
Consolidated Housing and Community Development Annual Action Plan for the State of Alaska

**State Fiscal Year 2014
(Federal Fiscal Year 2013)**

SFY2014 (July 1, 2013 through June 30, 2014)

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**Consolidated Housing and Community Development Plan
For the State of Alaska**

SFY2014 (July 1, 2013 through June 30, 2014) Annual Action Plan

I. EXECUTIVE SUMMARY

A. Overview

Alaska receives approximately \$5 million annually (not including funding from related federal stimulus bills) from the Department of Housing and Urban Development (HUD) via the following three federal formula programs:

- Community Development Block Grant Program (CDBG)
- Emergency Solutions Grant (ESG)
- Home Investment Partnerships Program (HOME)

This SFY2014 Annual Action Plan sets forth specifically how the State of Alaska will expend CDBG, ESG and HOME funding during the period from July 1, 2013 through June 30, 2014.

HUD requires these programs to be administered by recognized Participating Jurisdictions (PJs). Regarding all areas outside Anchorage (referred to as the “balance of state”), the State of Alaska Department of Commerce, Community and Economic Development (DCCED) is the recognized PJ for CDBG and Alaska Housing Finance Corporation (AHFC) is the recognized PJ for the HOME and ESG programs. The Municipality of Anchorage (MOA) is the PJ for all three programs within Anchorage.

The overall goal of these programs is to support the development of viable communities by providing decent housing and a suitable living environment, and expanding economic opportunities principally for low and moderate income persons. To achieve this, it is important to extend and strengthen partnerships among all levels of government and the private sector, including for-profit and non-profit organizations, in the production and operation of affordable housing.

In order to maintain eligibility for these formula housing and community development programs, PJs must develop and maintain a Consolidated Planning process. Several other federal programs require recipients to demonstrate consistency with the Consolidated Planning process of the PJ within which they intend to operate.

Key elements of the State of Alaska’s Consolidated Planning process are the:

- Housing and Community Development Five Year Plan (HCD) (July 1, 2010 through June 30, 2015)
- Citizen Participation Plan (developed with the HCD)
- Annual Action Plans (AAP) based on the State of Alaska fiscal year (SFY);
- Consolidated Annual Performance and Evaluation Reports (CAPER) which must be completed within 90 days of the close of the state fiscal year.

This SFY2014 Annual Action Plan (AAP) is the fourth AAP under the current Five Year HCD for SFY2011-2015. This AAP addresses the CDBG, ESG and HOME programs in all areas of Alaska, *except Anchorage*. Questions regarding the Anchorage HCD planning process should be directed to the Municipality of Anchorage, Planning Department, Community Planning Division, 825 L Street, Room 506, Anchorage, AK 99501, Mail: P.O. Box 196650, Anchorage, Alaska 99519-6650 or by calling #907-343-4285.

B. Plans for SFY2014

1. Community Development Block Grant (CDBG) Funds

The majority of CDBG funds will be used for the CDBG Competitive Grant Program or CDBG Funded Projects—Other Prioritization Processes. Based on available information at this time, the estimated amount the State will receive for use in SFY2014 is \$2 million.

Within the CDBG Competitive Grant Program, the majority of project funds will be targeted toward community development activities and planning activities which address health and safety needs, or which support future economic development and community self-sufficiency. At the discretion of the Department, a portion of the CDBG Competitive Grant Program funds may be set-aside and designated for use under the CDBG Funded Projects—Other Prioritization Processes such as 1) Alaska Housing Finance Corporation’s Owner-Occupied Rehabilitation Program (ORP) contractors for housing rehabilitation/accessibility activities.

2. HOME Investment Partnership Funds

All HOME Program activities work towards the statutory goal of the 2011-2015 HCD Plan to provide decent housing, create suitable living environments, and expand economic opportunities for Alaskans with incomes at or below eighty percent (80%) of the median income. The estimated amount the State will receive in SFY2014 is approximately \$3,000,000; the State will contribute \$750,000 in matching funds.

SFY2014 (FFY2013) HOME funds and prior year unexpended funds will be allocated to existing programs including Rental Housing Development (RHD) in the amount of \$1,260,000 with an estimated outcome of five units. The Homeownership Development Program (HDP) will not be allocated any of the FFY2013 HOME funding because it is expected to maintain current outcomes utilizing funds previously allocated. HDP is estimated to produce twelve units that meet the Alaska equivalent of the Energy Star standard. The Home Opportunity Program (HOP) will be allocated \$1,030,000 and is expected to assist a minimum of forty households. Operating Expense Assistance (OEA) for Community Housing Development Organizations (CHDO's) will receive \$150,000. The Owner-Occupied Rehabilitation Program (ORP) will be allocated \$475,000 which will be combined with current allocations to maintain the current rate of approximately twelve households during SFY2014. Tenant-Based Rental Assistance (TBRA) will be funded with \$600,000.

Unexpended prior year Rental and Homeownership Housing Predevelopment Program funds will be redirected toward providing HOME Program Technical Assistance, as needed.

3. Emergency Solutions Grant

All Emergency Solutions Grants (ESG) program activities work towards the statutory goal of the 2011-2015 HCD Plan to create a suitable living environment and provide decent housing. This will be accomplished by providing operating support to emergency shelters and funding programs designed to prevent homelessness and/or rapidly re-house homeless persons. The estimated amount the State will receive in SFY2014 is as yet unknown. ESG funds will be awarded on a competitive basis to units of local government and non-profit organizations.

C. Citizen Participation

Alaska's Consolidated Housing and Community Development Annual Action Plan (AAP) was created and maintained through a joint effort of several state agencies. An Interagency Steering Committee was created for this process. It includes representatives from AHFC, the Alaska Department of Commerce, Community and Economic Development (DCCED), the Alaska Department of Health and Social Services (DHSS), the Alaska State Department of Labor (DOL), and the Alaska Mental Health Trust Authority (AMHTA). As the lead agency in HCD planning, AHFC facilitates the process and provides a single point of contact for the public on matters relating to the HCD Annual Action Plan.

The HCD Annual Action Plan reflects the collective priorities of many agencies, organizations and private citizenry within the State of Alaska. These groups and individuals represent a variety of housing and community development programs and concerns. Other entities giving input include state and local governments, non-profit organizations, regional housing authorities and representatives of the private sector. Private citizens (particularly those with low incomes or residing in areas in which community development activities are likely to take place) are encouraged to participate in the development and review of the AAP.

Pursuant to federal regulations (24 CFR 91.115), the State of Alaska has developed and adopted a Citizen Participation Plan encouraging public participation in the HCD planning process. Alaska's size and wide range of social, economic and physical environments present many challenges to any planning process. A variety of approaches were used to ensure the public had opportunities to participate in the SFY2014 Annual Action Plan. The Interagency Steering Committee met on December 16 and 18, 2012 and provided ongoing input and review of the AAP. A statewide teleconferenced public hearing was held on February 6, 2012 to obtain public comment regarding housing and community development in preparation for drafting the SFY2014 Action Plan. The draft AAP was made available for public review and comment on February 8, 2013 for a period of 32 days which ended on March 11, 2013.

During the year leading up to, and in preparation for, the drafting of the SFY2014 Action Plan, AHFC representatives have gathered information on housing needs with such groups and in such forums as:

- Affordable Housing Project Grand Opening Ceremonies in Anchorage and Fairbanks
- AHFC White Paper on Commercial Facility/Public Building Energy Efficiency
- Alaska Association of Housing Authorities
- Alaska Coalition on Housing and Homelessness
- Alaska Commission on Aging Quarterly Meetings
- Alaska Council on Domestic Violence and Sexual Assault
- Alaska Council on the Homeless (The Governor's Council)
- Alaska Department of Transportation and Public Facilities
- Alaska Funders Forums in Nome, Mat-Su and Anchorage
- Alaska Mental Health Board (PHD represents AHFC on this now)
- Alaska Mental Health Trust Authority Affordable Housing Work Group
- Alaska Municipal League Annual Meeting in Anchorage, November 2012
- Alaska Prisoner Reentry Task Force and Housing Work Group
- Anchorage Chamber of Commerce Presentations on Housing Chronic Inebriates
- Anchorage Economic Development Corporation Presentations on State Economy

- Annual Affordable Housing Tax Credit Conference by Novogradac & Co.
- Annual Conference of the Alaska Chapter of the national Association of Social Workers
- Annual report of statistics from the United Way of Anchorage on the Statewide 211 Information and Referral System
- Barrow Homeless Coalition
- CCHRC Presentation on Recommendations to State Building and Energy Codes
- City and Borough Of Juneau Affordable Housing Needs Assessment Update, December 2012
- Council of State Community Development Agencies Annual HOME, Supportive Housing Program Manager Training
- Covenant Candlelight Vigil for the Homeless
- Fairbanks Homeless Coalition
- HUD Office of Native American Programs (ONAP) – Alaska Sustainability Conference, September 2012, Anchorage Alaska
- Joint session between Alaska Council on Homeless and the Alaska Chapter of the U.S. Interagency Council on Homelessness, November 2012.
- Juneau Affordable Housing Commission
- Juneau Homeless Coalition
- Kenai Homeless Coalition
- Mat-Su Homeless Coalition
- Meetings with Senators Mark Begich and Lisa Murkowski and Representative Don Young on national and state housing issues.
- Meetings with State Legislative Representatives from Juneau, Anchorage, Nome, and Kotzebue regarding affordable housing and related issues.
- Municipality of Anchorage Housing Needs Assessment
- Municipality of Anchorage Mayors Kitchen Cabinet on Affordable Housing
- National Council of State Housing Agencies (NCSHA) Spring and Winter Meetings
- National Finance Development Seminar Sponsored by NAHRO
- Neighborhoods USA Conference, May of 2011 (this isn't in 2013)
- NEST in Nome
- Presentations to state directors of Health and Social Services on overlapping housing needs between DHSS clients and AHFC clients
- Program Monitoring of thirty-four AHFC Grantees
- Public Housing Forums regarding Preferences and administration of Section 8 Program
- Statewide Independent Living Council
- Statewide Senior Housing Summit, Fall 2012, Anchorage Alaska
- Summer NAHRO Conference, San Francisco, CA July 2012

- Two Public Housing Division ‘focus groups’ with approximately a dozen Anchorage area directors of not-for-profit agencies that serve homeless population

Notification of the availability of the draft plan, and the public hearing were advertised in the Anchorage Daily News, a newspaper of statewide circulation, and in a number of regional and community newspapers. Announcements of the availability of the draft plan were sent to many individuals, organizations and local governmental entities via electronic list serve. The draft plan was made available on AHFC’s website or in hard copy by contacting the HCD Plan Coordinator, from February 7, 2013 through March 11, 2013, inclusive. The availability of the draft plan was posted on the AHFC Facebook page. Public comments on the draft SFY2014 Annual Action Plan were received through March 11, 2013 and considered. The AHFC’s Board of Directors reviewed the plan at their April 3, 2013 meeting prior to the plan being submitted to HUD in May, 2013. Public Comments and the State’s Responses can be found at Appendix E, below.

II. Summary of Objectives

A. Seven Guiding Principles

Consistent with statutory requirements, the overall goal for the Consolidated Housing and Community Development Plan (HCD) for the State of Alaska is to:

Provide decent housing, create suitable living environments, and expand economic opportunities for Alaskans with incomes at or below eighty percent (80%) of median income.

The State of Alaska’s Five Year HCD Plan (July 1, 2010 through June 30, 2015) identified seven general principles to guide the State’s efforts to implement the above statutory goal. These principles are:

1. **The use of federal housing and community development funds should emphasize benefit to low income Alaskans and increase sustainable housing and neighborhood options for Alaskans.** Rationale: The amount of federal funds is limited; greatest needs are among the lowest-income households. Low to moderate income Alaskans should not have their housing options limited to only lower-income neighborhoods.
2. **Use of community development funds should emphasize the creation of economic opportunity through development of infrastructure.** Rationale: Basic infrastructure is lacking in many of Alaska’s communities and is a major barrier to economic self-sufficiency. Location-efficient facility decisions can

- reduce the operating and capital expenses associated with transportation.
3. **Preserve and upgrade existing housing supply through weatherization and rehabilitation.** Rationale: Because it is so expensive to develop new housing, every effort must be made to prolong the useful life and to lower operating costs of Alaska's existing housing.
 4. **Use of federal homeless funds should emphasize activities that maintain and strengthen the service delivery system for Alaska's homeless, consistent with local strategies.** Rationale: Very little formula funding is available for services to help the homeless and near-homeless.
 5. **Maximize the use of federal housing and community development funds by supporting projects that include significant leveraging resources.** Rationale: The amount of federal funds is limited; more can be accomplished if federal funds are combined with state and local resources.
 6. **Expand the supply of affordable housing for Alaskans with special needs, incorporating universal design and appropriate supportive services.** Rationale: Existing housing supply is inadequate to meet current and projected need for this population, which has historically been underserved.
 7. **Housing and community development projects should incorporate climate specific design and engineering, energy efficient community design and construction techniques and innovative technologies.** Rationale: Use of appropriate technologies insures long term viability of housing and community development projects. Communities designed in consideration of the link between transportation and housing costs, can minimize the consumption of energy used for mobility.

The Consolidated Annual Performance and Evaluation Report (CAPER) based on this SFY2014 Annual Action Plan will quantify, as practicable, and evaluate progress under each of the guiding principles.

B. Evaluation of Past Performance

The Consolidated Annual Performance and Evaluation Report (CAPER) reports the effectiveness of each five-year Consolidated Housing and Community Development (HCD) Plan and its corresponding Annual Action Plans. The CAPER for SFY2012 (the second year of the current HCD Plan) may be found at www.ahfc.us. It was used in developing the SFY2014 Annual Action Plan (AAP).

The process to develop the SFY2013 CAPER will begin in early July 2013 with a fifteen day public comment period on the draft CAPER anticipated in late August or early September of 2013. The SFY2013 CAPER will be submitted to HUD by September, 2013.

C. Priorities and Specific Objectives

In order to comply with the performance measurement system, this plan identifies goals and objectives and applicable outcome statements for each funded activity based on type of project.

Addressing the range of needs and allocating resources in an equitable manner is a complicated task. The state of Alaska is committed to moving forward with a set of objectives that will measure our performance while addressing the needs of low to moderate income families. Because funds are distributed through a competitive process, we cannot predict who will apply or how funds will be distributed geographically. Therefore, we have not included a geographic distribution formula.

There are obstacles that complicate the process of addressing needs in the State of Alaska. For example, most applicants find it very challenging to identify funding sources to fill the gap between CDBG or HOME funds and the actual cost of projects. The cost of construction in rural Alaska is much higher than in urban areas and the cost of construction in the urban areas of Alaska is much higher than in other states. The building season in Alaska is shorter than in most states and it shortens more dramatically the farther north the project. Costs are driven higher where materials must be flown or barged to the project site. In order to obtain experience and develop the qualifications necessary to create the efficiencies that keep project costs within budget, workers and organizations in rural areas face challenges not always evident in urban Alaska. Training, modern technologies and other resources may not be readily available in small communities. Local organizations or communities and regional Housing Authorities continue to work diligently, and successfully, to identify and bridge these gaps.

Another obstacle is the growing number of labor-intensive requirements to administer the ESG program, especially the Homeless Prevention and Rapid Re-Housing components. Many homeless service providers around the state are small, faith-based operations with only one or two paid staff and a corps of volunteers. The complexity of qualifying and assisting ESG program participants will require significant capacity building efforts.

The current Five Year HCD Plan states that annual priorities are to be shaped by the Guiding Principles listed above. Specific objectives will be defined within the Annual Action Plans according to these Principles. Projects and activities are funded if they support the annual objectives. During SFY2014 the objectives will be:

Suitable Living Environment — In general, this objective relates to activities that are designed to benefit communities, families, or individuals by addressing issues in their living environment.

Decent Housing — The activities that typically would be found under this objective are designed to cover the wide range of housing possible under the HOME, CDBG or ESG programs. This objective focuses on housing programs where the purpose of the program is to meet individual family or community needs and not programs where housing is an element of a larger effort, since such programs would be more appropriately reported under Suitable Living Environment.

Creating Economic Opportunities— This objective applies to the types of activities related to economic development, commercial revitalization or job creation.

Once the objective for each activity is selected, the State of Alaska PJ will select one of three outcome categories which best reflects what it is seeking to achieve by funding that activity.

III. Summary of Outcomes

As indicated in the preceding section, the Outcome Performance Measurement System for Community Planning and Development Formula Grant Programs was utilized during SFY2013 (FFY 2012). During SFY2013, the State of Alaska PJ has incorporated, to the extent possible, the outcome performance measurement system for the State's HOME, CDBG and ESG Programs. For the SFY2014 Annual Action Plan, the state has incorporated performance measures for (Federal) Fiscal Year 2013 CDBG, HOME and ESG funding. This includes the determination of an objective and selection of an outcome for each activity, based on the type of activity and its purpose.

The three outcome categories are:

Availability/Accessibility. This outcome category applies to activities that make services, infrastructure, public services, public facilities, housing, or shelter available or accessible to low and moderate income people, including people with disabilities. In this category, accessibility does not refer only to physical barriers, but also to making the affordable basics of daily living available and accessible to low and moderate income people where they live.

Affordability. This outcome category applies to activities that provide affordability in a variety of ways in the lives of low-and moderate-income people. It can include the creation or maintenance of affordable housing, basic infrastructure hook-ups, or services such as transportation or day care.

Sustainability: Promoting Livable or Viable Communities. This outcome applies to projects where the activity or activities are aimed at improving communities or neighborhoods, helping to make them livable or viable by providing benefits to persons of low- and moderate-income or by removing or eliminating slums or blighted areas, through multiple activities or services that sustain communities or neighborhoods.

OUTCOME STATEMENT MATRIX			
	Outcome 1: Availability or Accessibility	Outcome 2: Affordability	Outcome 3: Sustainability
Objective 1: Suitable Living Environment	Enhance Suitable Living Environment through Improved Accessibility	Enhance Suitable Living Environment through Improved or New Affordability	Enhance Suitable Living Environment through Improved or New Sustainability
Objective 2: Decent Housing	Create Decent Housing with Improved or New Availability	Create Decent Housing with Improved or New Affordability	Create Decent Housing With Improved or New Sustainability
Objective 3: Economic Opportunities	Provide Economic Opportunity through Improved or New Accessibility	Provide Economic Opportunity through Improved or New Affordability	Provide Economic Opportunity through Improved or New Sustainability

IV. Summary of SFY2014 Changes

A. Neighborhood Stabilization Program (NSP) 1 & 3

The State of Alaska is the only designated Alaskan recipient of NSP1 funds under the Housing and Economic Recovery Act of 2008 (HERA). The State of Alaska received the minimum NSP1 allocation of \$19.6 million. Eight agencies were awarded NSP1 funding for nine projects. NSP1 provided funding for two self-help homeownership programs for low to moderate income families in Anchorage and in Kenai, provided funding for acquisition, demolition, relocation and new housing construction activities as a part of a large redevelopment project in Fairbanks, provided funding for the acquisition and rehabilitation of foreclosed properties to rent or resale to income-qualified borrowers in several community, and provided funding for the purchase of vacant properties for redevelopment into additional affordable housing opportunities. NSP1 also provided funding for an innovative youth-build program utilizing program income from the resale of foreclosed properties to recycle program income for additional NSP-eligible activities. Grantees will utilize program income to continue to develop eligible NSP projects in future years.

An additional allocation of NSP funds, titled NSP3, was made available through the Dodd-Frank Act on July 21, 2010. The State of Alaska received the minimum NSP3 allocation of \$5 million. NSP3 funds will be utilized directly by AHFC's subsidiary, the Alaska Corporation for Affordable Housing, for the development of an 80-unit mixed financing project in the Mountain View/Russian Jack final target area in Anchorage, Alaska. This project is currently in the planning and development stages with a ground breaking anticipated in the summer of 2013. The project is anticipated to provide both senior and family housing on site.

B. HOME Investment Partnerships Program

The number of Owner-Occupied Rehabilitation Program (ORP) households served remains low in relation to the number of households AHFC would like to serve. The high volume of work under the State's Weatherization Program, and the difficulty in administering the Owner-Occupied Rehabilitation Program (ORP), are the main reasons for the low volume of ORP households. In SFY2014, AHFC will allocate \$475,000 of HOME funds to ORP. Any uncommitted ORP funds in SFY2014 will be carried forward to SFY2015, or, reallocated to another eligible activity in accordance with the priorities outlined in Section VII. L. HOME Program Development.

As the HOME program approaches its twentieth anniversary, the State recognizes that a few HOME rental housing development properties that are in the fifteenth year of the affordability period have deferred maintenance, limited or negative net operating income, or have high vacancy rates and marketability issues. The State has included in this AAP a process and criteria for identifying "troubled" rental housing development projects and a process for evaluating whether additional HOME funds may be needed in order to preserve existing HOME affordable housing stock. AHFC may pursue a waiver from HUD regarding the prohibition against investing additional HOME dollars in rental properties past the first year of project completion if AHFC deems it to be necessary to preserve units.

