwise caring and concerned Alabama citizens promote affordable housing initiatives as long as the developments are not near their homes. The NIMBY barrier is a classic "haves

vs. have nots" situation where the less fortunate (low-income Alabamians) suffer from a lack of sensitivity on the part of established communities and neighborhoods.

Land Ownership Patterns

In much of Alabama, particularly in rural areas, most suitable land is owned or controlled by a few owner/developers. These select few can dictate the extent of any housing activity to be carried out on their land. They can also be more selective in their dealings to ensure maximum profitability, usually precluding any affordable housing opportunities for lower income Alabamians. Home sites in rural Alabama are frequently sold in large-lot sizes, perhaps to discourage or exclude any marginal investors. This tendency toward large land holdings directly prevents low- and moderate-income households from obtaining rural building sites where they can construct modest homes. It also lessens the incentive for more affluent persons to build new homes on cheap rural lots and thus slows down the "filtering process". With less new homes being constructed, there are fewer older-but-suitable homes on the market. Any barrier to the natural process of home filtering can be construed as a major problem in Alabama.

Another way that land ownership patterns may be a barrier to affordable housing in Alabama: The Office of Rural Housing and Community Development regulations cite a maximum of one acre of land for which they will finance a home. Many of their applicants from the State's rural areas, who may otherwise qualify as low- or moderate-income, already own the land that they want to build on and are thus disqualified because their lots are larger than one acre.

Yet another problem for the metro areas of Alabama regarding land ownership patterns: Growing urban areas such as Huntsville, Shelby County, and Baldwin County are facing a severe land shortage from which to accommodate new construction or the replacement of existing substandard units. This land shortage

is the result of a population growth spurt which has fueled a supply/demand imbalance. Accompanying this trend, there has been a rapid escalation of land prices in the central areas in the last decade producing an outward exodus of the more affluent middle class towards the suburbs. With worsening living conditions, the households that stay in the central core area are usually lower income and minority.

Still another barrier relating to land ownership patterns is the "absentee landlord". Rental housing in urban areas, occupied by low-income residents, is often owned by absentee landlords. These landlords display little interest in maintaining the quality of the housing.

Summary

The preceding paragraphs outline a number of policy-type barriers to the provision of affordable housing in Alabama. Most of these barriers are not new - they are seemingly a way of life for many low- and moderate-income households in our State who are striving to rent a nicer apartment or trying to afford their first home. These institutional barriers are a mixture of Federal, State and local policies, laws or customs. Localities have long sought to control their own destinies with zoning laws and other restrictive practices. The State has historically allowed local jurisdictions to set up their own rules regarding housing, land usage, etc. Whether or not these local rules are excessive, exclusionary, discriminatory or duplicative is a subjective analytical question. There are a great many Alabamians who are affected by these affordable housing barriers in any case. The strategies to be undertaken to address these negative effects are found in the following section.

Barriers Strategy

It was fairly simple to outline a number of public policy-type barriers to affordable housing in Alabama. This diverse listing of barriers presents widely different

problems for different people. One thing is clear however - they are very real to many Alabamians. The following section is an outline of strategies to overcome barriers to affordable housing. The strategies remain largely the same as those for the previous five years.

Land Use Restrictions

Encourage land use practices which maximize housing affordability.

1. Units of local government could institute a more equitable system of permitting new construction areas. They might require that reasonable percentage of all new planned subdivisions be targeted for more moderate-income Alabamians. This would ensure that not all new homes in a community would be high-end (built for the more affluent). This could also be instituted for multi-family developments.

2. To the greatest extent possible, local governments should discourage consumption of land otherwise available for housing. Not only will practices to conserve land reduce overall capital costs and open up more housing opportunities, but it is more environmentally responsible to do more with less.

3. Research the feasibility of establishing zoning and minimum housing standards for Alabama's rural areas.
4. Units of local government could relax or revise subdivision regulations to accommodate affordable housing where appropriate. Following careful consideration, a revised and less-restrictive zoning change could be made if 1) the change was practical 2) the cost impact was substantial and 3) a significant number of households were affected. For example: The requirement for underground utilities could be waived or the minimum lot size could be reduced.

5. Revised zoning and subdivision regulations could also recognize modern forms of manufactured and modular housing [see also Lack of Land Use Regulations]. Alternative housing types and alternative housing environments could be promoted wherever feasible.

6. Expand the level of infrastructure wherever available.

7. Alabama counties should continue to work closely with the Alabama Department of Economic and Community Affairs (ADECA) and other appropriate agencies and organizations to develop water and sewer lines, streets, parks and other facilities necessary for quality residential development.

8. ADECA will continue to require fair housing impediments studies for all CDBG projects.

9. ADECA will allow CDBG funded “partial” housing rehabilitation projects.

10. Each municipality (if possible) should develop a suitable industrial park (and indeed any measure to stimulate economic growth) with public water, public sewer and adequate roads. This would, at the very least, help communities to be prepared to attract industries, create jobs and form a foundation for the creation of new housing opportunities.

Transportation Problems

The state will look at various transportation system improvement options during the next five years, particularly those that might improve housing choice and reduce barriers to affordable housing. These may include street and road improvements as well as mass transit system improvements. Studies that might help address this situation will be closely reviewed.

Building Codes

The enforcement of building codes and FHA minimum property standards is a critical safeguard that helps more than it hurts. One of the worst outcomes for lower income Alabamians who rehabilitate their homes is to deal with unscrupulous contractors. The State strongly promotes utilizing only legitimate remodelers in good standing with the Home Builders Licensure Board.

Costs Associated With Handicap Compliance

Continue Present Policy. While some Alabama counties have indicated that the expense of handicap compliance is a barrier to affordable housing, it is not suggested that the State adopt any less-restrictive policy. This issue should be evaluated again in five years.

Fire Protection Costs

The State proposes no specific strategy for this situation.

Lack of Land Use Regulations

Promote the development of planned mobile home parks. Mobile homes, despite their generally poor reputation, represent a very viable affordable housing alternative for thousands of Alabama households. Acceptance of this type of housing will only occur if these homes are placed in well-planned and coordinated community developments. These developments should offer infrastructure, landscaping, recreational facilities, etc. A continuation of random un-zoned placements of mobile homes will only strengthen the bias. Alabama communities must promote planned mobile home parks.

Remove substandard housing. Enforce or enact state and county codes which mandate condemnation of dilapidated structures. Require timely repairs or removal depending on the condition of the structure.

Institutional/Financial Constraints

Ease down payment burden. AHFA will continue to offer down payment assistance to qualified home buyers with ADDI funds and with other funding sources. Other Alabama housing providers/lenders will be offering special financial programs designed to assist in the acquisition costs of a new home i.e. 100 percent financing.

Modify mortgage lending practices. While it is perennially listed as a barrier to affordable housing in every county, the criteria by which people qualify for loans will likely remain fairly constant. Rather than suggesting that banks should suddenly stop looking at a person's credit history, it is suggested that the primary emphasis must be to educate the borrower and the lender. Alabama lenders must be made aware of state and federal programs designed to help low- and moderate-income borrowers. Borrowers in turn must be educated about home buying, budgeting, debt management, etc.

NOTE: If Alabama high school seniors are not already receiving mandatory credit counseling, the practice should be explored. One or two assemblies could be held during the 12th grade year to help prepare these young adults to act responsibly with their finances. The credit counseling could be taught by state bankers.

Alabama lending institutions should continue to explore and develop innovative and non-traditional financing and homeownership programs to assist low-income households. The concept of "sweat equity" which has worked well within the non-

profit sector (i.e. Habitat for Humanity) is an excellent vehicle to allow serious and dedicated low-income Alabamians the opportunity to buy a home.

Fair Housing

Continue to monitor lenders for possible discriminatory practices. This strategy is an on-going effort already being conducted by bank regulatory agencies. It is not suggested that any of Alabama's banks conduct company-wide wholesale lending practices (i.e. redlining) which discriminate against blacks, the elderly, the poor, etc., but these same lenders should continue to educate themselves in dealing with the disadvantaged. There are presently (and will always be) plenty of legitimate reasons to refuse to lend money to a family or individual or business. It is vitally important, however, that Alabama's lenders treat everyone the same.

Promote and legitimize quality advocacy to overcome barriers. While this strategy may not deal with housing directly, it is still worth mentioning. Minorities in Alabama still have a long way to go to achieve equality in the workplace, in the community, in government, and in other areas such as housing. Prejudices have deep roots throughout the state. Much progress, however, has been made in the past few years and more and more Alabama institutions have been influenced by minority actions. Advocates who go to bat for the poor and disadvantaged (primarily Alabama's black population) must be knowledgeable and purposeful in their efforts. They must be persistent and patient at the same time. Discriminatory barriers in our state cannot be broken down overnight - Alabama should nevertheless be proud of what has been accomplished thus far.

