

THE ALABAMA HOUSING TRUST FUND: AN OVERVIEW

WHAT IS THE AHTF?

A housing trust fund is a flexible source of funding that can be used to meet a variety of housing needs. It is designed to maintain, retain, and create affordable housing in Alabama.

Funds can be used for development, rehabilitation, down payment assistance, supportive services and other housing related activities.

Housing Trust Funds allow states to address critical and/or urgent situations in a fiscally responsible way.

The Housing Trust fund was established with the passage of the Alabama Affordable Housing Act in 2012 (Act 2012-384). It is currently unfunded.

HOW WILL IT BE FUNDED?

- The mortgage record tax is a one-time filing fee upon purchase or a refinance of a mortgage.
- Enacted in 1935 and has never been changed.
- Increase by 5 cents per \$100 of indebtedness.
- The increase makes Alabama equal to Georgia and less than Florida. Mississippi does not have a comparable document filing fee.

HOW WILL IT WORK?

- Administered by The Alabama Department of Economic and Community Affairs (ADECA).
- All funds will go to 60% and below Area Median Income (AMI), with majority going to 30% and below AMI.
- 40% will be set aside for rural communities.
- Homeownership projects must follow the ownership requirements of the Habitat for Humanity program.
- Appointment of committee that will advise ADECA on how funds will be used, criteria for evaluation, etc.
- Competitive, annual application.
- Eligible entities: nonprofit organizations, counties, municipalities, public housing authorities. For-profit developers must partner with a nonprofit in order to access funds.
- No related entities may receive more than 15% of the Alabama Housing Trust Fund's annual allocation.



For more information about the need to secure dedicated revenue for the AHTF, please visit www.lihca.org.

THE ALABAMA HOUSING TRUST FUND

There's nothing else like it.

What is the Alabama Housing Trust Fund?

The Alabama Housing Trust Fund (AHTF) creates a new opportunity for the State of Alabama to support affordable housing. Once a dedicated revenue source is established, the AHTF will serve as a flexible source of funding enabling a wide range of activities, including construction, rehabilitation and/or preservation of affordable housing, independent adaptive homes for people with disabilities, and permanent supportive homes for people with severe challenges. The activities can be as flexible as needed. Housing trust funds are recognized across the country as an innovative development approach that takes advantage of unique opportunities and addresses critical and/or urgent situations. Right now, there's nothing else like it: there is no other flexible funding source dedicated to housing like this in Alabama.

Alabama relies solely on federal funding for the development of its affordable housing.

Public funding is critical in developing affordable housing because it provides access to the financial capital developers need to enable them to keep development costs low enough so that future owners and renters can afford homeownership and rental opportunities. Right now in Alabama, the only public funding that is available originates with the federal government. If not for the federal HOME Investment Partnership Program and the IRS' Low Income Housing Tax Credit (LIHTC) Program, Alabama would have no public money to invest in its own housing. Why is this a problem? Here are the two major reasons: 1) the limited Federal funding already isn't enough money to address the housing needs of Alabama residents, and 2) many of Alabama's housing needs aren't easily addressed with these funds. Most of the HOME funds are required by the state to be used only for new construction of multi-family rental housing and must be coupled with the LIHTC program. What does this mean? Here are some examples:

- A young family who wants to buy a home in rural Alabama can't be helped by existing resources in our state.
- An elderly couple on a fixed income may have to move from their home of more than 20 years if financial assistance is not available for needed repairs.
- A veteran and his family trying to rebuild their storm-damaged home and keep their children in school won't be able to find the help they need under the existing programs in Alabama.

Why should Alabama dedicate revenue to the Alabama Housing Trust Fund?

Because we need it! The National Low Income Housing Coalition estimates that Alabama lacks over 80,000 available and affordable homes for extremely low income Alabamians, including people living with disabilities and those surviving on minimum wage. This is an astounding number.

In addition to meeting urgent housing needs as they arise, housing trust fund dollars also help to address longstanding community needs. These dollars create and maintain quality, affordable homes that allow people to improve their lives, while reducing or eliminating their need for social services. When someone has a safe, affordable home, they are less likely to need services and are more likely to retain employment or attend school, therefore providing a better opportunity to succeed in life. Simply put, quality affordable housing creates strong and healthy communities. In addition to these social benefits, communities will also see economic benefits such as job creation and increased economic activity in the local economies where trust fund dollars are being used. However, we will not see the benefits of the Alabama Housing Trust Fund until we secure dedicated revenue.



