

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	653	804	961	1086		764	914	1156	1494
BALDWIN	778	1002	1184	1334		777	1017	1348	1715
BARBOUR	452	627	785	860		536	705	871	980
BIBB	782	933	1162	1288		820	943	1220	1316
BLOUNT	782	933	1162	1288		820	943	1220	1316
BULLOCK	511	667	814	931		602	783	968	1158
BUTLER	528	637	777	874		619	705	871	1043
CALHOUN	499	692	907	1007		565	744	988	1111
CHAMBERS	542	697	823	931		659	861	1074	1168
CHEROKEE	474	636	794	912		536	705	982	1006
CHILTON	521	644	843	896		619	705	978	982
CHOCTAW	452	627	775	931		536	705	871	1182
CLARKE	463	627	823	931		550	705	1001	1207
CLAY	509	627	815	931		609	705	961	1120
CLEBURNE	484	631	803	924		564	705	974	1043
COFFEE	515	693	977	1092		586	727	1033	1154
COLBERT	507	701	859	1038		575	751	935	1173
CONECUH	523	627	818	918		619	705	982	1043
COOSA	479	640	780	931		563	732	905	1083
COVINGTON	452	630	818	958		536	705	929	1145
CRENSHAW	452	630	783	880		536	705	871	1043
CULLMAN	536	679	860	944		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	525	630	855	966		599	705	1001	1207
DALLAS	490	652	795	894		561	738	912	1001
DEKALB	469	627	822	931		555	705	953	1054
ELMORE	653	804	961	1086		764	914	1156	1494
ESCAMBIA	496	627	787	931		573	705	883	1160
ETOWAH	528	645	804	883		580	710	894	970
FAYETTE	523	627	776	918		609	705	871	1043
FRANKLIN	523	627	765	931		588	705	871	1171
GENEVA	512	651	848	971		565	705	929	1043
GREENE	509	654	797	897		565	705	871	956
HALE	686	861	1062	1170		762	927	1162	1257
HENRY	452	630	847	891		543	705	931	1112
HOUSTON	512	651	848	971		565	705	929	1043
JACKSON	508	627	765	931		595	705	871	1043
JEFFERSON	782	933	1162	1288		820	943	1220	1316
LAMAR	502	627	820	918		589	705	915	956
LAUDERDALE	507	701	859	1038		575	751	935	1173
LAWRENCE	541	685	895	1007		592	720	946	1009
LEE	664	877	1120	1219		706	924	1222	1383
LIMESTONE	762	919	1205	1407		757	897	1189	1428
LOWNDES	653	804	961	1086		764	914	1156	1494
MACON	476	643	803	931		552	726	915	1243
MADISON	762	919	1205	1407		757	897	1189	1428
MARENGO	525	629	780	920		619	705	906	1043
MARION	452	627	794	931		536	705	932	1206
MARSHALL	459	630	821	874		553	715	957	970
MOBILE	603	745	878	993		690	861	1148	1244
MONROE	523	627	823	902		619	705	922	1040
MONTGOMERY	653	804	961	1086		764	914	1156	1494
MORGAN	541	685	895	1007		592	720	946	1009
PERRY	549	656	800	931		630	718	888	1062
PICKENS	452	627	804	860		538	705	952	956
PIKE	534	697	823	931		666	843	1051	1247
RANDOLPH	523	627	823	918		619	705	953	956
RUSSELL	627	765	913	1031		724	827	1122	1415
SHELBY	782	933	1162	1288		820	943	1220	1316
ST. CLAIR	782	933	1162	1288		820	943	1220	1316
SUMTER	541	697	823	931		652	848	1048	1150
TALLADEGA	463	634	823	914		557	733	966	1081
TALLAPOOSA	490	662	847	914		545	717	981	1181
TUSCALOOSA	686	861	1062	1170		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	452	630	832	902		536	705	900	956
WASHINGTON	552	697	823	931		566	705	901	956
WILCOX	539	697	823	931		587	763	943	1035
WINSTON	452	627	821	872		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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