

# **Consolidated Housing and Community Development Plan for the State of Alaska**

**Consolidated Annual Performance and Evaluation Report (CAPER) for State of  
Alaska Fiscal Year 2001 (July 1, 2000 through June 30, 2001)**

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## OVERVIEW

Beginning in May 1999, the State of Alaska began the development of a new five year Consolidated Housing and Community Development (HCD) Plan for the State of Alaska, covering state fiscal years 2001 through 2005 (July 1, 2000 through June 30 2005). This Plan identified Alaska's overall housing and community development needs, and outlined a strategy to address those needs. A series of one-year action plans implements the five-year strategy of general principals and priorities. The Fiscal Year 2001 (July 1, 2000 through June 30, 2001) Annual Action Plan was the first implementation plan of the five year FY 2001 through 2005 HCD Plan.

The Consolidated Annual Performance and Evaluation Report (CAPER) assesses progress made under the Annual Action Plans towards the five-year HCD goals. The geographic scope of the State of Alaska's HCD Plan is for all areas outside of the Municipality of Anchorage (MOA). As an entitlement jurisdiction, the Municipality receives its own direct allocations of federal housing and community development funds, and must prepare and maintain its own Consolidated Plan. The State of Alaska and the MOA cooperate and share information concerning their respective planning processes.

An Interagency Steering Committee directs the State of Alaska's Consolidated Plan. By designation of the Governor, Alaska Housing Finance Corporation (AHFC) is the lead agency in this process, with responsibility for project coordination, staffing, and product distribution. The Interagency Steering Committee also includes the Alaska Department of Community and Economic Development (DCED), the Alaska Department of Health and Social Services (DHSS), the Alaska Human Resource Investment Council (AHRIC), and the Alaska State Commission for Human Rights (ASCHR). In the spring of 2001, the State amended its Citizen Participation Plan to add the Alaska Mental Health Trust Authority to the Interagency Steering Committee. Members of this Steering Committee provide input from their respective program and policy areas, and work to encourage public input into the HCD planning process.

Within 90 days of the close of the state fiscal year, the State is required to report to the public and to the federal government about the program made under the one-year Annual Action Plan. This year, the State was given a 30 day extension, because of extenuating circumstances, to complete the FY 2001 Annual Performance Report. The Consolidated Annual Performance and Evaluation Report (CAPER) identifies the actual housing and community development resources available in the state during the program year, and assesses the use of these resources in comparison to activities outlined in the Annual Action Plan. It also recaps the number and characteristics of low income Alaskans benefiting from these resources. The CAPER contains program-specific reports covering the Community Development Block Grant (CDBG), Home Investment Partnerships and Emergency Shelter Grant (ESG) Programs.

Many different entities provide input into the development of the CAPER. Participating in this effort are the State of Alaska, regional housing authorities, non-profit organizations, private housing developers, lenders, local governments, and federal agencies. With the close of state fiscal year 2001 on June 30, 2001, AHFC initiated a process to gather information from these many organizations detailing the number and characteristics of persons served, and actual funding levels realized during the year. The information received from this survey has been input into a database, which generated compilations of actual resources received and persons assisted with housing.

**This draft Consolidated Annual Performance and Evaluation Report has been released for a fifteen day public comment period, with the deadline of October 25, 2001 at 5:00 p.m. for the receipt of all comments.** Notice of the CAPER's availability was published in the *Anchorage Daily News*, and also in newspapers in *Fairbanks, Juneau, Ketchikan, Sitka, Valdez, Bethel, and Kenai*. All public comments received by the deadline, and the State's responses to the comments will be incorporated in the final CAPER, that must be submitted to the U.S. Department of Housing and Urban Development by October 30, 2001.

**This draft CAPER has three parts:**

- **Part 1** recounts the resources made available in the State during the past fiscal year as compared with the annual funding plan summary contained in the FY 2001 Annual Action Plan, and describes the number and characteristics of Alaskans benefiting from the investment of those resources. This part also contains program-specific information on how the State has utilized its annual entitlements of CDBG, HOME and Emergency Shelter Grant funds.
- **Part 2** identifies other actions taken by the State of Alaska to further the goals and principles of the HCD Plan, again compared to the specific actions outlined in the FY 2001 Annual Action Plan.
- **Part 3** of this report assesses the progress the State has made in meeting its overall five-year HCD Plan priorities, and discusses any changes anticipated as a result of the findings of the one-year progress assessment.

## Part 1: Resources and Beneficiaries

Consistent with the U.S. Housing Act of 1937, the overall goal of the *Housing and Community Development (HCD) Plan for the State of Alaska* is to:

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

The five-year HCD Plan (July 1, 2000 through June 30, 2005) identified eight general principles to guide the State's efforts to implement the above statutory goal. These principles are:

- 1. Use of federal housing and community development programs should emphasize benefit to low-income Alaskans.** Rationale---the amount of federal funds is limited; the greatest needs are among the lowest income households.
- 2. Federal community development funds should support local efforts addressing local obstacles to local growth by constructing, upgrading and reducing operating costs of essential community services.** Rationale---basic infrastructure is lacking in many of Alaska's poorest communities, and is a major barrier to economic self-sufficiency. Long-term affordability and sustainability of these essential community services is critical to the health and survival of these communities.
- 3. Existing housing supply, both owner-occupied and rentals, should be protected and improved through weatherization and rehabilitation activities.** 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. Allocation of homeless resources covered by this Consolidated Plan should be consistent with community based strategies addressing homelessness.** Rationale--the limited amount of federal homeless resources make the mobilization of mainstream and local generated resources a necessity to address homelessness. Community based strategies offer the best approach to generate and effectively apply such resources. Federal homeless resources under this Plan should support such local strategies.
- 5. State matching funds should be provided to leverage other resources for housing, services related to housing, and community development.** Rationale---matching funds give Alaskan applicants a competitive advantage in grant-seeking, and multiply scarce federal resources.
- 6. The supply of affordable housing should be expanded for Alaskans with special needs, incorporating appropriate supportive services and accessibility.** Rationale---the existing housing supply is inadequate to meet the current and

projected need for this population, which has historically under-served.

- 7. Housing and community development projects should incorporate appropriate design and engineering, energy efficiency construction techniques and innovative technologies.** Rationale---the use of appropriate technologies ensures that improvements perform to expectations and are fully functional over the life of the project.
- 8. Through relevant and appropriate training and technical assistance, the statewide housing delivery system should be improved.** Rationale: Lack of capacity and "gaps" in the housing delivery system has negatively impacted efforts to address the state's housing needs. Expanded and improved capacity will open new opportunities to attract capital for affordable and sustainable housing.

The primary focus of State of Alaska Consolidated Housing and Community Development Plan is upon the federal formula programs (CDBG, HOME, ESG) funded through the U.S. Department of Housing and Urban Development. A description of other housing and community development programs is also contained in the HCD Plan. Significant HCD resources are provided by U.S. Department of Agriculture programs. The State of Alaska also makes substantial contributions towards housing and community development. Much of this funding comes from the corporate earnings of the Alaska Housing Finance Corporation (AHFC), and appropriated by the Alaska Legislature. AHFC is also an important source of mortgage financing for housing, including a variety of below market rate lending products designed to expand affordable housing opportunities. AHFC has also funded improvements and deferred maintenance for public facilities throughout Alaska by issuing bonds.

Other housing and community development projects are funded from the state general fund, foundations, and private sector sources. It is important to note that not all of the resources that are available within the state are administered through the State government. Many competitive programs result in grants or loans directly to private applicants, including non-profit organizations.

## HOUSING AND COMMUNITY DEVELOPMENT RESOURCES: AVAILABILITY AND UTILIZATION

In the FY 2001 Annual Action Plan, the State of Alaska estimated the amount and type of housing and community development (HCD) funding expected to be made available during state fiscal year 2001. This estimate, called the *Annual Funding Plan Summary*, projected that approximately \$1.4 billion would be available for a wide range of (HCD) activities. The table below, titled ***Combined Annual Funding Plan Summary*** (July 1, 2000 through June 30, 2001), lists HCD resources actually received in non-metropolitan Alaska (all areas outside of Anchorage) during state fiscal year 2001. Because the federal fiscal year does not close until September 30, funding decisions are still outstanding on several HUD programs. Funds awarded through these programs subsequent to June 30, 2001, will be reported in the 2002 CAPER. A total of approximately \$1.3 billion in housing and community development resources were actually committed to non-metropolitan areas of Alaska during FY 2001.

### HCD Plan Annual Performance Report

Combined Annual Funding Plan Summary  
State of Alaska - Non Metropolitan Areas  
Fiscal Year 2001 (July 1, 2000 - June 30, 2001)

Program Name	Type	Program Type	Anticipated Funding			Actual Funding		
			Federal	State	Total	Federal	State	Total
Housing	<u>Mortgages</u>	AHFC Mortgage Programs: Energy Rate Reduction, Multifamily/Special Needs, Rural Housing, Taxable & tax Exempt, Veterans Program, Interest-Rate Reductions; HUD: FHA Title I; USDA Section 502	22,177,000	551,666,688	573,843,688	23,188,585	359,204,644	382,393,229
	<u>Grants</u>	AHFC:Energy Programs, Comp Grants, HAP, LIHTC, Weatherization, Energy Conservation Retrofit, Deferred Maintenance, Supplemental Housing, Mental Health Housing, DHSS CSP; HUD Continuum of Care, ESG, HOME, HOPWA, NAHASDA, 202, 811; USDA Section 505, 515,	95,678,074	40,515,500	136,193,574	95,255,073	30,153,419	125,408,492
	<u>Rental Assistance</u>	AHFC Public Housing Operating Subsidy; HUD Section 8 Project Based, Certifications and Vouchers; USDA Rental Assistance	34,028,668	0	34,028,668	41,655,506	0	41,655,506
Total			151,883,742	592,182,188	744,065,930	160,099,164	389,358,063	549,457,227
Community Development	<u>Grants</u>	DEC Municipal Grant Matches, Village Safe Water; HUD CDBG; HUD Indian CDBG; HUD Economic Development; Alaska Native Tribal Health Consortium; USDA Village Water/Waste Grants; DOT Capital Projects	552,434,081	147,593,846	700,027,927	638,333,543	136,369,776	774,703,318
Total			552,434,081	147,593,846	700,027,927	638,333,543	136,369,776	774,703,318
Total Housing and Community Development			704,317,823	739,776,034	1,444,093,857	798,432,707	525,727,839	1,324,160,545



The FY 2001 Annual Action Plan also included two additional tables. The ***Annual Funding Plan for Housing***, detailed projected resources by program area for housing related activities. The ***Annual Funding Plan for Community Development***, does the same for community development activities. Both of these tables indicate the agencies responsible for administering each program, and the source of program funding.

The table titled ***Annual Funding Plan for Housing*** gives a more detailed breakdown by program area. Federal regulations require that the State indicate the number of units produced or rehabilitated meeting the definition of "affordable" under Section 215 of the National Affordable Housing Act of 1990. For sake of simplicity, the State has elected to count only those units benefiting households with incomes below 50% of area median.

For non-metropolitan areas of Alaska, the total amount of resources projected for housing during FY 2001 was approximately \$744 million. The actual amount housing resources committed during FY 2001 was approximately \$549 million. Nearly all of this shortfall was due to a decline in mortgage activity in AHFC's Rural Loans and in AHFC's Taxable Loan Programs. Actual FY 2001 Rural Loan activity was approximately \$88 million, with the largest declines seen in Bethel and the Kenai Peninsula. AHFC taxable loan activity was forecast to be \$199 million in the FY 2001 Action Plan. Actual loan production in this program was approximately \$138 million during FY 2001. One major reason for this decline was the dramatic reduction in the AHFC "arbitrage" funded loan add-on options, such as the energy efficiency interest rate reduction and the interest rate reduction for loan income borrowers. The taxable first time homebuyer program was also suspended during the fourth quarter of FY 2001.

Another significant change was seen during FY 2001 in a major source of funding for affordable housing programs. In the fall of 2000, Congressional legislation was passed that increased the amount of Low Income Housing Tax Credits allocated to the State of Alaska. The previous annual allocation was \$767,000, based on a per capita formula of \$1.25 for every person in the state, and this statewide figure was included in the FY 2001 Annual Action Plan table. The new legislation included a minimum allocation of \$2 million per state, which applies to Alaska. The figure in the Annual Funding Plan for Housing above reflects the amount of tax credits anticipated to be allocated to non-metropolitan Alaska.