C. Weatherization

In 2008, the Alaska State Legislature passed legislation expanding the state weatherization program by \$200 million and allowing for the development of a \$160 million Home Energy Rebate Program. In SFY2012 AHFC received \$100 million in State Funding for the Weatherization and Home Energy Rebate programs. For SFY2013 AHFC received an additional \$50 million in State funding and is requesting another \$50 million for SFY2014. AHFC Weatherization and the Home Energy Rebate programs together are reducing energy bills and increasing energy efficiency in homes throughout Alaska. The popularity of these programs continued to increase over the course of the past year. They are discussed further below.

D. National Housing Trust

The legislation authorizing the National Housing Trust remains in effect, but no funds have been appropriated by Congress. Given the present federal financial climate, it is unlikely that funding will occur during SFY2014 (FFY2013). If funding does occur, it will be allocated according to the Trust requirements and the principles within this Annual Action Plan.

E. HUD 811 PRA Demo Application

AHFC applied for the HUD Section 811 Project Rental Assistance Demonstration Program NOFA Opportunity on August 1, 2012. AHFC developed an innovative partnership with the State of Alaska Department of Health and Human Services via a formal Inter-Agency Partnership, proposing to place 60-80 eligible individuals into rental housing units during the five-year performance period. PRA Demo units, in contrast to the prior year Section 811 programs, will “mainstream” individuals into affordable rental housing with no more than 25% of the units in a project designated for individuals with disabilities. The \$2,000,000 HUD award will be used for rental assistance. No capital funds were available in this opportunity. This proposal is a significant departure from the current Section 811 program and, if funded, will represent a substantial increase in individuals served and a significant decrease in the Federal funding commitment. AHFC and the Department of Health and Human Services have pledged \$2,226,2234.75 in additional resources for rental assistance, lease-loss reserve, administrative/operating expenses over and above the Federal operating expense allocation, funds for training and technical assistance activities, and \$900,000 for a three-year pilot program to provide enhanced support services to tenant participants. HUD has not announced PRA Demo Awards.

F. Annual Funding Plan for Housing

The Annual Funding Plan for Housing Table, which appears on the following page, reflects anticipated funding levels for SFY2014 (July 1, 2013 through June 30, 2014), and covers all areas of Alaska outside of Anchorage. The state funding indicated in the funding table reflects the amounts in the Governor’s SFY2014 Capital Budget request to the Alaska Legislature. AHFC updated the Federal figures in the table based on the latest information available at the time of the release of the final SFY2014 Annual Action Plan.

HCD Plan Annual Action Plan
Annual Funding Plan For Housing
State of Alaska (Excluding Municipality of Anchorage)
Fiscal Year 2014 (July 1, 2013 - June 30, 2014)

Program Name	Program Type	Anticipated Funding			Total Units	Sec. 215 Units
		Federal	State	Total		
AHFC Energy Interest Rate Reduction	Interest rate reduction for energy efficiency	0	688,131	688,131	43	0
AHFC IRRLIB Program	Interest rate reduction for low-income borrowers	0	236,637	236,637	10	1
AHFC Multifamily Loan Program	Multifamily, special needs, congregate & senior progs.	0	10,984,243	10,984,243	115	N/A
AHFC Rural Housing Program	Mortgages for rural areas	0	142,496,780	142,496,780	718	34
AHFC Streamline Refinance Program	FHA Refinancing	0	78,193,061	78,193,061	407	21
AHFC Taxable First-Time Buyer Program	Conventional single-family mortgages for first-time buyer	0	21,816,980	21,816,980	110	8
AHFC Taxable Program	Conventional single-family mortgages	0	55,178,702	55,178,702	220	14
AHFC Tax-Exempt First-Time Homebuyers Prg.	First-time homebuyer mortgages	0	57,413,442	57,413,442	314	18
AHFC Veterans Mortgage Program	Tax-exempt veterans loan program	0	13,000,000	13,000,000	48	0
Other AHFC Loan Programs	Mobile Homes, Non-conforming, Seconds	0	2,999,694	2,999,694	28	2
Total Mortgages:		\$0	\$383,007,670	\$383,007,670	2,013	98
Beneficiary and Special Needs Housing	Housing for people with disabilities	0	1,750,000	1,750,000	N/A	N/A
Building System Replacement Program	Upgrades to AHFC Public Housing Building Systems	0	840,000	840,000	N/A	N/A
Capital Fund Program	Public Housing Improvements	1,817,600	0	1,817,600	N/A	N/A
CDBG	HUD - Community Development Block Grant Program	2,131,122	0	2,131,122	N/A	N/A
Competitive Grants for Public Housing	Matching Funds Public Housing Resident Programs	426,600	199,080	625,680	N/A	N/A
Energy Efficiency Monitoring	Energy Rating, Marketing, Tech. Asst., Special Projects	0	450,000	450,000	N/A	N/A
Energy Programs	Weatherization Assistance and Home Energy Rebates	855,764	28,525,462	29,381,226	N/A	N/A
ESG	HUD - Emergency Shelter Grant Program	228,007	128,007	356,014	N/A	N/A
Federal and Other Competitive Grants	Matching Funds for Federal Grant Programs	2,250,000	675,000	2,925,000	N/A	N/A
Fire Protection Systems	Replacement of Fire Systems AHFC Public Housing	0	1,144,000	1,144,000	N/A	N/A
HOME	Rehab, new const, rental and homebuyer assistance	3,000,000	750,000	3,750,000	73	44
HOME Program Income & Recapture	Program income/recapture from HOME activity	1,574,362	0	1,574,362	10	5
Homeless Assistance Program	Funding For Homeless Programs and Prevention	0	2,143,200	2,143,200	N/A	N/A
Housing Opportunities for Persons with AIDS	Rental Assistance - HOPWA	1,696,709	341,030	2,037,739	N/A	N/A
Security Systems Replacement/Upgrades	Upgrades to AHFC Public Housing Security Systems	0	284,400	284,400	N/A	N/A
Senior Citizen Housing Development Fund	Senior Housing Rehabilitation and Construction	0	3,650,400	3,650,400	85	31
Statewide ADA Improvements	Accessibility Modifications - Public Housing	0	284,400	284,400	N/A	N/A
Statewide Project Improvements	Improvements to AHFC Public Housing	0	1,137,600	1,137,600	N/A	N/A
Supplemental Housing Development Program	Rural Housing Infrastructure Improvements and Rehab.	0	5,162,500	5,162,500	N/A	N/A
Teacher, Health, and Public Safety Housing	Rental Housing for Teachers, Health Prof. Public Safety	0	6,000,000	6,000,000	42	N/A
Total Grants:		\$13,980,164	\$53,465,079	\$67,445,242	210	80
Domestic Violence Housing Assistance Prog.	Operating costs	0	797,040	797,040	112	90
Public Housing Operating Subsidy	Operating costs	5,355,435	0	5,355,435	754	642
Section 8 Housing Choice Vouchers	Rental assistance	13,787,765	0	13,787,765	1,720	1,661
Total Rental Assistance:		\$19,143,200	\$797,040	\$22,815,785	2,586	2,393

V. Summary of Proposed Activities

The following section describes activities that will be undertaken by the State to address the priority needs and specific objectives identified in the Five Year HCD Plan (SFY2011 through 2015). A detailed description will be given of the three federally funded allocation programs that serve non-metropolitan Alaska (all areas outside of Anchorage). These three formula programs are the **Community Development Block Grant Program (CDBG)**, the **Home Investment Partnership Program (HOME)**, and the **Emergency Solutions Grant Program (ESG)**. In these three program descriptions, the methods of allocating funds and criteria used to target program resources towards Consolidated Plan objectives will be outlined.

The proposed activities of the State will be outlined in three areas:

- **Alaska's Continuum of Care for the Homeless.** This portion of the Annual Action Plan describes the actions addressing the emergency shelter (including ESG) and transitional housing needs of homeless families and individuals, as well as those who meet the new definition of "at-risk" of homelessness. Activities to assist homeless households will be discussed. The goal of Alaska's Continuum of Care is to help homeless persons make a rapid transition to permanent, affordable housing. For some individuals, appropriate supportive services will be a critical component of this strategy.
- **Assisting Alaskans with Special Needs.** In this section, proposed actions will be described that address the needs of older Alaskans, persons with disabilities, persons with alcohol or other drug addictions, persons with HIV/AIDS, and other "at risk" Alaskans. Also included in this section is an updated description of Alaska's Fair Housing Plan, including the updated Analysis of Impediments to Fair Housing Choice. Activities addressing these impediments in SFY2014 are described
- **Other Housing and Community Development Actions.** The State will outline its plans during SFY2014 to address underserved housing and community development needs. This section will cover actions promoting the development and maintenance of affordable housing, including the use of public housing resources and the development of public housing resident initiatives. The coordination of Low-Income Housing Tax Credits with other affordable housing resources will also be discussed. Actions will be outlined that help remove barriers to affordable housing, evaluate and reduce lead based paint hazards, develop economic opportunities for low-income families, improve organizational capacity, and improve the coordination between public housing and social service agencies.

VI. Community Development Block Grant - Competitive Grant Program

The CDBG Competitive Grant Program is a flexible source of competitive funding for a broad range of community development activities. Following is information on the method the State will use to distribute CDBG funds, the criteria used to select projects for funding, how funding is to be allocated among eligible activities and other information that will enable local governments and the public to comment on the State's planned CDBG program activities for the coming year. The Department of Commerce, Community, and Economic Development (DCCED) is truly committed to making the program responsive to local community needs, especially as they relate to the low- and moderate-income population.

Grant funding from State Fiscal Year 2014, which utilizes Federal Fiscal Year 2013 funds, is available for three categories of projects: Community Development, Planning, and Special Economic Development. An eligible applicant may apply for up to \$850,000 during a single annual competition. It is anticipated that the competition for federal fiscal year 2013 funds will be held in the fall of 2013. The Department provides an application kit to potential grantees with additional details about the program, specific eligibility thresholds and other important information which will assist an applicant in the process of seeking CDBG program funds. The Department may elect to hold more than one competition annually if it is in the best interest of the CDBG program to do so. The Department reserves the right to make program changes based on pending budget cuts, if any, at the federal level.

A. National Objectives

Title I of the Housing and Community Development Act of 1974, as amended in 1992, identifies three National Objectives for the CDBG program:

- Principally benefit persons of low and moderate income;
- Prevent or eliminate slums or blight; or
- Meet urgent community development needs which pose a serious and immediate threat to public health or safety.

B. State Goals and Objectives

The State of Alaska has elected to consider funding only those projects meeting the first national objective as the overall mission of the State's CDBG program which is to enhance the quality of life for low- and moderate-income persons, particularly in rural Alaska. The CDBG program fulfills this mission by acting upon the following defined goals and objectives.

- Ensure that the State’s CDBG funds will be used to principally benefit low- and moderate-income persons;
- Provide financial resources to communities for public facilities, planning and special economic development activities which encourage community self-sufficiency, reduce or eliminate conditions detrimental to the health and safety of local residents, and reduce the costs of essential community services; and
- Provide capital to assist in the creation or retention of jobs that primarily benefit low and moderate income persons.

The following objectives guide distribution and use of funds:

- To support activities which provide a substantial or direct benefit to low- and moderate-income persons;
- To support activities which eliminate clear and imminent threats to public health and safety;
- To support local efforts toward solving public facility problems by constructing, upgrading, or reducing operational/maintenance costs of essential community facilities;
- To support activities which demonstrate strong local support as evidenced by inclusion in a local community, economic, or capital improvement plan;
- To support activities which demonstrate potential for long-term positive impact;
- To support activities which complement the Owner-Occupied Housing Rehabilitation (ORP) component of AHFC’s HOME Investment Partnership Program;
- To support activities which encourage local community efforts to combine and coordinate CDBG funds with other public and private resources whenever possible;
- To support economic-development activities which will result in business development and job creation or retention which principally benefit low-and moderate-income persons; and
- To support activities which either include, as part of the application, or have completed, design, engineering, architectural, or feasibility plans as appropriate.

The following objectives guide DCCED staff in program administration and in providing technical assistance to applicants and CDBG grantees:

- To provide staff support and encouragement, as well as information and referral, to communities engaged in developing local projects and activities which offer innovative and transferable solutions to community development problems;
- To develop a simplified grant management system incorporating training, technical assistance, and other related services to ensure that projects are completed in a timely and efficient manner, within budget, and in conformance with applicable program requirements and sound management principles; and
- To evaluate the program's design and implementation on an ongoing basis and make revisions where appropriate.

C. Amount of Funds Available and Distribution

It is estimated that the State of Alaska will receive \$2 Million in federal State Community Development Block Grant funding for the SFY 2014 program year. Of this amount, it is anticipated that, following the administrative and technical assistance set-asides, all of the funding will be utilized to support the CDBG Competitive Grant Program or CDBG Funded Projects—Other Prioritization Processes as described herein. As provided for in federal regulations, the State will exercise its option to reserve one percent (1%) of its CDBG funds to provide training and technical assistance to CDBG applicants and grantees. The State of Alaska, Department of Commerce, Community, and Economic Development reserves the right to revise funding amounts, when relatively minor, without a formal amendment to this Plan.

Of the funds available under the CDBG Competitive Grant Program, the majority of project funds will be targeted toward community development activities and planning activities which address health and safety needs, or which support future economic development and community self-sufficiency. Special emphasis will be placed on coordinating with other funding sources such as USDA Rural Development, the Economic Development Administration, the Denali Commission, the state of Alaska Designated Legislative Grant Program; the Administration for Native Americans; and other appropriate federal, state, and private funding sources. The Department will encourage applicants to include or have previously secured funds for design, engineering, and feasibility planning for projects, as appropriate, prior to making application for CDBG funding for construction or project implementation.

D. CDBG Competitive Grant Program

At a time determined appropriate by the Alaska Department of Commerce, Community, and Economic Development (DCCED), a competition for Federal Fiscal Year 2013 (SFY 2014) CDBG funds will be held. Eligible applicants for the CDBG Competitive Grant Program are:

Any municipal government entity as defined by Title 29 of the Alaska Statutes; i.e. home rule, first, second, and third-class boroughs, unified municipalities, and first and second-class cities, which exercise powers consistent with the proposed project, except the Municipality of Anchorage.

An eligible applicant, as defined above, may submit a CDBG Competitive Grant application in cooperation with a non-municipal entity, such as a nonprofit corporation organized under AS 10.20 which is in good standing with the state of Alaska, or a Native Village Council, if the proposed project will principally benefit low- and moderate-income residents of the municipal government entity. A Cooperative Agreement will be encouraged among parties to the application.

1. Eligible Activities

CDBG Competitive Grant Program funds may be used for projects in three categories: Community Development; Planning; and Special Economic Development. The following summary, identifying the most common types of eligible activities within each category, is excerpted from Title I of the Housing and Community Development Act of 1974, as amended in 1987. These examples are for general information only and are not intended to be all inclusive. Communities are encouraged to consult with CDBG program staff about project eligibility and structure.

a. Community Development

CDBG Competitive Grant funds may be used for acquisition, construction, rehabilitation or installation of public facilities, and improvements such as health clinics, day care centers, community centers, waste and sewer systems, solid waste disposal facilities, flood and drainage facilities, docks and harbors, and electrical distribution lines, and fuel and gas distribution systems; transportation improvements including local service roads, trails, airports, barge facilities or subsistence access areas; removal of architectural barriers which bar handicapped and elderly persons from accessing public facilities and structures; and acquisition or disposition of real property, clearance, demolition, or removal of buildings and improvements. This category also includes acquisition, design, construction, or rehabilitation of fire-protection facilities, and purchase of fire-protection equipment.

b. Planning

CDBG Competitive Grant funds may be used for conducting studies, collecting data, preparing analyses, preparing plans and identifying actions which will implement plans, conducting marketing and feasibility studies, preparing community economic development plans, preparing community land use plans, preparing capital improvement plans, or conducting updates of any of the above. Note: There is a limit, imposed by federal statute, on the percentage of funds which may be used for planning purposes.

c. Special Economic Development

Under Section 105(a)(14), CDBG Competitive Grant funds may be used for commercial or industrial improvements carried out by the grantee or a non-profit sub-recipient, including acquisition, construction, reconstruction, rehabilitation, or installation of commercial or industrial buildings, structure, and other real-property equipment and improvements. Under Section 105(a)(17), CDBG Competitive Grant funds may be used for assistance (through the eligible applicant) to an identified private, for-profit entity for an economic development activity when there is a public benefit provided to the community as a whole.

2. Ineligible Activities

The following activities are *not eligible* for CDBG Competitive Grant funding. This listing of ineligible activities is not intended to be all-inclusive. Applicants are encouraged to consult with CDBG program staff to determine project eligibility.

a. Regular Government Operations

CDBG Competitive Grant funds may not be used to pay for the ongoing responsibilities of general local government.

b. Maintenance and Operation

CDBG Competitive Grant funds may not be used for operation and maintenance expenses of public or community facilities.

c. Equipment

The purchase of motor vehicles, equipment or furnishings not permanently attached to a building is ineligible except when such vehicles or equipment are used for fire protection.

d. Government Buildings

Government buildings such as courthouses, city halls, borough administrative buildings, tribal government offices, and other buildings used for the general conduct of government are not eligible for CDBG assistance except for the removal of architectural barriers preventing handicapped access.

e. Political Activities

CDBG Competitive Grant funds may not be used to finance the use of facilities or equipment for political purposes or to engage in other partisan political activities.

3. Special Requirements and Funding Limitations for the CDBG Competitive Grant Program

The following is a summary of special requirements and funding limitations pertinent to the CDBG Competitive Grant program. Detailed information on these requirements will be made available to applicants and potential applicants by DCCED, as part of a comprehensive application kit.

a. Maximum Benefit

Each CDBG Competitive Grant activity must meet the National Objective of benefiting populations or targeting areas which consist of at least fifty-one percent (51%) low- and moderate-income persons. Community-wide activities are restricted to communities with a total population of at least fifty-one percent (51%) low- and moderate-income residents. The Department will provide applicants with a list of communities meeting the fifty-one percent (51%) low-and-moderate population threshold for community-wide activities

b. Single-Purpose Projects

CDBG Competitive Grant funds will address *single-purpose projects only*. If more than one activity is proposed by an applicant, each must directly relate to and address a single-identified need.

c. Adequate-Funding Requirement

CDBG Competitive Grant funds will be targeted and priority for funding will be directed toward projects demonstrating, at the time of application, that adequate funding to complete the project is secured. The CDBG program cannot fund projects which are unable to be completed with the funds available or which fail to demonstrate that a benefit will be provided to the low and moderate income residents after expenditure of CDBG funds.

d. Phased Projects

CDBG Competitive Grant funds will be used for phased projects only one time. The phase of the project for which funding is sought must demonstrate, at the time of application, that upon completion there will be a direct benefit to low and moderate income residents as a result of CDBG participation. Design, planning, or feasibility study requests which may later identify a need for construction or implementation funds are not considered phased projects.

e. Design/Engineering/Planning Costs

An application for CDBG Competitive Grant funds will be considered for construction projects which include funding for design and construction. However, it should be noted that applicants which applied for and received CDBG funding for project

engineering, feasibility, and/or planning within two years prior to the application for implementation, may receive priority consideration of funding

f. Past Recipients

A past recipient of CDBG Competitive Grant funds may not be considered for award of additional CDBG Competitive Grant funds until (a) a minimum of seventy-five percent (75%) of the non-administrative funds have been expended, and reported to DCCED and, in the judgment of the Department, the previously-funded project is substantially complete; or (b) the project is complete and all reporting requirements are met. Applicants with prior year grants are encouraged to verify expenditure levels with CDBG program staff. Review of applications by the ASC from past recipients who fail to meet the above requirements is at the discretion of CDBG Program Staff.

g. Maximum Number of Applications

An eligible applicant may submit only one CDBG Competitive Grant application in response to any one solicitation.

h. Maximum Grant Amount

An eligible applicant may apply for and receive a maximum of \$850,000 in CDBG Competitive Grant funds in response to any one solicitation.

i. Administrative Cost Limit

An applicant may apply for and receive not more than five percent (5%) of its total CDBG request for administrative costs. The Department may require successful applicants to attend a grant implementation workshop prior to release of awarded funds. If the applicant is required to attend the Department reserves the right to increase the administrative funds above five percent (5%) at its discretion. This will be negotiated after awards are announced.

j. Leverage

Each applicant for CDBG Competitive Grant Funds will be required to provide some matching funds if the application is to receive the maximum points in project review. Although there is no specific cash match requirement, those applicants offering some cash and in-kind match will likely score higher in project evaluation than those who fail to do so. Ideally, a minimum of twenty-five percent (25%) match will be provided and documented in the application. The source of all matching funds, whether cash or in-kind, must be identified in the application and must be documented.

k. Building Code and Standards Enforcement

Each CDBG activity which includes construction, renovation, rehabilitation, expansion or modification of buildings and facilities for public or commercial purposes must be designed to comply with pertinent state and federal building standards and codes. Applicants are encouraged to comply with provisions of the Department's *Grant Recipient Construction Manual*. The Department reserves the right to review and require modification of construction plans for compliance with these standards.