The "NIMBY" Syndrome

Prevent the proliferation of "planned-to-fail" developments. All new housing developments, including mobile home parks, public housing authority units, patio homes, etc., must be thoroughly planned before construction ever starts.

Projected development areas must be analyzed completely for need, proximity to schools and shopping, social impact on the area, law enforcement requirements, long-term future considerations, growth projections, etc. Projects must be visually pleasing as well. Established homeowners and business people are much more likely to embrace new lower income housing developments if the projects have feasible short-term and long-term strategies. It is irresponsible to permit unregulated, ill-conceived developments to be built in a community.

Land Ownership Patterns

Reform absentee landlord requirements. Require stricter code-enforcement, cite and fine landlords for renting unsafe and unsanitary below-code homes. Severely dilapidated homes should be removed from a community's housing stock.

Conclusion

While so many of the priorities that form barriers to affordable housing are essentially local practices, the state will take the steps that it can to encourage and promote this goal. The state will continue to work to upgrade its Fair Housing Law to one that is equivalent to the national law. The state will use its programs (such as the CDBG Enhancement Fund), when possible, to address factors like transportation that often hamper the cause of affordable housing. The state will emphasize that down payment assistance programs are an option under the Community Enhancement Program as well as through the other programs indicated under the preceding Institutional/Financial Restraints section.

HOMELESS

Homeless Needs (91.305(c) and 91.315(c))

*Please also refer to the Homeless Needs Table in the Needs.xls workbook

Homeless Needs- The jurisdiction must provide a concise summary of the nature and extent of homelessness in the jurisdiction, (including rural homelessness where applicable), addressing separately the need for facilities and services for homeless persons and homeless families with children, both sheltered and unsheltered, and homeless subpopulations, in accordance with Table 1A. The summary must include the characteristics and needs of low-income individuals and children, (especially extremely low-income) who are currently housed but are at imminent risk of either residing in shelters or becoming unsheltered. In addition, to the extent information is available, the plan must include a description of the nature and extent of homelessness by racial and ethnic group. A quantitative analysis is not required. If a jurisdiction provides estimates of the at-risk population(s), it should also include a description of the operational definition of the at-risk group and the methodology used to generate the estimates.

3-5 Year Strategic Plan Homeless Needs response:

Based on data from eight Continuums of Care in Alabama, there were a total of 912 sheltered chronically homeless at the point in time survey and 416 unsheltered. Further, there were also 613 severely mentally ill, 1,228 with chronic substance abuse, 464 veterans, 270 persons with AIDS, 377 victims of domestic violence and 19 youth shelters at the time of that same count. Ninety-five percent were judged to be adults (over 18).

Priority Homeless Needs

1. Using the results of the Continuum of Care planning process, identify the jurisdiction's homeless and homeless prevention priorities specified in Table 1A, the Homeless and Special Needs Population Chart. The description of the jurisdiction's choice of priority needs and allocation priorities must be based on reliable data meeting HUD standards and should reflect the required consultation with homeless assistance providers, homeless persons, and other concerned citizens regarding the needs of homeless families with children and individuals. The jurisdiction must provide an analysis of how the needs of each category of residents provided the basis for determining the relative priority of each priority homeless need category. A separate brief narrative should be directed to addressing gaps in services and housing for the sheltered and unsheltered chronic homeless.

2. A community should give high priority to chronically homeless persons, where the jurisdiction identifies sheltered and unsheltered chronic homeless persons in its Homeless Needs Table – Homeless Populations and Subpopulations

3-5 Year Strategic Plan Priority Homeless Needs response:

The results of the point in time surveys provided through eight Continuums of Care to the state indicate that the priority need for the homeless is for emergency

shelter for homeless individuals with transitional housing for individuals a close second. There is also a significant number of unsheltered chronically homeless (416). The state will continue to address unsheltered emergency needs through the ESG Program with an overall goal of a twenty-percent reduction over the next five years. The goal is adjusted to reflect limited resources.

With respect to the chronically homeless, the Governor's Office is taking the lead on a ten year plan to eradicate the chronically homeless for the state. ADECA together with other state agencies will serve as a resource for data. Additionally, a state level Interagency Council on Homelessness is in the formative stage and will serve as a focal point for statewide strategies. Where possible, the state will encourage continuums to participate in the plan and seek funds to address those identified as chronically homeless. Of those 416 identified statewide as unsheltered chronically homeless only 56 were from data provided by ARCH (Alabama Rural Coalition for the Homeless).

Homeless Inventory (91.310 (b))

The jurisdiction shall provide a concise summary of the existing facilities and services (including a brief inventory) that assist homeless persons and families with children and subpopulations identified in Table 1A. These include outreach and assessment, emergency shelters and services, transitional housing, permanent supportive housing, access to permanent housing, and activities to prevent low-income individuals and families with children (especially extremely low-income) from becoming homeless. The jurisdiction can use the optional Continuum of Care Housing Activity Chart and Service Activity Chart to meet this requirement.

3-5 Year Strategic Plan Homeless Inventory response:

Homeless Inventory

Efforts to physically count the many providers of shelter and support services to Alabama's homeless population have improved during the last four years as local planning departments and homeless coalitions have focused on the problems. The implementation of HMIS will greatly improve the ability to identify both facilities and services. Still the lack of consistency across the state makes a

totally accurate count all but impossible. One of the primary stumbling blocks is the existence of non-affiliated providers, such as churches who feed the poor and/or homeless on a voluntary, non-funded basis but keep few, if any records. Obviously, these types of providers serve an outstanding purpose by filling gaps left behind by traditional institutions. In addition to the so-called "non-affiliated" providers, there are also undoubtedly quite a few additional service agencies, which serve homeless individuals and families but have not historically been considered a "homeless" service provider in the classic sense. Perhaps the most difficult challenge faced was making the distinction between those entities which serve the poor and those which serve the homeless. It is frequently a very thin distinction. In any case, a number of institutions have been identified to us as major, recognizable homeless service providers (please see list below).

CONTINUUM OF CARE GROUPS

Birmingham, Bessemer, Hoover, Jefferson County, St. Clair County, Shelby County:

Metropolitan Birmingham Services for the Homeless (MBSH)
Ms. Susan Clayton, President of Board
Ms. Michelle Farley, Interim Executive Director
2230 4th Avenue North
Birmingham, AL 35203
Phone: 205-254-8833 Fax: 205-323-8362
Email: mmfarley2003@yahoo.com

Florence/Lauderdale, Colbert, Franklin, Marion, Winston and Lawrence Counties:

Homeless Care Council of Northwest Alabama
Mr. John Corbin, Chairman
Alabama State Employment Service
500 South Montgomery, Suite 102
Sheffield, AL 35650
Phone: 256-383-5610 Fax: 256-383-4983
Email: jcorbin@dir.state.al.us

Huntsville, Decatur, Madison County, Cullman County, Morgan County:

North Alabama Coalition for the Homeless
Mr. George Price, Chairman
P.O. Box 368
Huntsville, AL 35804
Phone: 256-716-4052 Fax: 256-716-0663
Email: george@csna.org

Montgomery, Montgomery County, Elmore County, Lowndes County, Bullock County:

Mid-Alabama Coalition of the Gulf Coast, Inc.
Gomilla Prince, Chairman
Mr. Henry K. Stough, Executive Director
P.O. Box 242201
Montgomery, AL 36124-2201
Phone: 334-277-1700 Fax:
Email: Henry@HKStough.com

Mobile, Mobile County, Baldwin County:

Homeless Coalition of the Gulf Coast, Inc.
Mr. Greg Welch, Board President
Mr. Dan Williams, Executive Director
P.O. Box 444
Mobile, AL 36601-0444
Phone: 251-434-6426 Fax: 251-434-6427
Email: homeless@mobilecan.org

Tuscaloosa, Tuscaloosa County:

C.H.A.L.E.N.G. of Tuscaloosa
Ms. Debbie Williams, President
2902 Greensboro Avenue
Tuscaloosa, AL 35401
Phone: 205-758-2804 Fax: 205-758-3896
Email:

Gadsden, Etowah County, Cherokee County, DeKalb County:

Homeless Coalition of Northeast Alabama
Mr. Kerry Payne
Community Development Dept., City of Gadsden
P.O. Box 267
Gadsden, AL 35902
Phone: 256-549-4532 Fax: 256-549-4689
Email: kpayne@cityofgadsden.com

Anniston, Calhoun County:

Anniston Area Continuum of Care
Ms. Kimberly B. Lumpkin, Chair
c/o 2nd Chance, Inc.
P.O. Box 2714
Anniston, AL 36202
Phone: 256-236-7381 Fax: 256-236-1614
Email: kim2nd@hiwaay.net

Russell County (Alabama) and Muscogee County (Georgia):

Metropolitan Columbus Task Force for the Homeless, Inc.
Ms. Elizabeth Dillard, Executive Director
P.O. Box 811
Columbus, GA 31902
Phone: 706-571-3399 Fax: 706-571-0707
Email: homeless@FIAC.net

Balance of the State CoC:

Alabama Rural Coalition for the Homeless
Ms. Susanna Naisbett, President
Harriet's House
P.O. Box 569
Demopolis, AL 36732
Phone: 334-289-8988 Fax:
Email:

Based on information from previously noted studies, applications for ESG funds and utilization of local homeless coalition data, it is estimated that the overnight sleeping capacity (homeless beds) is 7,496, if transitional and permanent housing for the homeless is counted. It is projected that the transitional housing facilities in Alabama provide for an estimated capacity of 878 persons. These numbers represent housing facilities which are not specifically geared towards homeless persons with special needs. Most are for single-parent families headed by women and/or battered women with children.

