



Wednesday, November 5, 2008 at 10:00am
Membership Meeting
Meeting Minutes

Board Members in Attendance: Rusty Bennett, Marcie Porter, Jim Fenstermaker, Randy Russell, Greg Carlson, Bill Tilly, Ron Gilbert, Ray Patterson

Board Members Absent: Gary Edwards, Karen McCauley, Acquanetta Knight, Mary Jones, Jennifer Clarke, Paul Carruthers, Pamela Dorr

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

LIHCA Members in Attendance: Rep. Patricia Todd (Individual), Lillian Zaworski (ACADV), Valerie Bouriche (MBSH), John Gemmill (AL HUD), Cindy Yarbrough (*not a LIHCA member*) (AL HUD), Clarence Williams (City of Anniston), Kathie Hiers (AIDS Alabama), Cessia Sullivan (*not a LIHCA member*) (Department of Mental Health and Mental Retardation), Kay Adams (ACADV/ARCH), Martha Walters-Pierce (New South Federal), Henry Stough (MACH)

Marcie Porter, Chair and Board President

Marcie started the meeting and welcomed everyone. Everyone introduced him- or herself and the agenda was reviewed.

Nonprofit update: LIHCA Executive Committee is finalizing the 501(c) 3 application and is utilizing the UA law clinic again to help with the application. One of the necessities for the application is to have the membership approve the board. Marcie thanked everyone for their help in this process.

Review of Meeting Minutes from September 11, 2008 meeting.

The minutes from September 11 meeting were discussed and there was one comment pertaining to the issue of LIHCA's recommendations for the housing trust fund's programs/eligible activities.

Motion to approve the meeting minutes from September 11, 2008.

1st: Jim Fenstermaker

2nd: Greg Carlson

Yes: All

No/Abstention: 0

Comments: The question was raised as to whether or not municipalities/counties will be able to apply for state housing trust funds and several members voiced that they wanted cities/counties to be eligible applicants. As the recommendations currently read, this issue is not clarified. Several members shared their thoughts that if municipalities are major sponsors of affordable housing projects they should be eligible applicants for housing trust fund dollars. A motion was made to amend LIHCA's current program recommendation to include municipalities and counties as eligible applicants for funds.

Motion to amend LIHCA's recommendation that municipalities and public housing authorities be eligible to apply for state housing trust fund dollars.

1st: Jim Fenstermaker

2nd: Clarence Williams

Yes: All

No/abstention: 0

Further discussion: It was suggested that LIHCA leave broad language in the recommendation to increase the potential pool of applicants.

It was also noted that previous conversations about eligible applicants for a state housing trust fund addressed the challenge of making sure this funding source would supply non-profits with funds. Several members acknowledged that non-profits have a hard time finding funding for smaller projects. A state housing trust fund can accomplish this and creating a list of eligible applicants can ensure this will occur – otherwise, development could get taken over by larger projects.

It was suggested that the housing trust fund rules establish a set aside of funds for non-profits to use. The application could utilize the points system – for example, an organization could earn 10 pts for being a nonprofit (this would encourage nonprofit organizations in particular to apply).

It was noted that LIHCA's goal at this time is to get a housing trust fund established and that details can be worked out in the regulations (and by the administering body). The question was raised - would this be brought up in the legislation as the bill is being discussed? Rep. Todd answered yes – that this could be a bargaining point.

One member shared that the intention of creating a list of eligible applicants for a housing trust fund is to ensure that the monies are not gobbled up by cities and public housing authorities. When this happens, special need populations are left out – and LIHCA needs to make sure they are not left out. Another member shared that LIHCA's goal is to make the housing trust fund legislation broad enough to get passed. It was suggested that LIHCA needs to advocate for what's best for low-income individuals and to let the Interim Housing Trust Fund Task Force work it out. In addition, there should be a commitment to prioritize housing for special needs populations to ensure that a significant portion of funds for this population is set aside. The last member comment was to make the program category broad and leave the narrowing of eligible applicants and activities to the designated administrative authority.

Motion to broaden LIHCA’s recommendation to include any entity that wants to apply, with a priority for non-profit developers and organizations that represent and/or serve low-income and special needs populations.