For more information about the need to secure dedicated revenue for the AHTF, please visit www.lihca.org.

Securing Revenue for the Alabama Housing Trust Fund

The below charts outline how increasing the Mortgage Record Tax Rate will impact homebuyers purchasing or refinancing mortgages and where the additional revenue will be allocated within the State budget.

Comparison of Mortgage Record Tax Rates	
Current Rate	\$0.15 for every \$100 of indebtedness
Proposal Rate	\$0.20 for every \$100 of indebtedness

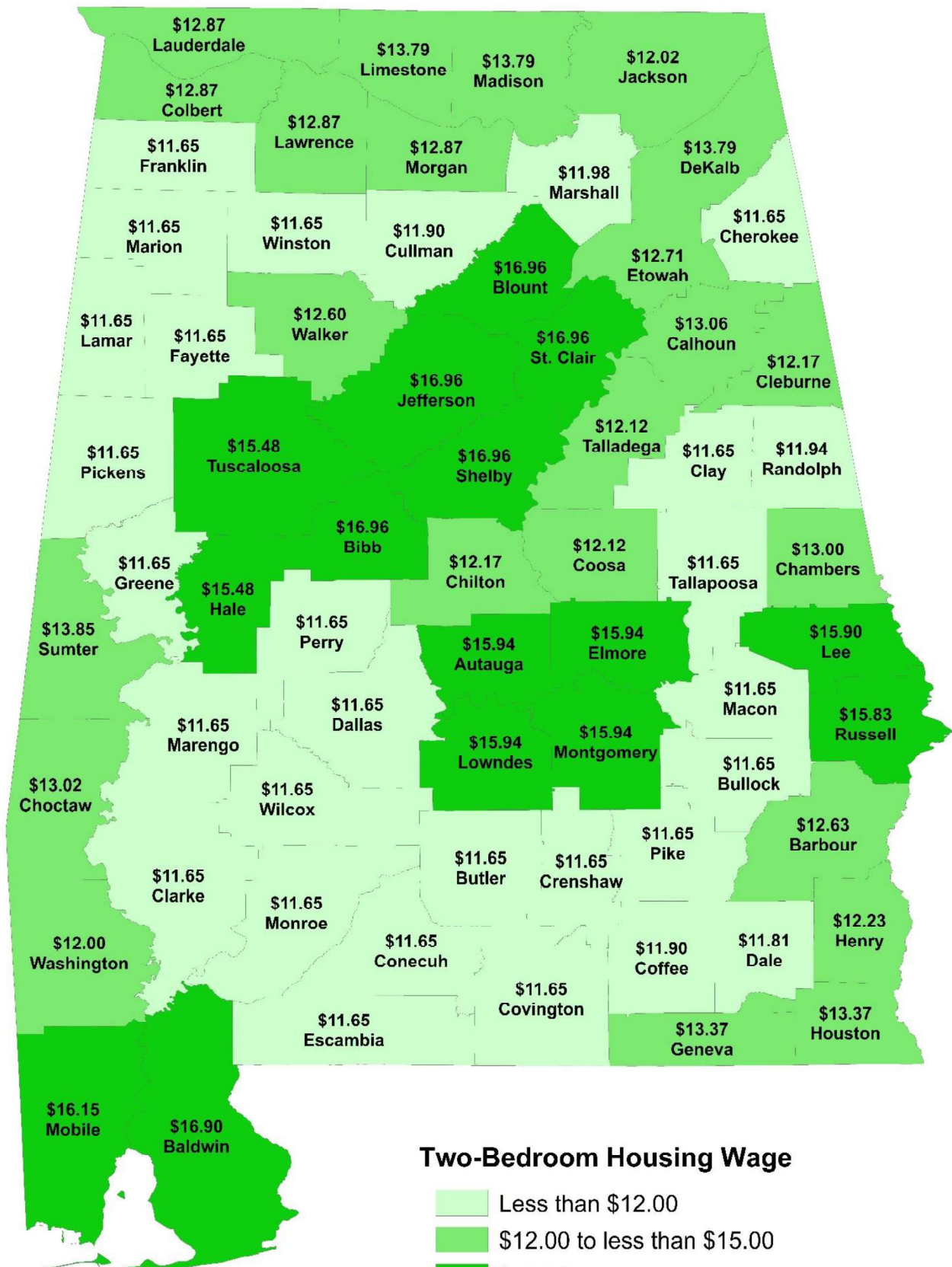
Proposed Income (\$0.20 for every \$100) *Based on Actual Revenue from FY17			
Fiscal Year	Current Law	Proposed Law	
General Fund Allocation	\$29,886,763 (63.33%)	\$29,886,763 (47.5%)	
County Allocation	\$14,943,382 (31.67%)	\$14,943,382 (23.75%)	
Probate Allocation	\$2,359,481 (5%)	\$2,359,481 (3.75%)	
AL Housing Trust Fund	0	\$15,729,875 (25%)	
Total Mortgage Record Tax Collected	\$47,189,626	\$62,919,501	