Applicants will be required to submit evidence of State Fire Marshal approval of plans.

l. Davis-Bacon Wage Requirements

Each CDBG activity which includes construction, renovation, rehabilitation, expansion or modification of buildings and facilities for public or commercial purposes; site development; major equipment installation; or similar activity which involves the use of *contracted labor and services*, must comply with Davis-Bacon and other federal labor-standard requirements.

m. Environmental Review

Each CDBG activity must obtain appropriate environmental clearances as required by 24 CFR 570.495.

n. Site Control

Each CDBG activity involving the use of real property requires that the applicant document that it has the enforceable right to use the property. This document may be in the form of a deed, lease (usually for not less than 20 years), easement or similar formally executed document. Site Control must be adequately documented at the time of application for CDBG funding. The Department may elect to make contingent awards for funding if it determines that site control can be secured and documented within a specified period of time after award, usually not more than six months.

o. Displacement

Each CDBG grant activity involving the acquisition, demolition, or rehabilitation of real property or displacement of persons for a project or program with HUD financial assistance will be required to follow the requirements stated under section 104(d) of the Housing and Community Development Act of 1974, as amended and the implementing regulations of 24 CFR part 42, which requires a residential anti-displacement and relocation assistance plan.

p. HUD Reform Act, Section 102

Each applicant for CDBG funds must make certain disclosures if the applicant receives in excess of \$200,000 in federal funds from any source during the fiscal year in which the CDBG application is made. Applicants must disclose assistance from other government sources in connection with the project, financial interests of persons involved in the project, and expected sources and uses of funds that are to be made available for the project or activity. Applicants must update the disclosures required within 30 days of any substantial change during the period when an application is pending or assistance is being provided.

q. IRS Liens/Judgments

A municipality may not be awarded CDBG funds if they have any unresolved federal tax liens or court judgments filed against them. If an applicant has a repayment

agreement in place to resolve tax liens or judgments, they must provide documentation of such an agreement.

r. Section 3 Reporting

Section 3 is a provision of the Housing and Urban Development Act of 1968. The purpose of Section 3 is to ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with existing Federal, State and local laws and regulations, be directed to low- and very low income persons. Successful applicants must document actions taken to comply with the employment, training and contracting requirements of Section 3 and submit periodic reports to grants staff.

s. DUNS & CCR:

All recipients are required to have a Dun and Bradstreet (DUNS) number and to register with the Central Contractor Registration (CCR). Applicants will be required to show evidence they have met this requirement at the time an application is submitted.

4. Selection Process and Rating Criteria

The application-selection process for the *CDBG Competitive Grant Program* consists of two stages; threshold review and project rating and selection. During the threshold review, CDBG staff screen all applications for eligibility and completeness, without awarding points. An application must meet all of the threshold-review requirements to progress to the second stage of the selection process. The project rating and selection process, stage two, will be conducted by an Application Selection Committee, using the criteria outlined below. The Committee reserves the right to exercise flexibility in making specific recommendations, if those recommendations, in the opinion of the majority of Committee members, best serves the interest of the CDBG program and the program recipients. It should also be noted that applicants who applied for and received CDBG funding for project design, engineering, feasibility, and/or planning within two years prior to the application for implementation, may receive priority consideration for funding. Applications will be evaluated and assigned points by the Application Selection Committee based on the following criteria

Rating Factor	Maximum Points
1. Project Description and Selection	15
2. Project Plan/Readiness	25
3. Project Impact	25
4. Budget/Match/In-Kind	25
5. Administrative Capability	10
Total Maximum Score	100

Following completion of the rating process, applications will be placed in rank order. The Application Selection Committee will forward funding recommendations to DCCED management staff for review to insure the ASC scored project applications in accordance with the rating criteria and procedure outlined herein. Applicants will receive written notification of the rating process results.

Appeals

Applicants may appeal the notification of rating results to the Director of the Division of Community and Regional Affairs. The only basis for an appeal is non-adherence by DCCED to the grant selection and award procedures as identified above. Appeals must be received by the Department in writing within 30 days of the date of the notification of rating results and must clearly state the basis for the appeal. The appeal will be reviewed by the Director and a final determination made within 30 days of the Director's receipt of the written appeal. The decision of the Director, provided to the applicant in writing, is final and conclusive.

E. Community Development Block Grant - Other Prioritization Processes

At the discretion of the Department, a portion of the above referenced CDBG Competitive Grant Program funds may be set-aside and designated for use by Alaska Housing Finance Corporation's Owner-Occupied Rehabilitation Program (ORP) contractors for housing rehabilitation/accessibility activities. Grants may be awarded for up to a maximum of \$500,000 in CDBG funding. The focus will be on funding emergency rehabilitation activities which compliment HOME Program activities and fill a gap that addresses critical health, safety and accessibility rehabilitation improvements not currently being met through HOME or other programs. The guidelines for assistance will follow AHFC's HOME Owner-Occupied Rehabilitation Policies and Procedures Manual where applicable.

1. Cooperative Agreement

The Department will subcontract through the eligible CDBG municipal government, with AHFC's ORP contractors who are selected through a competitive process by AHFC to administer the owner occupied rehabilitation component of the State's HOME Investment Partnership Program. The ORP contractors are responsible for securing a Cooperative Agreement with the CDBG eligible municipal government entity in which the rehabilitation/retrofit activity is to take place.

a. Income Guidelines and Verification

The ORP contractors are responsible for insuring verification that this program solely benefits low to moderate income households. Income guidelines and verification will follow AHFC's HOME ORP Policy and Procedures Manual.

b. Project Approval, Project Set-up, and Environmental Review Forms

The guidelines for project approval, project set-up submission, and environmental review will follow AHFC's HOME ORP Policy and Procedures Manual using forms modified and updated for the CDBG – ORP program.

c. Standards

Project specific work on a home that is utilizing CDBG funds must meet Housing Quality Standards (HQS) but the entire home will not be required to meet overall HQS.

d. Compliance with All Applicable Program Requirements

The ORP contractors and the CDBG eligible municipal government entity are responsible for compliance with all other applicable CDBG program requirements.

e. Allowable Activities

Allowable activities under this program would include, but not be limited to, roof replacement, foundation repair or replacement, correction of structural deficiencies, accessibility modifications, sanitation repairs (well, septic, bathrooms, etc.), lead reduction, moisture control and mold mitigation, heating system repairs and replacement, and energy efficiency improvements. CDBG funds may not be used for equipment or furnishings unless an integral part of the building.

f. Maximum Amount per Home

The maximum amount of CDBG funds per owner-occupied home will be limited by CDBG regulations and by the grant agreement between the municipal government entity and DCCED.

g. Past Recipient

The seventy-five percent (75%) expenditure requirement under the Past Recipient provision of the Action Plan shall not apply to this ORP CDBG Program.

h. Administrative Costs

Administrative cost limits will be negotiated on a case by case basis but will not exceed ten percent (10%) of the grant amount.

2. Planning Applications

The Department reserves the right to issue, under the CDBG Competitive Grant Program, an application exclusively for Planning Activities if it is determined to be in the best interest of the program to do so. The purpose of exercising this option would be to assist communities in preparing for potential future construction projects as well as meeting other community planning needs

3. Other CDBG Applications

The Department reserves the right to accept applications for CDBG funding outside the annual CDBG Competitive Grant cycle if extenuating circumstances, as determined by the Department, warrant such action.

4. Monitoring by DCCED

CDBG Competitive Grants and activities will be monitored on an ongoing basis by DCCED staff. It is the goal of the Department to monitor each CDBG funded activity at least once during the life of the grant. The primary objectives of the monitoring process are:

- To determine whether grantees are in compliance with required procedures for project management, financial management and recordkeeping, and audit requirements;
- To determine whether the environmental review and related actions of grantees are technically adequate in determining the project's impact on the environment and the impact of the environment upon the project;
- To provide technical assistance to grantees in remedying problems and resolving program deficiencies;
- To determine whether the obligations and costs incurred against the project are authorized by the Grant Agreement and adequately documented;
- To determine whether labor standards and civil-rights requirements are being adequately met;
- To determine whether acquisition/relocation provisions apply and are being adequately met; and
- To determine whether project objectives, timelines, and goals are being met in a timely and efficient manner.

The monitoring process consists of two levels: (1) on-site and (2) in-house or desk monitoring. Because of extremely high transportation costs in Alaska, and the remote location of the majority of communities participating in the CDBG program, not all projects will receive on-site monitoring by DCCED staff. The Department will determine how each project will be monitored, based on such factors as the complexity of project activities, administrative capacity of the grantee as evidenced by past grant activity, previous audit findings of the grantee, financial management capacity of the grantee, and cost-effectiveness of sending a Department staff

member to the site. The Department employs a number of staff who often travel to remote areas of the state for various reasons.

CDBG staff will solicit the assistance of other Department staff to conduct on-site project reviews whenever possible. This may include requesting that photographs be taken of project facilities or activities. Some projects may be monitored in-house by CDBG staff for certain compliance areas and on-site by CDBG or other Department staff for other compliance areas. Other projects may be monitored only in-house by CDBG program staff.

The Department will continue procedures whereby all grant agreements and project activities are monitored in-house on an ongoing basis by CDBG staff. Grant files reflect that ongoing technical assistance and review of grant status is occurring. Monthly status reports are submitted by grantees, reviewed by CDBG staff, and form the basis for constructive feedback to grantees. Financial-reimbursement requests are carefully reviewed and, on a selective basis, grantees asked to provide source documentation with billings before payment is made. CDBG staff maintains regular contact, both in person and by telephone, with all grantees.

If problems are identified through either in-house or on-site monitoring, grantees are notified in writing, and corrective action is required within a specific time frame. Department staff follows up on corrective actions taken and verifies completion.

The Department is committed to providing on-site monitoring to as many grantees as funding allows. In-house monitoring is a valuable alternative to on-site visits, but does not totally replace on-site visits by staff. Program records indicate which form of monitoring is used for each project and contain appropriate source documentation from grantees to support any findings made.

Specific procedures outlining minimum monitoring standards and timelines have been developed by the Department and are provided to successful applicants for funding through the CDBG Competitive Grant program.

5. Reallocated, Recaptured and Unobligated Funds

Reallocated funds are those funds which HUD has recaptured from a grantee and reallocated to the State in accordance with the Community Development Act of 1974, as amended through 1992. Reallocated funds received by the State with its annual grant will be made available to eligible applicants in accordance with the application process described above.

Recaptured funds are unspent funds which the Department recovers from grantees *when it is clear that an approved activity is no longer viable* or that the recapture will not preclude local ability to complete the approved activities or when the activities have been completed and funds remain in the grant agreement.

Recaptured funds will either be reallocated to existing grantees who demonstrate a need for additional funds (not exceeding a grant cap of \$850,000) or be reallocated to applicants between award cycles when it is demonstrated to the satisfaction of the Department that an immediate and pressing need exists and it is in the best interests of the program and applicant to award funds immediately. Recaptured funds may also be reallocated to other activities outlined in the Annual Action Plan outside of the competitive grant process (ORP).

Unobligated funds are funds which have not been, or are no longer intended to be, distributed according to the method of distribution described herein. Unobligated funds will either be reallocated to existing grantees who demonstrate a need for additional funds (not exceeding a grant cap of \$850,000) or be reallocated to applicants between grant-award cycles when it is demonstrated to the satisfaction of the Department that an immediate and pressing need exists and that it is in the best interests of the program and the applicant to award funds immediately. Unobligated funds may also be reallocated to other CDBG activities outlined in the Annual Action Plan outside of the competitive grant process (ORP).

6. Program Income

Program income includes income generated by the use of CDBG funds awarded to an eligible applicant or sub-recipient. Program income includes, but is not limited to, payments of principal and interest on loans made with CDBG funds, proceeds from the lease or disposal of real property and equipment acquired with CDBG funds, and interest earned on CDBG funds held in interest-bearing accounts.

Program income generated by CDBG Competitive Grant recipients prior to close out of the grant from which the income was generated will be authorized by the Department to be retained by the recipient for the purpose of continuing the activity from which the program income was derived, in accordance with applicable regulations. Program income is subject to all applicable CDBG requirements.

A CDBG recipient proposing to retain program income must maintain the following records:

- Sources of program income
- Date and amounts of program income deposits
- Interest earned
- Dates and amounts of program income disbursements
- Documentation that activities funded with program income constitute a continuation of activities from which income was originally generated

F. Assessment of Relationship of CDBG funds to Goals and Objectives

The overall mission of the Community Development Block Grant Program is to enhance the quality of life for low and moderate income persons, particularly in rural Alaska. Goals include ensuring that the majority of funds will be used to benefit low and moderate income persons and to provide the financial resources for public facilities, planning, and economic development activities which reduce or eliminate conditions detrimental to the health and safety of local residents and reduce the costs of essential community services. In Program Year 2012 a total of one electrical distribution replacement, one senior center renovation, one long term care facility plan, one public dock design, one multi-purpose center, installation of water, sewer, and roads to new homes, one public safety building, public safety facility design, design and engineering community hall and one boat harbor utility project were completed, benefiting 4,256 persons. All of these projects addressed local health and safety issues. Of the 4,256 persons served with these funds 1,022 were extremely low income; 868 were low income; 1,068 were moderate income; and 1,298 were non-low-moderate income. A total of 70% of those served were low to moderate income people

G. Statement of Specific Annual Outcomes

During the 2014 program year (FFY 2013) the CDBG program anticipates providing for approximately 7 new public facilities/infrastructure improvements with approximately 3,315 low to moderate income (LMI) persons benefiting and thus meeting the objective of benefiting LMI persons and achieving the outcome of availability/accessibility.

Additional information about the CDBG program may be obtained from:

Jill Davis, Grants Manager
Department of Commerce, Community, and Economic Development
Phone: 907-451-2717
FAX: 907-451-2742
211 Cushman Street
Fairbanks, AK 99701-4639
E-Mail: jill.davis@alaska.gov

VII. HOME Investment Partnerships Program

A. Overview

The Home Investment Partnerships Program (HOME) was created by the National Housing Affordability Act of 1990. The statutory purposes of this Act are:

- Expanding the supply of safe, decent, energy-efficient housing for low income families;
- Strengthening the abilities of state, local and non-profit agencies to design and implement strategies for affordable housing; and
- Creating and strengthening partnerships to produce and manage affordable housing.

The State of Alaska's HOME allocation for SFY2014 is anticipated to be \$3,000,000. Additionally, AHFC will provide \$750,000 in state matching funds to contribute to the federal matching requirements under the HOME program.

AHFC (AHFC) is responsible for the administration of the State's formula HOME allocation. As a separate Participating Jurisdiction, the Municipality of Anchorage receives its own formula allocation of HOME funds. Anchorage is the only Alaska community receiving separate HOME funds. No State HOME funds will be used within the Municipality of Anchorage.

Priorities for the use of HOME funds are established in the Consolidated Housing and Community Development Plan (HCD). The following program description outlines HOME funded activities for State Fiscal Year 2014 (July 1, 2013 through June 30, 2014) funded from Federal Fiscal Year 2013 (FFY 2013) appropriations.

- Rehabilitation of Owner-Occupied Housing;
- Rental Development Activities;
- Homeownership Development Activities;
- Community Housing Development Organization (CHDO) Development Activities;
- Rental and Homeownership Housing Development Technical Assistance or Pre-development Activities;
- Tenant Based Rental Assistance;
- Operating Expense Assistance for CHDOs; and
- Homebuyer Assistance Programs.

All HOME Program activities work towards the statutory goal of the 2011-2015 HCD Plan to provide decent housing, create suitable living environments, and expand economic opportunities for Alaskans with incomes at or below eighty percent (80%) of the median income. The seven general principles from this five-year HCD Plan guide the direction and implementation of HOME Program activities. Priorities and Objectives for the coming program year are summarized in the Appendix C table and are detailed in the program descriptions that follow. Additionally, program achievements from SFY2012 are included in Appendix C as a measure of how the State is meeting its stated goals as outlined under the Five Year Consolidated Plan (2011-2015).

Allocation of FFY 2013 HOME Funds - July 1, 2013 through June 30, 2014

Activity	HUD	AHFC Match	Total
Rental Housing Development (RHD) Program			
Program Funds	700,000	110,000	810,000
CHDO Program Funds*	450,000	0	450,000
Subtotal	1,150,000	110,000	1,260,000
Homeownership Development Program (HDP)			
Program Funds	0	0	0
Subtotal	0	0	0
Owner-Occupied Rehabilitation Program (ORP)			
Program Funds	350,000	50,000	400,000
Sub-recipient Expense	25,000	50,000	75,000
Subtotal	375,000	100,000	475,000
Home Opportunity Program (HOP)			
Program Funds	750,000	120,000	870,000
Sub-recipient Expense	70,000	90,000	160,000
Subtotal	820,000	210,000	1,030,000
Tenant-Based Rental Assistance (TBRA)			
Program Funds	300,000	300,000	600,000
Sub-recipient Expense	30,000	30,000	60,000
Subtotal	330,000	330,000	660,000
Rental and Homeownership Pre-Development Program	0	0	0
CHDO Operating Expense Assistance (OEA)			
Subtotal	150,000	0	150,000
Subtotal	2,825,000	750,000	3,575,000
AHFC HOME Program Administration	175,000	0	175,000
Subtotal	175,000	0	175,000
Total HOME	3,000,000	750,000	3,750,000
Reprogrammed prior funding and program income/ repaid funds**	610,927	0	610,927

*CHDO Program Funds are set aside for Community Housing Development Organizations to own, develop or sponsor HOME assisted units through the RHD program, subject to the limitations of 24 CFR 92.300

**HOME Program Income and repaid funds received to date and anticipated through SFY2013.

APPENDIX A to the SFY2012 Annual Action Plan includes additional tables on the Status of Active HOME funds, allocated under prior Annual Action Plans and uncommitted and unexpended funds allocated under prior Annual Action Plans.

B. Rehabilitation of Owner-Occupied Housing

The HCD plan places priority on preserving and upgrading existing housing supply through rehabilitation and weatherization to low-income homeowners. Although AHFC remains committed to the continuation of the Owner-Occupied Rehabilitation Program (ORP), the expenditure of ORP funds remains low. There are several factors that have contributed to the reduction in ORP expenditures. First, the State of Alaska has allocated nearly \$512 million dollars to AHFC to administer weatherization and energy programs. One of the two SFY2013 AHFC ORP sub-recipients administers the weatherization program for AHFC in addition to ORP. The State legislature has imposed aggressive implementation and expenditure requirements on the weatherization and energy programs; this has necessitated the full attention of AHFC's weatherization program grantees. Consequently, ORP production has been adversely impacted. One of the two ORP sub-recipients has elected not to continue the program until this change.

Two ORP sub-recipients continue to offer rehabilitation services to eligible applicants throughout the state under existing contracts. AHFC will allocate \$475,000 in HOME funds to ORP for SFY2014. AHFC will either renew funding commitments with existing ORP sub-recipients or, through a competitive process, select agencies to provide rehabilitation services. A Notice of Funding Availability (NOFA) will be announced. Interested organizations are invited to respond by the published deadline and proposals are evaluated by AHFC. AHFC may choose to increase existing ORP sub-recipient funding commitments. However, ORP funding may be re-allocated to the rental housing development program or the Tenant Based Rental Assistance program if AHFC determines that funds cannot be spent within a reasonable timeframe.

HOME and CDBG funding, where appropriate, will continue to be used in conjunction with other federal and state funds to achieve the goal of upgrading existing housing stock. Such funding sources include, but are not limited to AHFC/DOE Weatherization funds, Senior Citizen Housing Development Funds, DHSS Accessibility Brokerage Program funds, and USDA Housing Preservation funds. All homes considered for assistance under the ORP program must be occupied by owners with annual incomes at or below 60 percent of the area median income as determined by HUD adjusted for household size. AHFC will consider waiver requests for eligible households that exceed 60 percent area median income but do not exceed 80 percent area median income; waiver considerations are outlined in the AHFC ORP

Policy and Procedure Manual. Eligible households with one or more of the following characteristics receive preference under this program:

- Persons over the age of 55;
- Families with children who are six (6) years old or younger; and
- Families in which at least one of the occupants has a disability, as defined in 24 CFR Part 92.2;

The objective of housing rehabilitated under the ORP program with HOME program funding is to create additional decent and sustainable housing stock in Alaska. All units will be brought up to code and will meet the AHFC HOME Program Written Rehabilitation Standards. The after-rehabilitation value of the property may not exceed the allowable HOME 203(b) limits or 95% of the area median sales price, whichever is greater. Furthermore, if a homeowner has been previously assisted with HOME funds and is currently still within the period of his or her outstanding HOME note or deed restrictions, he or she is not eligible for additional HOME funded assistance under this program. HOME funds provided through the ORP program will be in the form of conditionally-forgivable, zero interest loans to the homeowners. Maximum loan and grant limitations, and criteria for when each apply, will be established by AHFC in the ORP Policy and Procedure Manual. The eligible homeowner will execute a note and deed of trust to secure some or all of the assistance provided.

Loan provisions will have a forgiveness (recapture) period of four years. Equal portion of the amount subject to forgiveness will be deducted from the loan balance for each full year of ownership. In the event the homeowner fails to own the home after the rehabilitation activities are complete for the required recapture period, any amount of the loan not forgiven will be due and payable upon the sale or transfer of title of the property. In addition, in the case of a sale (voluntary or otherwise) the maximum amount of funds subject to recapture is limited to whatever net proceeds (if any) are available. The homeowner must show that the appraised value of the home is not sufficient to pay off the HOME loan(s) in addition to any other lien in superior position, and standard and customary seller's closing costs. Net proceeds are calculated by the sales price less any non-HOME loans or repayments less closing costs.

