



Wednesday, July 16, 2008 at 9am CST
Membership Meeting
Meeting Minutes

Steering Committee Members in attendance: Rusty Bennett, Jennifer Clarke, Marcie Porter, Jim Fenstermaker, Greg Carlson, Paul Carruthers, Ray Patterson.

Steering Committee Members absent: Randy Russell, Teresa Bettis, Cynthia Burton, Gary Edwards, Graham Champion, Johnny Moss, Sr., Mike Dillaber, Henry Stough, Martha Walters-Pierce, Sherrill Hampton, Ron Gilbert, Eric Strong, Sherri Sumners, Ben Herron, Pamela Dorr, Michele Jenkins-Utomi, Mary Jones, Acquanetta Knight, Bill Tilly

CSI Representation (and LIHCA members) present: Ashley Kerr, Sharon Fenstermaker

UCP Representation (and LIHCA member) present: Sally Herring

LIHCA Members in attendance: Patricia Burch (Habitat for Humanity of Greater Birmingham), Marion Johnson, Jr. (Department of Mental Health and Mental Retardation), Karen McCauley (Alabama Association of Habitat Affiliates), Judy Roy (Individual), Felicia McCleery (Pathways to Housing), Priscilla Dunwoody (Jefferson County Housing Authority)

Marcie Porter, Chair

Marcie Porter began the meeting by welcoming the group and stating that today's meeting revolves around the three critical components of a housing trust fund: administration, revenue source, and programs. The objective of the meeting is to finalize LIHCA's recommendations for what a housing trust fund would look like for the state of Alabama. These recommendations will be presented to the Interim Housing Trust Fund Task Force upon its initial meeting in the Fall of 2009.

Administration Comments:

There was some debate about whether or not LIHCA wants to recommend a governmental agency (Alabama Housing Finance Authority [AHFA] or the Alabama Department of Economic and Community Affairs [ADECA]) to administer the housing trust fund. Members voiced concern over the issues of bureaucratic red tape in addition to possible large administration fees, and the lack of evidence that the governmental agencies have been broad in thinking and scope with regard to housing activities in the past. However, there was a lot of support for the creation of a new nonprofit organization to administer the trust fund, with the exception that members want an organization that is passionate about low income housing (and this is something that

cannot be taught/learned). This was furthered by the knowledge that the vast majority of trust funds in the country are run by the state finance authority or similar agency.

The conversation shifted to a discussion of using a governmental agency but creating a nongovernmental governance board that would monitor the administrative agency. It was decided that AHFA would be the better option, as ADECA is not in the business of housing. Below are the recommendations by the LIHCA membership.

- If the Alabama Housing Finance Authority (AHFA) will administer the housing trust fund, there must be certain stipulations set forth in the legislation.
 1. AHFA must have a tight set of rules/guidelines with regard to administering the housing trust fund.
 2. There must be a governance board that will handle the governance of a housing trust fund. This board will be a nonprofit organization.
 3. The principles for the governance board are three:
 - The board must be mission-driven
 - The board must serve Alabama residents with the greatest financial need.
 - The board understands and supports that governance is its responsibility and will not fall to a state agency.
 4. The governance board will have an immunity clause.

Motion to approve that LIHCA will recommend there be the creation of a governance board that will be responsible for the oversight and governance of the housing trust fund (and oversee the administrative agent) and this committee will not be a state agency.

1st: Greg Carlson
2nd: Ray Patterson

Yes: All
No/Abstention: 0

It is recommended that the governance board (nonprofit) will be created by the legislature as an Instrumentality of the State. *This means they are accountable to state examiners.

It is recommended that all governance board appointments be written into the legislation.

It is recommended that the governance board have five (5) core members so that there may always be a standing governance board. These five members will be: LIHCA, consumers, Alabama Department of Mental Health and Mental Retardation (DMH/MR), AHFA, and a Community Development Corporation (CDC).

Motion to accept the five (5) core members of the governance board.