Homebuyer/Refinance Impact			
Loan Amount	15 cents for every \$100 of indebtedness (current law)	20 cents for every \$100 of indebtedness (proposed law)	Difference
\$50,000	\$75	\$100	\$25
\$100,000	\$150	\$200	\$50
\$150,000	\$225	\$300	\$75
\$200,000	\$300	\$400	\$100



**Every child deserves
a safe place to call
home.**

2018 Alabama Two-Bedroom Housing Wages by County



THE HOUSING NEED ACROSS ALABAMA



Alabama currently lacks 80,411* affordable and available homes for hardworking Alabamians, seniors and those with disabilities on a fixed income, veterans, and the working poor.

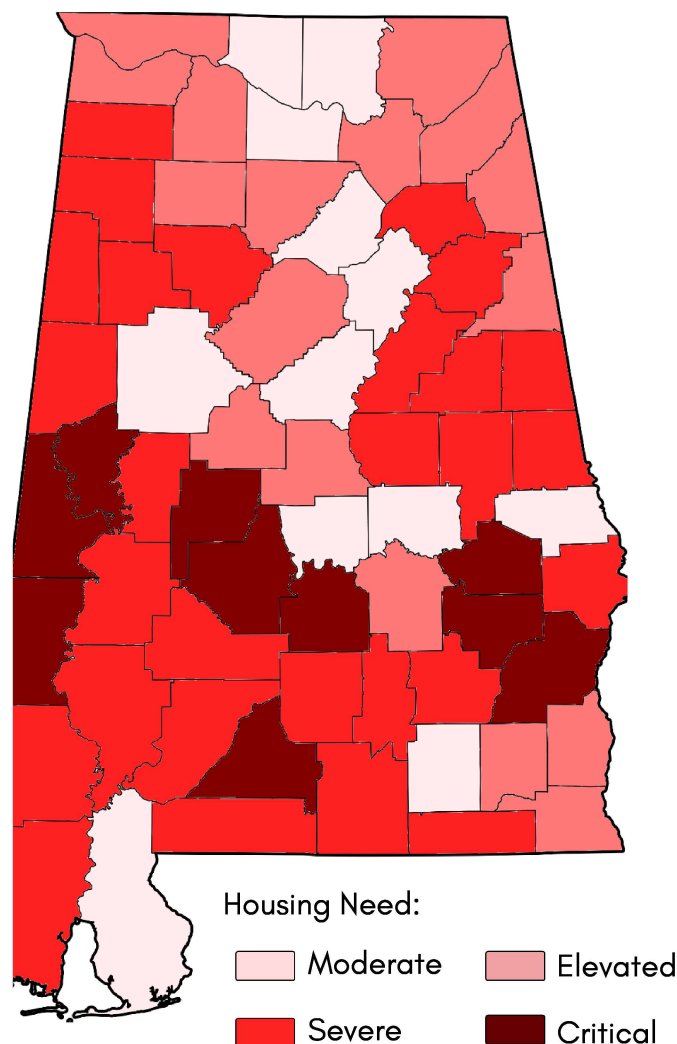
38 Alabama counties have a monthly affordability gap of at least **\$100**

13 Alabama counties have a monthly affordability gap of at least **\$200**

6 Alabama counties have a monthly affordability gap of at least **\$300**

What is a monthly affordability gap?

A monthly affordability gap is defined as the difference between the price of rent affordable at the renter's wage and Fair Market Rent (FMR).



Every child deserves a safe place to call home.

