



September 11, 2008 at 10am CST
Membership Meeting
Meeting Minutes

Steering Committee Members in attendance: Rusty Bennett, Marcie Porter, Jim Fenstermaker, Greg Carlson, Paul Carruthers, Mary Jones, Ron Gilbert, Acquanetta Knight, Gary Edwards.

Steering Committee Members absent: Randy Russell, Teresa Bettis, Cynthia Burton, Graham Champion, Johnny Moss, Sr., Mike Dillaber, Henry Stough, Martha Walters-Pierce, Sherrill Hampton, Sherri Summers, Ben Herron, Pamela Dorr, Michele Jenkins-Utomi, Bill Tilly, Jennifer Clarke, Ray Patterson

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

LIHCA Members in attendance: Patricia Burch (Habitat for Humanity of Greater Birmingham), Cessia Sullivan. (Department of Mental Health and Mental Retardation), Karen McCauley (Alabama Association of Habitat Affiliates), Rep. Patricia Todd (Individual), Joan Carter (AARP), Susan Shipman (2nd Chance/HCNEA), Edward Reisinger (Individual), Mary Elizabeth Marr (AIDS Action Coalition), Janice Williams (Indian Rivers)

Marcie welcomed everyone to the 2nd membership meeting focused on LIHCA's recommendations for a state housing trust fund. She stated that LIHCA's Steering Committee wants a policy position for each aspect of the trust fund: administration, revenue source, and programs (i.e., eligible activities) to present to the housing trust fund task force 2009 legislative session.

Administration:

Preferred Option #1: LIHCA recommends the creation of a new nonprofit organization to administer the state housing trust fund. This organization will be nonpartisan in nature and is committed to the needs of low income residents in the state of Alabama.

Option #2: If the legislature will not create a new nonprofit organization and would rather utilize an existing state agency, LIHCA recommends the Alabama Housing Finance Authority (AHFA) to administer the housing trust fund. This recommendation has several stipulations that must be 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 governance board will be created as an Instrumentality of the State.
4. 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.
5. The governance board will have an immunity clause.

Discussion on Options:

Option #1

- If the State creates another organization, the government has to create an auditing system for the new organization

Option #2

- If Option #2, then there must be low income advocates and nonprofit providers on the governance board to oversee the administrative agency
- Low income consumers and advocates must be mandated to be on the oversight committee
- LIHCA is going to be the voice for low income advocacy
- Rep. Todd suggested using an existing entity

Miscellaneous

- Why not suggest an independent group/organization to administer the trust fund knowing that this is an outrageous option, then when this option is refused, LIHCA can compromise and use an existing agency with an oversight board.
- LIHCA can couch the creation of a new nonprofit organization as an entity to be used so as to not overburden the agencies.
- What about going in and asking for what LIHCA wants – but also ask for enabling legislation to start city and county trust funds?
- Look at Alabama Family Trust language (passed in 1994) – the organization has a board that is governed by the legislative language.

Recommendation:

LIHCA recommends that the state create a new nonprofit organization to administer the state housing trust fund. This organization will be nonpartisan in nature and is committed to the needs of low income residents in the state of Alabama. The nonprofit organization will abide by the following principles:

- 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.

If this is not a feasible or realistic option, then LIHCA recommends the following: if the legislature will not create a new nonprofit organization and would rather utilize an existing quasi-governmental agency, LIHCA recommends the Alabama Housing Finance Authority (AHFA) to administer the housing trust fund. This recommendation has several stipulations that must be 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 governance board will be created as an Instrumentality of the State.
4. 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.
5. The governance board will have an immunity clause.

Motion to accept this recommendation:

1st: Jim Fenstermaker

2nd: Greg Carlson

Yes: All

No/abstention: 0

In addition, LIHCA will support authorizing legislation for city and county trust funds not to the exclusion of the state trust fund.

Motion to accept this recommendation:

1st: Karen McCauley

2nd: Paul Carruthers

Yes: All

NO/Abstention: 0

Revenue Source:

Recommendation:

LIHCA recommends that the housing trust fund must have an annual, earmarked, and dedicated revenue source for funding. Any legislation must state that the trust fund revenue source not be subject to use 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.

Discussion on recommendation:

- Constitutional earmarks are protected and this is the best option for LIHCA. This means that no other entity can utilize this earmark, as it is protected under the state constitution.

Motion to accept this recommendation:

1st: Rusty Bennett

2nd: Acquanetta Knight

Yes: All

No/Abstention: 0

Programs/Eligible activities:

Discussion:

Overall, there was a lot of discussion about this portion of the trust fund, and there was some consensus on what types of activities would be eligible (see below). It was recommended that LIHCA not get overwhelmed with deciding the eligible activities at this time, rather that LIHCA focus its efforts on recommending a broad array of eligible activities for the trust fund. Specifically, to use language such as “not limited to...”

Predevelopment, acquisition, construction, rehabilitation uses were agreed upon by the membership as eligible activities.

Recommendation:

LIHCA recommends that the state housing trust fund’s eligible activities include, but are not limited to, the promotion, creation, maintenance, and sustainment of the homeownership and rental housing options of low income people.

1st: Jim Fenstermaker

2nd: Marcie Porter

Yes: All

No/Abstention: 0

Recommendation:

LIHCA recommends that 100% of the state housing trust fund money goes to individuals living at 60% and below of area median income (AMI). Further, the majority of state housing trust fund money will go to individuals living at 30% and below of AMI.

Recommendation:

LIHCA recommends that priority be given to activities targeting hard to serve, special needs populations. These populations include, but are not limited to, the following: individuals living

with mental illness and/or mental retardation, individuals who are homeless, individuals with substance use issues, individuals who are developmentally disabled, and the elderly.

Recommendation:

LIHCA recommends that the following organizations be eligible to apply for state housing trust fund monies: nonprofit organizations and for-profit organizations that partner with nonprofit organizations.