In the event that the cost to rehabilitate a property exceeds 75 percent of the replacement cost, the property may be reconstructed with ORP funds; the owner may be required to make principal payments on the portion of the loan that exceeds the forgivable amount.

The objective of housing rehabilitated under the ORP program with CDBG funds is to provide repairs for homeowners that have an immediate need to correct an emergency condition that has been determined to present an imminent danger to the health and safety of occupants or to protect a property from further structural damage. CDBG funding will be provided in the form of a grant through the eligible local government.

This program meets the HOME HUD objective of providing decent housing with improved or new sustainability and the CDBG objective of creating a suitable living environment by providing funding for owner-occupied housing rehabilitation services which address emergency needs and health and safety issues for low to moderate income households while improving availability and accessibility. The following outcomes are estimations that will be used to measure the progress of this program:

- It is estimated that twelve units will be rehabilitated.
- It is estimated that eight units will be owned by seniors, families with children or persons with disabilities.

Outcomes will be driven by the applicant pool and the amount of HOME assistance funds in each unit. The number of units that may be completed for seniors, families with children or persons with disabilities will be dependent on the number of applications to the program. Additional homes may be assisted if the amount of HOME funds invested is less than anticipated. Any uncommitted ORP funds in SFY2014 will be carried forward to SFY2015, or, reallocated to another eligible activity in accordance with the priorities outlined below in Section L. HOME Program Development.

C. Rental Housing Development Activities

Over the last several years, AHFC has increased the emphasis on rehabilitation and preservation of existing affordable housing resources in the rating criteria for the LIHTC, HOME and Senior Citizen Housing Development Fund (SCHDF) programs. As a result, more affordable housing rental units have been renovated and several federally subsidized rental projects have remained in the affordable housing stock. Yet, throughout the state, there are still serious shortages of affordable, decent housing for low-income Alaskans. Constraints of financial feasibility impede the development of affordable housing, in both rural and urban communities. Critical to the implementation of the strategies contained in this Plan is a dedicated source of funds to leverage other funding sources for the development of new affordable housing opportunities, as well as the acquisition and rehabilitation of existing structures.

On an annual basis through the Greater Opportunities for Affordable Living (GOAL) program and/ or the Special Needs Housing Grant (SNHG) program, AHFC announces

the availability of HOME funds for rental development. The SNHG program allocates capital development funds to develop rental housing projects that will serve special needs, and often low-income, households. In SFY2014, HOME rental development funds may also be awarded through the SNHG award process, in addition to the GOAL process, if AHFC deems that it is in the best interest of the HOME program to do so.

Proposals for rental housing development will be evaluated based on AHFC's Rating and Award Criteria Plan, as approved by AHFC's Board of Directors. AHFC encourages applicants to submit proposals that meet the housing needs identified through the HCD Plan. Such characteristics include providing extended benefit to low income Alaskans (for at least 30 years); serving lower income Alaskans (at or below 50 percent of the median income); increasing and/ or preserving housing opportunities in rural areas; promoting housing for people with special needs and very low-income households (at or below 30 percent of the median income); incorporating energy efficient, sustainable housing design, and accessibility features into housing; and rehabilitation of housing.

Potential project sponsors must submit an application package to AHFC by the published deadline. Applications are reviewed, evaluated, and competitively ranked in relationship to other applications. An allocation of \$810,000 in SFY2014 (FFY 2013) HOME funds will be used to assist project sponsors in acquiring, rehabilitating, or constructing rental housing. In addition, \$450,000 will be earmarked as CHDO assistance for rental housing developments. Therefore, a total amount of \$1,260,000 is available in SFY2014 for rental housing development activities.

For the purposes of this program, sponsors may include local governments, regional housing authorities, non-profit organizations and for-profit developers. The funds may be applied to the new construction, acquisition and acquisition/rehabilitation of rental housing. Projects may be located in either rural or urban areas (with the exception of Anchorage). Various housing types are eligible, including (but not limited to) apartments, single room occupancy units, congregate housing, single family homes, and group residences.

HOME assistance will be used to help fill the funding gap between a project's development costs and other sources of funds that may reasonably be expected to contribute to the project. These funding sources will include any debt that the project's cash flow may support, plus any match or leverage funds dedicated to the project at the time of application. The goal is to bring the debt and/or cost of debt service down to a level where the project becomes financially feasible, at rent levels affordable to low-income households, as specified in HOME regulations. Funds will be provided in the form of grants or zero interest loans. For-profit project sponsors may not receive a HOME grant. Such sponsors are eligible for a HOME loan, subject to underwriting assumptions acceptable to AHFC. The maximum HOME program loan

or grant for any one rental development may not exceed the per-unit subsidy amount(s) for the federally HOME-Assisted unit(s).

For rental housing developments, project compliance monitoring for HOME requirements during the period of affordability will be performed by AHFC's Audit (Compliance) Department. Mechanisms to monitor continued affordability will be similar to those employed under the Low-Income Housing Tax Credit Program.

This program meets the HUD objective of providing decent housing with improved or new affordability. The following outcomes are estimations that will be used to measure the progress of this program:

- It is estimated that five (5) units will be HOME assisted.
- It is estimated that five (5) units will be AHFC HOME set asides.
- It is estimated that none of those units will be made available to the elderly.
- It is estimated that two (2) of those units will be made accessible.

There are a number of factors that will influence these outcomes such as: the types of projects and size of the projects that apply for funding; the point priorities AHFC places on various features in the GOAL round; and the availability of rental subsidy. In addition, it is difficult for the HOME program to serve populations such as the homeless, persons with HIV/AIDS or other special needs populations because of programmatic restrictions regarding the combination of housing and social services that is necessary for such populations.

Additional HOME rental units may be funded in SFY2014 if AHFC allocates HOME program income or repaid funds to the rental housing development program in accordance with the priorities outlined below in Section L. HOME Program Development. Any uncommitted rental housing development funds in SFY2014 will be carried forward to SFY2015.

The State of Alaska currently uses the Building Energy Efficiency Standard (BEES), a State specific standard. BEES conforms to the 2009 International Energy Conservation Code (IECC) with Alaska-specific amendments and is a minimum requirement for all new construction projects receiving AHFC funding. See the following website: <http://www.ahfc.us/efficiency/energy-programs/new-home-rebate/bees/> . However, HUD only accepts the Federally Certified Energy Star standards. Therefore, while the AHFC program is producing energy efficient structures, they are not certified or recognized by HUD as Energy Star units. In the SFY 2014 GOAL Application process under which HOME funds are awarded to sub-recipients, applicants are required to exclusively use Energy Star products. Applicants are encouraged to visit www.energystar.gov for complete product specifications and updated lists of qualifying products. Furthermore, applicants

receive additional points in the rating process for committing to satisfy the 2012 IECC.

D. Homeownership Housing Development Activities: The Homeownership Development Program (HDP)

Homeownership Development Program (HDP) funds are awarded through an annual Notice of Funding Availability (NOFA). HDP awards are limited to participants in the USDA's 523 self-help homeownership program, Community Land Trusts, CHDOs and Habitat for Humanity organizations. Currently, approximately \$500,000 in HOME funding from prior years remains available for HDP use, therefore, no SFY2014 (FFY2013) funds will be set aside for HDP. Any funds remaining after HDP awards are determined may be allocated to rental development projects or the Tenant Based Rental Assistance program.

The maximum per-unit HOME subsidy for HDP is \$40,000 per unit. In addition, the purchase price for each unit may not exceed the allowable HOME 203(b) limits or 95% of the area median sales price, whichever is greater. HDP funds may be used for land acquisition, site / infrastructure costs, minimal soft costs and if necessary, down payment and closing cost assistance. The amount of allowable soft costs may not exceed 10% of the HDP hard costs. The NOFA and corresponding application will require that the need be clearly demonstrated for proposed HDP project in their respective local housing marketplaces.

The project sponsor is responsible for identifying homebuyer assistance resources that may be necessary for low-income homebuyers to purchase the home for the proposed sales price. Units assisted with homeownership development funds under this program are not eligible for buy down assistance under the Home Opportunity Program (HOP) but are eligible to receive down payment and closing cost assistance.

All HDP sub-recipients will use the recapture model unless an applicant explicitly requests to employ the resale method at the time of application for funding. AHFC will authorize the use of the resale method if the sub-recipient is able to demonstrate to AHFC the following: home prices in the community are rapidly increasing or the community is considered a "high cost area"(for this purpose, AHFC will identify "high cost area" annually in the HDP NOFA packet); the sub-recipient has the necessary experience, capacity and qualifications needed to service resale agreements for the term of the agreements; the sub-recipient is familiar with land leases and covenants; the sub-recipient has the experience, capacity and capability to income qualify future homeowners. If the proposed community is not considered a "high cost area" by AHFC's definition, AHFC may consider other compelling reasons presented by the sub-recipient to employ the resale method in a particular community or location.

For HOME funded HDP projects, AHFC will secure the HOME subsidy through an assistance agreement and covenant under the resale provisions or a note, deed of trust, and assistance agreement under the recapture provisions consistent with the terms described in the HOME Program description. AHFC will evaluate project proposals to determine the financial feasibility of the project and other predetermined selection criteria. AHFC will conduct a subsidy layering review on each project receiving HDP funds to ensure that the amount of HDP funds provided does not exceed the amount necessary to provide affordable housing. Funding awards will be made to applicants based on the availability of funds, relative ranking among the other applicants, and other criteria determined to be appropriate.

This program meets the HUD objective of providing decent housing with improved affordability. The following outcomes are estimations that will be used to measure the progress of this program:

- It is estimated that twelve units will be developed.
- It is estimated that twelve units will meet the Alaska equivalent of the Energy Star standard.

There are a number of factors that will influence these outcomes such as the applicants and criteria under the NOFA. Any uncommitted HDP funds in SFY2014 will be carried forward to SFY2015, or reallocated to another eligible activity in accordance with the priorities outlined below in Section L. HOME Program Development.

E. HDP Resale Model

The resale model requires that when a homeowner sells their home, he or she sells it for a restricted price to a low income household (80% below the median income). HDP funds up to \$40,000 may be provided in assistance. HOP funds can only be used for down payment and closing cost assistance in a project assisted with HDP funds. Interest buy downs are not an eligible cost.

When using the resale method, the original HOME-assisted buyer must receive a fair return on investment if the property is sold during the period of affordability. A fair return on investment is calculated as shown in Resale Methodology demonstrated below.

Capital improvements are permanent structural improvements or restoration of some aspect of the property that will either enhance the property's overall value or increases its useful life. Capital improvements have to last for more than one year and add value to the home, prolong its life, or adapt it to new uses. The improvements must still be evident when the home is being sold. Repairs and maintenance items are not considered capital improvements. Repairs return

something to its original condition and are done to maintain a home's good condition without adding value or prolonging its life (e.g., painting, fixing sagging gutters). Capital improvements that are no longer a part of the home or that have reached their useful life will not be included when determining the fair return on investment. The value of capital improvements will be based on the actual costs of improvements as demonstrated by the homeowner's receipts.

It is important to note that if the house depreciates in value, the original homebuyer may not receive a return on his or her investment because the home sold for less or the same prices as the original purchase price. In addition, a homeowner's return on investment is limited by the amount of the market appreciation.

Housing under the resale provision must remain affordable to a reasonable range of low-income homebuyers. Low-income households between 30 to 80 percent of area median incomes are considered to be within the reasonable range of borrowers that should be targeted for the subsequent purchase of units utilizing the resale method. A household's monthly PITI payments must be at least 23% of the borrower's monthly income as qualified by the primary Lender and in no circumstances exceed 40%. If funding is available and the homebuyer is eligible, HOP assistance may be used to assist the subsequent low-income borrower.

For purposes of the HOME program, acceptable HDP projects using the resale option must include the following features:

1. HDP restrictions must remain in place for the minimum period affordability. The resale affordability period will be determined by amount of direct development assistance provided under the HDP in addition to any HOP assistance provided to the original homebuyer. The affordability period is based on the amount of assistance and is as follows:

Less than \$15,000	5 years
\$15,000 to \$40,000	10 years
More than \$40,000	15 years

For example, a unit may receive \$40,000 in HDP development subsidy and \$10,000 in down payment assistance from the HOP program. The total HOME assistance is \$50,000 and the affordability period is 15 years. All subsequent homebuyers for 15 years will need to be eighty percent (80%) below the median income.

2. An assistance agreement with the original homebuyer and all subsequent homebuyers must be established based on the affordability period.

3. In the event that the original homebuyer sells the home and the subsequent homebuyer receives HOP assistance the resale period restarts, based on the amount of new HOP assistance received. For example, the original homebuyer received

\$50,000 in HOME assistance (development subsidy + down payment assistance) and the affordability period was 15 years. The homebuyer sold the home after owning it for 5 years and the new homebuyer received \$10,000 in HOP assistance. The affordability period would restart at time of sale and would now be 5 years.

4. A sample ground lease for the property must be approved by AHFC before any assistance will be approved. The lease must specify the grantees first right of refusal, the homeowner's maximum share of appreciation, resale formula, and other restrictions required by 24 CFR Part 92.

5. The resale formula may allow the homeowner to realize a maximum of 50 percent of the home's (market) appreciation. Increased home value due to the homeowner's capital investment in the home may be retained in full by the homeowner.

6. The remaining (market) appreciation (at least 50 percent) must be factored into the resale formula to reduce the home's subsequent sales price, making the home increasingly more affordable over the lease period.

7. The grantee must agree to exercise a first right of refusal in any subsequent sales of the home.

8. The grantee must agree to verify incomes of the original homebuyer and any subsequent homebuyers, and provide documentation of income verification to AHFC during the affordability period.

RESALE FORMULA

The Maximum Sales Price is the maximum amount the homeowner may receive when selling the property to a low-income household. The Maximum Sales Price shall be the lesser of the current appraised value at the time of sale or the price determined by the following formula:

Homeowner's Purchase Price [see step (a)]	\$ _____
Plus Appreciation Due to Homeowner Capital Improvements	+ _____
Plus Homeowner's Share of Pro-Rated Market Appreciation [see step (e)]	+ _____
Equals Maximum Sales Price:	\$ _____

(a) Determining Homeowner's Purchase Price: Homeowner and Grantee agree that the Homeowner's Purchase Price is calculated as follows:

Total Initial Sales Price:	\$ _____
Less any grant or subsidy assistance provided to Homeowner	

to assist in the purchase of the home: \$ _____
 Equals Homeowner's Purchase Price: \$ _____

The Initial Sales Price for any subsequent owner shall be the sales price of the property at the time of that owner's purchase. The Homeowner's Purchase Price shall be recalculated using the formula above at the time of that owner's purchase, and may be recorded as an amendment to this agreement at the time of that subsequent sale.

(b) Determining Market Appreciation: At the time of sale by Homeowner the Market Appreciation is calculated as follows:

Current Appraised Value \$ _____
 Less Initial Appraised Value [see step (c)] - _____
 Less Appreciation Due to Homeowner Capital Improvements - _____
 Equals the Market Appreciation \$ _____

(c) Determining Initial Appraised Value: Homeowner and Grantee agree that at the time Homeowner purchased the property, the Initial Appraised Value of the property was \$[Input Initial Appraised Value]. The initial appraised value for any subsequent owner shall be the appraised value of the property at the time of that owner's purchase, and such amount may be recorded as an amendment to this agreement at the time of that subsequent sale.

(d) Prorating the Homeowner's Investment as part of Market Appreciation

To preserve the public subsidy that helped to make possible this affordable homeownership opportunity, it is necessary to determine the ratio of public subsidy and private investment that contributed to the Market Appreciation. The ratio is calculated by comparing Homeowner's Purchase Price to the Initial Appraised Value. Appreciation is then prorated by this ratio. Following is a step-by-step approach for calculating Prorated Appreciation.

Homeowner's Purchase Price [see step (a)] \$ _____
 Divided by Initial Appraised Value [see step (c)] / _____
 Times Market Appreciation [see step (b)] x _____
 Equals Prorated Appreciation \$ _____

(e) Determining Homeowner's Share of Prorated Market Appreciation: The Homeowner's Share of Appreciation shall be determined by multiplying the Market Appreciation by the 50% (fifty percent). Following is a step-by-step approach for calculating Homeowner's Share of Appreciation:

Prorated Appreciation [see step (d)] \$ _____
 Multiplied by the Shared Appreciation Factor x _____ .50

Equals Homeowner's Share of Prorated Market Appreciation
(if amount is negative, enter 0)

x _____

F. HDP Recapture Model

Under the recapture model the first \$10,000 in direct assistance is provided as a forgivable loan. Direct assistance is defined as the difference between the market value and sales price of the home in addition to any HOME assistance. For every year the homeowner continues to own the home and make it his or her primary residence, the loan will be forgiven by a maximum of \$2,000, or twenty percent (20%) of the loan, whichever is less. Any remaining HDP assistance provided will be secured against the home as a loan with zero percent (0%) interest, repayable at the time the homebuyer no longer owns the property. If the homeowner fails to meet the primary residency requirement during the affordability period, the full amount of assistance is due and owing. The recapture provisions will be triggered by a sale prior to the completion of the affordability period. The amount subject to recapture is the total amount of direct assistance less the prorated amount of the first \$10,000 forgiven per the terms described above plus any amounts that are not forgiven.

In the case of a sale (voluntary or otherwise) the maximum amount of funds subject to recapture is limited to whatever net proceeds (if any) are available. The homeowner must show that the appraised value of the home is not sufficient to pay off the HOME loan(s) in addition to any other lien in superior position, and standard and customary seller's closing costs. Net proceeds are calculated by the sales price less any non-HOME loans or repayments less closing costs.

G. Rental and Homeownership Housing Predevelopment Program

AHFC has determined that the funds traditionally allocated to the Rental and Homeownership Housing Predevelopment Program will be more effectively used in the future to augment AHFC's HOME Training and Technical Assistance efforts. Historically, HOME Training and Technical Assistance was provided to HOME developers, sponsors, owners, property managers and sub-recipients with funds granted to AHFC from HUD. In SFY2014, AHFC will not receive a direct allocation of HOME Technical Assistance (HOME TA) funds from HUD. However, the need for HOME technical assistance and training remains a priority to AHFC in order to continue to maintain and develop HOME and affordable housing experience and capacity. Therefore, AHFC will direct unexpended prior year Rental and Homeownership Housing Predevelopment funds towards the AHFC HOME Training and Technical Assistance. Any uncommitted technical assistance funds in SFY2014 will be carried forward to SFY2015, or reallocated to another eligible activity in accordance with the priorities outlined below in Section L. HOME Program

Development. The FFY2008 CHDO CD-TA Cooperative Agreement was extended until November, 2013. AHFC will continue to use this funding to provide training and technical assistance to the State's CHDO's.

H. Community Housing Development Organizations (CHDOs) Development Activities

The National Housing Affordability Act placed a high priority on using community-based non-profit organizations to develop affordable housing. A set-aside of 15 percent of each Participating Jurisdiction's HOME funds was mandated for the exclusive use of CHDOs. The standards for certification as a CHDO were established by federal regulation. Only certified CHDOs will be eligible to access the set-aside of CHDO funds for the development of affordable housing. *This program meets the HUD objective of providing decent housing with improved affordability.*

CHDO set-aside funds are a sub-set of HOME funds reserved for the development of affordable housing. In the State of Alaska HOME Program, these funds may be used for allowable HOME activities outlined in the Rental Development Activities, through the GOAL and SNHG programs described above, subject to the limitations of 24 CFR 92.300. If an eligible CHDO is awarded HDP funding, those funds may be designated as CHDO set-aside or CHDO reserve funds. To participate in the CHDO set-aside, an organization must complete the following steps:

1. Complete and submit an annual application to AHFC for certification as a CHDO with the appropriate supporting documentation;
2. Receive certification from AHFC, after compliance with CHDO criteria about legal status, board structure and composition and demonstrated capacity;
3. Submit a Greater Opportunities for Affordable Living (GOAL), Special Needs Housing Program (SNHG) or HDP program proposal for evaluation. Proposals will be solicited through a NOFA process.

I. Tenant Based Rental Assistance (TBRA)

AHFC has identified the need to provide Tenant Based Rental Assistance (TBRA) to eligible households that are at or below 60% of the median area income. Preference is given to special needs and at-risk populations as articulated in the Five Year (SFY2011 through 2015) Consolidated Housing and Community Development Plan. In SFY2014 (FFY2013), HOME funding for TBRA will be allocated in the amount of \$660,000.

AHFC has partnered with State of Alaska Department of Corrections and Office of Children's Services to target special needs and at-risk populations who will be

transitioning from State supervision or programs into permanent housing. In addition, AHFC may select sub-recipients through a NOFA or RFQ process to assist with the administration of TBRA.

TBRA is essential to meeting the unmet needs of special needs and at-risk populations by providing opportunities for those seeking individual living options in normal residential settings or in need of subsidized rental housing; TBRA will help narrow the gap in benefits and services received.

TBRA is an essential part of AHFC's housing strategy and market conditions make TBRA a viable option; rental unit availability data indicates that there is an ample supply of units to make TBRA a viable housing strategy.