*National Low Income Housing Coalition 2018 Alabama Housing Profile Report
Monthly affordability gap data is from LIHCA's 2016 Red Book, full report can be found at www.lihca.org.

www.lihca.org | P.O. Box 130159 Birmingham, AL 35213 | 205 - 939 - 0411

2018 ALABAMA HOUSING PROFILE



Across Alabama, there is a shortage of rental homes affordable and available to extremely low income households (ELI), whose incomes are at or below the poverty guideline or 30% of their area median income (AMI). Many of these households are severely cost burdened, spending more than half of their income on housing. Severely cost burdened poor households are more likely than other renters to sacrifice other necessities like healthy food and healthcare to pay the rent, and to experience unstable housing situations like evictions.

SENATORS: Richard C. Shelby and Doug Jones

KEY FACTS

190,170
OR
33%

Renter Households that are extremely low income

\$24,300

Maximum income of 4-person extremely low income households (state level)

-80,411

Shortage of rental homes affordable and available for extremely low income renters

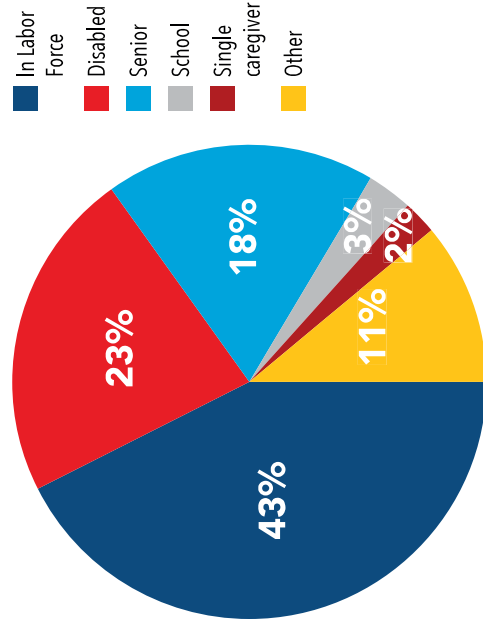
\$30,466

Annual household income needed to afford a two-bedroom rental home at HUD's Fair Market Rent.

67%

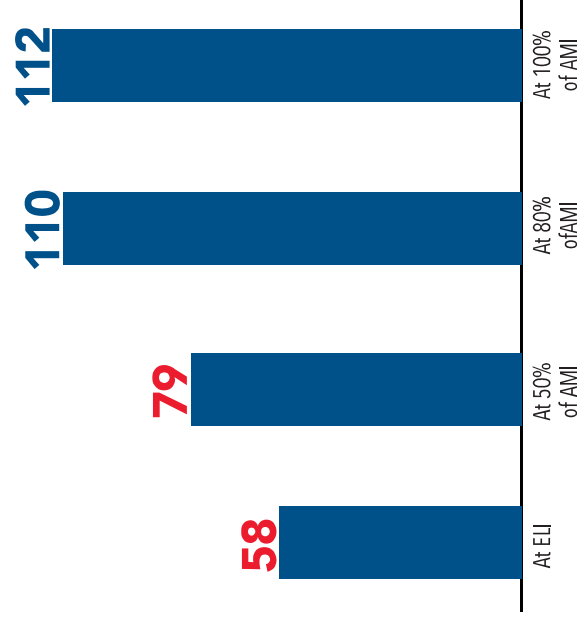
Percent of extremely low income renter households with severe cost burden

EXTREMELY LOW INCOME RENTER HOUSEHOLDS



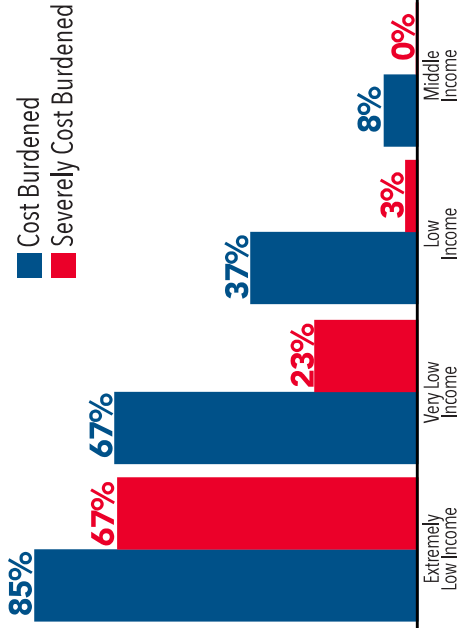
Note: Mutually exclusive categories applied in the following order: senior, disabled, in labor force, enrolled in school, 1-adult caregiver of a child under 7 or a person with a disability, and other. Nationally, 10.5% of extremely low income renter households are a non-disabled/non-senior adult caregiver of a young child or disabled person, more than three-quarters of whom are in the labor force and 2% of whom are in school.
Source: 2016 ACS PUMS.