## HCD Plan Annual Performance Report

### Annual Funding Plan For Housing

State of Alaska - Nonmetropolitan Areas

Fiscal Year 2001 (July 1, 2000 - June 30, 2001)

Program Name	Lead Agency	Program Type	Anticipated Funding			Actual Funding			Total Units	Sec. 215 Units
			Federal	State	Total	Federal	State	Total		
AHFC Mortgages - Energy Rate Reduction	AHFC	Interest rate reduction for energy efficiency	0	12,829,720	12,829,720	0	11,132,952	11,132,952	921	13
AHFC Mortgages - IRRLIB	AHFC	Interest rate reduction for low-income borrowers	0	9,139,457	9,139,457	0	10,294,061	10,294,061	645	30
AHFC Mortgages - Multifamily/Spec. Needs	AHFC	Multifamily, special needs, congregate & senior progs.	0	27,208,598	27,208,598	0	17,202,200	17,202,200	34	0
AHFC Mortgages - Other Programs	AHFC	Mobile Homes/Non-conforming/Seconds	0	1,828,827	1,828,827	0	1,158,680	1,158,680	12	1
AHFC Mortgages - Rural Housing	AHFC	Mortgages for rural areas	0	175,000,000	175,000,000	0	88,135,244	88,135,244	578	3
AHFC Mortgages - Taxable	AHFC	Conventional single-family mortgages	0	199,014,448	199,014,448	0	137,800,000	137,800,000	654	0
AHFC Mortgages - Tax-Exempt	AHFC	First-time homebuyer mortgages	0	84,410,851	84,410,851	0	63,200,000	63,200,000	937	0
AHFC Mortgages - Veterans Program	AHFC	Tax-exempt veterans loan program	0	42,234,786	42,234,786	0	30,281,507	30,281,507	194	0
FHA Title I	HUD	Home Improvement Program	3,738,000	0	3,738,000	2,388,585	0	2,388,585	N/A	N/A
USDA Section 502	RHD	Direct & Guaranteed Rural Single-Family Housing Loans	18,439,000	0	18,439,000	20,800,000	0	20,800,000	209	N/A
<b>Total Mortgages</b>			<b>\$22,177,000</b>	<b>\$51,666,688</b>	<b>\$573,843,688</b>	<b>\$23,188,585</b>	<b>\$359,204,644</b>	<b>\$382,393,229</b>	<b>4,184</b>	<b>47</b>
AHFC Energy Programs & Builder Education	AHFC	Energy Rating Marketing and Technical Assistance	650,000	680,000	1,330,000	390,000	288,000	678,000	N/A	N/A
AHFC Environmental Clean-up/Abatement	AHFC	Underground tank replacement	0	0	0	0	0	0	N/A	N/A
AHFC Federal and Other Competitive Grants	AHFC	Matching Funds	1,500,000	1,250,000	2,750,000	900,000	600,000	1,500,000	N/A	N/A
AHFC Homeless Assistance Program	AHFC	One-time aid for emergency needs	0	450,000	450,000	0	427,670	427,670	N/A	N/A
AHFC Low-Income Housing Tax Credits	AHFC	Acquisition, rehabilitation, new construction	767,500	0	767,500	1,447,000	0	1,447,000	94	0
AHFC Low-Income Housing Weatherization	AHFC	Weatherization & retrofit of housing	1,400,000	4,000,000	5,400,000	938,000	1,340,000	2,278,000	457	379
AHFC PH Competitive Grants for Public Housing	AHFC	Housing and social services	750,000	250,000	1,000,000	405,000	135,000	540,000	32	16
AHFC PH Comprehensive Grant Prog.	AHFC	Rehab., management improvements of public housing	3,500,000	0	3,500,000	3,485,000	0	3,485,000	N/A	N/A
AHFC PH Energy Conservation Retrofit	AHFC	Energy Efficiency Modifications	0	0	0	0	0	0	N/A	N/A
AHFC PH Renovation	AHFC	Renovation of Public Housing	0	2,600,000	2,600,000	0	1,600,000	1,600,000	145	82
AHFC Senior Citizens Housing Development Fund	AHFC	Housing for elderly	0	2,253,500	2,253,500	0	2,253,500	2,253,500	46	0
AHFC Senior/Statewide Deferred Maint.	AHFC	Maintenance for senior and statewide units	500,000	200,000	700,000	702,000	502,000	1,204,000	N/A	N/A
HOME	AHFC	Rehab, new const, rental and homebuyer assistance	3,053,000	750,000	3,803,000	3,053,000	750,000	3,803,000	50	10
Housing Op. for Persons w/AIDS (HOPWA)	AHFC	Housing & supportive services	0	0	0	572,600	0	572,600	10	0
Shelter Plus Care	AHFC	Rental assistance & supp. services for the homeless	0	0	0	0	0	0	N/A	N/A
AHFC Supplemental Housing/Indian New Dev.	AHFC/HUD	Augments Indian housing development	0	6,000,000	6,000,000	0	3,900,000	3,900,000	N/A	N/A
Emergency Shelter Grant	DCED	Housing, supportive services	112,000	0	112,000	112,000	0	112,000	N/A	N/A
Transitional Housing/Substance Abuse	DHSS	Housing for people with disabilities	0	300,000	300,000	0	395,000	395,000	N/A	N/A
Beneficiary and Special Needs Housing	DHSS	Housing and supportive services - Trust Benefic.	0	1,500,000	1,500,000	0	1,500,000	1,500,000	N/A	N/A
DHSS Community Mental Health Grants	DHSS	Supportive services for the severely mentally ill	0	19,982,000	19,982,000	0	16,269,749	16,269,749	N/A	N/A
Housing Mods., Mental Health Trust Beneficiaries	DHSS	Housing modifications for people with disabilities	0	250,000	250,000	0	142,500	142,500	8	8
HUD - Drug Elimination	HUD	Crime prevention in public housing	1,124,352	0	1,124,352	309,442	0	309,442	N/A	N/A
HUD - NAHASDA	HUD	Community development, Housing, Sup. Services	81,009,928	0	81,009,928	80,954,380	0	80,954,380	N/A	N/A
HUD - Technical Assistance	HUD	HOME and Supported Housing Technical Assistance	149,000	50,000	199,000	149,000	50,000	199,000	N/A	N/A
Section 202	HUD	Housing for elderly	0	0	0	0	0	0	0	0
Section 811	HUD	Housing for disabled	0	0	0	0	0	0	0	0
Continuum of Care Homeless	Nonprofits	Acq., rehab., new const., rental assist., supp. servs.	591,651	0	591,651	591,651	0	591,651	N/A	N/A
USDA Section 504	RHD	Rural Single-Family Housing Loans and Grants	288,000	0	288,000	196,000	0	196,000	30	N/A
USDA Section 515	RHD	Rural Rental Multifamily Housing Loans	257,018	0	257,018	1,000,000	0	1,000,000	8	N/A
USDA Section 533	RHD	Housing Preservation Grants	25,625	0	25,625	50,000	0	50,000	6	N/A
<b>Total Grants:</b>			<b>\$95,678,074</b>	<b>\$40,515,500</b>	<b>\$136,193,574</b>	<b>\$95,255,073</b>	<b>\$30,153,419</b>	<b>\$125,408,492</b>	<b>886</b>	<b>495</b>
AHFC PH Operating Subsidy	AHFC	Operating costs	16,250,000	0	16,250,000	17,565,647	0	17,565,647	819	671
Section 8 Housing Choice Vouchers Existing	AHFC	Rental assistance	6,205,086	0	6,205,086	7,970,662	0	7,970,662	1,461	1,311
Section 8 Housing Choice Vouchers Incremental	AHFC	Rental assistance	0	0	0	1,770,241	0	1,770,241	160	117
Section 8 Project Based	HUD	Rental assistance	10,092,473	0	10,092,473	10,430,000	0	10,430,000	886	0
USDA Rental Assistance	RHD	Rental assistance for new/existing RHD projects	1,481,109	0	1,481,109	3,918,956	0	3,918,956	135	0
<b>Total Rental Assistance:</b>			<b>34,028,668</b>	<b>0</b>	<b>34,028,668</b>	<b>41,655,506</b>	<b>0</b>	<b>41,655,506</b>	<b>3,461</b>	<b>2,099</b>

The table below, **Annual Funding Plan for Community Development** identifies a wide range of resources that were projected to be available for community development activities during FY 2001, and the actual amount secured.

**HCD Plan Annual Performance Report**  
Annual Funding Plan For Community Development  
State of Alaska - Nonmetropolitan Areas  
Fiscal Year 2001 (July 1, 2000 - June 30, 2001)

Program Name	Lead Agency	Program Type	Anticipated Funding			Actual Funding			Total Units	Sec. 215 Units
			Federal	State	Total	Federal	State	Total		
Alaska Native Tribal Health Consortium (Formally PHS)	ANTHC	Water/sewer development to support housing	21,000,000	0	21,000,000	21,000,000	0	21,000,000	N/A	N/A
CDBG	DCED	Community development	3,167,000	0	3,167,000	3,180,000	0	3,180,000	N/A	N/A
DEC Municipal Match Grants	DEC	Water and wastewater infrastructure	12,710,100	39,440,565	52,150,665	6,355,050	11,037,350	17,392,400	N/A	N/A
DEC Village Safe Water	DEC	Water and wastewater infrastructure	18,987,727	13,080,081	32,067,808	40,959,052	14,362,907	55,321,959	N/A	N/A
Denali Commission	Den Com.	Funding for infrastructure and community dev.	0	0	0	62,356,123	48,075,045	110,431,167	N/A	N/A
Department of Transportation	DOT	Roads, Runways, Safety, Marine Highway	455,381,100	95,073,200	550,454,300	492,784,390	62,894,474	555,678,864	N/A	N/A
HUD - Economic Development	HUD	Community development, Housing, Sup. Services	139,745	0	139,745	120,658	0	120,658	N/A	N/A
HUD - Indian Community Development Block Grant	HUD	Community development, Housing, Sup. Services	5,495,709	0	5,495,709	5,469,270	0	5,469,270	N/A	N/A
USDA Village Water/Waste Disposal Grants	RHD	Construction of water and waste systems	20,000,000	0	20,000,000	19,600,000	0	19,600,000	N/A	N/A
USDA Water & Waste Grants	RHD	Water and waste disposal systems	6,232,000	0	6,232,000	4,200,000	0	4,200,000	N/A	N/A
USDA Water & Waste Loans	RHD	Water and waste disposal systems	9,320,700	0	9,320,700	3,309,000	0	3,309,000	N/A	N/A
<b>Total</b>			<b>\$552,434,081</b>	<b>\$147,593,846</b>	<b>\$700,027,927</b>	<b>\$638,333,543</b>	<b>\$136,369,776</b>	<b>\$774,703,318</b>	<b>N/A</b>	<b>N/A</b>

The total amount of community development resources estimated for FY 2001, at the time of preparing the FY 2001 Annual Action Plan, was approximately \$700 million. The actual funding for FY 2001 community development activities totaled approximately \$774 million. No funding estimates were given for Denali Commission funding in the FY 2001 Action Plan, but are included in this Annual Performance Report.

The HCD Plan does not establish goals for the distribution of housing resources among the State's various regions and communities, nor does it favor one type of housing over another. It has been the policy of the State of Alaska, in the use of its housing resources, to emphasize local determination and responsiveness to demonstrated market demand. During fiscal year 2001, 4,182 renter households were served, and 2,689 Alaskan homeowners received assistance from a variety of housing programs. The table below illustrates the distribution of assistance across racial and ethnic categories. This table titled "Households and Persons Assisted with Housing" includes renters, homeowners, homeless, and non-homeless special needs households.

# Households & Persons Assisted with Housing\*

State of Alaska - Non Metropolitan Areas  
July 1, 2000 - June 30, 2001

Name of State: <b>STATE OF ALASKA -Non Metropolitan Areas</b>												Fiscal Year: <b>2001</b>		
ASSISTANCE PROVIDED (by Income Group)	RENTERS					OWNERS				HOMELESS				
	Elderly 1&2 Member Household (A)	Small Related (2 to 4) (B)	Large Related (5 or more) (C)	All Other Other Houshds. (D)	Total Renters (E)	Existing Home-Owners (F)	First Time Buyers With Children (G)	All Others (H)	Total Home-Owners (I)	Individuals (J)	Families (K)	Non-Homeless Special Needs*** (L)	Total Goals (M)	Total Section 215 Goals (N)

1	<b>Extremely Low-Income</b> (0 - 30% MFI)	211	659	138	328	1,336	433	9	4	446	83	175	376	1,782	1,782
2	<b>Very Low-Income</b> (30 - 50% MFI)	478	788	245	398	1,909	581	120	48	749	133	57	248	2,658	2,658
3	<b>Other Low-Income</b> (50 - 80% MFI)	117	484	311	25	937	653	569	272	1,494	37	0	36	2,431	
4	<b>Total Low-Income</b>	806	1,931	694	751	4,182	1,667	698	324	2,689	253	232	660	6,871	4,440

5	<b>Racial/Ethnic Composition** Total Low-Income</b>														
<b>Hispanic</b>															
	Hispanic	191													
<b>All Races</b>															
	White	3,261													
	Black	182													
	Native american	2,362													
	Asian & Pacific Islander	206													
	Other/Unidentified	359													
	<b>Total</b>	<b>6,599</b>													

<b>Program:</b>
AHFC Energy Efficiency Interest Rate Reduction
AHFC Interest Rate Reduction for Low Income Borrowers
AHFC Tax Exempt Loan Program
AHFC Taxable Loan Program
AHFC Other Loans
AHFC Multifamily and Special Needs Loan Program
AHFC HOME HOP Program
AHFC HOME ORP Program
AHFC Weatherization Program
AHFC Low Rent Public Housing
AHFC Section 8 Public Housing
Hhld Assisted Survey: Homeless Providers
Hhld Assisted Survey: GOAL, LIHTC, HUD Project-Based
Hhld Assisted Survey: Tribal Entities, NAHASDA Recipients

\*Data for period 07/01/00 - 06/30/01. Source: AHFC, Public Housing Division, Mortgage Dept., Planning and Program Development.