1st: Jim Fenstermaker

2nd: Clarence Williams

Yes: All

No/Abstention: 0

Vote for Proposed Slate of Directors

The proposed slate was distributed to all LIHCA members. The potential board members have been selected based on their involvement up until this point with LIHCA. These individuals have agreed to dedicate their time and effort to LIHCA. It was noted that once LIHCA is established as a 501(c) 3 organization, the board may decide to increase its numbers, as the bylaws allow up to 20 members.

Marcie Porter read the list as follows:

- Marcie Porter, President
- Rayanthnee Patterson, Vice President
- Greg Carlson, Treasurer
- Pamela Dorr, Secretary
- Rusty Bennett
- Paul Carruthers
- Jennifer Clarke
- Gary Edwards
- Jim Fenstermaker
- Ron Gilbert
- Mary Jones
- Acquanetta Knight
- Randy Russell
- Karen McCauley
- Bill Tilly

Marcie opened a comment period but there were no comments from the membership.

Motion to approve the proposed slate for the LIHCA Board of Directors.

1st: Henry Stough

2nd: Lillian Zaworski

Yes: All

No/Abstention: 0

Membership

Bill Tilly, Membership Committee Chair

LIHCA memberships need to be renewed. In 2008 LIHCA received 90 memberships. At this time there have been 21 renewals and 14 new memberships. Membership dues

amount to \$16,385. Expenses for LIHCA amount to \$192.15. There are a lot of folks that haven't renewed – renewals were sent via email and postal mail in October. The LIHCA membership year is October 1st through Sept 30th. The Steering Committee made a rule that individuals who signed up before July 1, 2008 would have to renew in 2009 and those who joined after July 1, 2008 can renew in 2010.

Several of the membership fees were increased. Individuals increased from \$10 to \$20 and government entities are now based on population of the municipality.

Habitat for Humanity of Greater Birmingham offered to pay for other Habitat for Humanity affiliate memberships – LIHCA members needs to spread the word about memberships. All members present were encouraged to forward LIHCA's membership form to anyone that might be interested.

Policy

Rusty Bennett, Policy Committee Chair

Interim Housing Trust Fund Task Force Update

The Housing Trust Fund Task Force was assembled by Rep. Patricia Todd (Birmingham) and Rep. Laura Hall (Huntsville). The task force has met three times and the next meeting is scheduled for November 17, 2008. Rusty Bennett, Marcie Porter, and Jim Fenstermaker (Gary Edwards, alternate) are participating in these meetings.

So far, the task force reached consensus on the funding target – 100% of the funding will be used for individuals and families living at 60% and below of the area median income (AMI), with the majority of funding going towards individuals living at 30% and below of AMI.

LIHCA presented information about housing trust funds and what other states have done with regard to their own trust funds. In addition, LIHCA presented information about administration, revenue sources, and program/eligible activities. In general, there was a lot of discussion about the possibility of offering long-term rental assistance with the trust fund monies. Supportive services remain a difficult issue, primarily because they need to be connected to housing for special needs population. It has been suggested that supportive services be offered as a component of a permanent supportive housing model. As stated previously, the goal is to have a very broad eligible activity category.

There will be more discussion within the task force. The task force will be looking at revenue streams from other states – recording fees are a common source in other states. So is the real estate transfer tax – in Alabama it has not been adjusted since 1935. Rep. Patricia Todd commented that the real estate committee member has been sick but that his proxy said the Real Estate Association will oppose it. Rep. Todd did state that she thinks this is the way to go.

Rep. Todd also shared that, from a legislative perspective, she has been amazed over the speed and ability of the task force to make decisions. The general process is for the task force to look to LIHCA for its position and then begin a discussion based upon LIHCA's information. Rep. Todd did mention that a few of the task force appointees have not attended any of the meetings. The legislators who have been appointed but not attending are: Sen. Bobby Singleton (24th District: Bibb, Marengo, Perry, Sumter, Tuscaloosa, Greene, Choctaw, Hale); Rep. Chris England (70th District Tuscaloosa). The question was raised about this: will their absence slow discussion when housing trust fund legislation gets to the floor? Rep. Todd didn't have an answer for this.