With regard to the number of homeless providers for the permanent housing of residents who are disabled, the exact figure is unknown. For example, there are dozens of group homes and assisted living facilities for the mentally ill, the mentally retarded and those persons who are substance abusers. Whether or not a significant percentage of these persons could be considered homeless is

subjective. We do know unequivocally that if it were not for the existing group homes and foster homes, a great number of these persons would be homeless once discharged from the state hospital or primary care facility. With regard to the physically handicapped residents, there are two or three permanent facilities in the state for elderly persons who might otherwise be homeless. Based on an analysis of available "primary source" data therefore, we estimate that there are most likely around 35 permanent residential facilities for the homeless with disabilities. Many of these community living facilities are for the mentally ill who could be considered homeless or strongly at risk of becoming homeless.

It is estimated that there are 350 facilities in Alabama which provide assistance to the homeless on less than an overnight basis. This number includes day shelters, soup kitchens and places where the homeless can turn to for related services. Aside from the recognized traditional providers, the facilities include churches, community action agencies, public housing authorities, the Red Cross, county medical centers, hospitals, food banks, etc. The availability of soup kitchens and day shelters (already considered and counted as emergency or crisis centers in part a) is primarily urban, with the majority of facilities in Alabama's 10 to 12 largest cities.

It is estimated that not more than 10 programs exist in Alabama for the provision of vouchers to the homeless for obtaining shelter, meals or services. Some of the Salvation Army shelters (i.e. Birmingham and Anniston) provide vouchers as well as some Community Action Agencies and other institutions operating limited purpose voucher programs include Birmingham Health Care for the Homeless and the YWCA. Because agencies providing services to the homeless are almost always understaffed and under funded, it has not been generally feasible (or possible) to implement voucher programs. Typically, an entitlement's CDBG or ESG funding will simply not allow this type of program. Needed social services, including shelter and meals, must therefore be brokered between existing agencies.

The level of advocacy for the homeless in Alabama has improved dramatically over the last five to10 years. While funding sources and funding levels have risen and fallen during this time, the numbers of homeless Alabamians have increased, especially the numbers of women, children and families. Homeless providers have become quite adept at the brokering of services and leveraging of resources. The following is a partial listing of the types of social services programs that exist in Alabama for assisting the homeless. Local providers (community action agencies, shelters, and public housing authorities) should be contacted for specific programs.

Based on review of available information it was determined that most of Alabama's homeless service agencies provide the following:

- Emergency shelter (overnight)
- Day shelter
- Soup kitchen (or some arrangement to provide at least one hot meal a day)

A smaller number of Alabama's homeless service agencies provide these:

- Transitional or permanent housing placement
- Medical services (including substance abuse services)
- Transportation services
- Job placement
- Job training
- Vouchers (or some kind of financial assistance)
- Counseling
- Brokerage for outside services (public assistance, food stamps, etc.
- Clothing
- Legal services

Homeless Strategic Plan (91.315 (c))

1. Homelessness- Describe the jurisdiction's strategy for developing a system to address homelessness and the priority needs of homeless persons and families (including the subpopulations identified in the needs section). The jurisdiction's strategy must consider the housing and supportive services needed in each stage of the process which includes preventing homelessness, outreach/assessment, emergency shelters and services, transitional housing, and helping homeless persons (especially any persons that are chronically homeless) make the transition to permanent housing and independent living. The jurisdiction must also describe its strategy for helping extremely low- and low-income individuals and families who are at imminent risk of becoming homeless.

2. Chronic homelessness-Describe the jurisdiction's strategy for eliminating chronic homelessness by 2012. This should include the strategy for helping homeless persons make the transition to permanent housing and independent living. This strategy should, to the maximum extent feasible, be coordinated with the strategy presented Exhibit 1 of the Continuum of Care (CoC) application and any other strategy or plan to eliminate chronic homelessness. Also describe, in a narrative, relationships and efforts to coordinate the Conplan, CoC, and any other strategy or plan to address chronic homelessness.

3. Homelessness Prevention-Describe the jurisdiction's strategy to help prevent homelessness for individuals and families with children who are at imminent risk of becoming homeless.

4. Institutional Structure-Briefly describe the institutional structure, including private industry, non-profit organizations, and public institutions, through which the jurisdiction will carry out its homelessness strategy.

5. Discharge Coordination Policy-Every jurisdiction receiving McKinney-Vento Homeless Assistance Act Emergency Shelter Grant (ESG), Supportive Housing, Shelter Plus Care, or Section 8 SRO Program funds must develop and implement a Discharge Coordination Policy, to the maximum extent practicable. Such a policy should include "policies and protocols for the discharge of persons from publicly funded institutions or systems of care (such as health care facilities, foster care or other youth facilities, or correction programs and institutions) in order to prevent such discharge from immediately resulting in homelessness for such persons." The jurisdiction should describe its planned activities to implement a cohesive, community-wide Discharge Coordination Policy, and how the community will move toward such a policy.

3-5 Year Homeless Strategic Plan response:

The overall objective of the Emergency Shelter Grant Program is to help improve the quality of temporary shelter and services to assist homeless people through a period of readjustment to independent living. The state's

goal is to improve the quality of shelters and to provide services by creating a continuum of care among all levels of government (rural and urban) and non-profit organizations.

The state's strategy in providing a continuum of care is comprised of four components:

First, to provide funds for rehabilitation, renovation or conversion of emergency shelters so that they are clean, safe and sanitary for homeless individuals/families to live in. This effort will provide temporary housing for the homeless and necessary social services to begin the continuum of care process. The transitional housing needs will be met as much as possible by using the available amount of ESG funds and also by contacting and maintaining a relationship with the local PHAs, Section 8 and other subsidized housing.

Second, the continuum of care process will be furthered by assessing homeless needs, providing substance abuse treatment, short-term mental health services, employment counseling, nutritional counseling, independent living skills, HIV counseling, etc. The ESG grant will provide funds for some of these activities. Each service provider will need to keep in contact with other resources such as DHR, church and civic groups in order to coordinate and analyze the needs of the homeless.

The third component of the continuum is to provide homeless individuals and families with an opportunity for permanent housing or permanent supportive housing arrangements. Nonprofits may access CDBG funds to address needs of homeless persons. The HOME Program will also be available to provide multifamily rental housing. The independent living skills of homeless persons will be assessed in counseling in an effort to help them transition into permanent housing. The state recognizes the

importance of linking homeless persons with job training efforts which help them learn pertinent job skills. The state will also work to make economic development agencies and industrial recruiters aware of the skills of available homeless persons. Additionally, efforts will be made to educate homeless individuals/families on the finance aspects of budgeting and maintaining employment.

Fourth, the state's ESG Program will make funds available to defray rent and utility cost for families that have received eviction notices or utility termination notices in efforts to prevent homelessness.

All of these components can be successful through coordination. The goal of the strategy is to reduce homelessness 20 percent during the next five years, but it is recognized that larger social and economic factors could very likely override these efforts. In any event, the state will make its best effort to address homeless needs as effectively as possible.

Priorities of Investment

Geographic Priorities - Based on the review of various sources of data and applications, the need and interest in programs that can assist the homeless appear to be more heavily located in or around metropolitan areas. Thus, most applications have come from those areas and a larger part of the funding (particularly for emergency shelters) has gone to such places. However, there does not appear to be a growing awareness of the victims of domestic violence. The state does not predetermine this pattern of applications, but responds to applications based on criteria in the Action Plan or program rules. Such criteria are generally items such as listed below:

1. Demonstrated Need of Homeless Persons
2. Applicant's Approach to Problems Described

3. Timely and Effective Expenditure of Funds
4. Participation in a Continuum of Care
5. Match
6. Budget

Chronic Homelessness

The State of Alabama is in the formative process of developing its Ten Year Plan to end chronic homelessness. The effort is being led by the Governor's Office with input from various state agencies and nonprofits. Further, an Interagency Council on Homelessness is being formed and a Balance of State Continuum Care has been formed. Over the next twelve to eighteen months a coordinated effort will be implemented to address the state's chronic homeless. The effort will also include coordination with all other LOC's and ALAEH (Alabama Alliance to End Homelessness).