TBRA Vouchers may not be used within the Municipality of Anchorage. The TBRA service area will include communities that are served by the AHFC Public Housing Division, outside of Anchorage.

This program meets the HUD objective of providing decent housing with improved or new availability. It is estimated that twenty households will be assisted.

There are a number of factors that will influence this outcome such as the length of the assistance provided to each household and the time it takes to perfect the TBRA delivery system. If households are renewed or require additional months of assistance than initially planned for, the number of households served may be reduced. In addition, outcomes may not be realized until future plan years as AHFC perfects the TBRA delivery system and forges partnerships necessary to implement TBRA.

J. Operating Expense Assistance Program for Community Housing Development Organizations (CHDOs)

Federal law gives the option to states of providing a limited amount of operating support funds to CHDOs actively expanding affordable housing opportunities with HOME funds. A maximum of five percent (5%) of the state's annual HOME allocation may be used for this purpose.

A total of \$150,000 in SFY2014 (FFY 2013) HOME funds may be used for the Operating Expense Assistance Program for Community Housing Development Organizations (CHDOs). If these funds are not used for CHDO operating support they will be used for rental housing development or other eligible HOME activities.

The State is committed to developing a network of CHDOs throughout Alaska, not only for potential participation in the HOME program, but also to aid in the

development and management of housing financed through other mechanisms. In addition to providing OEA through a grant agreement, AHFC will also be providing technical assistance to any organization seeking CHDO status in SFY2014. Funding will be available at the beginning of every State Fiscal Year. AHFC will also conduct or facilitate training opportunities targeted towards CHDO organizations and facilitate contracts with consultant firms or individuals who have housing experience to train key CHDO staff.

K. Homeownership Program: The Home Opportunity Program (HOP)

Expansion of housing choice is an important component of the State's housing strategy. Significant numbers of steadily employed lower-income Alaskans have been unable to reach their homeownership goal.

1. HOP Addresses Obstacles to Homeownership

In the State of Alaska the greatest obstacles to achieving homeownership is generally an inability to:

- Qualify for conventional financing at the loan amount necessary to purchase homes; and
- Accumulate savings sufficient to satisfy down-payment and closing cost requirements.

A total of \$1,030,000 in SFY2014 (FFY 2013) HOME funds is reserved to provide down-payment, closing costs and buy down assistance to lower income homebuyers.

The Home Opportunity Program (HOP) will be administered by non-profit corporations and/or public agencies that have been competitively awarded funds by AHFC. A Notice of Funding Availability (NOFA) or a Request for Qualification (RFQ) will be announced. Interested agencies are invited to respond by the published deadline and proposals are evaluated by AHFC. Prospective borrowers will be required to complete an orientation to homeownership through AHFC's innovative HOME CHOICE workshop offerings, or an equivalent program offered by private lenders and other qualified entities.

Eligible borrowers must have annual incomes at or below 80 percent of the area median, as determined by HUD, adjusted for household size. Additionally, they must exhibit the ability to meet the on-going responsibilities of homeownership, including the repayment of the primary mortgage loan.

The HOP program will primarily utilize the recapture model. The resale model is only allowable when HOP funds are being used in conjunction with other HOME projects that have received prior approval from AHFC to utilize the resale model.

2. HOP Recapture Model

Under the recapture model, assistance will be provided in the following manner:

- The maximum HOP assistance per assisted household will be \$30,000. Of this total, closing cost assistance may not exceed actual costs or \$3,000, whichever is less.
- Of the maximum \$30,000 in assistance, up to the first \$10,000 will be provided to the homebuyer as a forgivable loan. For every year the homeowner continues to own the home and make it his or her primary residence, the loan will be forgiven by a maximum of \$2,000, or twenty percent (20%) of the loan, whichever is less.
- If the homeowner fails to meet the primary residency requirement during the affordability period, the full amount of assistance is due and owing.
- Any remaining HOP assistance (the amount in excess of \$10,000) will be provided to the homebuyer as a loan with zero percent (0%) interest, repayable at time of sale. In the case of a sale (voluntary or otherwise) the maximum amount of funds subject to recapture is limited to whatever net proceeds are available (if any).
- Participants will be required to obtain primary mortgage financing from private lenders and will be expected to meet standard underwriting requirements.
- All HOP loans must be done in compliance with HOME Program regulations, and the HOP Policies and Procedure Manual.

By making only the first \$10,000 of the HOP loan forgivable, and having a forgiveness period of five years for all loans, the program will reach its goal of making homeownership affordable to lower income households. In addition, it will also be able to recycle the funds, making this scarce resource available to more households over time.

For homeowner agreements used under HOP, the amount of funds required to be repaid in the event of foreclosure is the amount that would be subject to recapture. The recapture agreement is based on “net proceeds” (if any) from a foreclosure sale. Net proceeds are calculated by the sales price less any non-HOME loans or

repayments less closing costs. The homeowner must show that the appraised value of the home is not sufficient to pay off the HOME loan(s) in addition to any other lien in superior position, and standard and customary seller closing costs. The amount subject to recapture is the total HOP assistance provided the homeowner, less the prorated amount of the first \$10,000 forgiven per the terms described above plus any amounts not forgiven.

3. HOP Outcomes

This program meets the HUD objective of providing decent affordable housing with improved availability. The following outcomes are estimations that will be used to measure the progress of this program:

- It is estimated that forty homebuyers will receive assistance.
- It is estimated that twenty will be first-time homebuyers.
- It is estimated that twenty homebuyers will receive down payment or closing cost assistance.
- It is estimated that thirty homebuyers will receive buy downs.

There are a number of factors that will influence these outcomes such as: market conditions, interest rates, changes in lending criteria and the income of households who apply.

L. HOME Program Development

AHFC must first commit any program income received by the HOME Program to current activities before federal funds are expended. As of January 30, 2013 AHFC has approximately \$561,361 of uncommitted program income and repaid funds received during SFY2013. Of these receipts, \$451,000 are considered repaid funds. AHFC does not expect to continue to receive repaid funds at this rate. AHFC anticipates an additional \$49,566 in program income receipts by the end of SFY2013; a total of \$610,927 in HOME program income and repaid funds is expected to be available in SFY2014. AHFC will allocate these funds based on the priorities set forth below. Program income and repaid funds that are not committed during SFY2014 will be carried forward to SFY2015. In addition, in SFY2014 AHFC may reallocate any uncommitted HOP, ORP, HDP funds to other eligible HOME program areas based on these priorities.

Priority One: Fund additional rental housing development activities to the extent that the demand for these activities exists and AHFC determines that an applicant has a feasible, shovel-ready project.

Priority Two: Fund tenant-based rental assistance activities to the extent that the demand for these activities exists, feasible partnerships have been forged with State of Alaska agencies or departments, and it is anticipated that funds will be expensed within a reasonable time frame.

Priority Three: Invest additional HOME funds in existing HOME rental development “troubled” projects in order to preserve HOME-assisted housing projects that have become financially unviable. Prior to making a funding commitment to a HOME “troubled” property, AHFC must obtain a waiver from HUD to the provisions at 24 CFR 92.214 a. 6. that prohibits AHFC from investing additional HOME funds in rental properties.

AHFC may solicit proposals from project sponsors or owners either on a first come, first serve basis or by announcing a Request for Proposal. Eligible projects include: 1) projects determined to be “troubled” either by AHFC or HUD; 2) projects in at least the fifteenth year of the affordability period; 3) projects that have issues related to project financing, management or operation; 4) projects that have undergone and completed a HUD or AHFC Technical Assistance Review for Troubled Rental Projects.

A Project sponsor or owner that is concerned that they have a “troubled” project should contact AHFC’s HOME Program Manager. Warning signs of “troubled” projects commonly include: deferred maintenance; limited or negative net operating income; or high vacancy rates.

Priority Four: Fund ORP, HOP and HDP activities in excess of what has been allocated to these programs in SFY2013 to the extent that demand exists and sub-recipients can feasibly expend additional funds within the grant performance period.

M. Administration

Federal law allows PJs to use up to ten percent (10%) of their federal HOME grant and any program income received for the administration of the program. It is the intent of AHFC to use these funds to support eligible administration expenses related to the program, including sub-recipient expenses subject to specified funding limitations, and if necessary, staff salaries. Any unused administrative funds will be allocated to program funding.

N. Matching Requirements

The SFY2014 (FFY 2013) allocation of HOME funds carries a twenty-five percent (25%) matching requirement. The PJ anticipates meeting the match through a contribution of AHFC corporate receipts. This contribution effectively increases the total amount of HOME funds available during SFY2014 (FFY 2013) to \$3,750,000. Whenever feasible, recipients of HOME funds will be encouraged to make additional contributions to HOME projects that will qualify as “match” under the federal regulations. This will allow the PJ to further stretch HOME funds to assist low-income Alaskans. If for some reason these strategies do not meet the twenty-five percent (25%) matching requirement, AHFC will utilize banked HOME match.

O. Monitoring

HUD HOME monitoring consists of four types of compliance reviews. The first type of compliance review consists of a desk review of pre-disbursement/initial documents and reports prior to any HUD HOME and AHFC funds being paid to the project developers and sub-recipients. The second type of compliance review consists of desk monitoring of financial and project status reports throughout the project development and grant period. The third type of compliance review involves once a year on-site visit or desk review of projects being developed and sub-recipients’ financial administration of the project development and grant funding. The fourth type of compliance review consists of post-project completion or “affordability compliance” review of rental housing development projects, HOP and ORP.

1. Pre-disbursement Monitoring

The first type of compliance review is accomplished by AHFC’s Planning and Program Department staff reviewing the project developers and sub-recipients’ pre-disbursement/initial reports required of sub-recipients and project developers of rental housing projects. AHFC staff verifies that all pre-disbursement/initial documents and reports are complete and accurate before any HUD HOME and AHFC funds are released to the project developers and sub-recipients. The required pre-disbursement/initial documents and reports will depend on the type of project being funded. A complete list of all the different pre-disbursement/initial documents and reports follows:

- Evidence of business license and insurance requirements
- Evidence of Debarment and Suspension (24 CFR Part 92.357)
- Cost allocation plan
- Evidence of funding commitments
- Authorized signatories

- Project work plan
- Certification of Section 3 and Women’s and Minority Business Enterprises (WBE/MBE) compliance

The reports include a written Section 3 and Women’s and Minority Business Enterprises (WBE/MBE) work plans. The Section 3 work plan identifies how sub-recipients will notify Section 3 residents and contractors of training and job opportunities, facilitate the training and employment of Section 3 residents, and the award of contracts to Section 3 businesses that includes the Section 3 Clause in all solicitations and contracts. The Women’s and Minority Business Enterprises work plan includes a description of sub-recipients’ planned outreach designed to inform Women’s and Minority Business Enterprises of contract opportunities.

2. Monitoring Throughout the Performance Period

The second type of compliance review is desk monitoring conducted by AHFC’s Planning and Program Development Department staff throughout the project development and grant period. This type is accomplished by AHFC staff reviewing project developers and sub-recipients monthly or quarterly invoices that sometimes includes supporting documents; and, quarterly and final financial and project status reports. Project status reports requirement vary depending on the type of projects funded. The following is a partial list of the different project status reports:

- Description of Section 3 and Women’s and Minority Business Enterprises (WBE/MBE) compliance
- Description of job training activities
- Description of Affirmative Fair Housing Marketing compliance activities
- Certification of Title VI of the Civil Rights Act of 1964
- Certification of Conflict of Interest Provisions at 24 CFR Part 92.356
- Certification of Drug Free Work Place Act of 1988
- Certification of Debarment and Suspension (24 CFR Part 92.357)
- Certification of Flood Disaster Protection Act of 1973
- Certification of Lead-Based Paint Poisoning Prevention Act
- Project cost certification
- Copy of recorded federal, state and local building inspection reports (i.e. BEES, HQS, UPCS)
- Certification of Davis-Bacon Wage Act and Safety Standards Act if applicable
- Copy of proposed rental charges and low-income unit lease agreement
- Copy of executed deed restriction on the title to the land benefited by the project funding
- Project status narrative report

3. Formal Annual Monitoring

The third type of compliance review involves once a year on-site visits or desk review of projects being developed and sub-recipients' financial administration of project development and grant funding. AHFC staff from the Planning and Program Development Department and the Research and Rural Development Department (ORP only) share the responsibility of on-site or desk monitoring reviews. AHFC staff reviews project developers' and sub-recipients' records for compliance with financial administration and management regulations, program policies and regulations, procurement policies and procedures, and property requirements. The project developers and sub-recipients receive a formal written monitoring review report and are required to respond and correct any findings and observations.

In SFY2014, the Planning and Program Development Department staff anticipates completing an on-site or desk review for all HOME grantees.

Additionally in SFY2014, it is anticipated that five percent (5%) of HOME ORP rehabilitation housing projects will be visited and inspected by Research and Rural Development Department staff for completion and HUD HOME rehabilitation requirements.

4. Monitoring by AHFC Internal Audit Department – Compliance Section

The fourth type of review is conducted by AHFC's Internal Audit Department (IAD) which is responsible for monitoring post-development completion or an "affordability compliance" review of agencies with HOME funded single and multi-family rental housing developments. The IAD reviews are conducted throughout the year and based on a schedule that meets with federal audit requirements for the different types of rental housing developments.

As of January 1, 2013, AHFC Internal Audit Department (IAD) is responsible for monitoring a portfolio of 149 affordable housing developments throughout Alaska. Of this number, 21 are funded solely by the HOME program, with an additional 36 funded by a combination of HOME/Low Income Housing Tax Credits (LIHTC), and/or the State of Alaska Senior Citizens Housing Development Fund (SCHDF) programs. During calendar year 2013, the IAD is scheduled to conduct compliance audits of 53 of the 57 HOME and/or HOME/LIHTC/SCHDF developments. Of this number, 28 developments are scheduled for on-site physical inspections and administrative document/tenant file audits, with the balance of 25 developments scheduled for desk monitoring only of administrative documents. Four (4) HOME Program developments of the 57 HOME program developments are tentatively scheduled for a 1st year review in calendar year 2014 or later. Development Owners and Managers

receive a formal written audit review report and are required to respond and correct any findings.

In all of the four types of program monitoring, AHFC staff works with the project developers and sub-recipients to ensure compliance with HUD HOME policies and regulations. The formal written monitoring review reports clearly identify non-compliance findings and questioned costs, cite HUD HOME, OMB Circulars and AHFC regulations that support the findings; and, recommends corrective actions the sub-recipients' should take to meet compliance requirements. In almost all non-compliance situations, the project developers and sub-recipients show a willingness and ability to comply with program policies and regulations. Throughout the project development and grant period, AHFC staff provides technical assistance to project developers and sub-recipients in order to preclude non-compliance findings and questioned costs during formal monitoring reviews.

P. Minority and Women-Owned Business Outreach Plan

Section 281 of the National Housing Affordability Act requires HOME participating jurisdictions to describe procedures establishing and overseeing an outreach program for minority and women-owned businesses. In administering the HOME program, the PJ of Alaska will actively encourage the participation of and use of minority and women-owned businesses in HOME supported efforts. Towards this end, where applicable the following policy provisions shall apply to sub-recipients and recipients of HOME funds:

- Use of the Small Business Administration's internet-based minority and women-owned business contractor list to ensure that bids are received from such enterprises to perform the needed work.
- Monitor of grantees to ensure compliance with procurement procedures.
- Sub-recipient training at the initiation of a new grant agreement.
- Development of an affirmative marketing plan.
- Publishing minority and women-owned business utilization goals covering contracts for services/supplies that have an estimated value above \$25,000 and contain items that can be subcontracted.
- Assisting contractors and potential contractors to identify qualified minority and women-owned enterprises to participate as subcontractors.

AHFC will require the recipients of HOME funds to submit a “Minority and Women-Owned Business Outreach Plan” prior to the disbursement of any HOME funds. In addition, all sub-recipients will be required to submit reports that disclose the total number and dollar amount of contracts executed, and specifically list contracts awarded to MBE/WBE or Section 3 contractors or subcontractors, where applicable. Grant agreements will require that this information be submitted on a schedule so that it conforms to the federal fiscal year (ending September 30), in order to assist in accurately reporting such information to HUD.

The CEO/Executive Director of Alaska Housing Finance Corporation or his/her designee will be responsible for the oversight of this program and this policy.

Q. Affirmative Marketing Procedures

HOME program regulations at 24 CFR 92.351 require jurisdictions participating in HOME to adopt affirmative marketing procedures and requirements for all HOME-assisted housing containing five or more units. The PJ will extend this requirement to all rental units assisted, not just five or more units. These procedures apply to the group of activities the PJ identifies as “development” activities, which involve the acquisition, rehabilitation or new construction of housing.

Pursuant to 24 CFR 92.351, the State of Alaska will undertake an affirmative marketing program providing information necessary to attract eligible persons from all racial, ethnic, and gender groups to the availability of housing assisted with HOME program resources. The PJ will annually assess the affirmative marketing program to determine its success and what corrective actions might be necessary.

The following are the components of the State’s HOME affirmative marketing effort and will serve as the minimum requirements for all applicants for HOME funds:

- The Equal Housing Opportunity log or slogan will be used with correspondence, notices and advertising related to affected HOME-funded housing development.
- Owners will be required to use affirmative fair housing marketing practices in soliciting renters or buyers, determining their eligibility, and concluding all transactions.
- Owners will be required to demonstrate a good-faith effort to solicit those eligible persons who are not likely to apply for housing assistance. These good faith efforts may include, but are not limited to, special outreach to community organizations, places of worship, employment centers, fair housing

groups, counseling and social service agencies, medical service centers, homeless shelters and the use of minority specific media.

- Owners of HOME-assisted housing must maintain a file containing all marketing efforts and records of all applicants and tenants selected during the period of affordability. Records to assess the results of these actions must be available for inspection by the PJ.

The PJ will assess the affirmative marketing efforts of the owner during regular project audits, based on the guidance that has been provided as part of the policies and procedures manuals developed for every component of the HOME program and federal regulations. Good-faith outreach efforts will also be considered in evaluating the marketing efforts and results. Corrective action will be required when project audits indicate marketing efforts are insufficient.

VIII. Program Specific Requirements for ESG

As of this writing, the Emergency Solutions Grant (ESG) program is still operating under the Interim Rule issued December 5, 2011. In addition to administrative activities, ESG funds may be used for five program components: street outreach, emergency shelter, homeless prevention, rapid re-housing assistance and Homeless Management Information Systems (HMIS).

The ESG regulations now restrict the use of funds for emergency shelter or street outreach activities to “60 percent of the recipient’s fiscal year grant. The remaining 40 percent of the annual allocation must be used for homeless prevention, rapid re-housing, or HMIS activities.

To qualify for ESG assistance, program participants must meet the newly expanded definitions of “homeless” or “at risk of homelessness” described in 24 CFR 2. Program participants in the “at-risk of homelessness” category must also have incomes below 30% of area median income to qualify for ESG assistance. In addition to documenting client eligibility, agencies providing rental assistance are now required to inspect all units to document compliance with HUD’s habitability standards and to execute a written rental assistance payment agreement with the landlord.

A. Written Standards

In recognition of the large geographic area covered in the Alaska CoC geography and the varying needs and conditions of local communities, Alaska is adopting the provision outlined in 24 CFR 576.400(e)(2)(i)(B) that enables states to require each sub-recipient to establish their own written standards for providing ESG assistance

and apply them consistently within the sub-recipient's program. This approach is consistent with the guiding principles of the Alaska HCD Plan which supports the use local strategies for determining unmet needs and targeting of resources. All requirements for written standards and policies will be incorporated in the grant agreement issued to the sub-recipient, including the following:

1. Standard policies and procedures for evaluating individuals' and families' eligibility for assistance under Emergency Solutions Grant (ESG).
2. Policies and procedures for coordination among emergency shelter providers, essential service providers, homeless prevention and rapid re-housing assistance providers, other homeless assistance providers and mainstream service and housing providers.
3. The sub-recipient will incorporate into their ESG policies and procedures, by reference, existing cooperative agreements they have in place with the local Public Housing agency, the Indian Housing Agency, the domestic violence shelter, the Dept. of Public Assistance (TANF), and the community behavioral health center.
4. Policies and procedures, consistent with CoC-adopted guidelines, for determining and prioritizing which eligible families and individuals will receive homeless prevention assistance and which eligible families and individuals will receive rapid re-housing assistance.
5. Standards, consistent with CoC-adopted guidelines, for determining the share of rent and utility costs that each program participant must pay, if any, while receiving homeless prevention or rapid re-housing assistance.
6. Standards for determining how long a particular program participant will be provided with rental assistance and whether and how the amount of that assistance will be adjusted over time.

Due to the amount of funding available to Alaska, assistance is likely to be limited to no more than 12 months. Adjustments to rental assistance in the event of changes in income will be addressed in a manner similar to the local housing authority for consistency and preparation of the program participant to transfer to this longer term program should the opportunity arise.

7. Standards for determining the type, amount, and duration of housing stabilization and/or relocation services to provide a program participant, including the limits, if any, on the homeless prevention or rapid re-housing assistance that each program participant may receive, such as the maximum amount of assistance; or the maximum number of times the program participant may receive assistance.