Rep. Todd continued the discussion about the real estate transfer tax, stating that it does not hurt realtors. The Home Builders Association appears to be against this, citing a statistic that every thousand dollars added to the cost of a house more low-income people are pushed out of homeownership eligibility. The Bankers Association stated many banks pay closing costs for their homebuyer clients and that this tax would affect them directly, but they would be willing to be supportive of this revenue source if it were written into the legislation. The challenge, according to Rep. Todd, is that we are all trying to help that same population. Members asked if this is the year to make a push on legislation? Rep. Todd shared that it will be difficult to get it through the Senate, but it is probably likely to get through the House with Rep. Hall's push. The Legislative Reference Service will write the bill – Representatives trust legislation that comes from this source. However, LIHCA will want to provide a draft of what it wants a housing trust fund to look like.

The legislation needs to be pre-filed in January, with time to review the bill language. The session starts on February 5, 2009.

With regard to administration, it appears from the task force discussions that the Alabama Housing Finance Authority (AHFA) will be tapped to take the lead. It has also been suggested that the Alabama Department of Economic and Community Affairs (ADECA) might take the lead – in this case, the legislature will have more authority as it is a governmental entity. Bob Strickland of AHFA voiced that he did not want a separate oversight board to answer to for a housing trust fund. LIHCA is recommending that a new non-profit be created to oversee the housing trust fund, even though the membership recognizes that this will most likely not occur. Rep. Todd stated that establishing a new nonprofit is not the preferred way to do business with state funds – it is better to keep within state systems to help with oversight. ADECA is used to working with outside groups and external audits.

One member shared a concern about AHFA – how can LIHCA ensure that low-income special needs populations in rural areas are addressed with the housing trust fund dollars. Currently, State HOME dollars are tied to Low Income Housing Tax Credits (LIHTC) and the smallest tax credit development has 12 units – this is not the most effective option for rural areas. Over the years, AHFA has demonstrated that it is not willing to look at different models for smaller units.

If ADECA is chosen to administer the funds, LIHCA must push them as well to look at all scale programs. In addition, there has been no discussion about an administrative cap. It has been noted that ADECA has taken a good portion of funds for administrative costs. A third option is for ADECA to contract with a nonprofit organization to manage the housing trust fund, but money will still flow through them.

Motion to change language in LIHCA’s recommendation for housing trust fund administration to: “a state agency or a quasi-state agency will take no more than 15% as administrative fee. If said agency wishes to contract with a non-profit agency to administer the funds, all parties will mutually agree upon splitting the administrative fee with oversight board approval.”

Motion to add the specification that any revenue earned from the housing trust fund properties will filter back into the housing trust fund.

Motion as listed above:

1st: Rusty Bennett

2nd: Greg Carlson

Yes: All

No/Abstention: 0

Landlord/Tenant Handbook Distribution

Thanks to Ron Gilbert and Alabama Arise, as LIHCA is now the distribution agent for The Alabama Tenant’s Handbook. If an individual calls LIHCA (Ashley Kerr at CSI) with specific questions about a tenant problem, Ashley refers them to Legal Services of Alabama. Ron requested and received a grant to reprint 15,000 handbooks. Funds are also available to cover postage.

National Housing Trust Fund (NHTF) Administration

An administrative agent of NHTF is needed on the state level. The National Low Income Housing Coalition (NLIHC) has asked LIHCA who it will recommend for this position. LIHCA may use similar language to what it just approved above for a state housing trust fund. If we encourage NLIHC to recommend ADECA, it could help our state HTF. Does LIHCA want to take a position on that?

It was suggested that LIHCA tell Bill Johnson (Administrator, ADECA) that we are planning to support that the funds go through ADECA. LIHCA will move forward as if the NHTF is status quo, even though it was funded with excess funds from Fannie Mae/Freddie Mac and this may affect the trust fund in coming years.

Motion to recommend that ADECA administer the NHTF funds.

1st: Randy Russell

2nd: Greg Carlson

Yes: All

No/Abstention: 0

Other Business

NLIHC State Partnership

Marcie shared that LIHCA has been asked to join the National Low Income Housing Coalition (NLIHC). Membership includes participating in calls, financially supporting NLIHC, as well as forwarding calls to action to our contacts. The cost is not substantial – it is tied to an organization’s budget. At this time, Alabama Arise is their only state partner but multiple state partnerships are permitted.