Homeless Prevention

Through the ESG program and the Community Action Agencies, rent vouchers for food, utility payments and clothing will be provided to low-income persons in Alabama. This will allow limited income to be supplemented and there by keep people in their homes.

Institutional Structure

The state's homelessness strategy will be carried out through units of government nonprofit shelters for the homeless and victims of domestic violence. Further, the Community Action Agencies, churches and private industries, such as Alabama Power Company through its foundation Alabama Trust Fund, also play a role.

Discharge Coordination Policy

Through the research of the LOCs it has been determined that governmental institutions periodically release inmates, patients, or residents that are at risk of becoming homeless: prisons, hospitals, youth facilities, mental hospitals, foster care programs and all other hospitals.

The state's strategy will be to encourage coordination of the various LOCs monitoring and tracking systems. Further, the state will encourage the sharing of available beds and services between providers where possible and appropriate.

Priority Needs Analysis and Strategic

Priority was assigned based on the results of the point in time surveys submitted by eight continuums of care in Alabama. The greatest need was shown to be emergency services for individuals with transitioned housing for individuals a close second. Because of the overall goal of moving the homeless to permanent housing, the goal was set for a twenty percent reduction across the board. Also because of the national goal of ending chronic homelessness emphasis is placed on developing a state plan and coordinating other efforts.

Emergency Shelter Grants (ESG)

(States only) Describe the process for awarding grants to State recipients, and a description of how the allocation will be made available to units of local government.

3-5 Year Strategic Plan ESG response:

See discussion above. The state monitors ESG grants by going onsite to review program records and to make limited visits to sub-recipients to observe activities being carried out. The state has checklists for important program areas such as financial, environmental, etc. After each monitoring visit, a report is written to the grantee to explain the results of the review. Results range from acceptable to concerns or findings with appropriate corrective measures being applied. Such

measures may include certifications that shortcomings will be addressed, documentary evidence that corrective actions have been undertaken, reimbursement of disallowed costs, or other sanctions. Similar to CDBG, grants will not be closed if findings are unresolved.

COMMUNITY DEVELOPMENT

Community Development (91.315 (e))

*Please also refer to the Community Development Table in the Needs.xls workbook

1. Identify the jurisdiction's priority non-housing community development needs eligible for assistance by CDBG eligibility category specified in the Community Development Needs Table (formerly Table 2B), - i.e., public facilities, public improvements, public services and economic development.

2. Describe the basis for assigning the priority given to each category of priority needs.

3. Identify ant obstacles to meeting underserved needs.

4. Identify specific long-term and short-term community development objectives (including economic development activities that create jobs), developed in accordance with the statutory goals described in section 24 CFR 91.1 and the primary objective of the CDBG program to provide decent housing and a suitable living environment and expand economic opportunities, principally for low- and moderate-income persons.

   Note: Each specific objective developed to address a priority need, must be identified by number and contain proposed accomplishments, the time period (i.e., one, two, three, or more years), and annual program year numeric goals the jurisdiction hopes to achieve in quantitative terms, or in other measurable terms as identified and defined by the jurisdiction.

3-5 Year Strategic Plan Community Development response:

The State of Alabama, in accordance with the statutory goals stated in 24 CFR 91.1, Community Planning and Development Programs Consolidation, has developed priority non-housing needs with both long-term and short-term objectives.

The statutory goals "to establish and maintain a suitable living environment, and expand economic opportunities for every American, particularly for very low-

income and low-income persons", are reinforced by the State of Alabama's long-term objectives:

1. Provide important community facilities that address all aspects of community development.

2. Promote economic development that creates new jobs, retains existing employment, and expands the local tax base.

Additionally, in accordance with the Housing and Community Development Act, the State of Alabama requires that each CDBG funded activity meet at least one of the following three objectives:

1. Benefit principally low- and moderate-income persons; or

2. Aid in the prevention or elimination of slums and blight; or

3. Meet other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community, and other financial resources are not available to meet such needs.

With respect to short-term objectives, the State of Alabama has identified the following objectives for the five years covered by this Plan:

1. Allow communities to address the community development needs perceived to be the most important at the local level.

2. Encourage communities to plan for the future.

3. Assist communities in responding to economic development needs in a timely manner through both infrastructure and loan programs.

4. Provide a vehicle to deal with health hazards or urgent needs so that communities can readily respond to crises.

5. Provide a vehicle to address a wide variety of community development needs.

On August 26, 2004, ADECA distributed a Community Needs Survey to over 700 entities including all chief elected officials in Alabama, regional planning and development commissions, community action agencies, continuum of care groups, nonprofit organizations and private grant consultants, as well as professionals in housing and community development. A response rate of 38 percent was achieved with responses received from all but five of Alabama's 67 counties. The survey responses indicated the following priority needs:

Need Category	**%**
Economic Development	16%
Sewer	12%
Roads	12%
Drainage	9%
Water	7%
Downtown Revitalization	7%
Recreation Facilities	7%
Housing	6%
Senior Centers	6%
Community Centers	6%
Planning	5%
Public Services	4%
Homeless Facilities	2%

Need Category	%
Other	1%
Total	100%

The priorities continue to be consistent with those stated in the 2000-2004 Consolidated Plan. The top non-housing priorities at that time were economic development, sewer, water, roads, and drainage. This is confirmed by the fact that of the 1,099 grant applications received during 2000-2004, 718 or 65 percent were for these activities. Furthermore, 88 percent of CDBG funding for completed projects during 2000-2004 was expended on the priorities stated in that 5-Year Plan. Fifty-nine applications or five percent of the total applications received were for housing rehabilitation activities. Although single-unit residential rehabilitation is the highest housing priority, the expense of lead based paint reduction activities has reduced the number of applications the state receives in this category, prompting the creation of a “partial rehabilitation” program.

Based on the survey results, prior funding history, and the sheer volume of need in Alabama, CDBG priorities for the next five years will be economic development, sewer, roads, drainage, and water.

Geographical distribution of CDBG funds will be determined based on the applications received and the results of the rating, ranking, and evaluation systems. Even though funds are not allocated geographically, each of the 65 eligible counties has received funding during the past five years, with all but one receiving more than one grant award. In addition, eligible minority communities and counties have received 23 percent of the grants awarded during 2000 to 2004, with 53 percent of the eligible minority communities and all but one of the eligible minority counties receiving funding.

On August 11, 2004, Governor Bob Riley signed an Executive Order creating the Black Belt Action Commission to propose and work toward substantive solutions

that will improve the quality of life in Alabama's Black Belt. The Black Belt is a band of twelve largely rural counties stretching across the south-central part of the state. It has long been characterized by high rates of poverty, illiteracy, infant mortality and economic stagnation. ADECA is proposing the creation of the Black Belt Region Fund in its 2005 Action Plan. This fund will make available up to $1.5 million in additional funds from recaptured and other funds to assist applicants who were unsuccessful in the rating process.

Also, in an effort to assist small and/or impoverished localities in obtaining CDBG funding, ADECA waives the local match requirement for jurisdictions determined by the most recent Census to have a population of 1,000 or less.

Just as the Black Belt Region struggles to obtain the necessary resources to meet its needs, so does the remainder of the state. The needs are so great that the demand for federal dollars far exceeds the supply. Assuming Alabama's portion of federal CDBG dollars remains level at approximately $30 million per year for the next five years, it is imperative that additional funding sources be leveraged in order to stretch federal dollars as far as possible. ADECA requires a 10 percent match (except in jurisdictions with 1,000 or less persons); but as an incentive to applicants, awards rating points incrementally in proportion to the jurisdiction's local contribution up to a pre-determined cap. For the five-year period, 1999-2003, $0.36 in local matching funds were leveraged for every $1.00 in federal monies expended. This amount significantly exceeds the 10 percent requirement and does not include USDA, ARC, DRA, EDA, and EPA or any budget line item appropriations. In many instances, grantees are actually borrowing funds locally to meet the match requirement. This further reinforces the tremendous needs that exist within the state and the extent to which the local jurisdictions are willing to go to obtain federal dollars.

As stated throughout the plan, Alabama's need far exceeds its resources. Past experience with what types of projects have been submitted and funded, the

results of state-wide surveys, and various sources of statistical data were all used to develop Alabama's non-housing community development priority needs and strategies.