Due to funding limitations, the only housing stabilization service anticipated is case management. The sub-recipient will revise their written policies to incorporate the requirement for program participants to meet with their case manager at least monthly while receiving ESG assistance.

B. Description of CoC

The Continuum of Care (CoC) is a planning framework to meet the needs of people who are homeless or at-risk of homelessness, as they move to stable housing and maximum self-sufficiency. This continuum contains several critical components including homeless prevention services, street outreach, emergency shelter, transitional housing and permanent affordable housing, some of which comes with supportive services.

The term, CoC also represents the subset of the Alaska Coalition on Housing & Homelessness that participates in the preparation of the application for funding under HUD's Continuum of Care grant program. The Coalition recently revised its by-laws to ensure that the AK CoC conforms to 24 CFR Part 578.5 and 578.7. The Alaska CoC is comprised of non-profit service providers, victim service providers, faith-based organizations, representatives from state & local government (including school districts), businesses, and interested citizens (including homeless and formerly homeless persons). AHFC works closely with the CoC throughout the year to identify areas of unmet need, determine funding priorities and make appropriate technical assistance arrangements to build capacity.

In SFY2014, the CoC will concentrate its efforts toward compliance with the requirement for a centralized or coordinated assessment system. Technical assistance will be sought to determine how best to coordinate assessment among so many distinctly different communities in a standardized way.

C. Process for Making Sub-awards

As of this writing, the amount of ESG funds anticipated for SFY2014 is undetermined. Using Alaska's SFY2013 amount of \$228,007 as a guide, ESG funds will be awarded on a competitive basis to units of local government and non-profit organizations. Applications are received annually, in response to a Notice of Funding Availability (NOFA). To incentivize coordination between the state BHAP grant and ESG, AHFC conducts a joint application process for both of these resources. Applicants requesting funding for Emergency Shelter or Street Outreach may request no less than \$20,000 and no more than \$30,000. The reason for these funding limitations is to achieve both administrative efficiency and broader geographic distribution of funds among Alaska's shelters. Should ESG allocations for this component rise above \$160,000, the funding limit will rise commensurately to \$40,000. No funding limits for the Homeless Prevention/Rapid Re-Housing set-aside will be considered until after a funding cycle occurs in which multiple applicants seek ESG funding for these activities.

Applicants for ESG/HAP funding now use an online application system that affords them an equal opportunity to submit within the same timeframe regardless of their

remote location or transportation challenges. Most agencies applying for HAP/ESG funding are returning grantees seeking funding to continue their services into the next program year. Following the lead of the CoC process, past performance in achieving service projections and housing stability constitutes a significant portion of the ranking factors each year. If the applicant is not a returning grantee, they must provide a narrative explanation for 1) how they developed their service projections, 2) what they will do to monitor and report on housing retention, and 3) the applicant's experience and capability to serve homeless persons and meet all of the regulatory and administrative requirements.

Another ranking factor is relationship of their proposed activities to achieving the goals of state & local homeless. The next NOFA cycle will incorporate the Federal homeless plan, Opening Doors, as well. Other ranking factors include local progress toward a centralized or coordinated assessment process, the extent to which efforts are made to link program participants to mainstream resources, policies and procedures for prioritizing the delivery of homeless services and the degree to which each budget line item requested is thoroughly explained. Bonus points for small, rural communities and multi-agency partnerships are also part of the rating criteria. Up to 10 points may be deducted for a pattern of late reports or unresolved findings. In the next competition cycle, repeated findings for the same infraction in the 36 months prior to the application date will be added to the point deduction section.

With the exception of the narrative answers, AHFC has converted to an objective scoring system. Applications from agencies that did not receive funding in the prior year will be forwarded to a Project Evaluation Committee (PEC) to assign points to any subjective (narrative) sections of the application. The PEC will primarily be recruited from members of the CoC Decision Making Group that do not have a conflict of interest.

Due to the extremely small amount of ESG funds that are allocated to Alaska each year and the documented high need among shelters for operating assistance, the State will award the maximum amount of its allocation for that purpose, by rank order in the competition. The remaining amount will be awarded to projects that proposed a financially feasible medium-term rental assistance program to prevent homelessness or rapidly re-house those who have been displaced.

D. Homeless Participation Requirement *(not applicable to states)*

E. Performance Standards

Consistent with HUD/CoC performance measures and Alaska's 10-Year Plan to End Long Term Homelessness, the following standards will be used to evaluate ESG activities *(and source to determine performance)*:

Emergency Shelters: Utilization rate of at least 65% (Source: AHAR)

Rapid Re-Housing: 6+ months housing stability rate at least 82% (Source: HMIS/Provider reports)

Homeless Prevention: 90-day housing retention rate of at least 80% (Source: Provider reports)

F. Consultation with CoC

Alaska Housing Finance Corporation (AHFC) serves as both the designated housing agency for the State of Alaska and the Lead Agency/Collaborative Applicant for AK-501 Continuum of Care (CoC). As such, consultation with the Alaska CoC occurs on an ongoing basis. On December 18, 2012 AHFC held a pre-application consultation for both the SFY14 ESG and state-funded BHP program in conjunction with the regular meeting schedule of the Alaska Coalition on Housing & Homelessness. The discussion included how the relatively small amount of ESG funds awarded to Alaska would be allocated, the performance standards that would be applied to recipients of both ESG and state homeless funds, and expected changes to the existing HMIS policies and procedures with respect to ESG.

IX. Homeless & Other Special Needs Activities

Alaskans with special needs face a variety of challenges in accessing and retaining affordable housing with appropriate supportive services. In many areas of the state, the lack of affordable housing options in general presents a significant barrier. Even after securing housing, persons with disabilities and the frail elderly remain vulnerable to homelessness because of their tenuous economic situation, the high cost burden imposed by their housing, and in some cases, discriminatory housing practices. Changes in their economic picture, such as loss of employment, health problems, or domestic violence can result in homelessness. Once people with chronic illnesses are homeless, they often cannot access treatment easily, and as a result, are at risk for institutionalization. Many chronically mentally ill homeless persons become incarcerated, then, homeless upon release and cycle back into correctional institutions at a high rate of recidivism.

A. One-Year Goals & Action Steps

1. Outreach

The State will continue to coordinate with Alaska 2-1-1, the Alaska Coalition on Housing & Homelessness, and the state Homeless Education Coordinator to ensure that persons in need are connected to appropriate services. Goal: Increase in utilization of the Alaska Housing Locator and 2-1-1 system for housing resources.

Indicators: Annual 2-1-1 report to AK Council on the Homeless & Annual Housing Locator Report

2. Emergency Shelter & Transitional Housing Needs

The State will use a combination of federal and state resources to ensure that no homeless persons are forced to sleep in places not meant for human habitation. Alaska will use the maximum amount of ESG funds allowable to help shelters meet their operating costs. Funding to adequately staff and operate emergency shelters and transitional housing facilities will also remain a high priority for the State's Basic Homeless Assistance Program (BHAP). Goal: ES-Reduction in the number of unsheltered homeless count; ES/TH-no net loss of beds where utilization remains 75% or higher. Indicators: ES-# of Unsheltered persons in Point-In-Time count; ES/TH-# of beds vs. utilization rate in Homeless Inventory Chart.

3. Transition to Permanent Housing & Independent Living

The State will use a combination of federal and state resources to rapidly re-house and stabilize homeless persons, especially chronically homeless individuals & families, families with children, veterans and their families and unaccompanied youth. ESG-funded medium-term rental assistance, VASH vouchers for homeless veterans, state-funded permanent housing placement programs and properties funded under the Special Needs Housing Grant (SNHG) are just some of the examples of resources that will be utilized to shorten the period of time that individuals and families experience homelessness. Goal: ES- maintain average length of stay at 2 months or less; TH-80% exiting TH for permanent housing. Indicators: ES-HMIS report; TH-Annual Performance Reports drawn from HMIS of TH providers.

4. Prevention Among Individuals & Families

a. Working through the Alaska Council on the Homeless, Alaska will continue to implement Section F-2 of its Ten-Year Plan to End Long-Term Homelessness that addresses persons discharged from publicly funded institutions and systems of care. Council members will continue to review and strengthen policies that require housing plans prior to discharge. Resources targeting persons leaving state custody such as HOME TBRA vouchers and assisted living facilities will be utilized and new resources such as the HUD 811 voucher program will be sought for this purpose. Goal: Reduction in the % of persons entering homeless facilities from public institutions or systems of care. Indicator: AHAR reports drawn from HMIS.

b. The State will incentivize agencies that apply for funding by awarding significant points to those that endeavor to ensure that homeless persons are receiving assistance from public and private agencies that address housing, health, social services, employment, education or youth needs. The State will also

coordinate through the AK Council on the Homeless and the AK Coalition on Housing & Homelessness activities and programs that more effectively connect homeless persons to those support connections. *GOAL: 30% of persons in TH/PSH programs employed at end program year/65% of persons in TH/PSH receiving non-cash (mainstream) supports at end of program year. Indicator: Annual Performance Reports drawn from HMIS of TH/PSH providers.*

X. Assisting Alaskans with Special Needs

A. Overview

Alaskans with special needs face a variety of challenges in accessing and retaining affordable housing with appropriate supportive services. In many areas of the state, the lack of affordable housing options in general presents a significant barrier. Even after securing housing, persons with disabilities and the frail elderly remain vulnerable to homelessness because of their tenuous economic situations, the high cost burden imposed by their housing, and in some cases, discriminatory housing practices. Changes in their economic picture, such as loss of employment, health problems or domestic violence can result in homelessness. Once people with chronic illnesses are homeless, they often cannot access treatment easily, and as a result, are at risk for institutionalization. Many chronically mentally ill homeless persons become incarcerated, then, homeless upon release and cycle back into correctional institutions at a high rate of recidivism. Several programs address these special needs populations.

B. Senior Citizens Housing Development Fund

The Senior Citizens Housing Development Fund (SCHDF) provides funding for the development of senior citizen housing. Funds provided under this program expand housing opportunities for the fastest growing segment of the Alaska population, persons meeting the federal definition of “senior” as selected by grant recipients. Through the Greater Opportunities for Affordable Living (GOAL) competition (which also includes the HOME and Low Income Housing Tax Credits), SCHDF grants are awarded for the purchase of building sites, site preparation, materials, construction, and rehabilitation of existing housing. Eligible applicants for this program include municipalities, regional housing authorities and nonprofit corporations with IRS 501(c)(3) status.

The Senior Access Program, a component of the SCHDF, provides funds through grants that are awarded to qualifying senior homeowners and renters. AHFC provides Senior Access funding to non-profit organizations (“Grantees”) using a

Notice of Funding Availability (NOFA) process. The Grantee administers the Senior Access Program in specified service areas, in accordance with AHFC guidelines.

Up to \$1,000,000 in Senior Citizens Housing Development Funds are planned for allocation to the Senior Housing Accessibility Modifications: Senior Access Program within SFY2014. Up to \$12,000 can be made available to homeowners for accessibility modifications. The Senior Access Program also provides funds for up to \$8,000 in modifications for rental housing in which a senior lives, and up to \$5,000 for seniors living in small state-licensed assisted living facilities having five or fewer beds. Waivers will be considered according to the Policy and Procedure Manual for this program.

It is anticipated that the GOAL Notice of Funding Availability will be announced in May of 2013. The SFY2014 capital budget request for the Senior Citizens Housing Development Fund is \$4,500,000.

C. Beneficiaries of the Alaska Mental Health Trust Authority

Beneficiaries of The Trust include the following broad groups of individuals:

- People with mental illness
- People with developmental disabilities
- People with chronic alcoholism and other substance related disorders
- People with Alzheimer's disease and related dementia

It is the duty of The Trust to provide leadership in advocacy, planning, implementing and funding of a Comprehensive Integrated Mental Health Program (<http://dhss.alaska.gov/dph/HealthPlanning/Pages/scorecard/default.aspx>) that provides services and programs to better the lives of Trust beneficiaries. The program also may include services for populations broader than The Trust's beneficiary groups without expanding the beneficiary groups. For instance, the program may include prevention or early intervention services for individuals at risk of becoming Trust beneficiaries. The Trust considers prevention of these conditions, where possible, to be part of its mandate.

The Affordable Appropriate Housing Focus Area of The Trust has been working to increase successful tenancy and tenure in stable affordable housing for homeless beneficiaries and those at risk of becoming homeless. In order to accomplish these goals, the supportive services systems available and appropriate to the level of need must be offered to each tenant. This means coordination and communication between housing providers and social service agencies. In addition, economic barriers to housing in expensive markets must be addressed for beneficiaries to become successful in community settings.

Budget and policy priorities for SFY2014 are:

- AHFC Homeless Assistance Program (requesting \$8M)
- Special Needs Housing Program (requesting \$1.75M)
- Department of Corrections discharge incentive grants
- Bridge Home project expansion
- Assisted living home staff training project
- Long Term Care Strategic Planning efforts

D. Housing Opportunities for Persons With AIDS (HOPWA)

Alaska receives HOPWA funding under the competitive award program. As the result of a recent renewal grant from HUD, AHFC will continue to administer a HOPWA project serving the Interior and Southeast regions of the state. The amount awarded during the FFY2011 (SFY2012) cycle was \$915,440. This amount will be expended over a three-year period to provide approximately 19 households with rental assistance, 40 households with short-term assistance to prevent homelessness and more than 50 households with case management and linkages to health care and other supportive services. The state also received an award of \$781,269 as a renewal of a second HOPWA award for the South-Central area of the state.

AHFC will contribute at least \$365,000 in matching funds over the life of the HUD grants additional to the commitment of over \$1,000,000 worth of services from other state and local agencies. This HOPWA funding will address what would otherwise be a serious gap in housing services available to this fragile population.

E. Beneficiary and Special Needs Housing Grant Program

The Beneficiary and Special Needs Housing Grant (SNHG) Program provides funds for Alaskan non-profit service providers and housing developers to increase supportive housing opportunities to the homeless, Alaska Mental Health Trust Beneficiaries and other special needs populations throughout Alaska. Types of projects that may be funded through this program include:

- Congregate housing for people with mental illness or developmental disabilities;
- Supportive housing, including assisted living, for people with mental illness, developmental disabilities, or multiple disorders;
- Transitional housing with support services for newly recovering alcoholics and addicts.

The SFY2014 capital budget request for the Beneficiary and Special Needs Housing Program is \$1,750,000.

In SFY2014, these SNHG funds will be leveraged with Housing Assistance Program (HAP) funds to preserve operating and supportive service grants to projects servicing special needs populations. The State, Alaska Mental Health Trust Authority and AHFC jointly fund this effort.

F. Expanding the Capacity of Sponsors to Access Special Needs Housing Programs

The Alaska Department of Health and Social Services, Division of Behavioral Health (DBH) provides housing development and supportive services expertise statewide to non-profit agencies serving individuals with mental illness, developmental disabilities, chronic alcoholism or substance addictions, and people with Alzheimer's disease and related dementia.

The Governor's Council on the Homeless identified institutional discharge as one of the critical areas contributing to homelessness in Alaska. A core group of persons with severe mental illness do not have the skills or supports to remain stable in housing after being discharged from correctional facilities. For SFY2014 AHFC will continue to provide, Tenant Based Rental Assistance (TBRA) with a portion of the prior year HOME Investment Partnerships Program focusing on recently discharged inmates. In addition, the State developed a TBRA program to assist youths as they age out of foster care or other residential situations. Several youth that already qualify for the program are expected to benefit from the program in the SFY2014.

During SFY2014, AHFC will continue to deliver technical assistance activities designed to improve organizational capacity. Through the remaining HUD funding and AHFC corporate matching funds, technical assistance will be given to existing Community Housing Development Organizations (CHDOs), new CHDOs, and to other organizations seeking CHDO certification. This technical assistance will emphasize activities that will improve the ability of CHDOs to plan, implement, and operate affordable housing programs. Technical assistance will also be offered to HOME grantees and other non-profit housing providers, including those serving Alaska's homeless and special needs populations. Activities will include direct technical assistance, topic-based Alaska Training Events, as well as scholarship opportunities to attend local, regional or national training events. Due to the loss of the local HUD CD-TA awards, training and technical assistance events may be somewhat more limited in future years, however AHFC plans to host no less than three Alaska Training Events each year and continue to offer limited scholarships to approved trainings and conferences for eligible attendees. Participants are required to document the objectives that will be achieved through attendance at specific training activities. AHFC will also plan training events in coordination with training activities hosted by

other groups, such as HUD or the homeless coalition, to maximize training resources and training availability. Due to the reorganization of HUD CPD training opportunities, AHFC became part of the OneCPD ICF national training team. AHFC will offer limited scholarships to grantees to attend OneCPD training events.

G. Efforts to Promote Accessible Housing

Accessible, available, and affordable housing is the key to independence for Alaskans with disabilities. Throughout SFY2014, AHFC will continue to discuss ways to expand opportunities in this area with the Governor’s Council on Disabilities and Special Education, the State Independent Living Council, the Alaska Commission on Aging, the Alaska Mental Health Trust Board, the Advisory Board on Alcoholism and Drug Abuse and the Alaska Mental Health Trust Authority. Strategies will be developed to help persons with disabilities secure adequate, appropriate and affordable housing. Potential demonstration projects and educational outreach initiatives will be developed to the extent that available funding permits.

AHFC administers the Low Income Housing Tax Credit (LIHTC), HOME Investment Partnerships (HOME), Neighborhood Stabilization Program, and the Senior Citizen’s Housing Development Funds (SCHDF) programs, each of which requires compliance with the following standards:

- Americans with Disabilities Act
- U.S. Fair Housing Amendments Act of 1988
- Alaska Statute AS 18.80.240
- Local government ordinances
- Section 504 of the Rehabilitation Act of 1973 (HOME Program only).

AHFC’s LIHTC, SCHDF, and HOME programs (including HDP, ORP, and TBRA) all promote accessible housing through the rating criteria used to select applications to be funded during each competitive award cycle. In addition, special underwriting considerations are given to multi-family projects targeting special needs groups, through AHFC’s Multifamily, Special Needs and Congregate Housing Loan Programs. AHFC has several efforts to promote accessible housing as public housing stock as described in Section XIII of this document.

To assist Alaskans in their search for affordable housing, AHFC maintains an on-line housing data base linked to its web site. The “*Alaska Housing Locator*” enables persons with disabilities to locate units with accessibility features and help those who are “shopping” with a Section 8 Housing Choice voucher to identify properties that participate in the program. The service is free of charge to landlords and postings will be mandatory for agencies receiving development funding from AHFC.

XI. Alaska's Fair Housing Plan

A. Impediments to Fair Housing

AHFC conducted a statewide Fair Housing Survey in February-March of 2010 to formally update the "Analysis of Impediments to Fair Housing Choice" (AI). Based on this survey, the SFY2011 Annual Action Plan formally identified the following impediments to fair housing choice which have been updated for this SFY2014 Annual Action Plan:

Impediment 1: Lack of knowledge of the classes of people protected by Fair Housing laws is an impediment to fair housing choice.

The 2010 Fair Housing Survey demonstrated that in the seven years since the last survey (2003), more Alaskans have learned to identify the protected classes. However, respondents to the 2010 survey still failed to accurately identify groups protected by the Fair Housing Act, some identifying unprotected groups as protected and *vice versa*. This Fair Housing knowledge gap is a factor in several of the other impediments identified below.

Some professional groups offer fair housing classes as part of the educational requirements for licensing. The Institute of Real Estate Management was identified by 65% of the realtor/lender group as their primary trainer for Fair Housing. HUD and/or AHFC sponsor annual Fair Housing events. Other than these, widespread of Fair Housing training has not been available in all areas in Alaska.

State's Response to Impediment 1: AHFC will sponsor a Fair Housing/504 Training on an annual basis. This training is targeted for Public Housing Division staff, Community Housing Development Organizations, HOME grantees, and McKinney-Vento grantees. Other entities such as builders, realtors, landlords and mortgage lending partners will be invited to attend these trainings on a space-available basis.

During SFY2014, AHFC will work with the Alaska State Office of HUD to continue coordinate Fair Housing outreach and training calendars. AHFC's Public Housing Division (PHD) may provide additional training on Fair Housing/Section 504, specifically for PHD staff. The HUD Region X FHEO office is providing on-line webinars on fair housing and Section 504 and AHFC will utilize webinar technology for access to multiple fair housing trainings each year rather than sponsoring a single training. AHFC is exploring offering training on universal design in the future.

AHFC, in all of its applicant, tenant and participant notices, provides information about reasonable accommodations and the means to request an accommodation. AHFC staff track reasonable accommodation requests from both applicants and participants.

Impediment 2: Low awareness of available fair housing enforcement mechanisms, caused at least in part by the lack of fair housing advocacy organizations, is identified as an impediment.

All complaints and cases are filed either with the Seattle HUD Fair Housing Office or the Alaska State Commission for Human Rights. The 2010 Fair Housing Survey identified the Department of Housing and Urban Development as the clear first choice regarding Fair Housing Complaints, followed by the Alaska State Commission for Human Rights (ASCHR) and the Municipality of Anchorage Equal Rights Commission (ERC). Improvement was seen between 2003 and 2010; however, a low level of awareness of fair housing enforcement mechanisms continues to exist among the Residential Construction sector and the Property Manager sector, where respectively, 25% and 24% of the individuals surveyed were unsure of where to refer an individual who had a Fair Housing complaint. Among members of the general public, this awareness may be at an even lower level.