The requirements to partner are the following: LIHCA must share in NLIHC’s principles, but we don’t have to agree on everything. LIHCA does not have to give up its individuality. LIHCA is permitted to have other national partnerships. LIHCA would be required to participate in most monthly state calls. In addition, there are two annual meetings per year (November and April – Ron Gilbert will be there in April), and the distribution of information to our members.

Since LIHCA is membership-dues driven, a motion is needed to allow us to spend membership dues to join NLIHC. The NLIHC is currently working with Katrina assistance, in addition to larger issues like the NHTF.

Motion for LIHCA to join as a NLIHC state partner and to write the check necessary to join.

1st: Randy Russell

2nd: Bill Tilly

Yes: All

No/Abstention: 0

Ron Gilbert reported that Alabama Arise co-released “Out Of Reach” with NLIHC.

Note: The report was released in July ’08, before minimum wage increased.

Neighborhood Stabilization Program (NSP)

Ashley Kerr (CSI) attended the meetings ADECA hosted about the NSP. At this time, ADECA appears to be looking primarily at million dollar projects. The concern is that they will cut out smaller projects. CSI, the Alabama Multi-family Loan Consortium, and the Department of Mental Health and Mental Retardation sent comment letters to ADECA encouraging it to partner with non-profits and allow these organizations to use the funds. The letter stated that non-profits can provide supportive services and serve special needs populations. LIHCA members are encouraged to write ADECA and encourage them to support non-profit organizations with NSP funds. HUD has empowered Governor Riley to make the decisions to meet the greatest need. The plan will be written on Nov 13th and they are accepting public comments until that date.

Jim Fenstermaker shared that the point of the legislation is to get foreclosed houses fixed and the timeframe has been very fast. All funds must be distributed within 18 months and expended within 4 years. Projects must meet the eligible activities and the national objective. The City of Birmingham was allocated \$2.5 million and it will work with nonprofits to assist persons with disabilities. This information is on the city website as of today. 2/3 of City of Birmingham qualifies for “meeting greatest needs.” ADECA is allowed to distribute more funds at their discretion. ADECA is taking applications from developers and municipalities. The NSP offers developers one shot to flip a property, sell it, and get a homeowner or renter in place. The neater the package, the more appealing it is. ADECA is restricting the funds for houses built after 1978. Jefferson County was allocated money as well and information about this money is available on the Jefferson County website.

Marcie Porter encouraged everyone to make comments to ADECA and stated that a sample letter was available on CSI’s website.

Alabama Housing Finance Authority and HOME/LIHTC Action Plans

The public comment period is open for AHFA’s 2009 HOME/LIHTC Action Plan. Public comments are due by November 14th. Marcie Porter’s organization has drafted a comment letter and it was suggested that LIHCA do this as well. Marcie agreed to draft the letter.

Motion to allow LIHCA to draft a comment letter about the 2009 HOME/LIHTC Action Plan.

1st: Greg Carlson
2nd: Randy Russell
Yes: All
No/Abstention: 0

Alabama Arise Partnership

Alabama Arise can only take on issues brought up by partners – and LIHCA needs to become a partner so that Arise can address affordable housing issues and advocate for them as well as LIHCA. Membership fee is \$500 or what an organization can pay. \$100 is common.

Motion to join Alabama Arise with a membership fee of \$200.

1st: Randy Russell
2nd: Rusty Bennett
Yes: All
No/Abstention: Ron Gilbert abstained from the vote, as he is an employee of Alabama Arise

Suggestions for Future LIHCA Trainings

The membership was asked what type of education is needed during quarterly meetings?
Several suggestions were given and this list is below.

1. How to understand HOME program
2. How the HOME program works with tax credits

Could AHFA present this information?

3. Federal Home Loan Bank – Bill Tilly offered to present on the Affordable Housing Program
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Motion to adjourn the meeting.

1st: Rusty Bennett

2nd: Marcie Porter

Yes: All

No/Abstention: 0