\*\*Primary Racial/Ethnic composition of households. Not all agencies reported this data

**NOTE: This table reflects all areas outside Anchorage**

## State of Alaska---Non-Metropolitan Areas Demographic Characteristics of Households Assisted vs. Population Composition

Racial Group	Households Assisted FY2001		2000 Population Estimate	
	Number	Percent	Number	Percent
White	3,295	51%	246,525	67%
Black	186	3%	6,588	2%
Native	2,370	37%	79,102	22%
Asian/Pacific Islander	221	3%	11,569	3%
Other	361	6%	22,865	6%
Total	6,433	100%	366,649	100%
Hispanic/Any Race	197	3%	11,029	3%

The data for the Demographic Characteristics of Households Assisted table, as well as the Households and Persons Assisted with Housing table on page 11, was compiled from the results of a survey mailed out to housing providers serving areas of Alaska outside of Anchorage.

# **COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM**

## **STATE OF ALASKA FY 2001 State Performance/Evaluation Report PART II — Narrative Requirements for FFY 1997, 1998, 1999, AND 2000 Grants**

### **A. Statutory Requirements of Section 104(e):**

The overall mission of the State of Alaska Community Development Block Grant Program is to enhance the quality of life for low and moderate income residents by expanding economic opportunities in the State. The CDBG program fulfills this mission by acting upon its defined goals and objectives. The objectives of the State of Alaska Community Development Block Grant Program are:

- 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 develop infrastructure in support of economic development projects.
- To support activities which provide a substantial or direct benefit to low and moderate income persons.
- To support activities which demonstrate the potential for long-term positive impact.
- To support economic development activities which will result in business development and job creation or retention which principally benefit low and moderate income persons.
- To support economic development activities which will promote import substitution or export development.
- To support activities which encourage local community efforts to combine and coordinate CDBG funds with other available private and public resources whenever possible.

As is indicated in the attached Part I of the Performance Evaluation Report, all of the CDBG grants funded have supported at least one of the above objectives. All have met the objective of serving low and moderate income residents.

The above defined goals and objectives of the CDBG program strongly support and are consistent with the eight principles from the State of Alaska's Consolidated Housing and

Community Development Five Year Plan covering state fiscal years 2001 through 2005. Specifically, under the CDBG program:

- Benefits are emphasized to low-income Alaskans (Principle # 1).
- Economic growth is emphasized through the development of infrastructure (Principle # 2).
- Activities are encouraged to preserve, maintain and upgrade important community resources that are a prerequisite for sustainable housing (Principle # 3).
- Economic development activities are encouraged that will offer job opportunities to promote household stability and help break the cycle of homelessness (Principle # 4).
- Communities are encouraged to leverage CDBG funds with other public and private resources (Principle # 5).
- Through technical assistance activities, community development projects are assisted in the incorporation of appropriate design and engineering, energy efficient construction techniques and innovative technologies (Principle # 7).

The State of Alaska has not and does not anticipate significantly modifying the objectives of the CDBG program for the years included in this report. Through our Consolidated Planning process, our constituents have confirmed that our efforts to maintain and improve the quality of life for low and moderate income residents by focusing on infrastructure development, is a priority for use of CDBG funds.

It is clear that the CDBG Program has had a tremendous positive impact on the low and moderate income residents of the State of Alaska, as indicated in the attached Accomplishments section of this report.

## **B. Summary of Activities and Results from Technical Assistance Funding**

The State has set aside and does intend to use 1% of its FFY 1997, 1998, 1999, and 2000 allocations to provide Technical Assistance to its grantees. Prior year TA funds were used to hire a team of experts to put together a *Grant Construction Manual* for use by those grantees constructing public facilities. The manual was written for CDBG grantees and others involved in the building industry in rural Alaska: architects, engineers, material suppliers, contractors, construction crews, municipal grant recipients, and permitting and regulatory agencies. It contains information on design considerations, construction, maintenance, energy efficiency standards by region of the state, mechanical systems, walls, roof, doors & windows, etc. The manual has been well received by all and the feedback we received is that it has been a very valuable tool for grantees who do not have expensive experience in building construction.

Using FFY 94, FFY 95, and FFY 96 technical assistance funds, we expanded upon this training concept by contracting with Alaska Housing Finance Corporation to hire a construction/energy/conservation consultant to provide assistance in a number of communities which were awarded CDBG construction grants. He made at least three trips to each community selected. The initial visit was used to determine what type of assistance would be most appropriate for the grantee. In some cases the grantee needed help in putting together materials lists for bids; in other cases they needed help training the local labor force crews on basic construction techniques; in other cases they needed help with designing a building appropriate for their site or environment. In some cases they needed all of the above! We wanted the consultant to provide whatever assistance he and the grantee determined to be most appropriate. He followed each project through, making inspections at critical points. His oversight gave us the opportunity to avoid huge cost overruns on projects, which is not untypical for those inexperienced to construction. We avoided ordering inappropriate materials and the costs associated with returning those. Every crew member who attended the training indicated that it was extremely valuable for them. Most indicated that they rarely have the opportunity to receive on-site supervision and training. They learned a great deal about reducing energy costs through good construction techniques. We felt this experiment exceeded our expectations by leaps and bounds. The consultant was excellent in working with grantees and this helped to get them behind the training concept. We were originally concerned that they might be some resistance to having an "outsider" helping. But that was not the case. They welcomed the help and utilized the opportunity to the fullest. We expanded even more on this concept with FFY96 funds. We conducted extensive workshops during the Fall 1997, 1998, and 1999 solicitations and included construction training in those workshops. The consultant attended some of those workshops and provided an overview of issues communities should consider in planning a construction project. Design, site preparation, availability of local talent for construction crews, bidding materials, selecting the best value, conducting materials inventory, etc. He helped us help the communities consider issues which they may not have considered or been aware of previously. We found that this type of instruction greatly enhanced the quality of construction applications we received in 97, 98, and 99. Applicants were clearly more informed of what they were undertaking. Now that FFY 97, 98, 99, and 2000 awards have been made, the consultant is working individually with those communities who identified a need for assistance. To date, approximately 25-30 communities have received assistance. Some have had multiple on-site visits; some have received only plan reviews.

In addition to the individual assistance and the Fall application workshops, the consultant also participated in two 1999 Spring workshops for new grantees. One was held in Kotzebue and one in Anchorage. A total of 22 people representing 20 grantees attended the two workshops. The idea of these workshops was to review the Grant Recipient Construction Manual requirements with new grantees and to covering quality building concepts, project planning, building budgets, project management, and negotiations with vendors.

Again we were very pleased with the comments and evaluations of the workshop. Everyone who attended reflected that the consultant's presentation was extremely valuable.

In addition to the construction training, we also provided more general training and assistance with meeting the requirements of the CDBG program at the workshops. We covered general program information including the Grant Implementation Manual, the signatory authority form, insurance requirements and certifications, public hearing requirements, audits, complaint process, fair housing and equal opportunity employment, section 3, environmental review, labor standards, and site control.



## **HOME INVESTMENT PARTNERSHIP PROGRAM (HOME)**

### **ANNUAL PERFORMANCE REPORT---July 1, 2000 - June 30, 2001**

#### **Program Accomplishments/Commitments**

During the year, AHFC continued the successes of earlier years through the HOME Investment Partnership (HOME) Program. As proposed in the FY 01 Action Plan, HOME program funds were used to (i) develop affordable rental and homeownership housing (Greater Opportunities for Affordable Living Program), (ii) rehabilitate single-family homes owned and occupied by lower-income families (Owner-Occupied Rehabilitation Program), (iii) provide financial assistance to lower-income home buyers (HOME Opportunity Program), and (iv) fund a portion of the operating costs incurred by the State's Community Housing Development Organizations (CHDOs).

#### **1) Rental Development – GOAL Program**

Under the Greater Opportunities for Affordable Living (GOAL) Program, AHFC awards funding for affordable rental housing development, utilizing three funding sources - HOME funds, Low Income Housing Tax Credits, and AHFC grant funds under the Senior Citizen's Housing Development Funds Program. By combining these three funding resources, the GOAL Program has reduced the application and development burden for housing developers, increased the rate in which GOAL funds are leveraged with other resources, and decreased development time frames. As part of this year's GOAL Program funding cycle, AHFC conducted regional application workshops in Bethel, Anchorage, Ketchikan, Wasilla, and Fairbanks.

Five rental development projects, located in Juneau, Mountain Village, Bethel, Fairbanks, and Wasilla, and one homeownership development project located in Douglas, were awarded HOME funds totaling \$1,299,314 (including \$635,000 in state match). These six HOME-funded projects are expected to leverage other development funds totaling approximately \$7.5 million. An additional two projects from the previous year's funding round, one in Ketchikan and one in Petersburg, executed grant agreements during the program year. A total of 59 affordable rental units and four affordable homes for homeownership will be developed as a result of all eight projects (52 units of which are new construction and seven are rehabilitation).

One of the eight projects funded included a Community Land Trust in Juneau. This project will result in four new-construction homes for sale to households at or below 80% of the median income. The homes are built as part of a land trust which holds title to the land while selling the building only, thus allowing for a more affordable home. The land trust also assures that any sales of the homes during the next 99 years will be made to low to moderate income households, guaranteeing affordability for the long term. This is the second Community Land Trust in Alaska, and the second homeownership development project funded through Alaska's HOME program.

Federal regulations require a minimum average of 15 percent of all HOME funds (\$450,000 annually) be allocated to Community Housing Development Organizations (CHDOs) to develop, sponsor, or own HOME assisted housing. Four of the six HOME-funded GOAL projects are sponsored by CHDOs, representing 39 of the affordable units, and \$818,446 in federal HOME funds. This overage of CHDO allocation, along with previous years' overages, makes up for last year's allocation which fell short of the 15 percent. (Initially, it was believed one of the FY2000 GOAL projects would be a CHDO project, however, the sponsor's CHDO certificate had to be withdrawn following a clarification by HUD of CHDO regulations.)

## **(2) Owner-Occupied Rehabilitation Program (ORP)**

Four non-profit organizations continued to administer AHFC's HOME-funded Owner-Occupied Rehabilitation Program (ORP). Through this program, non-profit program administrators, or "subrecipients", provide funding to lower-income home owners to improve the home owner's property condition and energy efficiency, eliminate life-safety hazards, and make accessibility improvements. Thirty-five (35) ORP projects were completed during the program year, and an additional 17 were in process as of June 30, 2001. Areas served by the four subrecipients included the Matanuska-Susitna Borough, Kenai Peninsula Borough, Fairbanks North Star Borough, City and Borough of Juneau, and the Ketchikan Gateway Borough. Three of the four subrecipients showed healthy progress in serving their regions: the Ketchikan Gateway Borough, however, suffered from the small nature of the program and did not produce any new loans during the program year. Because of this lack of activity, the Action Plan for the coming year folded the Ketchikan Gateway Borough into the Southeast region to allow for greater economy of scale in the program.

AHFC continues to encourage program coverage in areas of the state not currently served under this program. During the program year, a Notice of Funding Availability was offered which will expand next year's coverage to all areas of the state except the Bristol Bay/Aleutians region, for which no subrecipient applied, and the Municipality of Anchorage, which is not served by the State of Alaska's HOME program. This adds two new regions to the ORP program's service area: the remote Northern/Northwest and Western area regions, both to be served by the Rural Alaska Community Action Program.

Especially relevant as the ORP program's geography expands, new Lead-Based Paint regulations, published on September 14, 1999, will make serving older, and, particularly, remote homes through ORP more costly. AHFC received two extensions during the program year to provide additional time to build capacity amongst the state's lead-based paint contractors and program administrators. An additional and final extension is expected that will require the new regulation's implementation in the next program year, by January 10 of 2002. AHFC and its subrecipients have been actively preparing for implementation of these new regulations during the program year (see page 23) and will continue these efforts into the next.

### **(3) HOME Opportunity Program (HOP)**

The HOME Opportunity Program (HOP) saw its third year of activity during the program year. Under HOP, qualifying families may receive down payment funding assistance equaling 2 percent of the purchase price (up to \$2,000), up to \$2,000 for loan closing costs, and, if necessary to achieve affordability, a soft second deed of trust of up to \$25,000. In the Fall of 2000, the HOP program, with recognition of its three subrecipients at the time (Housing First, Fairbanks Neighborhood Housing Services, and Cook Inlet Housing Authority) won a “Best Practice” award for its achievements from the US Department of Housing and Urban Development.