State's Response to Impediment 2: AHFC, in all of its tenant and participant notices, provides information about reasonable accommodations and the means to request an accommodation. In addition, AHFC provides information to its applicants and clients on how to file a Fair Housing complaint when requested.

During SFY2014, AHFC will continue to provide information regarding fair housing and encourage potential fair housing program sponsors to apply for HUD Fair Housing funding. In cooperation with the Alaska State Field Office of HUD, AHFC will continue to work with other agencies and organizations to identify opportunities to increase awareness of fair housing enforcement mechanisms.

Where possible, State money is being used to leverage HUD training funds so that private sector builders and managers can attend Fair Housing Training; the State is pursuing options to work more closely with Institute of Real Estate Managers and other professional organizations to expand this knowledge.

Impediment 3: Housing opportunities for persons with a disability, a class protected by the Fair Housing Act, are limited because of financial barriers and the lack of accessible and appropriate housing stock.

The lack of housing stock that is both affordable and accessible continues to be an impediment to fair housing choice. Although improving from the 2003 Survey, areas of the housing industry continue to be unaware that persons with a disability are a protected class under the Fair Housing Act. Many developers do not construct accessible and/or appropriate housing beyond the minimal code requirements because to do so increases the total cost of construction.

Many members of protected classes have low incomes. Surveys of Alaska Mental Health Trust beneficiaries reveal that only 30-35 percent of adults with mental illness or developmental disabilities are employed. Those who are employed usually work in low paying or part-time jobs.

State's Response to Impediment 3: The AHFC GOAL Program Rating Criteria governs the award of Low-Income Housing Tax Credits, HOME Rental Development funds, and Senior Citizens Housing Development Funds (SCHDF). The GOAL Program makes 504 compliance mandatory and requires a basic percentage of units to be 504 compliant; in addition to this, the program will continue to award points for the number of units to be developed which are in excess of the minimum required by federal fair housing law, state or local law, or specific program requirements. In addition, the GOAL Rating and Award Criteria Plan will award points for additional units in projects that serve special needs populations.

In the 2010 Fair Housing Survey, 70% of the Residential Construction sector surveyed indicated that they would incorporate universal design and accessibility features into the homes they build in the future. Only 40% of this sector in 2003 indicated that they would utilize universal design. This represents a substantial increase in the level of awareness and willingness to provide housing that provides accessibility for all.

On the tenant-based rental assistance side, PHD administers several set-asides of voucher targeting over 150 families where the head of household or spouse experience a permanent disability. Vouchers are recirculated to similarly eligible families as voucher turnover occurs. Ninety-Six vouchers are set-aside for families with disabilities; 20 vouchers are set-aside for disabled families receiving Medicaid Waiver services; 20 vouchers are dedicated to families dually diagnosed with mental illness and substance abuse; and 45 vouchers are set-aside for nonelderly, disabled persons who reside in the Fairbanks area. In February 2012, a 10-unit development in Homer serving persons with developmental disabilities received an award of ten project-based vouchers.

Impediment 4: Various administrative policies, procedures, and practices are impediments to fair housing choice for members of protected classes.

Many individuals and organizations active in the housing industry do not perceive fair housing discrimination to be a significant problem. AHFC's 2003 and 2010 Fair Housing Surveys showed that 5% or less of the realtors, mortgage lenders and builders surveyed believed that fair housing discrimination was a problem. Sixteen percent (16%) of all renters surveyed in 2010 believed that fair housing discrimination was a problem, while only 2% of the property managers surveyed viewed housing discrimination as a problem. Non-profit and agency providers reported the highest level of perceived fair housing discrimination, with 27% of agency providers surveyed believing discrimination to be a problem. The 2010 Fair

Housing survey revealed a significant increase in educational opportunities on the topic of Fair Housing and Section 504. Realtors (98%) report the highest total level of training regarding Fair Housing laws and the training was provided most often through the Institute of Real Estate Management. Rental Property Managers reported the least amount of training. Increased efforts are needed to continue to examine administrative policies, procedures and practices for potential impediments to fair housing.

Reasonable accommodation for persons with disabilities is one specific area which requires additional focus. Some level of awareness exists in the area of reasonable accommodation for persons with observable physical disabilities. However, further opportunities exist to improve clarity and comprehension of reasonable accommodations for persons with disabilities not easily observable.

In general, the level of awareness and comprehension of fair housing laws and enforcement mechanisms could be enhanced to communicate the gravity associated with fair housing discrimination.

State's Response to Impediment 4: During FY 2007/2008, the AHFC Public Housing Division updated its 504 Self Analysis including updated Fair Housing documentation. AHFC continues to update the Self Analysis as units are modified and/or rehabilitation projects move forward. This review covers records retention; further examination of impediments to fair housing choice within housing assistance programs; ensuring that the next available mobility accessible unit in public housing is targeted to waiting list family requiring those features; and working with local jurisdictions to implement any of their initiatives to affirmatively further fair housing that require AHFC Public Housing Division involvement.

AHFC has developed a Limited English Proficiency Plan (LEP) for its Public Housing Division. At the Corporate level, the plan includes a contract for 24/7 telephonic translation service. AHFC's website includes an icon that allows users to translate the website instantaneously into more than 240 languages. AHFC's webpage is equipped with a Google translator button. This feature will translate the entire website with a click into any desired language.

To the extent reasonable, AHFC will work with real estate industry trade and professional organizations, and the Alaska Municipal League to encourage an on-going review of the administrative, operating and business practices that may have fair housing implications.

AHFC is working with the State of Alaska's Department of Law to revise a portion of the Landlord Tenant Act clarifying language related to a landlord's approval of tenants under a sub-lease. The Alaska Attorney General's office is revising the State of Alaska Landlord Tenant Act booklet to reflect the necessary changes.

Impediment 5: The lack of available affordable housing stock that is designed to meet the needs of individuals, who are members of one or more protected classes, is an impediment to fair housing.

The 2010 Fair Housing Survey indicates that one out of every three renters, who had problems finding a rental, reported they had some form of disability and among these renters, their disability made it more difficult to find a place to live.

By a wide margin, the major barriers in both the 2003 and 2010 Fair Housing Surveys were reported to be the high costs and rents associated with existing housing and a general shortage of appropriate affordable housing stock. One specific example concerns larger households. A significant percentage of the individuals assisted by agency and non-profit service providers surveyed were members of protected classes. Thirty-five percent of these agencies reported that large families were the hardest to place due to people “not wanting to rent to large families” (23%), a “housing shortage” in general (20%), and more specifically a “shortage of affordable housing” (18%). This statistic represents a 7% drop from the 2003 Fair Housing Survey, but represents a continuing unmet need in the State.

Annual point-in-time homeless surveys conducted by AHFC show that Alaska’s homeless population continues to have a high percentage of persons who are in a protected class. The most recent point-in-time count identified a group of 57 persons belonging to homeless families with children. Over thirty percent of individuals identified in the point-in-time count reported having a disability. The most prevalent disability was mental illness. The 2010 Fair Housing Survey identified that “large families” (presumably with children) continue to be the hardest household size to place (35%).

State’s Response to Impediment 5: In SFY2014, in order to increase access to existing housing stock, AHFC will continue to work with the Alaska Coalition on Housing and Homelessness, the Alaska Council on the Homeless, Alaska Department of Health and Social Services and other appropriate entities to ensure that case management services are available. Case management will help ameliorate disability issues among the homeless thereby helping them gain access to existing housing stock.

AHFC continues to offer bonus points in its GOAL Rating and Award Criteria Plan for projects which serve special needs populations, including homeless persons and to projects that include three or more bedroom units to accommodate larger families.

The Public Housing Division has several programs specifically geared towards members of protected classes and homeless persons:

- The Empowering Choice Housing Program offers time-limited voucher assistance to 214 families displaced due to domestic violence. Families must

- be referred by our partner, the Alaska Network on Domestic Violence and Sexual Assault (ANDVSA). This program is available in every AHFC Housing Choice Voucher Program location. For those locations without a voucher program, AHFC offers preferred placement on its Public Housing Program waiting list to those families referred by ANDVSA member agencies.
- AHFC has 136 vouchers specifically allocated to persons with chronic mental illness, persons with qualified Medicaid waivers, and families whose head, spouse, or co-head is a person with a disability. These vouchers are available in all AHFC voucher communities.
 - AHFC received 45 vouchers specifically reserved for nonelderly disabled families in Fairbanks. The head, spouse, or co-head must be a person under the age of 62 with a disability to qualify.
 - AHFC offers project-based voucher assistance to ten (10) units in Homer which are specifically targeted to persons with developmental disabilities. The complex is a combination of one and two bedroom units.
 - AHFC offers Housing Choice Voucher assistance to homeless veterans in the communities of Anchorage, Fairbanks, the Matanuska-Susitna Borough, and the Kenai/Soldotna area. AHFC is researching options with its partner, Alaska VA Healthcare System, to expand the availability of this assistance (195 vouchers) to other AHFC voucher communities.
 - AHFC partners with the Alaska Department of Corrections to offer time limited (24 months) rental assistance to persons re-entering AHFC voucher communities from incarceration. Individuals are under a parole/probation requirement with Corrections when they enter the program, and the goal is to both reduce homeless among this population as well as to reduce the rate of recidivism.
 - AHFC has recently partnered with the State of Alaska Office of Children's Services to serve up to 50 youth who are aging out of foster care and are at risk of becoming homeless. This program began in November 2012, is limited to 36 months of rental assistance, and is available in every AHFC voucher community.
 - AHFC's Gateway Learning Center in Anchorage serves the entire state and offers employment, education, and skills training to families that participate in AHFC's housing assistance programs. Adults and children can participate in on-line learning, receive computer skills training at its computer lab, and access partner services such as the University of Alaska, Cook Inlet Lending Center (financial literacy), and public assistance resources.

Lastly, AHFC is currently in the process of developing options for a location in Anchorage that will offer approximately 80 units for low-income families. AHFC is presently researching opportunities to bundle this development with redevelopment of a nearby Public Housing Program complex of approximately 20 units. AHFC is also exploring an option to specifically target a percentage of the units towards working

families with children. It is intended these options will be expanded to include the balance of state, as they are developed.

During the SFY2011-2015 Five-Year Plan period, AHFC will continue to review impediments to fair housing and respond to alleviate them as indicated.

B. Affirmatively Furthering Fair Housing

AHFC conducts many activities which affirmatively further fair housing:

- Through its Planning and Program Development Department, AHFC provides information to developers and project sponsors on how to comply with accessibility guidelines. AHFC administers the Low Income Housing Tax Credit program, NSP, HPRP, ESG and HOME (ORP, HDP, TBRA) grants. In its distribution of tax credits, extra points are awarded for projects that develop accessible units. HOME funding and three of its programs (HDP, ORP, and TBRA) automatically require the minimum of 5% accessible and 2% site and sound unit thresholds. These programs have adopted 504 requirements as the accessibility standard and require an architect's certification that they comply.
- All AHFC Grant Agreements across the state have requirements to affirmatively further fair housing. Development projects require affirmative marketing plans to be submitted to the Internal Audit Department.
- AHFC displays the appropriate signage at all of its properties and on all correspondence indicating that it abides by laws governing Fair Housing and Section 504.
- AHFC will work with HUD to examine the potential to teach sessions on Fair Housing/Section 504 via the long-distance teleconferencing opportunities through the HUD Fair Housing office due to the elimination of local training dollars through HUD to support local training opportunities. No local Fair Housing/Section 504 trainings have been scheduled to-date by the One CPD contactor and due to lack of local HUD training dollars no Fair Housing/Section 504 trainings have been scheduled for SFY2014.
- AHFC ensures that each and every assisted housing participant receives the brochure, "Equal Opportunity for All" and a copy of how a person with disabilities can apply for reasonable accommodation.
- AHFC's Public Housing Division has a designated 504 Coordinator on its staff, responsible for among other things, decisions on accommodation requests,

training and technical assistance. On a case-by-case basis AHFC will support scholarships for project sponsor staff to attend Fair Housing/Section 504 events.

- Compliance with Fair Housing requirements is monitored through the AHFC Internal Audit's Compliance Department and through the Planning Department through a periodic Grantee On-Site or Desk Monitoring Review.
- During February/March 2010 AHFC funded a statewide market research survey to assess impediments to fair housing among landlords, service providers, realtor/lenders and renters. The data gathered helps to frame subsequent community-wide trainings on discrimination in the housing marketplace.
- AHFC displays the Fair Housing poster in all its assisted office locations, and reasonable accommodation request forms are available in its lobbies.
- A review of AHFC's Public Housing Division Internal Management Database on public housing tenant characteristics reveals that minorities are served in greater proportion to their respective numbers in the general population; the number of families whose head or spouse is a person with disabilities is 12% of the entire public housing portfolio. In December of 2012, outside of the Municipality of Anchorage, 47% of the housing choice voucher families included one or more individuals in the household who experienced permanent disabilities.

Activities that promote fair housing and fair housing choice are outlined below:

- Following HUD guidelines, AHFC conducted a review of the number of contacts with Limited English Proficiency individuals and other pertinent data. None of the thresholds were met requiring written translation of documents. For oral translation, AHFC relies on local professional assistance or use of a 24/7 phone translation service that is on retainer for corporate-wide use.
- AHFC contributes staff time and financial resources to team up with other advocacy agencies to deliver fair housing training to the general public. AHFC is exploring the potential to host an architectural training on Section 504 design considerations, offered to architects and engineers statewide.
- In its briefing packets for both Public Housing and Housing Choice Voucher participants, AHFC provides information on fair housing, the Alaska Landlord Tenant Act, and methods for voicing a housing discrimination complaint. AHFC recently updated its web page with the objective of increasing information

about fair housing choice. The web site contains a link to the 'Alaska Housing Locator,' a rental housing database that includes information about units with accessibility features and related information.

- In all of its tenant and participant notices, AHFC provides information about reasonable accommodations and the means to request an accommodation.
- AHFC maintains a database of accessible public housing units and enforces policies that ensure those units are occupied by families requiring the features.
- In all of its recent renovations of public housing, AHFC required architects and contractors to meet the 504 requirements; the 5% and 2% requirements for accessible and sight and sound features were most often exceeded.
- In development of its annual Moving to Work Plan, AHFC ensures that its Resident Advisory Board represents a true cross section of its public housing population. Certifications of compliance with fair housing and Section 504 requirements are promoted both in the public hearing and among the Advisory Board. It is not unusual for them to insist upon examples of how compliance is documented.
- During SFY2014, AHFC will begin to require Grantees to include the GOOGLE translation button on all websites; HOPWA and Continuum of Care Grantees will be the first.

XII. Limited English Proficiency (LEP)

LEP persons are defined as those who do not speak English as their primary language and who have a limited ability to read, write speak or understand. They are entitled to language assistance with respect to a particular type of service, benefit, or encounter. In the Federal Register dated January 22, 2007 (72FR2731) HUD finalized guidance originally issued December 19, 2003. The "Guidance to Federal Financial Assistance Recipients Regarding Title VI Prohibition Against National Origin Discrimination Affecting Limited English Proficient Persons" provides examples of populations likely to include LEP persons who are encountered and/or served by HUD recipients and should be considered when planning language services. These populations include, but are not limited to:

- Persons who are seeking housing assistance from a public housing agency or assisted housing providers or are currently tenants in such housing;

- Persons seeking assistance from a state or local government for a rehabilitation grant for their home;
- Persons who are attempting to file a housing discrimination complaint with a local Fair Housing Assistance program grantee;
- Persons who are seeking supportive services to become first-time homebuyers;
- Persons seeking housing related social services, training, or any other assistance from HUD recipients; and
- Parents and family members of the above.

In keeping with this guidance, five factors will be used to assess current LEP practices and procedures, and provide a foundation for better addressing LEP obligations. The five factors are:

1. The number or proportion of LEP persons served or encountered in the eligible service population.
2. The frequency with which LEP individuals come into contact with the program.
3. The nature and importance of the program, activity or service provided by the program.
4. The resources available to the recipient and cost.
5. The effectiveness of projects' affirmative market plan to target LEP households.

Additional to the above, other mechanisms have been implemented to aid LEP persons that might come into contact with AHFC's website. AHFC's website now includes a Google Language Selection Button. This allows all users to translate the entire content of the website page into the desired language. In 2010, through a third party provider, AHFC also implemented interpretation services capable of translation into over 240 different languages, thus making all information fully accessible to LEP users.

XIII. Other Housing and Community Development Actions

Other activities to be undertaken during SFY2014 (FFY 2013) include actions to promote the development and maintenance of affordable housing, including the use of public housing resources and the development of public housing resident initiatives. A number of actions during SFY2014 will address housing and community development barriers. These actions include the improvement of organizational

capacity; the development of infrastructure for housing and community development; the role of local governments in this area; targeting and leveraging resources; and protecting and improving housing and community development assets.

A. Public Housing Division

1. Overview and Planning Process

Alaska Housing Finance Corporation, Public Housing Division is the public housing authority for the State of Alaska, including the Municipality of Anchorage. For all areas outside of Anchorage (balance-of-state), AHFC manages and maintains 932 rental units, most subsidized through the public housing or the Section 8 Multifamily Project-Based programs. These units are located in Bethel, Cordova, Fairbanks, Juneau, Ketchikan, Kodiak, Nome, Sitka, Valdez, Wasilla/Mat-Su, Wrangell, and Seward.

AHFC also administers the Housing Choice Voucher program for the entire state. Among the twelve balance-of-state communities, AHFC administers 1,855 tenant based vouchers and an additional 45 special needs vouchers in Fairbanks targeting single, disabled persons less than 62 years of age. Most recently, AHFC and the Veterans Administration have entered into an amendment governing Veterans Administration Support Housing vouchers targeted to homeless veterans. Vouchers are distributed in Fairbanks, Homer, Juneau, Ketchikan, Kodiak, the North Slope Borough, Petersburg, Sitka, Soldotna, Valdez, Wasilla/Mat-Su, and Wrangell.

For detailed information regarding Public Housing units, Section 8, Moving to Work, and Non-MTW data visit:

http://www.ahfc.state.ak.us/icemages/reference/mtw_annual_plan_fy2011.pdf.

2. Moving To Work

On June 24, 2008, AHFC entered into a Moving To Work Agreement (MTW Agreement) with the US Department of Housing and Urban Development (HUD). MTW is a demonstration program authorized by Congress that gives AHFC the flexibility to waive certain statutes and HUD regulations to test approaches for providing housing assistance. A waiver of statutory or regulatory language must address at least one of three goals:

a. Reduces cost and achieves greater cost effectiveness in Federal expenditures; Gives incentives to families with children whose heads of household are either working, seeking work, or are participating in job training, educational or

other programs that assist in obtaining employment and becoming economically self-sufficient; and,

- b. Increases housing choices for low-income families.

For a comprehensive review of MTW programs nationwide, please visit the HUD website at: <http://www.hud.gov/offices/pih/programs/ph/mtw/index.cfm>

Please also visit the AHFC website to view the full text of the fiscal year 2012 Moving to Work Program Annual Plan at: <http://www.ahfc.us/reference/plans.cfm>

To review accomplishments during the fiscal year 2011, you can find the September 2011 MTW Annual Report at the AHFC website at: <http://www.ahfc.us/reference/reports.cfm>

The Public Housing Division SFY2013 Moving to Work Annual Plan was presented for public comment in draft form in February 2012. After a thirty day comment period and public hearing in March 2012, the plan was presented to the AHFC Board of Directors at its April 4, 2012 meeting.

Among the new items anticipated for inclusion in the 2013 MTW Plan are the following:

- A recommendation to replace the points based preference system used to select applicants from statewide waiting lists. A review of the Anchorage intake process was conducted by Quadel and Associates, a national organization that provide technical assistance to public housing authorities. Their observations were that, “. . . (the AHFC) points based preference system is confusing, difficult to administer and prone to misuse and error.” It is also extremely labor intensive at a time when Congress has consistently reduced administrative fees used to support administration of the Housing Choice Voucher program. In general, the Public Housing Division prefers to focus on an income based priority using the federal poverty guidelines as income cap for eligibility. The Governor’s budget for SFY2013 includes a \$1.3 million proposed set-aside for domestic violence victims intended to provide a match to federal voucher funds.
- A recommendation to revise the process used to determine subsidy where one or more members are ineligible non-citizens.

A discussion about various ‘rent simplification’ options that are under consideration by PHD, is subject to further examination concerning impact on customers and the AHFC bottom line to ensure program viability.

3. Anticipated Capital Improvement Plan

The Public Housing Division conducts an annual Physical Needs Assessment (PNA) for each of its properties. The source of the data is the property management and maintenance team. They establish a hierarchy of need within the property that is then compared with other competing capital needs. The Construction Department then conducts a preliminary cost estimate to justify budget requests. During the period of this AAP, it is estimated that approximately \$3.6 million will be expended for AHFC Public Housing construction activities in all areas of the state outside of Anchorage, including, Bethel, Cordova, Fairbanks, Juneau, Kodiak, Ketchikan, Nome, Seward, Sitka, Wasilla, Wrangell and Valdez. This figure is likely to be modified during the MTW planning period to take into account further refinements in cost and budget authority.