In addition to the various surveys and the program experience the state has gained, the primary source of statistical data has been the 2000 Census and other U.S. Census Bureau generated documents throughout this plan. However, for the non-housing needs the primary source of data is the U.S. Environmental Protection Agency. Specifically, the Clean Watersheds Needs Survey 2000 Report to Congress, the Sustainable Water Infrastructure for the 21st Century report, and the Ground Water Report to Congress: Summaries of State Ground Water Conditions.

According to the sustainable water report, the entire nation will see large sections of the water distribution, storage, and treatment facilities become obsolete. Systems built during the World War II era will be reaching the end of their useful life in the next few decades. While water systems must continue to generate sufficient revenues, the State of Alabama is aware that small systems serving low-income populations will not be able to generate revenues sufficient to rehabilitate and replace the aging systems.

There are 686 regulated systems in Alabama. Eighty-seven of these systems were in violation in 2001, with 564 combined violations. Violations included chemical contaminants, total coliform, surface water treatment, and lead and copper levels. Chemical contaminants constituted the greatest violation category.

According to the ground water study, 50 percent of Alabama's population depends on ground water for drinking water. The public water systems serve an estimated 1,900,000 people from ground water sources. Approximately 826,000 people depend upon private wells for drinking water. Eighty percent of public

water systems in Alabama have at least one ground water source. These statistics are important for many reasons, primarily the dependence on private wells throughout the state.

- Many private wells are used to provide potable water for residences throughout Alabama. These, for the most part, are shallow wells of less than 100 feet in depth. Because of their shallow depth, these wells are often quite susceptible to contamination from the surface.
- Incidents of bacterial contamination have been documented in 46 percent of residential wells tested in a study conducted by the Alabama Department of Public Health and the Center for Disease Control.
- Sampling by the Alabama Department of Environmental Management has detected pesticides in 45 percent of residential wells tested in Lauderdale County and 60 percent in Madison and Limestone Counties. In Houston County 20 percent of the wells tested detected pesticides. Only one percent of these detections was above the drinking water standard for the detected pesticides.

Based on this data and the results of the state's surveying, providing public water sources is a need. Through the surveys, many communities identified the provision of infrastructure (including water) for economic development as a need as well. As discussed previously, fire protection in rural areas has been identified as a substantial barrier to affordable housing due to exorbitant insurance rates. Additionally, protection of ground water that serves public systems is a need. Water pressure and flows as well as water quality have become increasingly problematic to pre-World War II era water systems. The aging water systems are rapidly reaching functional obsolescence. Therefore, water system extension and rehabilitation projects and stormwater drainage control projects should be identified as non-housing community development priorities.

According to the Clean Watersheds Needs Survey, Alabama has $2-10 billion in documented needs. These needs include secondary wastewater treatment, advanced wastewater treatment, infiltration/inflow correction, sewer replacement/rehabilitation, new collector sewers and appurtenances, and new

interceptor sewers and appurtenances. These needs are consistent with historical program data showing large numbers of sewer rehabilitation projects being submitted and funded. These needs are also consistent with the needs identified in the state-wide survey. Therefore, new and rehabilitated sewer treatment and collection system projects should be identified as priorities.

As discussed in more detail later, Alabama has a severe poverty problem. Many of the state's residents live below the poverty level, are classified as low- or moderate-income, and/or are experiencing a housing cost burden. Many of those living in poverty are the elderly and the 18 and younger population. However, for the non-dependent population, employment is still the greatest need for people living in poverty. Not surprisingly, economic development activities were identified as the greatest need by the respondents to the state's survey. Therefore, economic development projects, particularly those promoting job creation should be identified as priorities.

Even though ADECA does not control the type of projects for which funding applications are received, we anticipate future requests for funding will continue to be for the highest need categories reflected in the survey results. For the previous five years, 2000-2004, ADECA has funded an average of 20 projects per year for water and 19 per year for sewer. Approximately 8 projects were funded each year for roads and drainage. In addition, approximately 6 housing rehabilitation projects were funded each year with an average of 120 houses per project. In the area of economic development, ADECA has funded an average of 16 projects per year with an average of 2,000 jobs created each year. The State of Alabama has been very successful in attracting automotive manufacturers and their respective supplier plants that have helped contribute to economic growth over the past few years.

ADECA expects the type of applications received and the funds allocated to follow the historical trend. Considering the 2005 CDBG allocation is projected to

be reduced by almost 5 percent from 2004 and considering the President's Administration is considering a significant cut in the CDBG Program for FY2006, the potential for reduced funding over the 2005 to 2009 program years appears very real. Based on this, ADECA anticipates funding the following on average each year: 10 water projects, 15 sewer projects, eight roads and drainage projects, three housing rehabilitation projects, and 10 economic development projects. Please refer to the Community Development Needs Table for a breakdown of activities.

Antipoverty Strategy (91.315 (h))

1. Describe the jurisdiction's goals, programs, and policies for reducing the number of poverty level families (as defined by the Office of Management and Budget and revised annually). In consultation with other appropriate public and private agencies, (i.e. TANF agency) state how the jurisdiction's goals, programs, and policies for producing and preserving affordable housing set forth in the housing component of the consolidated plan will be coordinated with other programs and services for which the jurisdiction is responsible.

2. Identify the extent to which this strategy will reduce (or assist in reducing) the number of poverty level families, taking into consideration factors over which the jurisdiction has control.

3-5 Year Strategic Plan Antipoverty Strategy response:

According to the Alabama Labor Market News, the estimated unemployment rate for the State of Alabama in October, 2004 was five and one half percent. This is down from the 2000 estimate of over six percent. The U.S. unemployment rate for the same period was estimated to be five and one half percent, up from the 2000 rate of five and three tenths percent. However, an Alabama unemployment rate which is equal to the national rate is a rare occurrence. The 2003 estimate for percentage of Alabamians living below poverty level is 17.1 percent. In 2000, the estimate was 15.6 percent. The estimate for the nation has remained relatively constant with 12.7 percent of the population living below poverty level in 2003 and 12.2 percent falling into that category in 2000.

Because poverty is affected by so many factors, particularly the economy, it is impossible to predict what the poverty rate will be from year to year.

Furthermore, the State of Alabama is currently experiencing a shift in its economic base. The state has successfully created thousands of new jobs through an aggressive economic development program. At the same time however, the state has been losing textile and other manufacturing jobs at a disturbing rate.

Consequently, the state's current goals regarding poverty are to maintain the status quo, to strive to keep the unemployment rate within two percentage points of the national unemployment rate, and to keep the percentage of the population living below poverty level within five percent of the national average. The state's primary tool in achieving this goal is its aggressive economic development strategy. Of the consolidated plan programs, the CDBG program is the one most directly utilized for economic development. Certainly, the quality of life of people living below the poverty level is improved by the other programs. Additionally, large construction projects generated by these programs contribute jobs to the state.

The following is a summary of Alabama's anti-poverty strategy for 2005-2009.

1. Continue to fund CDBG economic development projects that create large numbers of jobs and have the potential for spin-off jobs.
2. Continue to provide affordable housing by rehabilitating the existing stock through CDBG and building new affordable homes with HOME.
3. Design and implement more affordable housing programs.
4. Through the CDBG, HOME, ESG, and HOPWA programs, continue to provide funding to programs that improve the quality of life of those living below the poverty level.
5. When possible, fund projects that address a multitude of problems and utilize more than one source of funding.
6. Continue to collaborate with USDA, ARC, DRA, EDA, and EPA to efficiently fund projects that have the potential to affect the poverty

level and improve the quality of life of those living below the poverty level.

7. Foster collaboration with poverty programs funded through the Department of Human Resources (Child Support Enforcement Program, the Job Opportunities and Basic Skills Training (JOBS) Program, etc.) and Community Service Block Grants (community action agencies).

8. Continue to utilize CDBG funds for programs that provide enhanced educational and social opportunities.

Low Income Housing Tax Credit (LIHTC) Coordination (91.315 (k))

1. (States only) Describe the strategy to coordinate the Low-income Housing Tax Credit (LIHTC) with the development of housing that is affordable to low- and moderate-income families.

3-5 Year Strategic Plan LIHTC Coordination response.

Alabama Housing Finance Authority (AHFA), in compliance with the rules set forth in Section 42 on the Internal Revenue Code (IRC) has developed and implemented a Tax Credit Allocation Plan for the State of Alabama.

The purpose of the tax credit is to encourage and promote investments in affordable rental housing for low-income households. These investments will generate increased housing units or significantly upgrade existing units by offering a reduction in the tax liabilities of the investors. Tax credits will be distributed to the most qualified and eligible projects throughout the state. Eligible projects must meet minimum standards as prescribed in Section 42 of the IRC.

