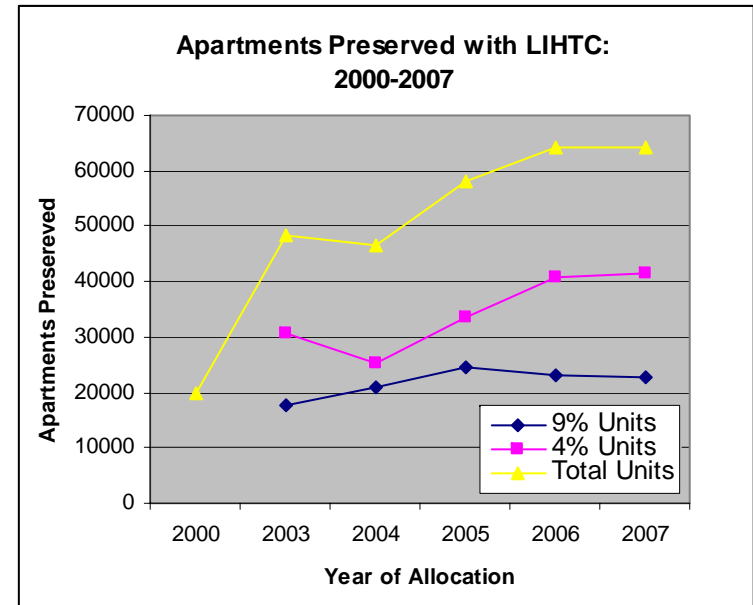




State and Local Housing Preservation Initiatives (Updated Summer 2008)

As the nation grapples with an affordable housing shortage made more acute by the unfolding mortgage crisis, preservation of existing affordable apartments is more important than ever. The National Housing Trust confirms that state and local policy makers around the country continue to direct significant resources to preservation. Though incentives for the preservation vary widely across states, overall trends remain positive. **States around the nation continue to recognize that preservation is a common sense, vital response to America's affordable housing shortage, and are harnessing a diverse set of financial and regulatory tools to preserve affordable housing for future generations:**

- *47 states prioritize preservation in their Low Income Housing Tax Credit allocation programs.*
- *25 states maintain competitive tax credit set-asides explicitly for preservation.*
- *A majority of states dedicate a portion of their 4% tax credits and private activity bonds to preservation.*
- *38 states maintain housing trust funds that finance preservation and rehabilitation.*
- *More than two-thirds of states provide incentives for green building and energy efficiency, and a growing number have established green threshold requirements in their affordable housing finance programs.*
- *Most states provide incentives for sustainable communities and transit-oriented development..*



These incentives have successfully encouraged developers to preserve their existing affordable housing stock: Between 2000 and 2007, the number of affordable units preserved through Low-Income Housing Tax Credits increased fourfold, from 20,000 apartments in 2000 to more than 64,000 in 2007. **Over the last 5 years, tax credits have helped preserve more than 280,000 affordable apartments.** Please join us as we continue to advocate for resources to preserve and rehabilitate our nation's affordable housing.

For information on specific states, please visit our website at www.nhtinc.org. If you have information that would update or add to our state information, please contact Tracy Kaufman at tkaufman@nhtinc.org or 202-333-8931 ext. 29.

National Preservation Initiative



Alabama

Affordable Housing Preservation in 2008

Low Income Housing Tax Credits (9% Tax Credits)

Rehabilitation projects must be classified as "substantial rehabilitation" and propose rehabilitation of an existing building that is not federally subsidized to be eligible for 9% credits. Rehabilitation costs must be at least \$8,000 in hard-construction costs per unit.

The 2008 QAP awards 5 points for rehabilitation of existing residential rental housing where at least \$10,000 per apartment of hard construction cost will be completed and 10 points for rehabilitation projects when hard construction costs exceed \$20,000 per unit. Rehabilitation properties are exempt from the the minimum size requirements listed under the building characteristics. Existing multifamily residential rental housing is defined as properties that are at least 50% occupied at the time of application. The QAP awards 2 points to HUD and USDA RD "distressed" properties. AHFA defines "distressed" properties as those properties being in risk of foreclosure. To encourage diverse site locations new construction projects receive point deductions if located in counties with recent projects financed by AHFA, rehabilitation projects do not lose points.

Private Activity Bonds with 4% Tax Credits

While there are no particular incentives, rehabilitation of a federally subsidized property will qualify for 4% credits. A substantial rehabilitation of an existing building shall be treated as federally subsidized for any taxable year if, at any time during such taxable year or any prior taxable year, there is or was outstanding any obligation the interest on which is exempt from tax under Section 103, or any below-market federal loan, the proceeds of which are or were used (directly or indirectly) with respect to such building or the operation thereof; "any qualifying acquisition" will also be eligible for 4% credits.

Green Multifamily Preservation Initiatives

Green Incentives in State Tax Credit Allocation Plan

In the 2008 QAP, up to 9 points can be earned for energy conservation improvements such as: 3 points for exceeding the Council of American Building Official Model Energy Code; 3 points for including Energy STAR kitchen appliances in all units; 3 points for attic insulation to R-38; 3 points for an ARI rated furnace or heat pump; 3 points for an ARI rated Seer 12 cooling equipment; and 3 points for ceiling fans in all living rooms and bedrooms.

Rehabilitation projects can also earn up to 15 points for specific planned improvements, some of which include replacing items that improve energy efficiency. These include: 3 points for replacing an existing roof with a 30-year roof as evidenced by manufacturer's warranty; 3 points for replacing entry doors with insulated exterior doors and replacing all windows with storm windows or thermal break insulated windows; 3 points for replacing all kitchen appliances; 3 points for replacing all HVAC equipment; 2 points for replacing all plumbing fixtures; and 1 point for replacing all water heaters.

See the complete Green Multifamily Working Paper at NHT's Green Preservation site: www.nhtinc.org/pub_pol_green.asp

Sustainable Communities & Transit-Oriented Development Incentives

The 2008 QAP includes tiebreaker for funding rewards projects located in Qualified Census Tracts which have revitalization plans.

The 2008 QAP also awards three points for projects that are within 2 miles of public transportation.