Despite its success, the HOP program was funded at a lower level during this year than what was available to it in its first two years of implementation. In previous years, as the program ramped up after initial years of planning for it, the HOP program could draw from two years’ funding at a time. That back-log of HOP funds is now depleted, and only one year of funding is available. As a result, in the spring of 2001, a total of \$601,700 was awarded to two non-profit organizations to administer the homebuyer assistance component of the program in Juneau, Sitka, and the Matanuska-Susitna Valley. The program in Fairbanks could not initially be funded due to lack of funds.

AHFC addressed this shortfall by reviewing funds available in other program areas. In the Spring of 2001, an amendment to previous Action Plans increased funding for the HOP program slightly, enabling full funding of the Juneau and Sitka programs, and partial funding of Fairbanks, for a new total of \$1,028,803.16 for HOP funding awarded during the program year.

HOP continues to reflect a demand for homeownership assistance in the state. By the end of the program year, subrecipients had assisted 40 low-income households close on their new homes, with four (4) additional loans in process. A profile of these beneficiaries and the properties purchased is shown in the Table titled HOP: Profile of Beneficiaries and Properties Purchased, and is further discussed below.

## HOP: Profile of Beneficiaries and Properties Purchased

	Fairbanks		Kenai		Mat-Su		Juneau		Sitka		Total	
	#	%	#	%	#	%	#	%	#	%	#	%
Total Loans Closed	16		1		1		18		4		40	
Condominiums	1	6%	0	0%	0	0%	7	39%	0	0%	8	20%
Ethnicity:												
Caucasian	11	69%	1	100%	1	100%	10	56%	4	100%	27	68%
Native American	5	31%	0	0%	0	0%	7	39%	0	0%	12	30%
Asian	0	0%	0	0%	0	0%	1	6%	0	0%	1	3%
Other ethnicity	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Household Type												
Single-parent family	6	38%	1	100%	0	0%	5	28%	2	50%	14	35%
Two-parent family	2	13%	0	0%	0	0%	6	33%	2	50%	10	25%
Single, non-elderly	7	44%	0	0%	1	100%	7	39%	0	0%	15	38%
Elderly	1	6%	0	0%	0	0%	0	0%	0	0%	1	3%
Household Size												
1-2	12	75%	0	0%	1	100%	9	50%	1	25%	23	58%
3-4	3	19%	1	100%	0	0%	7	39%	3	75%	14	35%
5 and more	1	6%	0	0%	0	0%	2	11%	0	0%	3	8%
Income Range												
60-80 percent	12	75%	0	0%	0	0%	11	61%	2	50%	25	63%
50-60 percent	2	13%	0	0%	0	0%	5	28%	2	50%	9	23%
30-50 percent	2	13%	1	100%	1	100%	2	11%	0	0%	6	15%

Fairbanks and Juneau saw the most activity over the past year, therefore, numbers primarily reflect programs there, with a few loans in Sitka, Kenai and Mat-Su. The low numbers in Kenai/Mat-Su reflect the fact that the subrecipient had completed most of its loans during the previous program year, and the new subrecipient for the Mat-Su area was just getting its grant underway at the close of the program year. The Kenai area will not be served over the coming year because there were no subrecipient applicants for that area.

Most homes purchased through the HOP program were single family homes: only eight out of 40 (20 percent) properties purchased were condominiums. The Juneau area was much more likely to see condominium purchases than other areas, however: seven of the eight condominiums in the HOP program were purchased in Juneau, and condominiums represented 32 percent of all property purchased in that sub-market. This concentration in Juneau seems to suggest a tighter housing market and higher-priced homes in that community. It also may reflect the slightly lower income clientele served by that community: three out of five households served (61%) were over 60% of the median income in Juneau, whereas three out of four (75%) fell in the same income bracket in Fairbanks.

Program-wide, households served consisted of an even mix of single-parent, two-parent and single, non-elderly households. The majority of households served were Caucasian (68%), with Native American making up the second largest minority. Subrecipients will be asked over the next program year to look carefully at their affirmative marketing plans

to determine how to better reach out to other ethnic groups. These affirmative marketing plans will also be reviewed by AHFC staff as part of the monitoring process.

In 1999, a new component to the HOME program was introduced under the HOP program: the homeownership developer's subsidy. One project was funded during that program year, which got underway in full steam during the current year. One home was constructed and sold to a homeowner, and a stepped-up advertising campaign resulted in increased interest in the program, and starts for subsequent homes. A total of nine homes will be completed by Borealis Community Land Trust through this program. Because the developer subsidy that made these new homes possible is more closely related to development than to down-payment assistance, this component was transferred to the GOAL program this program year.

#### **(4) Community Housing Development Organization (CHDO) Operating Expense Assistance (OEA)**

Over the past year, AHFC continued to help Community Housing Development Organizations (CHDOs) through its CHDO Operating Expense Assistance (OEA) Program. OEA assists active CHDOs build capacity and meet operating expenses for a six-year period, with assistance diminishing over time. Contracts for OEA awarded the previous year were executed in late summer of 2000. In July of 2001, new applications for OEA were accepted and \$113,750 was awarded for the coming year across the five applicants. OEA contracts encourage CHDOs to operate all AHFC programs in accordance with program rules: for every month a CHDO remains unresponsive to findings with AHFC for more than 30 days, the OEA grant is reduced by one twelfth.

## Summary of Commitments

The table below identifies HOME commitments made during the past fiscal year.

Program Component/ Sponsor	Commit Date	Commit. Amount**	Project Location	# of Units	Project Status
<b>Rental Development:</b>					
Rendezvous Senior Day Serv.,***	5/01	\$ 202,980	Ketchikan	8	Underway
City of Petersburg***	5/01	\$ 64,167	Petersburg	20	Pre-Dvlp
Juneau Housing Trust, Inc.*	3/01	\$ 196,000	Juneau	4	Underway
Housing First, Inc.*	3/01	\$ 52,130	Juneau	7	Underway
Yukon-Kuskokwim Health Corp.	7/01	\$ 595,868	Bethel	4	Pre-Dvlp
Fairbanks Nbhd Hsg Serv.,*	5/01	\$ 530,316	Fairbanks	4	Underway
Valley Residential Services, Inc.*	5/01	\$ 675,000	Wasilla	24	Underway
Asa'carsarmiut Tribal Council	8/01	\$ 250,000	Mt. Village.	10	Pre-Dvlp
		<u>\$2,566,461</u>		<u>81</u>	
<b>Owner Occupied Rehabilitation:</b>				(actual unit completions)	Grant agreements finalized after end of program year. Loans reflect activity from previous grant awards.
Ak Community Dvlp. Corp., Inc.	2/01	\$ 390,896	Southcentral	11	
Ak Community Dvlp. Corp., Inc.	2/01	\$ 125,822	Southeast	1	
Interior Weatherization, Inc.	2/01	\$ 292,135	Interior	14	
Rural AK. Comm. Action Program	2/01	\$ 89,737	Juneau	9	
Rural AK. Comm. Action Program	2/01	\$ 67,520	Nrth/N.W	0	
Rural AK. Comm. Action Program	2/01	\$ 68,890	Western	0	
		<u>\$1,035,000</u>		<u>35</u>	
<b>HOME Opportunity Program:</b>				(actual loan closings)	
Fairbanks Nbhd Hsg Serv., Inc.*	5/01	\$ 346,803	Fairbanks	16	In process.
Housing First, Inc.*	2/01	\$ 440,000	Juneau & Sitka	22	(Borealis CLT
Ak Community Dvlp. Corp., Inc.	2/01	\$ 242,000	Mat-Su Valley	1	completed one
		\$ 0	Kenai	1	home, which
		<u>\$1,028,803</u>	(excluding the Municipality of Anchorage)	<u>40</u>	is counted in FNHS loans)
<b>CHDO Operating Expense Assistance:</b>					
Fairbanks Nbhd Hsg Serv., Inc.*	In process	\$ 16,250	Fairbanks	N/A	In process, assistance covers period 7/01 to 6/02.
Housing First, Inc.*		\$ 12,500	Juneau		
Juneau Housing Trust*		\$ 35,000	Juneau		
Borealis Community Land Trust*		\$ 25,000	Fairbanks		
Valley Residential Services*		\$ 25,000	Wasilla		
		<u>\$ 113,750</u>			

\* Organization is a Community Housing Development Organization (CHDO)

\*\* Includes AHFC Cash "Matching" Funds.

\*\*\* Award made during program year as a result of application received during previous year.

## **HOME Match**

Matching requirements for all program components (except CHDO Operating Expense Assistance and Administration Expenses, both of which do not require match) are being met by AHFC's cash contribution of \$750,000, and contributions through other sources. While the match liability for this year was only \$644,705.42, \$4,714,649.73 in matching contributions were logged during the year. The annual HOME match report is included in Appendix B-1.

## **Lead-Based Paint**

In September of 1999, HUD published new Lead-Based Paint regulations with procedures required where HOME-funded projects assisting housing built before 1978. These regulations are expected to have a major impact on the Owner Occupied Rehabilitation Program and, to a lesser degree, the HOME Opportunity Program and Rental Development Program.

For all HOME-assisted activities where more than a diminuous amount of paint will be disturbed in housing built before 1978, a specially certified lead-based paint assessor must ascertain if lead exists in the home. This determination must be made using an XRF machine (which cost from \$15,000 to \$25,000) or lab-tested paint chips, or it must be assumed that all paint is lead-based. Any work involving lead-based paint must be accomplished under the direction of a lead-based paint certified supervisor, or by workers certified in safe work practices. Once work is complete, a lead-based paint assessor or clearance technician who was not involved in performing or supervising the work must clear the site. Until clearance is confirmed by a lab's analysis of dust collected on site, no household members are permitted to reside in the home.

AHFC staff conducted an analysis of existing information available on the prevalence of lead-based paint and lead poisoning in children in Alaska, and the cost of implementing new regulations. Because of the relatively new housing stock in this state, the presence of both lead-based paint and children with elevated blood levels in Alaska were well below the national average. Conversely, because of the very remote nature of the sites assisted through the HOME program and the lack of certified lead professionals, the cost of implementing new regulations in Alaska will be very high. For example, in the ORP program alone, staff estimated that if 50 units are assisted in one year (a generous estimate), approximately 10 would benefit from new lead-based paint controls and together would cost the ORP program approximately \$122,050 in one year, 12 percent of the total ORP budget.

Housing for rural, low-income households is a high priority for the AHFC Board of Directors and the Consolidated Plan. These new lead-based paint regulations make serving older homes in these remote areas disproportionately more costly and cumbersome to serve. AHFC will continue to strive to meet the challenge of the new lead regulations. Over the past year, AHFC has coordinated the various Transition Implementation Plans throughout the state, sponsored a series of trainings and has welcomed HUD's efforts to make additional training available. In January, 2001, a

private training organization sponsored lead-based paint supervisor classes in Fairbanks and Anchorage. In February, AHFC partnered with a local training organization to sponsor a week-long lead-based paint risk assessor and supervisor training in Anchorage. HUD Technical Assistance funds assisted HOME subrecipients in attending these extensive classes. In the Spring, a local trainer taught a one-day safe work practices class in conjunction with the "Cold Comfort" conference. HUD also sponsored two worker training classes, one in the Spring and one in July of 2001, both in Anchorage. AHFC also worked with HUD's training contractor to advertise this training and training made available in September of 2001 to the general public.

Through these various training efforts, AHFC, in conjunction with private contractors, subrecipients, and other agencies involved with housing, have been gaining the capacity necessary to implement the new lead-based paint regulations. Following a series of extensions, these new regulations will be implemented by January 10, 2002.

### **Displacement/Relocation**

One rental development project awarded this year involved an existing building with tenants (Strasbaugh, Housing First). The rehabilitation activities, however, were not expected to require the current tenants to move temporarily or permanently. Proper notices were sent to tenants prior to application for HOME funds. An additional project funded during the previous year, involving temporary relocation of tenants, was successfully completed. AHFC has monitored notices provided to tenants and temporary relocation associated with this project and has found that, through June 30, 2001, all proper notices have been provided.

### **Program Monitoring**

Program monitoring during the year consisted of two types of compliance review. The first involved project monitoring during the initial development period. This type of review consists of site visits to projects being developed and to subrecipient offices to ensure compliance with program policies and property requirements. It also consists of desk monitoring accomplished through review of financial data, quarterly and annual project status reports. Reviews of this nature were conducted throughout the year by program staff.