In an attempt to best utilize the resources allocated under the tax credit program, AHFA used historical data and independent sources to assess the housing needs of the state. Based on these identified housing needs, AHFA has established certain housing priorities to be used for the distribution of the low-income housing tax credits. AHFA seeks to promote: projects which add to or significantly upgrade

the existing low-income housing stock; projects which without tax credits would not likely set-aside units for low-income tenants; projects which have additional assistance through federal, state, or local subsidies; projects which have a significant portion of units designated for tenants with special needs; and balanced distribution of tax credits throughout the state in terms of geographic and urban/rural areas.

Since its inception in 1987, AHFA has allocated over 91 million dollars in tax credits in the state of Alabama. These credits have helped in the development of 579 projects throughout the state providing 25,208 housing units for low-income families.

FY2004 Tax Credit Summary

Through December 31, 2004, AHFA reserved $9,689,261 in Low-Income Housing Tax Credits for 24 projects consisting of 1,550 units. All of these units will be rented to tenants at 60 percent of the median income. The projects receiving HOME funds and tax credits will rent 40 percent of the units to tenants at 50 percent of the median income and 60 percent of the units to tenants at 60 percent of the median income.

FY2005 Tax Credit Forecast

Using the population figures released March 15, 2004, Alabama should receive $8,101,353 for tax credit allocation in 2005 (4,500,752 x $1.80). Based on prior year allocations, AHFA plans to allocate the full amount to 20-30 projects consisting of 1000-2000 units. All of these units will be rented to tenants at or below 60 percent of the median income.

FY2005-2009 Tax Credit Forecast

The five-year tax credit plan would be to allocate approximately $40,000,000 to 100-150 projects consisting of 5000-8000 units, all renting to tenants at or below 60 percent of the median income.

NON-HOMELESS SPECIAL NEEDS

Specific Special Needs Objectives (91.310(c))

1. Describe the priorities and specific objectives the jurisdiction hopes to achieve over a specifies period.
2. Describe how Federal, State, and local public and private sector resources that are reasonably expected to be available will be used to address identified needs for the period covered by the strategic plan.

3-5 Year Non-homeless Special Needs Analysis response:

HOPWA funding will be prioritized to promote the maintenance and placement of Alabama's low-income, HIV-positive population in permanent housing with appropriate supportive services needed to ensure stable housing and access to medical care in place. Over the five-year period covered by the Consolidated Plan, the objective for HOPWA funding will be to place more than 1,400 HIV-positive persons and their families statewide into safe, decent, and affordable housing.

HOPWA funding will be supplemented with other federal funding sources, such as the Ryan White C.A.R.E Act, which allocates approximately $13 million annually to Alabama, as well as other HUD programs. Additional revenues are garnered through substance abuse and mental health funding. The Alabama Legislature supplements funding for the AIDS Drug Assistance Program, and various education programs are available through funding from the Centers for Disease Control and the Alabama Department of Public Health. Alabama's ten AIDS Service Organizations raise local private and government funds in order to successfully implement multiple housing and service programs.

While the narrative has addressed housing stock availability and affordability for families and households generally, this section will focus on Alabamians with disabilities or other special needs.

According to the Alabama Department of Mental Health/Mental Retardation (DMH/MR), there are approximately 361 units available across the state for people with mental illness and mental retardation. AHFA records indicate that almost 500 “supportive” rental units have been developed within the last few years with HOME funding, Low Income Housing Tax Credit funding, or a combination of the two programs. The need for such units remains critical, as DMH/MR recently closed three (3) developmental centers for people with mental retardation, two (2) psychiatric nursing homes, and consolidated a psychiatric rehabilitation facility with a psychiatric hospital. These particular actions, as mandated by the Wyatt settlement, provided a housing need for at least 126 new, deinstitutionalized individuals.

It should be noted that DMH/MR works with public housing authorities around the State to provide adequate housing. Several of the PHAs applied for and received rental subsidy vouchers from HUD, after receiving technical assistance from DMH/MR. Section 8 vouchers earmarked for persons with disabilities provided the department’s consumers with the support needed to succeed in the available units. To date, approximately 200 “set-aside” vouchers were awarded in the state.

The Alabama Department of Human Resources (DHR) also provided information for this Consolidated Plan. With regards to their client base, which includes the elderly and frail elderly, DHR reports that 1) nursing home beds are available throughout the State, 2) an adequate number of assisted living facilities (ALFs) exists, though not all are properly licensed, 3) there is a need for community-based supportive housing and adult foster homes.

AHFA, through its Multifamily Bond Program, HOME Program, and Low Income Housing Tax Credit Program, has facilitated the development of thousands of affordable rental units for elderly residents over the years. Approximately one-third of all new multifamily developments are "elderly only". As Alabama's population continues to age, the degree of affordable housing created for seniors will only increase.

Lastly, the Alabama Department of Senior Services (formerly, the State Commission on Aging) has provided some good information about 1) the impending explosion of seniors, 2) affordable housing for seniors, 3) home modification and repair, and 4) other issues.

Conclusions

Alabama's scarce resources for assisting special populations, like the HOME Program, are essentially provided to the neediest individuals; those considered extremely low-income or between 0-30 percent MFI. More often than not, individuals with special needs who, for example, live in HOME developments, live on SSI or other meager income sources.

It is common for Alabama's elderly and frail elderly to own their home, but that is no indication of their wealth or the absence of housing problems.

Non-homeless Special Needs (91.305 (d) and 91.310 (c)) analysis (including HOPWA)

*Please also refer to the Non-homeless Special Needs Table in the Needs.xls workbook

1. Estimate, to the extent practicable, the number of persons in various subpopulations that are not homeless but may require housing or supportive services, including the elderly, frail elderly, persons with disabilities (mental, physical, developmental, persons with HIV/AIDS and their families), persons with alcohol or other drug addiction, and any other categories the jurisdiction may specify and describe their supportive housing needs. The jurisdiction can use the Non-Homeless Special Needs Table (formerly Table 1B) of their Consolidated Plan to help identify these needs.

*Note: HOPWA recipients must identify the size and characteristics of the population with HIV/AIDS and their families that will be served in the metropolitan area.

2. Identify the priority housing and supportive service needs of persons who are not homeless but require supportive housing, i.e., elderly, frail elderly, persons with disabilities (mental, physical, developmental, persons with HIV/AIDS and their families), persons with alcohol or other drug addiction by using the Non-homeless Special Needs Table.

3. Describe the basis for assigning the priority given to each category of priority needs.

4. Identify any obstacles to meeting underserved needs.

5. To the extent information is available, describe the facilities and services that assist persons who are not homeless but require supportive housing, and programs for ensuring that persons returning from mental and physical health institutions receive appropriate supportive housing.

6. If the jurisdiction plans to use HOME or other tenant based rental assistance to assist one or more of these subpopulations, it must justify the need for such assistance in the plan.

3-5 Year Non-homeless Special Needs Analysis response:

As of November 12, 2004, there have been 14,070 reported cases of HIV and AIDS in Alabama, according to the Alabama Department of Public Health. This total is decreased by those known to have died from HIV/AIDS, almost 4,000, and increased by those persons living in Alabama but not tested here, an estimated 2,000 – 4,000 people. Therefore, there are approximately 13,000 persons with HIV disease or AIDS *living* in Alabama as today. Some epidemiological studies indicate that there are more than 15,000 persons living with HIV in the state, given the numbers of persons known to be engaging in unsafe sex and based on rates of sexually transmitted diseases, such as gonorrhea, syphilis, and Chlamydia.

The changes in healthcare for persons living with HIV/AIDS have meant a sustained lifespan (some now living 20-25 years) and an increased cost of medical care. There have never been more persons living with HIV/AIDS in Alabama, most of whom are very poor, and the cost of care has never been so high. Annual medication costs can range from $11,000 to $48,000 per person, straining the state's AIDS Drug Assistance Program. Federal funding through

the Ryan White C.A.R.E. Act has remained essentially level, allowing little or no increase to serve the almost 4,000 new cases reported in Alabama in the last five years. According to an AIDS Alabama statewide needs assessment, completed in December 2003 and interviewing 457 persons or 5 percent of the state's HIV-positive population, 36 percent of participants had no health insurance. Only 9 percent had private insurance, the cost of which has skyrocketed. The income sources covering these challenging costs are private insurance, Medicaid, pharmaceutical compassionate care programs, and Ryan White (known to be aiding about 7,000 persons per year with medication, medical care, case management, and social services). While the Ryan White C.A.R.E. Act provided medications for 2,660 people in Alabama in 2003, another 999 persons receiving medical care from a Ryan White C.A.R.E. Act provider received no antiretroviral medication therapy. The Centers for Disease Control estimates that 42 percent to 59 percent of the HIV-infected population is not in medical care. Therefore, in Alabama approximately 6,500 persons are not receiving care that could substantially lengthen and improve their lives.