AFFORDABLE AND AVAILABLE HOMES PER 100 RENTER HOUSEHOLDS



Source: NLIHC tabulations of 2016 ACS PUMS

HOUSING COST BURDEN BY INCOME GROUP



Renter households spending more than 30% of their income on housing costs and utilities are cost burdened; those spending more than half of their income are severely cost burdened.
Source: NLIHC tabulations of 2016 ACS PUMS.

EVERY CHILD DESERVES A PLACE TO CALL HOME

THE ALABAMA HOUSING TRUST FUND WILL HELP ALABAMA'S CHILDREN

1 IN 4

children in Alabama
live in poverty.

WHY IS HOMELESSNESS AN ISSUE FOR ALABAMA'S CHILDREN?

Children experiencing homelessness are TWICE* as likely to:

- have a learning disability.
- repeat a grade.
- be suspended from school.

13,668

children under the age of
6 experienced
homelessness in the
school year 2015-2016.**

WHY IS THE ALABAMA HOUSING TRUST FUND BENEFICIAL FOR ALABAMA'S CHILDREN?

The Alabama Housing Trust Fund can be used to construct and rehabilitate affordable homes for Alabama families.

27%

of families with children
under the age of 18
have a high housing
cost burden.***

This directly benefits children by ensuring children have:

- Safe places to sleep each night.
- A greater chance to succeed because barriers to healthy development associated with homelessness are reduced.



#FundtheAHTF

*American Psychological Association: www.apa.org/pi/families/poverty

** U.S. Department of Education Early Childhood Homelessness State Profiles 2018

*** The Annie E. Casey Foundation 2018 Kids Count data book: State trends in child well-being. (2018). Baltimore, MD: Annie E. Casey Foundation.

**The men and women who
defend our country deserve
to return to a safe and
affordable home.**

THE ALABAMA
HOUSING TRUST FUND
WILL HELP ALABAMA'S
VETERANS

WHY IS HOUSING AN ISSUE FOR ALABAMA'S VETERANS?

- Approximately 46,312 Alabama veterans live in homes with one or more major problems of quality, crowding, or cost.*
- According to HUD's 2018 Point-in-Time Count, 339 veterans in Alabama are experiencing homelessness on any given night.**

WHY IS THE ALABAMA HOUSING TRUST FUND BENEFICIAL FOR ALABAMA'S VETERANS?

The Alabama Housing Trust Fund can be used to construct and rehabilitate affordable homes for Alabama veterans.

This directly benefits veterans by ensuring they have:

- A safe, decent, and affordable home when they return from service.
- Access to housing support when other publicly funded programs fall short.

In 2018, there was a

26%

increase among homeless
veterans in AL from 2017.**

Housing affordability
is the greatest
housing problem
among veterans.*

Roughly 18.9% of
Alabama veterans
pay too much for
their housing

#FundtheAHTF

*Housing Assistance Council Veterans Data Central - Alabama State Profile 2019

** HUD 2018 PIT Estimate of Veteran Homelessness in the U.S.



THE LOW INCOME HOUSING COALITION OF ALABAMA

February 2019



OUR MISSION

LIHCA's mission is to increase housing opportunities for Alabamians with the greatest financial need. To this end, LIHCA accomplishes its mission through state and national advocacy, education, and research.

Every child deserves a safe place to call home.

PRODUCTS

- The Alabama Tenants Handbook – A free handbook educating renters and landlords on the tenant laws in Alabama.
- The Red Book – A comprehensive housing needs assessment for the state of Alabama.
- Housing Trust Fund Advocacy Toolkit

The men and women who defend our country deserve to return to a safe and affordable home.

2019 POLICY PRIORITIES

- To Secure dedicated revenue for the Alabama Housing Trust Fund (AHTF).
- To work with the Alabama Department of Economic and community Affairs (ADECA) to use federal funds to expand and preserve affordable housing.
- To work collaboratively with the Alabama Housing Finance Authority (AHFA) to develop the rules and regulations related to the National Housing Trust Fund to use the funds to expand and preserve affordable housing.
- To work collaboratively with the Alabama Housing Finance Authority (AHFA) to incorporate green building techniques in future HOME and LIHTC projects.



Hardworking Alabamians should be able to pay rent and still be able to put food on the table.

For more information about LIHCA, please visit www.lihca.org