Among the Project Initiation Reports required of developers of rental housing are the Section 3 Work Plan and a written Women's and Minority Business Enterprises (MBE/WBE) workplan. The Section 3 Work Plan must identify how the subrecipient 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, and include the Section 3 Clause in all solicitations and contracts. The Women's and Minority Business Enterprises workplan must include a description of the subrecipient's planned outreach designed to inform women and minority business enterprises of present and future contract opportunities. Contracts require quarterly reports on MBE/WBE, Section 3 and Job Training activity, allowing AHFC to routinely do a desk review of appropriate activity during construction. In addition, all site visits



during the construction period also inquire about Section 3 and MBE/WBE activity, in an effort to correct any deficiencies before the end of the project. Contracts require quarterly reports on MBE/WBE, Section 3 and Job Training activity, allowing AHFC to routinely do a desk review of appropriate activity during construction.

The second form of project monitoring consists of post-project completion review, or “affordability compliance” review. Monitoring reviews of this nature were conducted by AHFC’s Internal Audit Department throughout the year based on a schedule consistent with federal requirements.

In cases where program requirements are not being met, AHFC takes appropriate actions to ensure grantees and subrecipients come into compliance as soon as possible. Such actions include providing technical assistance, reminding subrecipients/grantees of possible penalties in future funding rounds, re-audits to see that problems are corrected, withholding grants and awards until current compliance issues are corrected, and reducing current grants where non-compliance continues or where grant funds were not ultimately required for project feasibility, in accordance with statute, regulation policy, and grant agreements. In most cases, through these actions, project developers, owners and subrecipients show a willingness and ability to meet program requirements.

### **Fair Housing and Related Issues**

The HOME Program requires AHFC, and all sub-recipients and grantees, to comply with the Fair Housing Act and related issues of affirmative marketing and equal opportunity.

It has been AHFC’s practice to meet these requirements through a variety of actions including:

- Placement of an equal opportunity logo in all AHFC solicitations, including those of program administrators, for program activities as well as press releases;
- Display of fair housing and equal opportunity posters in prominent areas of AHFC and program administrator’s offices;
- Inclusion of specific provisions within each grant, loan, or program administrator’s contract addressing the grantee’s, borrowers or program administrator’s fair housing and equal opportunity responsibilities;
- Outreach efforts, including meetings and workshops sponsored, conducted or participated in by AHFC, which are designed to educate segments of the population which might otherwise be less informed regarding the availability of program funds and the requirements under the Fair Housing Act. For example, during program funding cycles, AHFC conducts application workshops that address, in part, Fair Housing issues and requirements. Successful applicants are required to attend a pre-award conference that addresses these issues at greater length.

- AHFC's compliance and planning departments also regularly audit grantees and program administrators to ensure fair housing compliance and to further educate program participants regarding their fair housing responsibilities.
- Participation in advisory committees regarding special needs groups and their specific housing needs and assistance requirements.
- Focus program efforts toward areas and persons who might be considered least likely to apply for the assistance. For instance, the rating criteria utilized in the GOAL program targets projects in rural areas and those that will serve special needs groups.

Generally, because of the dynamics applicable to these preferences, persons ultimately served tend to be of lower-income, those with special needs, and those with higher concentrations of minority residents. ORP program criteria restricts program participation to families whose income does not exceed 60% of the area median income, and additionally targets families with special needs, i.e., elderly and families with small children.

- ORP Program administrators and rental developers under the GOAL Program are required to encourage the participation by businesses owned by minorities and women in contracts of \$25,000 or more.
- With the new flexibility offered by the Native American Housing and Self-Determination Act (NAHASDA), AHFC continues to invite participation in the HOME program by Indian Housing Authorities and tribes, and to work with them to ensure that all HOME funds result in housing units that are open to both Native and non-Native eligible households. New guidance from the US Department of Housing and Urban Development's Office of General Council, dated June 4, 2001, provides some clarification about how these funds may be combined and what the implications are for fair housing in preferences related to housing occupancy. How combined funds affects preferences in contracting, however, remains unclear.
- Annually evaluate the success of the Affirmative Marketing efforts, and propose changes for the coming year. This assessment has been completed and is included in Appendix B-2.

The numerous actions identified above have caused greater awareness and compliance with fair housing and related requirements. This has resulted in greater geographic disbursement of HOME funds throughout the State and the effective delivery of housing to a greater number of minority and lower income populations. It is AHFC's intent to continue these actions in the future.

## ALASKA'S CONTINUUM OF CARE FOR THE HOMELESS

Federal and state resources were used during FY 2001 to fund programs of homeless prevention and intervention for Alaskans living outside of the state's largest city, Anchorage. Local non-profit agencies are the critical link in this delivery system. In December of 2000, the U.S. Department of Housing and Urban Development announced awards under its Continuum of Care competition. The Alaska State Continuum of Care was successful in securing funding for the following programs:

• State of Alaska	Shelter Plus Care	\$152,640
• Women in Crisis	Supportive Housing Program Renewal	\$ 63,123
• Yukon-Kuskokwim Health Corporation	Supportive Housing Program Renewal	\$101,931
• St. Vincent de Paul Society	Supportive Housing Program Renewal	\$126,008
• Mat-Su Community Mental Health Services	Supportive Housing Program Renewal	\$ 44,252
• Women in Crisis	Supportive Housing Program Renewal	\$ 31,561
• Yukon-Kuskokwim Health Corporation	Supportive Housing Program Renewal	\$ 50,996
• St. Vincent de Paul Society	Supportive Housing Program Renewal	\$126,008
<b>Total</b>		<b>\$696,489</b>

The Alaska Coalition on Housing and Homelessness and Alaska Housing Finance Corporation worked closely together throughout FY 2001, to prepare for the HUD Continuum of Care competition announced in the third quarter of FY 2001. These activities under the State of Alaska Continuum of Care are described in a section following on page 29. The allocation of homeless resources covered by this Consolidated Plan during FY 2001 were consistent with community based strategies addressing homelessness. (Guiding Principle # 4)

## EMERGENCY SHELTER GRANT PROGRAM

### Annual Report

Alaska's non-metro allocation of Emergency Shelter Funds is administered by DCED; metro funds are granted by HUD directly to the Municipality of Anchorage. The state program received \$112,000 in federal fiscal year 2000 funds, which were distributed on a competitive basis. Six agencies were awarded grants from this year's Emergency Shelter Grant program. The grants support three general categories of assistance: activities to prevent homelessness; direct emergency services such as food and transportation; and costs to operate shelter facilities, such as utilities and fuel oil.

The ESG funds were matched by the local providers with a total of \$588,040.00 in local funds, local non-cash resources, and other state and federal agency funds.

## **Summary of Grants made from FFY 00 Emergency Shelter Grant Funds**

### **1. St. Vincent de Paul serving Juneau:**

Homeless Prevention Activities: \$6,560.00  
Direct Emergency Services: \$6,720.00  
Shelter Operations: \$13,330.00  
Rehabilitation/Renovation: \$0.00  
Administration: \$1,070.00  
Total: \$22,400.00

### **2. Women's Resource and Crisis Center serving Kenai:**

Homeless Prevention Activities: \$500.00  
Direct Emergency Services: \$5,000.00  
Shelter Operations: \$: \$15,780.00  
Rehabilitation/Renovation: \$0.00  
Administration: \$1,120.00  
Total: \$22,400.00

### **3. Catholic Social Services serving Kodiak:**

Homeless Prevention Activities: \$8,450.00  
Direct Emergency Services: \$0.00  
Shelter Operations: \$12,830.00  
Rehabilitation/Renovation: \$0.00  
Administration: \$1,120.00  
Total: \$22,400.00

### **4. Valley Women's Resource Center serving Palmer:**

Homeless Prevention Activities: \$3,625.00  
Direct Emergency Services: \$5,517.00  
Shelter Operations: \$3,683.00  
Rehabilitation/Renovation: \$0.00  
Administration: \$675.00  
Total: \$13,500.00

### **5. Advocates for Victims of Violence serving Valdez:**

Homeless Prevention Activities: \$0.00  
Direct Emergency Services: \$0.00  
Shelter Operations: \$: \$8,900.00  
Rehabilitation/Renovation: \$0.00  
Administration: \$0.00  
Total: \$8,900.00

6. Interior Alaska Center for Non-Violent Living serving Fairbanks:

Homeless Prevention Activities: \$0.00  
Direct Emergency Services: \$0.00  
Shelter Operations: \$22,400.00  
Rehabilitation/Renovation: \$0.00  
Administration: \$0.00  
Total: \$22,400.00

## **Priority Activities Under Alaska's Continuum of Care**

### **Continuum of Care Competition**

Throughout the FY2001, AHFC supported the Alaska Coalition on Housing and Homelessness by providing staff assistance, meeting space, and teleconference services. Representatives from 12 communities throughout the state consistently participated in the monthly Coalition meetings over the reporting period. At its annual meeting in October 2001, the Coalition presented AHFC staff with a special award in appreciation of the Corporation's efforts to foster communication and provide technical assistance. Also during FY2001, AHFC continued its collaboration with the Coalition to facilitate Continuum of Care planning and project prioritization processes, as well as produce the "Balance-of-State" competitive funding application.

In the spring of 2001, AHFC and its sponsor, Yukon-Kuskokwim Health Corporation (YKHC) inaugurated a new Shelter+Care program in Bethel. Funding for this program came as a result of a successful FY2000 Continuum of Care application. This program is considered to be very timely as a number of the clients currently in YKHC's SHP transitional housing are expected to "graduate" over the next year. The Shelter+Care assistance will enable these clients to access decent housing in a community where rental units are extremely expensive and inaccessible to persons with disabilities.

In conjunction with the Coalition's Annual Meeting in October 2001, AHFC used HUD Technical Assistance funds to sponsor a one-day workshop on expanding housing opportunities for persons with disabilities. The workshop featured a nationally recognized trainer who outlined the numerous HUD programs and planning processes that can be utilized to help persons with special needs. Approximately 50 persons attended the workshop.

To assist smaller communities with local Continuum of Care planning, AHFC executed a service agreement with RurAL CAP to provide technical assistance in homeless data collection, service coordination and utilization of HUD programs to address identified housing needs. Qualified communities were hesitant to respond, reportedly due to the lack of funds such as ESG and other McKinney resources that are available to address

any additional “gaps.” One community that did respond favorably was Sitka. With assistance from RurAL CAP, this community did generate their first local Gaps Analysis and identified several projects on which they intend to continue to work collaboratively.

### **Grant Match Assistance**

With authority from the Alaska Legislature, AHFC provides matching grants for several federal competitive grant programs. For FY2001, the Legislature authorized \$1,000,000 in corporate receipts for matching grant awards. AHFC awarded \$40,000 in matching funds under the USDA Housing Preservation Grant Program to upgrade homes in the remote community of Lime Village. Also during FY01, AHFC committed approximately \$500,000 in Corporate funds to match seven grant requests totaling \$2.3 million from HUD under the Continuum of Care, Homeless Assistance program. Results of this competition were still pending at the time of this report.

### **AHFC Homeless Assistance Program (HAP)**

In the fall of 2000, AHFC announced another competition for funding under its Homeless Assistance Program (HAP). AHFC received 17 applications totaling \$1.4 million. After the applications were scored and ranked, AHFC attached the list of applicants, by rank order, to its funding authorization request to the Alaska Legislature. Although the Legislature continued to hold the line of AHFC’s authorization to \$250,000, they did authorize a supplemental contribution of \$200,000 from the Alaska Mental Health Trust Authority for this program. These combined resources resulted in the following awards to “Balance-of-State” recipients:

<u>Agency</u>	<u>Activity</u>	<u>Grant Award</u>
Kodiak Brother Frances Shltr	Homeless Prevention	\$ 56,060
St. Vincent dePaul (Juneau)	Prevention/ Placement	\$ 90,300
USAFV (Unalaska)	Shelter Support	<u>\$ 21,090</u>
Total		\$ 167,450

### **Improving Information on Alaska’s Homeless**

On July 26, 2000, and again on January 31, 2001, Alaska Housing Finance Corporation administered its semi-annual Homeless Service Provider's Survey. This survey, conducted in cooperation with the Alaska Coalition on Housing and Homelessness, is a

"one-day" or "point-in-time estimate" completed by service providers on a predetermined date. The purpose of the survey is to gather descriptive information on the homeless who may receive services from particular homeless agencies at any given point in time. Summary of information from these two surveys is as follows:

- The Summer 2000 Survey (7/26/00) showed 31% of the homeless cases were disclosed as being a victim of violence. Outside of Anchorage, 83% of the victims of violence were homeless females staying at domestic violence shelters. For many homeless women, violence leads to homelessness. Other findings identified that outside of Anchorage, 43% of Alaska's homeless population had some form of a disability.
- The Winter 2001 Survey (1/31/01) showed a substantial growth in the number of homeless in the communities of Anchorage, Fairbanks and Juneau compared to the Summer 2000 Survey. Agencies generally reported a greater number of homeless in the Winter months. The 12% increase in the number of homeless reported in the Winter 2001 Survey (compared to the homeless survey done in January of 2000) can be linked to the inclusion of data on homeless families wait-listed for AHFC Public Housing. Self-reported rates of homeless violence dropped in Anchorage, but continued to rise in other areas of the state.