The barriers for persons living with HIV/AIDS to access services include discrimination, access to healthcare due to geography, transportation, knowledge, and lack of resources. Discrimination against persons living with HIV includes loss of employment, housing, disengagement of families whose members test positive, and some systemic policies/procedures. While it is illegal to take some of these actions, people still lose their housing on the spot, get fired or turned away from employment, or face attack because of their HIV-positive status. These events are more than anecdotal. In the recent AIDS Alabama statewide needs assessment, 11 percent of respondents indicated that HIV discrimination was a *constant* stressor in their lives. Thirty-eight percent experienced unstable housing situations after their HIV diagnosis. Families are still avoiding support of members who are HIV-positive by not allowing them to live with them and by disconnecting any form of psycho-social or financial support.

Alabama is fortunate to have multiple HIV/AIDS specialty medical clinics. They are University of South Alabama Family Specialty Clinic, Franklin Primary Health Center, and Mobile County Health Department in Mobile; Copeland Care Clinic and the Family Clinic in Montgomery; Montgomery AIDS Outreach Clinic in Dothan; Health Services Center Clinic in Anniston; Davis Clinic in Huntsville; Maude Whatley Clinic in Tuscaloosa; and University of Alabama at Birmingham 1917 Clinic, Veterans Affairs HIV/Clinic, Family Clinic at Children's Hospital, and St. George's Clinic at Jefferson County's Cooper Green Hospital in Birmingham. All of these clinics offer full primary and HIV-specific medical care to persons with HIV. Persons living in very rural settings are often removed from access to medical clinics. Identification of these persons is difficult given the desire by most persons to remain confidential about their HIV-status, if known.

HIV is a sexually transmitted disease (STD) and often follows the infectious patterns of the other types of STDs. STD surveillance data and information on teen pregnancy rates offer information that may help in identifying areas of increased exposure to the HIV virus. According to the 2003 Alabama Youth Risk Behavior Study, 41.9 percent of high school students are sexually active and 56.9 percent had at some time been sexually active. Alabama Department of Public Health measures teen pregnancy rates in 2002 at 52.1 per 1,000; the national rates are 43.0 per 1,000. In 2003 the rates of gonorrhea and Chlamydia were highest in persons aged 13-24 with Montgomery, Dallas, and Lowndes Counties experiencing the highest rates. Fortunately more HIV testing sites have become available at 75 locations across Alabama, including clinics in county health departments, drug testing centers, and community-based organizations. Ryan White funded clinics provided 5,508 HIV tests in 2003 and identified about 12 percent of the state's new HIV/AIDS cases (882) in 2003.

HIV has become a disease of poverty and a disease completely disproportionate to the state's racial breakdown of citizens. Alabama's four million-plus persons are 26 percent African-American, yet this group accounts 70 percent of the new infections in 2003. Data provided by the statewide 2003-2004 AIDS Alabama

Needs Assessment indicates that the median income of an HIV-positive Alabama citizen is $7,950, compared to $34,135 for the state median.

Knowledge about HIV-transmission has successfully prevented many new infections from occurring. However, the knowledge is not available to all of Alabama's residents. This lack of access to resources about how to avoid HIV disease continues to result in a likely expectation of 700 – 900 new infections each year. **There have never been more people living in Alabama with HIV disease than today.**

Persons tested positive for HIV/AIDS did so predominately in urban settings: 29 percent of the state's cases were tested in Jefferson County; 16 percent of the state's cases were tested in Mobile County; 12 percent of the state's cases were tested in the Montgomery area; and 4 percent of the state's cases were tested in Madison County. These numbers represent 61 percent of the state's known total HIV/AIDS population.

Alabama has been receiving U.S. Department of Housing and Urban Development (HUD) Housing Opportunities for Persons with AIDS (HOPWA) funds since 1994. The entitlement allocation began then according to Sections 841-862, Subtitle D, in the Cranston-Gonzalez National Affording Housing Act. These provisions set out that a metropolitan or state entitlement area qualifies for HOPWA funds when 1,500 cumulative cases of AIDS have been reached. The state qualified in 1994 and Birmingham qualified in 1999. The state's funds come through the Alabama Department of Economic and Community Affairs (ADECA), and Birmingham's funds come through the City of Birmingham. Both entitlements have selected AIDS Alabama as the contractor for this program.

AIDS Alabama is a 501(c)(3) nonprofit organization that devotes its energy and resources statewide to helping people with HIV/AIDS live healthy, independent lives and works to prevent the spread of HIV. AIDS Alabama provides housing and supportive services in Birmingham with multiple housing options for low-income, HIV-positive persons. These options include permanent, permanent-

enriched, and transitional houses, apartment complexes, communal living facilities, and rental assistance methods. Various supportive services, such as transportation and case management, are available to residents. AIDS Alabama also provides HIV-specific chemical dependence treatment and has been certified by the Alabama Department of Mental Health and Mental Retardation as a Day Rehabilitation Program. Alabama Medicaid has approved AIDS Alabama as a provider of services for the new Medicaid HIV/AIDS Waiver. Further AIDS Alabama administers several federal and state contracts in addition to HOPWA through a network of AIDS Service Organizations covering all 67 Alabama counties.

AIDS Alabama concluded a statewide needs assessment survey in December 2003 in which 457 HIV-positive persons (5 percent of the state total) were interviewed one-on-one in a lengthy, research-style questionnaire. The instrument utilized allows comparison of similar data gathered four years ago. The results reveal an astounding amount of information about the demographics, health, housing, medical care, mental health services, substance use, case management, transportation, food, and much more of persons living with HIV disease in Alabama. Some key characteristics about housing are below:

- 37 percent of those living with HIV did not live in their own apartment or home at the time of interview and were doubled up with friends, in a shelter, in a drug program, or homeless;
- 38 percent became unstably housed after their HIV diagnosis;
- 55 percent had children; 38 percent raised their children with the average number of children being two and a half;
- 20 percent reported other HIV-positive persons in the household;
- 55 percent currently receive housing assistance;
- 49 percent would like further housing assistance;
- 15% of homeless persons were on a housing waiting list;
- 30 percent would have to move if housing increased by $50;

- 72 percent did not have their own place to live, would have to move if rent increased by $50, or currently needed housing assistance;
- 37 percent needed housing assistance of some kind in the last six months;
- 47 percent had moved one to three times in the last three years;
- 16 percent had moved four or more times in the last three years;
- 29 percent said that they were able to obtain their current housing because of HIV/AIDS status;
- 25 percent said they were homeless in the last six months;
- 16 percent had slept in car since HIV/AIDS diagnosis;
- 18 percent had slept in a shelter since HIV/AIDS diagnosis;
- 14 percent had slept on the streets since HIV/AIDS diagnosis;
- 39 percent had stayed at a friend's house since HIV/AIDS diagnosis; and
- 28 percent of African-American males, 21 percent of white males, 19 percent of African-American females, and 19 percent of white females experienced chronic homelessness as defined by HUD.

AIDS Alabama has a computer projection model of housing needs based on the living HIV-positive population. This model assumes 25 percent of the persons with AIDS (41 percent of the state's total) need housing (because they are further along in their disease experience) and 10 percent of the population with HIV (59 percent of the state's total) need housing; both estimates are conservative. The current number of infections in Alabama leads to the following matrix for HIV-specific housing:

Type of Housing	Number of Beds Needed	Number of Beds Available and Location	Gap
Emergency 1 Bedroom	67	0	67 beds
Emergency 2 Bedroom	145	0	145 beds
Transitional 1 Bedroom	63	11 –Birmingham	52 beds
Transitional 2 or 3 Bedroom	136	36 –Birmingham 4 – Hopson City	96 beds
Permanent 1 Bedroom	242	25 –Birmingham 1 –Mobile 3 – Lee County	213 beds
Permanent 2 or 3 Bedroom	524	28 – Birmingham 26 – Mobile 3 – Moulton 3 – Sylacauga 6 – Anniston 3 – Dadeville 6 – Opelika 6 – Loxley 3 – Summerdale	440 beds
Service Enriched – Assisted Living type care	113	14 – Birmingham	99 beds

AIDS Alabama owns all of these HIV-specific housing properties with the exception of those located in Mobile and Hopson City.

Specific Special Needs Objectives (91.315)

1. Describe the priorities and specific objectives the jurisdiction hopes to achieve over a specified period.

2. Describe how Federal, State, and local public and private sector resources that are reasonably expected to be available will be used to address identified needs for the period covered by the strategic plan.

3-5 Year Strategic Plan Specific Special Needs Objectives response:

HOPWA funding will be prioritized to promote the maintenance and placement of Alabama's low-income, HIV-positive population in permanent housing with appropriate supportive services needed to ensure stable housing and access to medical care in place. Over the five-year period covered by the Consolidated Plan, the objective for HOPWA funding will be to place more than 1,400 HIV-positive persons and their families statewide into safe, decent, and affordable housing.