B. Teacher, Health Professional, and Public Safety Housing Grant Program

Attracting and maintaining a pool of qualified teachers, health professionals, and public safety officials in rural Alaska is a goal of the State of Alaska. In order to achieve this, housing for these professionals must be available, affordable and of a quality that encourages these professionals to locate in rural settings. Under the Teacher, Health Professional and Public Safety Housing (THHP) Grant Program, funding is available for the rehabilitation and development of teacher, health professional, and public safety housing in rural Alaska.

In SFY 2013, AHFC received a total of sixteen applications requesting over \$14 million in funding. AHFC awarded \$8.3 million in THHP funding to ten projects for the rehabilitation/acquisition of 33 units and new construction of 15 units.

<u>Project</u>	<u>Applicant</u>	<u>AHFC Funding Recommendation</u>
Stebbins New Teacher Housing	Bering Strait School District	\$1,162,880
Napaskiak New VPSO Housing	AVCP Regional Housing Authority	\$337,765
Nanwalek Prof Housing. Rehab	North Pacific Rim Regional Housing Authority	\$162,858
Kotlik Teacher Housing. Rehab	Lower Yukon School District	\$1,350,247
Selawik Teacher Hsg. Rehab	Northwest Arctic Borough SD	\$1,208,020
Koyuk New VPSO Hsg.	City of Koyuk	\$387,796
Allakaket Teacher Hsg. Rehab	Yukon Koyukuk School District	\$688,300
Kaltag Teacher Hsg. Rehab	Yukon Koyukuk School District	\$760,089

Gambell New Teacher Hsg	Bering Strait School District	\$1,891,855
Napakiak New VPSO Housing	AVCP Regional Housing Authority	\$337,765
	TOTAL	\$8,287,575

AHFC will solicit applications for the SFY 2014 THHP Application Round in the spring of 2013. Applicants will submit their proposals to AHFC through a web-based application. Subject to Legislative Appropriation, AHFC will announce the SFY 2014 THHP Awards in the fall of 2013.

Since program inception in SFY 2004, the Teacher, Health Professional, and Public Safety Grant Program has funded the construction or rehabilitation of 375 units of housing totaling \$116 million in total project cost. Eighty-percent (289) of these units are completed, and in service.

C. Weatherization Programs

The Alaska State Legislature passed legislation in 2008 to enable the development of a comprehensive energy saving strategy in Alaska. AHFC was designated as the lead agency in the development of three programs to provide Alaskans with the tools to reduce energy bills and increase energy efficiency in homes throughout Alaska. From SFY2008 through SFY2013, AHFC received \$510 million dollars to develop the two programs enumerated below and administer them over a period of five years. AHFC has requested an additional \$50 million dollars for the Weatherization and Home Energy Rebate programs in its SFY2014 Capital Budget.

Between May 2008 and December 2012, AHFC invested \$199 million for weatherization of 8,513 homes throughout Alaska. According to the Association of Alaska Housing Authorities, more than 70% of those households served through the program include either a senior citizen or a disabled person and more than half include children under the age of six. These programs will continue through SFY2014. The State expects to have completed approximately 10,500 homes by March, 2013 for a total of \$230 million dollars in weatherization expenditures. AHFC projects to have invested \$292 million to complete a total of 13,500 homes by the end of SFY2014 through its two weatherization programs in the state. Additional information and program applications are located at www.ahfc.us

AHFC makes use of three programs to deliver its energy-saving strategy to the state of Alaska in its entirety:

1. The *Home Energy Rebate Program* is available to Alaskan homeowners who wish to make energy efficiency improvements on their homes. First, an authorized energy rater evaluates the energy efficiency of a home before and after improvements. The energy rebate amount is determined based on the

- points and step increases between the before and after energy rating as a result of the energy efficiency improvements. Rebates are limited to a maximum amount of \$10,000. The rebate program is available to all Alaskans, regardless of income level. From April 2008 to November 2012, the Rebate program performed 31,659 inspections, of which 17,512 have resulted in rebates. There are also a waitlist of 745 rebates as of November, 2012.
2. The existing *AHFC Weatherization Program* is substantially expanded as a result of this legislation. The *Weatherization Program* is available to Alaskans who meet certain income and eligibility guidelines and is a grant program. This program is administered in local areas through a regional housing authority or weatherization provider. The weatherization provider or regional housing authority will provide program services at no cost to qualified applicants. For a list of weatherization providers in the state, visit www.ahfc.us
 3. The Second Mortgage for Energy Conservation Loan allows Borrowers to obtain financing to make energy improvements on owner-occupied properties. Borrowers select from the list of energy upgrades included with the energy audit of their home performed by an AkWarm™-certified Energy Rater. All improvements must be completed within 365 days of loan closing (improvements not listed may not be included in the loan). For more information on the Second Mortgage for Energy Conservation Loan program visit <http://www.ahfc.us/buy/loan-programs/second-mortgage-progra/>

D. Developing Economic Opportunities for Low Income Families

Alaska modified its workforce investment system in 2003, transforming the state and two local workforce investment boards into one overarching entity, the Alaska Workforce Investment Board (AWIB). This system provides a clear, streamlined and efficient governance structure. This includes a strong linkage to local employers, development projects and regional workforce issues.

The Department of Labor and Workforce Development released the PY 2012 – 2016 Alaska Integrated Workforce Development Plan on September 15, 2012. The department's integrated state plan provides a vision and standards for an effective, efficient, and consistent approach to delivering seamless services statewide, and establishes expectations for partner roles and responsibilities. This plan leads partnerships, including the agencies responsible for WIA Adult, Dislocated Worker, Rapid Response, and Youth programs; Wagner-Peyser; TAA/NAFTA; Worker Opportunity Tax Credit; Adult Basic Education; Veterans Employment and Training Services; Vocational Rehabilitation; Senior Community Services Employment Program; Employment and Training Programs under the Food Stamp act; Tribal and Native Employment Training programs; and the Alaska Job corps. Additional partners

include the State Training and Employment Program, Temporary Assistance for Needy Families, University of Alaska, Alaska Vocational Technical Education Center (AVTEC) – Alaska’s Institute of Technology, Commission on Aging, Department of Health and Social Services, and a variety of community and private, nonprofit service and training providers. For a full version of the Plan, please visit:

http://labor.alaska.gov/bp/forms/Alaska_Integrated_Workforce_Development_Plan.pdf

E. Evaluating and Reducing Lead Based Paint Hazards

The Consolidated Housing and Community Development Plan supports actions to evaluate and reduce lead based paint hazards. The Interagency Steering Committee for the Consolidated Plan will continue to work with the Alaska Division of Public Health, Section of Epidemiology to monitor the blood lead levels in tested Alaskan children.

All covered projects under the HOME, CDBG, HOPWA, Public Housing and Section 8 programs will be administered to conform to the applicable lead based paint regulations. Rehabilitation of housing constructed pre-1978 using HUD housing assistance programs covered by the lead based paint rule (Subpart of the Rule Within 24 CFR Part 35), will follow the applicable HUD procedures, reporting and record keeping standards outlined.

Section 1018 of the Residential Lead-Based Paint Hazard reduction Act of 1992 requires that sellers, landlords and agents warn homebuyers and tenants of lead-based paint and lead-based paint hazards in pre-1978 housing. A prospective home purchaser or prospective tenant must receive the following information prior to becoming obligated under any contract to lease or purchase a property covered by this Act:

- An EPA approved information pamphlet on identifying and controlling lead-based paint hazards.
- Any known information concerning lead-based paint or lead-based paint hazards.
- Any records or reports on lead-based paint which are available to the seller or landlord.
- An attachment to the contract or lease which includes a Lead Warning Statement and confirms that the seller or landlord has complied with all of the notification requirements.

Sellers must provide homeowners a 10-day period to conduct a paint inspection or risk assessment for lead-based paint or lead-based paint hazards. Parties may

mutually agree, in writing, to lengthen or shorten the time period for inspection. Homebuyers may waive this inspection. Sellers are not required by law to allow homebuyers to void their contract based on the results of the lead based paint evaluation.

Beginning in April 2010 and according to EPA-issued new rule, contractors performing renovation, repair and painting projects that disturb lead-based paint in homes, child care facilities and schools built before 1978 must be certified and must follow specific work practices to prevent lead contamination.

Although the testing done so far does not point to a great lead-based paint hazard in Alaska, an estimated 15% to 20% of all of the housing stock in the state may contain lead based paint. The State concurs with the U.S. Environmental Protection Agency that increased education about the potential health risks from exposure to lead based is an important step in reducing health related problems involving lead poisoning. AHFC will continue to seek alliances with other agencies invested in the pursuit of eradicating the potential for Lead-Based Paint in the state's housing stock. These agencies might include the Environmental Conservation Agency (EPA), the Alaska Center for Disease Control (ACDC), and the Department of Health and Social Services (HSS).

XIV. Addressing Housing and Community Development Barriers

In the State of Alaska's Five Year (SFY2011 through 2015) HCD Plan, barriers to affordable housing and sustainable community development projects were identified. The five year plan identified general approaches and strategies, with specific activities to be outlined in the Annual Action Plans. These barriers fall into five categories:

- organizational capacity,
- infrastructure for housing and community development
- the role of local governments,
- accessing targeting and leveraging resources,
- protecting and improving housing and community development assets.

A. Improving Organizational Capacity

Across Alaska, organizational capacity for the effective delivery of housing and community development programs is very unevenly distributed. Many communities, particularly in rural areas, lack the organizational capacity to effectively implement projects using the multitude of housing and community development programs available. The involvement of several agencies and a variety of funding programs in

a single project usually complicates the development process, and places additional demands on the project sponsor.

During SFY2014, AHFC will continue to deliver technical assistance activities designed to improve organizational capacity. Through Federal HUD CHDO funds for TA which were extended until November 12, 2013 and AHFC corporate matching funds, technical assistance will be given to existing Community Housing Development Organizations (CHDOs), new CHDOs, and to other organizations seeking CHDO certification. This technical assistance will emphasize activities that will improve the ability of CHDOs to plan, implement, and operate affordable housing programs and/or increase CHDO capacity.

Limited state-funded technical assistance will also be offered to HOME grantees and other non-profit housing providers, including those serving Alaska's homeless and special needs populations. Training and technical assistance opportunities, due to the loss of local HUD CPD-TA dollars, will be limited. A menu of opportunities will be offered, which will include direct technical assistance, topic-based Alaska Training Events, as well as scholarship opportunities to attend local, regional or national training events.

AHFC plans to host one or more Alaska Training Events each year and offer scholarships to approved trainings and conferences for eligible attendees. Participants are required to document the objectives that will be achieved through attendance at a specific training activity. Activities will be available to other providers and/or the general public on a space-available basis on topics such as Fair Housing/Section 504 that affect a broad spectrum of Alaskan providers. AHFC will also plan training events in coordination with training activities hosted by other groups, such as HUD or the homeless coalition, to maximize training resources and training availability.

Because of the reorganization of HUD CPD training opportunities, AHFC became part of the OneCPD ICF national training team and AHFC will be a partner in ICF's next application for SFY2014.

B. Infrastructure for Housing and Community Development

The availability of appropriate infrastructure will continue to be a critical factor impacting housing affordability and sustainable community development projects during SFY2014. The nature of Alaska presents special challenges in this area. Approximately 237 Alaskan communities are accessible only by air or by small boat. Many rural communities have inadequate sanitation facilities or suffer from a lack of safe drinking water. Extremely high electric costs are an impediment to sustainable housing and community development projects.

- In the last seven years, several reports highlight the concern for energy efficiency in Alaska. They are: The Rural Energy Action Council report, 2005; “Alaska Energy Efficiency Program and Policy Recommendations, 2008; “Alaska Energy: A First Step toward Independence,” 2009, and its second phase which was issued for use in SFY2011.

The issues addressed in these efforts included: incentives to lower energy delivery costs; regional supply and distribution centers; cooperative fuel purchases; power plant operational efficiencies; consolidation of energy providers; a review of Alaska Energy Authority programs; acceleration of alternative energy methods; and energy conservation measures.

- The State of Alaska’s Community Development Block Grant (CDBG) program is one key funding resource in addressing the State’s infrastructure needs in qualifying communities. One of the seven guiding principles of this Annual Action Plan is that use of community development funds should emphasize the creation of economic opportunity through development of infrastructure. The State of Alaska’s Community Development Block Grant (CDBG) program description outlines the State’s priorities and strategies on allocating CDBG funds during SFY2014.
- The Indian Community Development Block Grant Program (ICDBG) program assists eligible recipients to develop viable communities, including decent housing, as suitable living environment, and economic opportunities for persons of low and moderate income. Eligible applicants include any Indian tribe, band, group or nation (including Alaskan Indians, Aleuts or Eskimos) or Alaska native Village which had established a relationship to the Federal government as defined in the program regulations. ICDBG funding can be used for housing, community facilities, and economic development. Alaskans will receive over six (6) million dollars in FFY2013 (SFY2014) ICDBG awards.
- AHFC’s Supplemental Housing Development Program provides capital funding to Regional Housing Authorities, which use the funds to supplement housing projects approved for development under the U.S. Department of Housing and Urban Development (HUD) Housing Development Programs. The funds in AHFC’s program are limited to twenty percent (20%) of HUD’s total development costs per project, and can only be used for the cost of on-site sewer and water facilities, road construction to project sites, electrical distribution facilities, and energy efficiency design features in the homes. A total of \$16.2 million has been requested in AHFC’s SFY2014 capital budget for the Supplemental Housing Development Program. It is estimated that approximately \$5.6 million may be allocated for projects in the balance of state.

C. Role of Local Governments

Local governments can play a significant role in promoting or impeding housing and community development (HCD) projects. A positive example of this role in HCD development is seen when local government acts as the applicant under the State's Community Development Block Grant (CDBG) Program. The goals of the Alaska CDBG program are to provide resources to Alaskan communities for public facilities and planning activities which address issues detrimental to the health and safety of local residents and to reduce the cost of essential community services. The CDBG program may also fund Special Economic Development activities that result in the creation of jobs for low and moderate income persons. Any Alaskan municipal government (except Anchorage) is eligible to apply for State CDBG funds. Non-profits may apply as co-applicants with the local government for these pass-through funds. During early SFY2014, the State will offer technical assistance workshops on the CDBG program that will assist local governments to better access and implement CDBG projects.

Many activities of local government impact affordable housing projects. Platting and zoning decisions, and the development and maintenance of infrastructure are examples of such activities. Property tax assessment policies are another example of local government actions that can greatly impact the viability of affordable housing developments. During SFY2014, education and outreach will continue to be targeted towards local governments to help them better understand the impact of their actions upon affordable housing projects. AHFC will continue to work with Alaska Municipal League to support affordable housing development through annual resolutions and educate local governments regarding how to encourage affordable housing development.

D. Accessing, Targeting and Leveraging Resources

At the federal, state and local levels, there has been an increased emphasis placed upon using multiple funding sources to finance housing and community development projects. In the State of Alaska's Five Year HCD Plan, Alaska's unmet needs far exceed the resources available to programs governed by the HCD Plan. To address these unmet needs, available HCD resources must be effectively targeted and leveraged with other available resources. Both public and private funding is necessary to meet these needs, and in many cases a combination of funding sources is necessary to make a project viable. During SFY2014, AHFC will continue to encourage the effective and coordinated use of available funding resources.

AHFC's GOAL Program (Greater Opportunities for Affordable Living) uses a single application and review process for several of the affordable housing programs it administers: HOME Rental Development Program, the Low Income Housing Tax Credit Program, and the Senior Citizen Housing Development Program. The GOAL Program awards points in three categories based on the projects leveraged resources: the ability of the applicant to provide written commitments from other funding sources, the amount of leveraged funds in relation to the applicable project cost standard, and the proximity of the total project's costs to the applicable project cost standard.

Accessing, targeting and leveraging resources require information about the wide range of HCD funding programs easily accessible to individuals and organizations. In the area of homeownership programs, AHFC's HOME CHOICE workshops will continue to provide an opportunity in SFY2014 for Alaskans to better understand available homeownership programs, the home-buying process, and the responsibilities of homeownership. Since 1994, nearly 50,000 individuals have completed HOME CHOICE training.

The largest single source of funding for housing in rural Alaska is the Indian Housing Block Grant (IHBG) Program. This program expects to provide over \$99 million in FFY2012 (SFY2013) through the U.S. Department of Housing and Urban Development. The American Housing Assistance and Self-Determination Act (NAHASDA) of 1996 is designed to provide Federal Assistance for Indian tribes in a manner that recognizes the right of tribal self-governance. NAHASDA provides a single block grant to Tribally Designated Housing Entities (TDHEs). TDHEs develop and maintain Indian Housing Plans that describe priority needs and proposed activities for the use of NAHASDA funds.

Additional funding sources include programs under the Indian Health Service (IHS), Alaska Native Tribal Health Consortium (ANTHC), and the Alaska State Village Safe Water Program (VSW).

E. Protecting and Improving Housing and Community Development Assets

As previously mentioned, over the last several years, AHFC has increased the emphasis on rehabilitation and preservation of existing affordable housing resources in the rating criteria for the LIHTC, HOME and SCHDF programs. As a result, a substantial number of affordable housing rental units have been renovated and several federally subsidized rental projects have remained in the affordable housing stock.

Rehabilitation, preservation and weatherization are important components of the State's housing strategy to improve existing housing stock. In SFY2014 this strategy will be implemented through:

- continued support of the Weatherization and Energy Rebate programs,
- the Owner Occupied Rehabilitation Program (ORP) and
- continued refinement of energy codes and standards; and
- implementation of green building techniques.

XV. Input from Other Planning Efforts

A number of other sources of data and planning input in the area of housing and community development have been used in the preparation of this SFY2014 Annual Action Plan. The Consolidated Planning process is designed to incorporate a broad scope of input and perspectives, and a wide range of resources targeted towards housing and community development. Examples of input from other planning and research efforts include:

- *Comparative Analysis of Prescriptive, Performance-Based and Outcome-Based Energy Code Systems*, May 2011, AHFC with Cascadia Green Building Council
- *White Paper on Energy Use in Alaska's Public Facilities* Version 1, 11/2012, AHFC with Richard Armstrong, PE, LLC
- "Moving to Work" National Conference
- Alaska Continuum of Care for the Homeless—*Homeless Strategy for All Areas Outside of Anchorage*.
- AHFC—*Moving to Work Plan*
- AHFC — *Housing Needs Assessment, 2009*
- AHFC's Homeless Point in Time Survey Results
- Alaska Homeless Management Information System Data
- Alaska Council on the Homeless, *Ten-Year Plan to Reduce Homelessness*
- Alaska Energy Authority, *Alaska Energy: A first step toward independence; A guide for Alaskan Communities to utilize local energy resources*; January, 2009
- Alaska Energy Authority, *Renewable Energy Atlas of Alaska, 2011*
- Cold Climate Housing Research Center — *Alaska Energy Efficiency Program and Policy Recommendations*; June, 2008
- Alaska Low Income Weatherization Plan
- NCSHA Federal Liaisons Monthly Telephone Round Table
- Alaska Department of Environmental Conservation—*Village Safe Water*
- Alaska Department of Health and Social Services—*Comprehensive Integrated Mental Health Plan*.
- Alaska Department of Labor and Workforce Development— *Alaska Two Year State Plan for Title I of the Workforce Investment Act of 1998, July 1, 2007 through June 30, 2012*.

- Alaska Department of Transportation --*Statewide Transportation Improvement Program*
- Kenai Peninsula Borough--*Quarterly Report of Key Economic Indicators*
- Tribally Designated Housing Entities--*Indian Housing Plans*
- Alaska Housing Market Indicators -- *Quarterly Survey of Alaska Lenders, the Quarterly Survey of Alaska Permitting Activity, the Annual State of Alaska Rental Market Survey and the Construction Cost Survey*
- Institute for Social and Economic Research (ISER) *2010 Report on the Alaska Non-Profit Economy - A report on the economic importance of Alaska's nonprofit sector - The Foraker Group.*
- ISER, *Alaska Energy Statistics 1960-2010 Preliminary Data*; Ginny Fay, Alejandra Villalobos Melendez, and Amber Converse; September 2011
- ISER, *Alaska's Construction Spending 2012 Forecast*; Scott Goldsmith and Mary Killorin; February 2012
- Alaska Economic Development Council Economic Forecast Presentation
- Alaska Department of Corrections *2009 Offender Profile*
- Alaska Prisoner Reentry Task Force, *Five Year Prisoner Reentry Strategic Plan 2011-2016*; February, 2011

During SFY2014, the HCD Interagency Steering Committee will review other sources of planning and research for potential input into the Plan.

XVI. Annual Performance Report

This SFY2014 Annual Action Plan is the fourth implementation plan of the Five Year Consolidated Housing and Community Development Plan for the State of Alaska (State Fiscal Years 2011 through 2015). An important component of the Consolidated Planning process is the Consolidated Annual Performance and Evaluation Report (CAPER) that must be submitted to the U.S. Department of Housing and Urban Development within 90 days of the close of the state fiscal year. In early SFY2013, the process to develop the SFY2013 CAPER will begin, with the completed report to be submitted to HUD by September, 2013.

Any questions concerning the State of Alaska's Consolidated Housing and Community Development planning process should be directed to:

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