In the spring of 2001, HUD announced a Congressional mandate to have a Homeless Management Information System in place by 2004. This mandate is particularly problematic in consideration of the fact that the cost of installing and supporting such a system in Alaska is likely to exceed the amount this state receives in McKinney funds. In a preliminary survey conducted shortly after the HUD announcement, AHFC learned that most of the recipients of SHP funds are already entering client information into data bases that are maintained by their primary (and larger) sources of funding such as a state agency. AHFC has begun a dialogue with some of these agencies to explore the possibility of accessing information from those data bases to avoid additional work on the part of the service provider, yet still meeting the terms of this HUD requirement. AHFC is also exploring automated response enhancements to its existing biannual homeless survey.

### **Linking the Homeless With Mainstream Resources**

Under the State of Alaska's Five Year Consolidated Housing and Community Development Plan (2001-2005), a priority and specific objective is to "improve the coordination and utilization of mainstream assistance programs to reduce dependency on short-term grants." AHFC's Public Housing and Section 8 programs are two of the major sources of "mainstream housing resources". During FY 2001 (July 1, 2000 through June 30, 2001), 302 Alaskan households outside of Anchorage with a homeless preference were placed either in public housing or received Section 8 rental assistance. In examination of the data on the homeless households placed in housing through these mainstream resources, approximately 81% of those placed do so within 30 days of being

on the waiting list. Another 16% of those placed did in the next 60 days. A total of 954 households outside of Anchorage claimed a homeless preference during FY 2001.

Information on "mainstream" services benefiting the homeless is limited. Responsibility for the administration of these "mainstream" resources (Medicaid Waivers and other programs of the Alaska Department of Health and Social Services) is spread among a number of agencies. No discernable effort is made to collect data that identifies the extent to which homeless individuals are utilizing these resources. During FY 2001, it was not possible to determine with any degree of confidence the extent to which homeless individuals and families were able to access mainstream service assistance resources.

## **Assisting Alaskans with Special Needs**

### **Senior Citizen Housing Development Funds**

At the time of preparing the FY 2001 Annual Action Plan, it was anticipated that the Senior Citizens Housing Development Fund (SCHDF) would fund three projects in the amount of \$2,235,500. The actual funding allocations during FY 2001 for the SCHDF was as follows:

- City of Petersburg---\$764,500 SCHDF funds. Total project development costs were \$3,236,323 for 20 units of senior housing.
- Tupiq Services---Kotzebue---\$739,000 SCHDC funds. Total project development costs were \$2,978,959 for 16 units of senior housing.
- The Senior Citizen Housing Development Fund Pre Development Grants were awarded to nine grantees, and one market study was conducted on the Kenai Peninsula. A total of \$250,000 was allocated to predevelopment grants.
- A new activity under this program, the SCHDF Senior Access program was allocated \$500,000, with awards made to a total of four grantees to make accessibility modifications to the homes of seniors.

### **Housing Opportunities for Persons with AIDS (HOPWA)**

During FY2001, AHFC executed a grant agreement with HUD for \$572,600 in continued funding of a HOPWA program that has been operating since 1994 in the Southcentral and western regions of the state, including Kodiak, Kenai, Bethel and the Matanuska-Susitna area. These funds are used to provide assistance with rental or short-term utility costs, as well as a wide array of supportive services. The HOPWA program has also provided vital assistance with transportation and temporary housing costs when travel to Anchorage for medical treatment has been necessary.



## **Alaska Mental Health Trust Authority**

As part of the act that granted statehood to Alaska, Congress created the Alaska Mental Health Trust, and the state selected one million acres of land to provide funds for the development of a comprehensive integrated mental health program. For many years, the state did not manage these Trust lands to fund mental health services to benefit Alaskans with disabilities. Trust beneficiaries sued the State of Alaska for this breach of its fiduciary responsibilities, and a final settlement was reached in 1994. This settlement reconstituted the Trust with 500,000 acres of original Trust Land, 500,000 acres of replacement land, and \$200 million in cash. These assets are managed by the Trust's Board of Trustees to produce income to ensure a comprehensive integrated mental health program is developed for use by its beneficiaries.

During FY 2001, the Trust continued its work to expand affordable housing opportunities for its beneficiaries. During the Spring of 2001, the State of Alaska's Citizen Participation Plan was amended to add a representative of the Trust to the Interagency Steering Committee for the Consolidated Housing and Community Development Plan for Alaska. The Trust is also a key participant in the *Beneficiary and Special Needs Housing Grant Program*. A description of this program follows this section. During FY 2001, the Trust was involved with the development of the draft Comprehensive Integrated Mental Health Plan. This Plan guides the programs and services provided to Alaskans who are beneficiaries of the Alaska Mental Health Trust. Beneficiaries include people with:

- Mental illness
- Developmental disabilities
- Chronic alcoholism
- Alzheimer's Disease and related disorders.

The Comprehensive Integrated Mental Health Plan was released in a draft form for public comment in early FY 2002. Through its participation on the Interagency Steering Committee, the Trust will offer input from the final version of this Plan into the development of the FY 2003 HCD Annual Action Plan.

## **Beneficiary and Special Needs Housing Grant Program**

During FY 2001, Alaska Housing Finance Corporation (AHFC) continued to work with the Alaska Mental Health Trust Authority (AMHTA) and the Alaska Department of Health and Social Services (DHSS) in the Beneficiary and Special Needs Housing Grant Program (SNHG). The FY 2001 legislative appropriation was \$1.5 million for this program. On June 5, 2001, a Notice of Funding Availability (NOFA) was released for this program. The purpose of this NOFA was capital and operating funds (at the same time) to develop supportive housing for "hard-to-serve" severely mentally ill adults who

have a history of cycling through the Alaska Psychiatric Institute (API) or through the Alaska Department of Corrections (DOC) facilities. Supportive housing allows persons with disabilities to live independently in a community residential setting and decreases the likelihood that they will return to API or to correction facilities. In addition to the \$1.5 million in capital funds provided by AHFC, up to \$250,000 in operating funds are to be provided by AMHTA and DHSS. The operating funds will be in the form of rent payments for tenants until they qualify for benefits or can otherwise make rent payments themselves, rent payments for units the grant recipient holds available for state referrals, and payments for approved remaining start-up operating costs that are not met by tenant rent payments or other income sources. This one-time only grant is expected to be replaced by other revenue source following the start period. *This NOFA closed on August 10, 2001, and an award is anticipated in early FY 2002. The FY 2002 CAPER will report on this award, and progress on the project.*

### **Expanding the Capacity of Sponsors to Access Special Needs Housing Programs**

Throughout FY 2001, Alaska Housing Finance Corporation offered HUD funded technical assistance activities targeted at improving the capacity of sponsors to access special needs housing programs. During FY 2000 (July 1, 1999 through June 30, 2000), a particular area of concern was the fact that no project sponsors from Alaska applied for the HUD Section 811 Supportive Housing for Persons with Disabilities program. This program provides both capital funding and project rental assistance for very low income persons with disabilities who are at least 18 years old. Non-profit organizations are eligible to apply, and use HUD 811 funding to construct, rehabilitate, or acquire structures that may be developed into a variety of housing options. In FY 2001, two applicants did compete for HUD 811 funds. The announcement of 811 funding awards is anticipated in the Fall of 2001. The results will be reported in the FY 2002 Annual Performance Report.

Because of the limited amount of funding for HUD's Supportive Housing programs and other targeted special needs housing funding sources, accessing mainstream resources for housing and associated supportive services. Using HUD technical assistance resources, AHFC presented a training workshop in October of 2000 in Anchorage. Conducting the training was the Technical Assistance Collaborative from Boston, Massachusetts, a nationally recognized technical assistance provider on housing for persons with disabilities. The focus of this training was "Piecing it all together in your community--Playing the Housing Game: Learning to Use HUD's Consolidated Plan to Expand Housing Opportunities for People With Disabilities."

Targeted direct technical assistance was given to non-profit housing organizations to access housing programs that benefit special needs populations. Two Community Housing Development Organizations (CHDOs)---Fairbanks Neighborhood Housing Services and Valley Residential Services (Mat-Su) received such direct technical assistance, and were successful in developing proposals to serve special needs

populations. Other training workshops and forums conducted outreach to potential sponsors of special needs housing. These events included the GOAL (Greater Opportunities for Affordable Housing) workshops conducted during the Fall of 2000, and Affordable Housing Investment Opportunity Forums conducted in Wasilla and Ketchikan in September 2000.

### **Efforts to Promote Accessible Housing**

Throughout FY 2001, Alaska Housing Finance Corporation worked with the Governor's Council on Disabilities and Special Education to identify an access resources, and develop strategies to help persons with disabilities secure adequate housing. Specific actions during the fiscal year included:

1. The Home Modification Brokerage program, administered by the Alaska Department of Health and Social Services, used \$250,000 in funding to help individuals make accessibility modifications to their homes. A total of 35 households benefited from this activity during FY 2001.
2. AHFC, through the use of U.S. Department of Housing Development Technical Assistance funding, sponsored training on universal design and accessibility modifications. This training was conducted by the Center for Universal Design of North Carolina State University, on April 30 and May 1, 2001, in Anchorage.
3. A new program, the Senior Accessibility Modification program was developed during the year. The legislature included an appropriation of \$500,000 in the FY 2001 state capital budget, and AHFC will implement this program during FY 2002.
4. The fall 2000 GOAL funding was awarded to projects containing 125 accessible units. Fifty GOAL funded accessible units were placed into service during FY 2001.

### **Alaska's Fair Housing Plan**

During FY 2001, the State of Alaska took steps to implement its Fair Housing Plan and address the following impediments to Fair Housing:

1. **Housing options for the disabled have been very limited, due to lack of appropriate housing stock and because of financial barriers.**
  - AHFC's Public Housing and Section 8 programs represent a significant housing resource for the disabled in Alaska. During FY 2001, 69 households with a disability were placed in housing using the Section 8 program or placed into

- public housing. A total of 405 persons with a disability were receiving assistance through AHFC's Public Housing and Section 8 programs as of the 6/30/01.
- The Greater Opportunities for Affordable Living Program (GOAL) also funded projects with 125 accessible units. Fifty GOAL funded accessible units were placed into service during FY 2001.
  - AHFC, through its Assistance Provider Interest Rate Reduction Program, provides an incentive designed to increase the availability of housing that is occupied by a live-in care provider, who provides assistance in activities of daily living for individuals with either a physical or mental disability. During FY 2001, AHFC funded 23 mortgages totaling \$1.8 million, at interest rates of 2.5% to 3.5%. This program allowed the disabled to live in normal residential settings (one to four units).
  - A new program, the Senior Accessibility Modification program was developed during FY 2001, with funding of \$500,000 include in AHFC's capital budget. This program will be implemented during FY 2002.
  - The Alaska Department of Health and Social Services administered \$250,000 in funding to assist 35 households make accessibility modifications to their homes.

**2. In several Alaskan communities, negative reactions to proposed group homes have presented challenges to project sponsors.**

- In the fall of 2000, the Wasilla City Council passed an ordinance that banned group homes in most residential areas of the City. The Alaska State Commission for Human Rights, the Disability Law Center, and the U.S. Department of Justice all reviewed the ordinance for potential Fair Housing violations. Later in June of 2001, this ordinance was amended to address the potential Fair Housing issues and violation of the rights of members of protected classes.

**3. Lack of information hinders the ability of individuals in protected classes and organizations serving them to access available housing resources.**

- AHFC staff, throughout FY 2001, conducted outreach with representatives of organizations serving members of protected classes. The purpose of this outreach was to improve understanding of available housing resources, and how to access them. During FY 2001, AHFC specifically designated a staff person to work with organizations serving members of protected classes, to assist them to better understand how to access available housing resources.
- AHFC conducted HOME CHOICE classes in approximately 40 communities throughout Alaska. HOME CHOICE is an eight hour class covered all aspects of homeownership and the home-buying process. These classes are well publicized throughout the state, and organizations representing members of protected classes are informed about the availability of these classes. In the areas of the Alaska covered by this Consolidated Plan, 2167 individuals completed HOME CHOICE classes.

**4. Lack of information of Fair Housing laws, and all applicable accessibility standards, is another impediment.**

- During FY 2001, the Alaska State Commission for Human Rights conducted Fair Housing Training in twelve Alaskan communities, with 302 individuals participating in these workshops. This Fair Housing outreach was made possible through a technical assistance grant from the U.S. Department of Housing and Urban Development. Communities in which the workshops were conducted included Bethel, Fairbanks, Anchorage, Kenai, Palmer, Juneau, Sitka, Kodiak, Ketchikan, Craig, Barrow, and Dutch Harbor.
- On April 10-11, 2001, AHFC, HUD, the Anchorage Equal Rights Commission, and the Alaska State Commission for Human Rights sponsored a Fair Housing Conference in Anchorage. One hundred eighty individuals from sixteen communities participated, and offered input for consideration in the update of Alaska's Fair Housing Plan and Analysis of Impediments during FY 2002.
- AHFC, using HUD technical assistance funding, sponsored training on universal design and accessibility modifications. This training was conducted by the Center for Universal Design of North Carolina State University, on April 30 and May 1, 2001, in Anchorage.