HOPWA funding will be supplemented with other federal funding sources, such as the Ryan White C.A.R.E. Act, which allocates approximately $13 million annually to Alabama, as well as other HUD programs. Additional revenues are garnered through substance abuse and mental health funding. The Alabama Legislature supplements funding for the AIDS Drug Assistance Program, and various education programs are available through funding from the Centers for Disease Control and the Alabama Department of Public Health. Alabama's ten AIDS Service Organizations raise local private and government funds in order to successfully implement multiple housing and service programs.

Housing Opportunities for People with AIDS (HOPWA)

*Please also refer to the HOPWA Table in the Needs.xls workbook.

1. The Plan includes a description of the activities to be undertaken with its HOPWA Program funds to address priority unmet housing needs for the eligible population.

Activities will assist persons who are not homeless but require supportive housing, such as efforts to prevent low-income individuals and families from becoming homeless and may address the housing needs of persons who are homeless in order to help homeless persons make the transition to permanent housing and independent living. The plan would identify any obstacles to meeting underserved needs and summarize the priorities and specific objectives, describing how funds made available will be used to address identified needs.

2. The plan must establish annual HOPWA output goals for the planned number of households to be assisted during the year in: (1) short-term rent, mortgage and utility payments to avoid homelessness; (2) rental assistance programs; and (3) in housing facilities, such as community residences and SRO dwellings, where funds are used to develop and/or operate these facilities. The plan can also describe the special features or needs being addressed, such as support for persons who are homeless or chronically homeless. These outputs are to be used in connection with an assessment of client outcomes for achieving housing stability, reduced risks of homelessness and improved access to care.

3. For housing facility projects being developed, a target date for the completion of each development activity must be included and information on the continued use of these units for the eligible population based on their stewardship requirements (e.g. within the ten-year use periods for projects involving acquisition, new construction or substantial rehabilitation).

4. The Plan includes an explanation of how the funds will be allocated including a description of the geographic area in which assistance will be directed and the rationale for these geographic allocations and priorities. Include the name of each project sponsor, the zip code for the primary area(s) of planned activities, amounts committed to that sponsor, and whether the sponsor is a faith-based and/or grassroots organization.

5. The Plan describes the role of the lead jurisdiction in the eligible metropolitan statistical area (EMSA), involving (a) consultation to develop a metropolitan-wide strategy for addressing the needs of persons with HIV/AIDS and their families living throughout the EMSA with the other jurisdictions within the EMSA; (b) the standards and procedures to be used to monitor HOPWA Program activities in order to ensure compliance by project sponsors of the requirements of the program.

6. The Plan includes the certifications relevant to the HOPWA Program.

3-5 Year Strategic Plan HOPWA response:

The distribution of HIV disease in America has shifted. The disparate impact of HIV/AIDS in the southern states of the United States has created an emergency that must be addressed, especially among minority populations. The face of AIDS is becoming increasingly rural, minority, and poor. While the South

represents a little more than one-third of the U.S. population (38 percent), it now accounts for 40 percent of people estimated to be living with AIDS and 46 percent of the estimated number of new AIDS cases (Kaiser, 2002).

Among the 25 metropolitan areas (with a population of 500,000 or more) with AIDS case rates in 2001 above the national average for areas of this size, 18 were in the South. In addition, six of the metropolitan areas with the ten highest AIDS case rates were in the South (Kaiser, 2002). Alabama is no exception to these alarming trends.

As of November 19, 2004, Alabama Department of Public Health maintains documentation on 10,093 persons living in the state with HIV disease. These numbers do not include persons who are HIV-positive and do not know their status. Although Alabama's African-American population makes up approximately 26 percent of the state's total, 64 percent of all cases in the state are African-American. In 2003 the rate of HIV/AIDS diagnosis for African-American males was six times the rate for White males; the rate of HIV/AIDS diagnosis for African-American females was more than 12 times that for White females. The proportion of new HIV/AIDS cases among females has remained steady over the last four years at 31 percent. However, in 2003 African-American females accounted for 81 percent of all HIV/AIDS cases among females.

AIDS Alabama, a statewide 501(c)(3) non-profit, will provide HOPWA services to all 67 counties through its network of AIDS Service Organizations (ASOs). All direct services will be available to low-income, HIV-positive citizens. All low-income, HIV-positive persons in the state who are eligible for HOPWA services will receive these services, regardless of location. Obstacles to meeting underserved needs continue to be stigma associated with HIV disease, extreme poverty, transient and homeless HIV populations, co-factors, such as mental

health diagnoses and chemical dependency, and a general lack of affordable housing stock across the state.

The housing needs of persons living with HIV disease in Alabama are determined through epidemiological data provided by the Alabama Department of Public Health, through housing profiles provided through HUD technical assistance contractors, and through various needs assessments, such as AIDS Alabama's 2003-2004 Statewide Needs Assessment, which included about five percent of the state's HIV-positive population. Additional resources include the annual point in time surveys conducted by the continuums of care across Alabama. The 2004 Point in Time survey conducted by the Birmingham Continuum of Care, Metropolitan Birmingham Services for the Homeless, indicates that 12 percent of Alabama's largest homeless population self-identify as HIV-positive. AIDS Alabama's 2003-2004 Needs Assessment indicates that 38 percent of Alabama's HIV-positive population experienced unstable housing after their HIV diagnosis. The data obtained also reveals that in excess of 20 percent of the state's HIV-positive population meets HUD's definition of chronic homelessness.

Obstacles in the provision of housing and services to persons in Alabama living with HIV disease include a lack of low-income housing stock, an extremely poor and transient population, geographical challenges in gaining access to medical care and other critical services, and the stigma still associated with HIV and AIDS.

Specific HOPWA Objectives

1. Describe how Federal, State, and local public and private sector resources that are reasonably expected to be available will be used to address identified needs for the period covered by the strategic plan.

3-5 Year Specific HOPWA Objectives response:

HOPWA funding will be supplemented with other federal funding sources, such as the Ryan White C.A.R.E. Act, which allocates approximately $13 million annually to Alabama, as well as other HUD programs. McKinney-Vento homeless assistance is available in the Birmingham area through AIDS Alabama and the Jefferson County Housing Authority and will be utilized to address the needs of HIV-positive persons who are homeless. Emergency Shelter Grant funding is also utilized when possible to prevent homelessness. Additional revenues are garnered through substance abuse and mental health funding. The Alabama Legislature supplements funding for the AIDS Drug Assistance Program, and various education programs are available through funding from the Centers for Disease Control and the Alabama Department of Public Health. Alabama's ten AIDS Service Organizations raise local private and government funds in order to successfully implement multiple housing and service programs.

OTHER NARRATIVE

Include any Strategic Plan information that was not covered by a narrative in any other section.

HOUSING MARKET ANALYSIS

NARRATIVE

The figures for the Housing Market Analysis Table were all taken from the 2000 U. S. Census.

The vacancy rates shown were figured automatically by the HUD CPMP software. Statewide, some 3% of rental units are vacant (available) and some 2% of owner units are for sale. In a few counties, less than 1% of rental units were available (Choctaw, Greene, Hale and Wilcox). In a handful of other counties, less than 1% of vacant owner units were for sale (Bullock, Clay, Lowndes, Marengo, Perry and Pickens). Overall, the three counties with less than 2% of total vacant housing units for rent or for sale were Hale, Lowndes and Pickens. All three of these counties are in Alabama's Black Belt area.

The Table requires a count for substandard units, both rental and owner. An across-the-board calculation of 9.6% was utilized to represent total state housing units 1) lacking complete plumbing, 2) lacking complete kitchens, and 3) built before 1939. Those percentages, 1.2%, 1.3% and 7.1%, respectively, equals our set calculation of 9.6%. We did not factor overcrowded housing units as being substandard.

Using Median Family Income figures for 1999 (from the 2000 U. S. Census) and HUD-published fair market rents (FMRs) for 2004, the following statistics form a basis for what was "affordable" in each Alabama County:

- Able to afford only a 0-bedroom (efficiency) rental unit at 30% of 50% of County MFI: Bullock, Greene, Sumter and Wilcox Counties.
- Able to afford only a 1-bedroom rental unit at 30% of 50% of County MFI: Blount, Lowndes, Macon, Mobile, Perry, Pike, Russell and St. Clair Counties.
- Able to afford up to a 3-bedroom rental unit at 30% of 50% of County MFI: Chilton, Cullman and Shelby Counties.
- ALL other counties (52) were able to afford only a 2-bedroom rental unit at 30% of 50% of County MFI.

NOTE: Because the State has a wide range of FMRs and MFIs, it was not possible to project a meaningful affordability mismatch table. It is evident, however, that most Alabama counties have a surplus of low income families and a deficit of affordable housing units.

The State does not operate public housing units. That portion of the Housing Market Analysis Table was intentionally left blank.