

October 1, 2023

Division Directive
LIHTC / Section 8 – 2023

Rent Restricted Apartment Valuation and Procedures

The Department does hereby establish and publish the following Rent Schedules, Vacancy and Collection, Expense, and Capitalization Rates for use during the tax year of October 1, 2023, for collection beginning October 1, 2024. The following rates should be used in conjunction with the standard income approach to value and guidelines found in the Alabama Appraisal Manual.

Rent Schedules:

LIHTC / Section 42 Rent Schedule						HUD Market Rent Schedule			
COUNTY	1BR / EFF	2BR	3BR	4BR		1BR / EFF	2BR	3BR	4BR
AUTAUGA	626	772	959	1095		764	914	1156	1494
BALDWIN	667	880	1113	1254		777	1017	1348	1715
BARBOUR	426	589	726	827		536	705	871	980
BIBB	698	833	1051	1163		820	943	1220	1316
BLOUNT	698	833	1051	1163		820	943	1220	1316
BULLOCK	480	628	771	873		602	783	968	1158
BUTLER	489	589	726	858		619	705	871	1043
CALHOUN	455	634	832	945		565	744	988	1111
CHAMBERS	509	653	771	873		659	861	1074	1168
CHEROKEE	426	589	771	840		536	705	982	1006
CHILTON	496	595	790	840		619	705	978	982
CHOCTAW	426	589	726	873		536	705	871	1182
CLARKE	440	589	771	873		550	705	1001	1207
CLAY	484	589	771	873		609	705	961	1120
CLEBURNE	454	594	783	865		564	705	974	1043
COFFEE	476	617	895	1012		586	727	1033	1154
COLBERT	465	641	801	972		575	751	935	1173
CONECUH	489	589	771	858		619	705	982	1043
COOSA	453	603	743	873		563	732	905	1083
COVINGTON	426	595	765	899		536	705	929	1145
CRENSHAW	426	595	743	877		536	705	871	1043
CULLMAN	494	624	807	862		607	747	1009	1013

LIHTC / Section 42 Rent Schedule						HUD Market Rent Schedule			
COUNTY	1BR / EFF	2BR	3BR	4BR		1BR / EFF	2BR	3BR	4BR
DALE	489	595	803	909		599	705	1001	1207
DALLAS	451	606	747	837		561	738	912	1001
DEKALB	445	589	767	864		555	705	953	1054
ELMORE	626	772	959	1095		764	914	1156	1494
ESCAMBIA	463	589	732	873		573	705	883	1160
ETOWAH	470	600	750	836		580	710	894	970
FAYETTE	484	589	726	858		609	705	871	1043
FRANKLIN	473	589	726	873		588	705	871	1171
GENEVA	455	595	805	914		565	705	929	1043
GREENE	455	589	726	815		565	705	871	956
HALE	635	790	976	1082		762	927	1162	1257
HENRY	433	595	794	935		543	705	931	1112
HOUSTON	455	595	805	914		565	705	929	1043
JACKSON	477	589	726	858		595	705	871	1043
JEFFERSON	698	833	1051	1163		820	943	1220	1316
LAMAR	474	589	748	815		589	705	915	956
LAUDERDALE	465	641	801	972		575	751	935	1173
LAWRENCE	482	610	822	899		592	720	946	1009
LEE	596	814	1068	1214		706	924	1222	1383
LIMESTONE	647	787	1079	1277		757	897	1189	1428
LOWNDES	626	772	959	1095		764	914	1156	1494
MACON	442	600	748	873		552	726	915	1243
MADISON	647	787	1079	1277		757	897	1189	1428
MARENGO	490	591	746	861		619	705	906	1043
MARION	426	589	757	873		536	705	932	1206
MARSHALL	443	604	781	835		553	715	957	970
MOBILE	542	688	824	932		690	861	1148	1244
MONROE	489	589	752	857		619	705	922	1040
MONTGOMERY	626	772	959	1095		764	914	1156	1494
MORGAN	482	610	822	899		592	720	946	1009
PERRY	494	596	735	868		630	718	888	1062
PICKENS	428	589	767	815		538	705	952	956
PIKE	512	653	771	873		666	843	1051	1247
RANDOLPH	489	589	767	815		619	705	953	956
RUSSELL	572	687	865	979		724	827	1122	1415
SHELBY	698	833	1051	1163		820	943	1220	1316
ST. CLAIR	698	833	1051	1163		820	943	1220	1316
SUMTER	505	653	771	873		652	848	1048	1150
TALLADEGA	447	603	771	873		557	733	966	1081
TALLAPOOSA	435	604	791	899		545	717	981	1181
TUSCALOOSA	635	790	976	1082		762	927	1162	1257

LIHTC / Section 42 Rent Schedule						HUD Market Rent Schedule			
COUNTY	1BR / EFF	2BR	3BR	4BR		1BR / EFF	2BR	3BR	4BR
WALKER	426	595	756	832		536	705	900	956
WASHINGTON	456	589	741	815		566	705	901	956
WILCOX	473	618	762	854		587	763	943	1035
WINSTON	426	589	771	829		536	705	980	984

Vacancy and Collection Rate:

The Vacancy and Collection Rate is established at **7%** (Statewide).

Expense Rate:

The annual expense rates are established as follows:

4 Bedroom:	\$5000
3 Bedroom:	\$4750
2 Bedroom:	\$4500
1 Bedroom and Efficiency:	\$4250

Capitalization Rates:

The capitalization rates are established as follows:

Baldwin, Jefferson, Lee, Madison, Mobile, Montgomery, Shelby, Tuscaloosa: 8.75%

All other counties: 8.25%

The above capitalization rates should be “loaded” with the effective tax rate of the local jurisdiction to form an overall capitalization rate (OAR) for use in income capitalization.

Income Approach Formula:

$$\begin{aligned} & \text{Potential Gross Income} \\ & - \text{Vacancy and Collection Loss} \\ & = \text{Effective Gross Income} \\ & \quad - \text{Expenses} \\ & = \text{Net Operating Income} \\ & \div \text{Loaded Capitalization Rate} \\ & = \text{Value} \\ & - \text{Personal Property Value} \\ & = \text{Final Value} \end{aligned}$$

Rent restricted apartments (LIHTC, Section 8) should be valued using the above rates and procedures consistent with guidelines found in the Alabama Appraisal Manual.

Yours truly,



Steve Linton, Director
Property Tax Division

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