**5. Individuals who receive Section 8 housing choice vouchers have experienced difficulty in leasing units because of tight market conditions, and because of the reluctance of landlords to participate in the program.**

- During FY 2001, AHFC conducted a Landlord survey on Section 8 Program. Some of the key points were that AHFC was well liked among landlords (76% positive, 5 % negative), but the Section 8 Program itself is not as well regarded by landlords. (43% positive, 24% negative). Approximately 55% of landlords surveyed currently accept Section 8. Among current landlords participating in Section 8, 70% are satisfied, and 11% dissatisfied. AHFC Public Housing on an on-going basis evaluates the participation of landlords in this program, and will use the results of this survey to help shape outreach efforts and increase participation of private sector landlords in the Section 8 program.

**6. Members of protected classes under the Fair Housing laws are disproportionately represented in Alaska's homeless population.**

- During FY 2001, AHFC conducted two Homeless Service Providers Surveys--- one on July 26, 2000, and a second on January 31, 2001. Both of the surveys indicated that members of protected classes continue to be disproportionately represented in Alaska's homeless population. Alaska Natives and the disabled are represented in far greater numbers in the state's homeless population than their representation in the overall population. The activities described throughout this

Annual Performance Report describe mainstream housing and service resources for the homeless that help address this problem.

## **Part 2: OTHER HOUSING AND COMMUNITY DEVELOPMENT ACTIONS**

During FY 2001 (FFY 2000), an variety of other activities targeted Alaska's housing and community development needs.

### **Alaska Housing Finance Corporation---Public Housing Division**

Alaska Housing Finance Corporation (AHFC) is the public housing authority for the State of Alaska, including the Municipality of Anchorage. Within the area covered by this Consolidated Plan, AHFC administers 819 units of public housing, 886 units of project-based Section 8 housing, and 1,461 Section 8 Housing Choice Vouchers subsidizing rent in private sector housing. All of these figures represent an increase over the numbers identified in the FY 2001 Annual Action Plan. The reasons for these increase include the completion of renovation activities in several Public Housing Projects, the transference of the management of several Project-Based Section 8 projects to AHFC, and the success of AHFC in being awarded additional Section 8 Housing Choice Vouchers. The review of AHFC's Public Housing activities will cover three areas---(1) Housing Operations, (2) Public Housing Construction Activities, and (3) Public Housing Resident Initiatives.

#### **(1) Housing Operations**

During FY 2001, AHFC continued to implement the federal Quality Housing and Work Responsibility Act (QHWRA) of 1998. Key provisions of this Act include:

- **Reducing the concentration of poverty in public housing.** *On February 5, 2001, HUD published guidance stating that housing authorities with plans beginning July 1 (such as Alaska's) do not need to submit or implement a de-concentration policy until State Fiscal Year 2003 (July 1, 2002 through June 30, 2003).*
- **Protecting access to housing assistance for the poorest families.** *The proportion of people on the Section 8 wait list at or below 30% of the median income (the lowest income bracket) has increased statewide. In November of 2000, these families represented 76% of all households on the Section 8 wait list, compared to a 56% in the previous year.*

- **Supporting families making the transition from welfare to work.** *In 1999, AHFC received 652 Welfare to Work vouchers, with 292 of those vouchers being used in six communities outside of Anchorage. By the end of Fiscal Year 2001, all of these vouchers were initially leased.*
- **Raising performance standards for public housing agencies, and rewarding high performance.** *AHFC continues to be recognized by HUD as a high performing public housing agency.*
- **Transforming the public housing stock through new policies and procedures for demolition and replacement and mixed-finance projects, and through authorizing the HOPE VI revitalization program.** *During FY 2001, AHFC began a preliminary analysis of all of its public housing developments to address the "voluntary conversion" rule in QHWA. This analysis, to be completed by January 2002, examines the feasibility of converting units to Section 8 vouchers, and the implied consequences to current public housing residents. Elderly and disabled developments are excluded from this analysis.*
- **Merging and reforming the Section 8 certificate and voucher programs, and allowing public housing agencies to implement a Section 8 homeownership program.** *AHFC completed the merger of the Section 8 certificate and voucher programs during Fiscal Year 2001, creating a new "Housing Choice Voucher." During FY 2001, AHFC also began a preliminary analysis of a possible Section 8 homeownership program. Through participation in two national teleconferences in May and June of 2001, AHFC learned of the experiences of other public housing agencies who participated in HUD sponsored Section 8 Homeownership pilot projects.*
- **Supporting HUD management reform efficiencies through deregulation and streamlining program consolidation.** *The merging of the Section 8 certificate and voucher programs described above is an example of one such reform efficiency accomplished during FY 2001.*

One of the requirements of this Act was the establishment of public housing agency plans, which include a 5-Year Plan and an Annual Public Housing Agency Plan. The 5-Year Plan describes the mission of the public housing agency and its long range goals and objectives for achieving its mission over this 5 year period. The annual plan provides details about the public housing agency's immediate operations, program participants, programs, and services. Also included is the agencies strategy for handling operational concerns, resident's needs and concerns, programs and services for the upcoming fiscal year. The Quality Housing and Work Responsibility Act of 1998 also provides that the public housing agency must ensure that its Agency Plan is consistent with the Consolidated Plan for the jurisdiction in which the agency is conducting its programs. *The FY 2001 Public Housing Agency Plan was certified as being consistent with the State of Alaska's Consolidated Housing and Community Development Plan, and also with the Municipality of Anchorage's HCD Plan.*

State Fiscal Year 2001 (July 1, 2000 through June 30, 2001) was the first year covered by an Annual Public Housing Agency Plan. This annual plan was developed concurrently with the Five Year Agency Plan covering the period July 1 2000 through June 30, 2005.

The Five Year Plan identifies goals, objectives and measures for the covered period. The seven goals under AHFC's Public Housing Agency Plan are:

1. Provide programs and services that are responsive to the diverse housing needs statewide.
2. Increase home-ownership.
3. Increase special needs housing.
4. Expand partnerships to strengthen program and service delivery.
5. Promote operational excellence.
6. Manage assets to generate sufficient profit to meet AHFC's financial commitments.

## (2) Public Housing Construction Activities

### Status of activities included in the FY 2001 Annual Action Plan:

- **Valdez: Valdez Arms**  
The demolition and replacement of seven units is complete and has been closed out. An informal bid solicitation is being prepared to install approximately 48 feet of sidewalk from the accessible unit to the sidewalk along Meals Avenue.
- **Juneau: Phase I & II—Mt. View/Mt. View Annex**  
The interior renovations have been completed.
- **Fairbanks: Southall Manor**  
Renovation of 40 senior/disabled apartments.  
Osborne Construction was the successful bidder; construction will begin soon.
- **Juneau: Cedar Park Annex**  
The installation of retaining wall, parking lot and sidewalk improvements has been completed.
- **Sitka: Swan Lake Terrace**  
The roof replacement, ADA walkway and windows have been completed.

Proposed activities included:

- **Beringue, Nome:** **\$30,400**  
ADA ramps – Under construction
- **Bethel Heights, Bethel:** **\$461,062**  
Energy audits - Completed  
Site improvements – Under construction  
Energy efficiency improvements - Completed



<ul style="list-style-type: none"> <li>• <b>Birch Park I, Fairbanks:</b>  <i>Energy efficiency improvements</i> – Under construction  <i>General physical upgrades</i> – Advertising  <i>Site improvements</i> – Advertising  <i>Storage sheds</i> – Advertising</li> </ul>	\$281,570
<ul style="list-style-type: none"> <li>• <b>Birch Park II, Fairbanks:</b>  <i>General physical upgrades</i> – In progress</li> </ul>	\$48,413
<ul style="list-style-type: none"> <li>• <b>Cedar Park, Juneau:</b>  <i>Building security Community Room</i> – Under construction</li> </ul>	\$39,660
<ul style="list-style-type: none"> <li>• <b>Cedar Park Annex, Juneau:</b>  <i>Site improvements</i> – Completed  <i>Accessibility renovations</i> – Completed</li> </ul>	\$401,427 \$31,500
<ul style="list-style-type: none"> <li>• <b>Chugach View, Anchorage:</b>  <i>Renovation design</i> – In progress</li> </ul>	\$836,264
<ul style="list-style-type: none"> <li>• <b>Etolin Heights, Wrangell:</b>  <i>Energy efficiency improvements</i> – Completed</li> </ul>	\$7,500
<ul style="list-style-type: none"> <li>• <b>Eyak Manor, Cordova:</b>  <i>General physical upgrades</i> – Under construction</li> </ul>	\$1,600,000
<ul style="list-style-type: none"> <li>• <b>Golden Ages, Fairbanks:</b>  <i>Site assessment/A&amp;E/planning</i> – Not needed  <i>Site improvements</i> – Not needed</li> </ul>	
<ul style="list-style-type: none"> <li>• <b>New Willows, Anchorage</b>  <i>Physical upgrades</i> – In progress</li> </ul>	\$342,994
<ul style="list-style-type: none"> <li>• <b>Non-dwelling equipment, statewide:</b>  <i>Housing Operations</i></li> </ul>	\$20,00
<ul style="list-style-type: none"> <li>• <b>Pacific Terrace, Kodiak:</b>  <i>General physical upgrades</i> - Completed</li> </ul>	\$525,997
<ul style="list-style-type: none"> <li>• <b>Paxton Manor, Sitka:</b>  <i>A&amp;E/planning</i> – Under design  <i>Demolition, replacement, relocation</i></li> </ul>	\$2,595,568
<ul style="list-style-type: none"> <li>• <b>Vista View, Petersburg:</b>  <i>Hydronic line renovation</i> - Completed</li> </ul>	\$321,830
<ul style="list-style-type: none"> <li>• <b>Williwa Manor, Wasilla:</b>  <i>Energy audit</i> – Not done  <i>Building security</i> – Not done  <i>Accessibility modifications</i> – Not done  <i>Replace windows</i> – Under construction  <i>Site assessment</i> – Completed</li> </ul>	\$279,113    \$167,640 \$55,342

## Public Housing Resident Initiatives

### PUBLIC HOUSING DIVISION RESIDENT SERVICES

#### Resident Participation

AHFC continues to foster the goals of resident involvement and self-sufficiency through its Public Housing Division, Resident Services Section. Funding for resident-centered services are derived from three federal programs funded by the U.S. Department of Housing and Urban Development (HUD).

1. Public Housing Division operating dollars for Resident Councils:

Resident-centered programs make it possible for residents to develop the means to improve their environment, managing their developments, and obtain training, employment and economic development opportunities. Financial assistance is made available through the AHFC operating budget. Beginning in FY02, Resident Councils with duly elected boards and cooperative agreements with AHFC are entitled to \$15 per unit of cash assistance to fund council generated projects.

2. Capital Fund Program (formerly the Comprehensive Grant Program) Management Improvements

The Capital Funds pays for modernization of public housing, but also contains a “management improvement” component used to foster economic development among residents. In FY 2001, AHFC executed contracts with local agencies to provide resident training. Anchorage Literacy Project provided 905 hours of English literacy training to over 20 senior residents.

3. HUD discretionary grants:

Resident Services administers the Public Housing Drug Elimination Grant (PHDEP), the Family Investment Center (FIC) Grant, Economic Development and Supportive Services (EDSS) Grant and the Resident Opportunity and Self-Sufficiency (ROSS) Grants. All grants, excluding the PHDEP grant, are funded through competitive applications.

- The HUD Public Housing Drug Elimination Program (PHDEP) Grant. FY98, FY99, and FY00 PHDEP grants were active in FY 2001. The FY98 and FY00 PHDEP grants provided after-school programs targeted to youth 6-17 through several partner agencies. *Akeela, Inc.* provided family service coordination to Anchorage residents out of the Gateway Center, and served around 60 residents in FY 2001. *Boys and Girls Clubs of the Tanana Valley* in Fairbanks facilitated a community transportation program to youth ages 10-18, serving an average of

33 youth per day. *Camp Fire Boys and Girls* in Fairbanks provided a youth enrichment program, with over 146 residents served. *Juneau Arts and Humanities Council* in Juneau provides youth enrichment through art and served over 70 youth residents in FY 2001. *Literacy Council of Alaska* provided a family literacy program to Fairbanks residents and served 86 participants. AHFC also provided a grant to the *Boys and Girls Clubs of Southcentral Alaska* to start a club in Bethel, Alaska.

The FY99 PHDEP grant provided physical improvements to enhance safety and security, community-based security services, and drug prevention programs. Physical improvements included the installation of playground equipment in Kodiak (Pacific Terrace), security door viewers in Fairbanks (Birch Park I), fencing around developments in Fairbanks (Birch Park II), exterior lighting in Kodiak and Juneau (Pacific Terrace and Geneva Woods), and a security system in Juneau (Cedar Park). Approximately 670 residents benefited by the physical improvements.