1st: Jennifer Clarke
2nd: Rusty Bennett
Yes: All

No/Abstention: 0

The remainder of the governance board can be made up of the following:

- Public Housing Authorities
- Homeless Continuum of Care
- Veterans and/or Veterans Associations
- Elderly and/or Elderly Associations
- Alabama Medicaid Agency
- Alabama State Department of Education
- Department of Human Resources
- Legal Services of Alabama
- State of Alabama Attorney General's Office
- Community Action Agencies
- Alabama Association of Realtors
- Alabama Home Builders Association

It is recommended that the maximum administrative fee is dictated in the legislation.

It is recommended that the task force discuss the possibility of investments for the trust fund.

It is recommended that the housing trust fund engage in a needs assessment every five (5) years or as the situation requires.

It is recommended that the housing trust fund release an annual report that mimics the state Action/Consolidated Plan. It is further recommended that the request for proposals (RFP) be based upon the annual report.

It is recommended that the legislation enable municipalities and local jurisdictions to have the ability to create their own housing trust funds.

Rep. Todd has asked the fiscal office to research possible revenue sources and the amount that each revenue source could earn in a given year. This information is not available at this time.

Revenue Comments:

It was agreed upon that a dedicated revenue source would be the best option for a housing trust fund in Alabama. It was also agreed upon that the legislation must state that the trust fund revenue source not be pilfered by any other governmental organization or entity.

LIHCA members recommend the following five revenue sources as options:

1. **Document Recording Fee** (This would take a portion of the document recording fee [ex. fees for pages 2-5] for all documents in the state.)

2. **Real Estate Transfer Fee** (This would take a portion of the transfer tax on all real estate closings in the state.)
3. **Unclaimed Property Fund** (This would be interest/funding from unclaimed property in the state.)
4. **Options** (This would be an option for residents. Examples of the option are on income tax forms or Project Share from Alabama Power. Or homebuyers could opt to fund [\$1, \$5, \$10] to the trust fund on closing day along with other closing costs.)
5. **Sin Fee** (Fee on alcohol, cigarettes, even fast food.)

It is recommended that there is flexibility with regard to finding revenue sources. It is further recommended that a sunset provision be enabled so that the housing trust fund has the option to sever ties with a revenue source.

Program Comments:

There was a good deal of debate about the types of programs a housing trust fund in Alabama would fund. Based upon the lengthy discussion, it was suggested that LIHCA's Policy Committee engage in further research about housing trust fund programs in other states. It was recommended that LIHCA think about what the role of the trust fund is and to know this before the task force meets. LIHCA members create several priorities that guided the programs discussion and will guide the task force's discussion about program options.

Priorities

1. **Pre-development/Acquisition/Construction/Rehabilitation/Retention of Housing Units:** to increase and maintain affordable units
2. **Rental Assistance:** rental subsidies are needed for existing units/targeted populations but there can be a sunset provision for the subsidies – it was decided to be a five year maximum
3. **Transitional Housing:** transitional housing includes emergency housing as well, and both furnishings and leasing issues
4. **Homeownership:** this will not include affordable units in perpetuity. It is recommended that homeowners be allowed to sell their property for market rates.
5. **Supportive Services:** Criteria for application must include supportive services OR is it that supportive services should be funded? **Not resolved**
6. **Housing trust fund will not substitute existing funding.**
7. **LIHCA as an organization must advocate for everyone.**

Below are several discussion points from this conversation:

- The funding could be banded with regard to income limits
- 60% of the trust funds will go to programs that address individuals at 30% and below of AMI
- 40% of the trust funds will go to programs that address individuals living between 30-60% of AMI
- 60% and below of AMI is the maximum limit allowable for funding.

- Use the term “up to” rather than “100% of funding”
 - Units will be affordable in perpetuity (excluding homeownership)
 - Advocates for funding: emergency housing, rent/utilities/mortgage payments, creation and sustainability of stock, homeless prevention
 - Remove disaster relief and any emergency/first response funding. The trust fund will be drained during any and all natural disasters.
-

The LIHCA Policy Committee is charged with further research on housing trust fund programs and will create an official policy paper outlining LIHCA’s recommendations for the Interim Housing Trust Fund Task Force.