AHFC started a contract with *Knightwatch Security* in Juneau to provide community based security services, serving around 440 residents. *Volunteers in Policing* also provided community-based policing services to approximately 400 residents in Fairbanks. In 2001, AHFC continued its agreement with Alaska Document Services in Juneau to provide computer training at Geneva Woods and expanded the program in Cedar Park, serving over 161 youth.

In an effort to reach a broader base of customers with PHDEP funds, AHFC developed the "Community Enrichment Scholarship." Corporate matching funds enable AHFC to reach both Public Housing and Section 8 applicants. In this reporting period, 25 scholarships of \$500 each were awarded for a variety of post-secondary education opportunities for youth and adults.

- The HUD Family Investment Center Grant. This grant funded development of the Gateway Learning Center in May 1998, and continued operational support through our fourth year of service delivery in FY01. Gateway provides adult education (GED preparation), family literacy, entrepreneurship classes, basic technology skills training and computer lab access. The goal is to improve economic self-sufficiency of residents through a combination of contracted and co-located services of "partner" agencies, who bring their regular services into the public housing environment. Go4 the Gate!, an after-school/homework program serves school-aged resident and neighboring youth. The AHFC Family Self-Sufficiency (FSS) program offers monthly orientation classes, followed up by enrollment in an FSS Contract of Participation designed to achieve economic independence. The Gateway Learning Center serves as a visible "home base" for the program.
- Economic Development and Supportive Services Grant (EDSS). The FY98 EDSS grant funds the Anchorage Heavy Chore Services Program and the Juneau Service Coordination Program.

The Heavy Chore Services Program provides housekeeping services to 80 frail or “at-risk” elderly/disabled residents in Anchorage (Chugach View and Chugach Manor). This program enabled the residents to live independently and to meet the minimum housing quality standards required by HUD. The Service Coordination Program is operated in partnership with *Catholic Community Services* in Juneau. The grant funds a half-time service coordinator who assists 62 elderly and disabled residents to remain independent or “age in place” in their own homes.

- Resident Opportunity and Self-Sufficiency Grant (ROSS). The purpose of the FY 99 ROSS grant is to provide service coordination to elderly/disabled residents in Anchorage (Chugach View and Chugach Manor, 120 residents at each site) and Fairbanks assisted housing sites (Golden Towers, 96 residents and Golden Ages, 20 residents). The goal of the Service Coordinator is to assist frail elderly and disabled residents to remain independent or “age in place” in their own homes. The Service Coordinator program operates through a contract with *Circle of Care, Inc.* in Anchorage and the *Adult Learning Programs of Alaska* in Fairbanks.

## **Developing Economic Initiatives for Low Income Families**

The Quality Housing and Work Responsibility Act of 1998 places greater emphasis upon the importance of housing assistance and welfare reform. To foster the “Work Responsibility” portion of the Act, AHFC has developed partnerships with Municipal, State and private nonprofit agencies to promote economic independence among the very low-income households served by the Public Housing Division.

### **1. Family Self-Sufficiency (FSS) Program:**

FSS is designed to help participant families set and fulfill interim and long-term goals of achieving economic self-sufficiency. Approximately 119 families voluntarily participate in education, job training, and counseling to increase their household earned income and decrease their dependency on welfare and housing assistance. During the contract period, as an FSS family’s rent portion increases due to increases in earned income, AHFC will credit a portion of the family’s rent to the FSS escrow account. When a participant’s FSS contract meets the HUD requirements, the client is eligible to receive the monies in the FSS escrow account. In the past year, 22 participants have successfully graduated with an average escrow amount of \$4,078.00 returned to the successful participants.

Section 8 Voucher participants and Public Housing residents living in Anchorage and Juneau are eligible to apply. The limitation in service area is largely due to staff constraints. In Anchorage, AHFC operates FSS through a partnership with the Division of Public Assistance. In Juneau, there is a half-time equivalent position

assigned to provide FSS case management services. Customer services are provided through both formal and informal cooperative agreements with a variety of supportive service agencies. Partner agencies provide assistance with barriers such as:

- Employment counseling
- Education or training
- Affordable child care
- Medical services
- Transportation
- Other supportive services (i.e. substance abuse intervention and treatment, budgeting and money management.)

## 2. Welfare to Work Housing Choice Vouchers:

In 1999, AHFC received 652 Welfare to Work vouchers, statewide, representing \$4 million in annual rental housing subsidy. By June 30, 2001 AHFC achieved its goal of having initially leased 100 percent of those vouchers.

With two exceptions, the Welfare to Work voucher is essentially the same as regular Housing Choice voucher. At intake, the family must demonstrate that the voucher is “critical to acquiring or retaining employment.” AHFC uses several means to measure need such as rent burden or a recommendation from the Division of Public Assistance. Secondly, the family must agree that by year three of the voucher assistance either the head or co-head will maintain employment for a reasonable period of time within each year of assistance.

The communities where Welfare to Work voucher are distributed are provided below. The number in parentheses indicates how many Welfare to Work vouchers are assigned there.

Anchorage (360); Fairbanks (75); Homer (12); Juneau (60); Ketchikan (12); Mat-Su (93); Soldotna/Kenai (40).

## **Evaluating and Reducing Lead Based Paint Hazards**

During FY 2001, the Interagency Steering Committee for the Consolidated Plan continued to work with the Alaska Department of Epidemiology to monitor blood lead levels in tested Alaskan children. In Alaska, health care providers and laboratories are required to report any blood lead test result greater than 10 micrograms of lead for deciliter of blood. Reports must be made to the Department of Epidemiology within 4 weeks of receiving the results. No significant elevated blood lead levels were detected in Alaskan children during FY 2001 (July 1, 2000 through June 30, 2001).

During FY 2001, lead abatement activities were identified to be done in conjunction with the renovation of Southhall Manor, an AHFC Public Housing project for seniors in Fairbanks. This lead abatement will be completed in early FY 2002.

In September of 1999, HUD published new lead-based paint regulations that described procedures for all HOME-funded projects assisting housing built before 1978. These regulations are expected to have a major impact on the Owner-Occupied Rehabilitation Program (ORP), and to a lesser degree, the HOME Opportunity Program (HOP) and the Rental Development Program. AHFC staff analyzed available information on the prevalence of lead-based paint and lead poisoning in children in Alaska, and the cost of implementing these new regulations. Throughout FY 2001, AHFC struggled with the challenges of complying with the new lead regulations. Over the past year, AHFC has coordinated the various Transition Implementation Plans throughout the state, sponsored a series of training events and has welcomed HUD's efforts to make additional training available. Through these various training efforts, AHFC, in conjunction with private contractors, sub-recipients, and other agencies involved with housing, have been developing the capacity to implement the new lead-based paint regulations. Following a series of extensions, the new regulations are to be implemented by January 10, 2002.

## **ADDRESSING HOUSING AND COMMUNITY DEVELOPMENT BARRIERS**

### ***Improving Organizational Capacity***

Throughout FY 2001, Alaska Housing Finance Corporation delivered a variety of workshops and direct technical assistance activities that focused upon improving HCD organizational capacity. By the end of the fiscal year, six organizations were certified by the State of Alaska as Community Housing Development Organizations (CHDOs):

- Alaska Housing Development Corporation---Juneau
- Borealis Community Land Trust---Fairbanks
- Fairbanks Neighborhood Housing Services---Fairbanks
- Housing First---Juneau
- Juneau Land Trust---Juneau
- Valley Residential Services---Matanuska-Susitna Borough

These CHDOs all received direct technical assistance, and were provided training opportunities, both within Alaska and outside the state. The organizational assessments of these CHDOs indicated a wide range of training and technical assistance needs. Several of the CHDOs are well established, managing affordable rental projects, but are

not currently pursuing new rental development projects. Another CHDO has been certified for only 15 months as of the end of FY 2001, but is aggressively pursuing rental development and special needs housing projects. Many different approaches were used throughout FY 2001 to improve the organizational capacity of affordable housing providers. Two CHDOs were implementing Community Land Trust (CLT) affordable housing projects. The training and technical assistance to these two organizations was targeted to address organizational capacity issues most relevant to the CLTs.

### ***Infrastructure for Housing and Community Development***

Progress continued towards the goals of the Rural Sanitation 2005 Action Plan. This plan is meant to be a blueprint to ensure that all Alaskans have access to safe drinking water and a sanitary means of sewage disposal. During FY 2001, more than \$100 million in combined federal, state and local funding was directed towards this end. (Refer to Annual Funding Plan for Community Development on Page 10). Federal, state and local entities worked together to improve rural sanitation conditions, and to begin addressing issues of long term affordability and sustainability of these critical infrastructure systems.

During FY 2001, AHFC's Supplemental Housing Development Grant Fund was funded at \$3.9 million (FY 2001 Annual Action Plan reflected a figure of \$6 million that was requested, but not approved by the Legislature). This program provided funding to Regional Housing Authorities, which use the funds to supplement HUD Office of Native American Programs (ONAP) funded housing developments. The funds in AHFC's program are limited to 20% of HUD's Total Development Cost per project, and can be used only for the cost of on-site sewer and water facilities, road construction to project sites, electrical distribution facilities, and energy efficient design features in the homes.

In 1998, the U.S. Congress passed the Denali Commission Act. This Act defined the following purposes for the Denali Commission:

1. To deliver the services of the Federal Government in the most cost effective manner possible by reducing administrative and overhead costs.
2. To provide job training and other economic development services in rural, particularly distressed communities.
3. To promote rural development, provide power generation and transmission facilities, modern communication systems, water and sewer systems, and other infrastructure needs.

The Denali Commission's FY 2001 Annual Work Plan emphasized funding for rural health clinics, upgrades and improvements to rural electrical systems, and bulk fuel storage upgrades and improvements.

The State of Alaska's Power Cost Equalization (PCE) provided approximately \$15 million in assistance, subsidizing the cost of electrical power to households in 190 communities, benefiting 76,000 persons.

Under the direction of the Alaska Rural Housing Partnership, a Rural Infrastructure Work Group was established in February of 2000. The purpose of this work group was to:

- Identify and review coordination of housing and infrastructure development;
- Analyze why these problems are occurring;
- Recommend actions to improve coordination;
- Focus needed resources to address identified problems.

The Rural Infrastructure Work group will continue its work into FY 2002, with the goal of preparing recommendations for the Denali Commission and the Federal Executive Association, and to develop a fact sheet for field engineers and agencies that fund rural infrastructure. During the last quarter of FY 2001, the Rural Infrastructure Work Group also supported the planning efforts for a December 2001 Workshop to be held in Anchorage to promote better community planning in rural Alaska to improve the coordination of housing and infrastructure projects.

Community Development Block Grant awards made in FY 2001 (FFY 00 funding) to projects in 18 different communities totaling \$2,684,740. Approximately \$885,000 of that total was for infrastructure related projects, and the balance was for other critical public facilities.

### ***Property Tax Assessment Policies***

During FY 2001, a state statute became effective that related to the tax assessment (by a home rule or general law municipality) of housing that qualifies for low-income housing credit under the Internal Revenue Code. House Bill No. 272 became law on January 1, 2001. The objective of this piece of legislation was to address a problem that emerged several years ago concerning the property tax assessment of affordable housing projects. Most subsidies to affordable rental projects carry some restrictions on the amount of rent that may be charged to targeted lower income households. A specified percentage of the total units will be "set-aside", to be rented only to households with lower incomes (as defined by a percentage of the area's median income, adjusted for household size. These rent restrictions lower the amount of cash flow that an affordable housing project can generate. Until 1998, local governments throughout Alaska were assessing low-income housing projects based upon federally restricted rental income, taking into consideration deed restrictions and other covenants on the properties that are required by the federal government. In 1998, the Municipality of Anchorage began assessing low-income housing projects based on a market value without regard to deed restrictions. On some projects, this change in approach to property tax assessment resulted in a 100% tax increase. This situation was placing a number of low-income rental housing projects in financial jeopardy, and had a dampening effect on the enthusiasm of investors and project sponsors to expand the supply of affordable rental housing. Even in some local



jurisdictions that have not changed their assessment approach, the need to annually appeal tax assessments is burdensome for non-profit organizations involved in affordable housing projects. HB 272 amended Alaska Statute 29.45.110 by adding a subsection that reads:

"When the assessor acts to determine the full and true value of property that qualifies for a low-income tax credit under 26 U.S. C. 42, .....the assessor shall base the assessment of the value of the property on the actual income derived from the property and may not adjust it based on the amount of any federal income tax credit given for the property."

HB 272, as amended, is not the final say in this property tax assessment issue. The version which became law included a provisions that the local government must take a positive action (passage of an ordinance) that makes the law's requirements apply in their community, and also that the property owner submit an application on prescribed forms to the assessor by May 15 of each year. As of the end of FY 2001, no communities outside of Anchorage have adopted an ordinance making the provision of this act apply in their respective communities. On going education of local government officials on this issue will continue to be needed in future years.

### ***Targeting and Leveraging Resources***

The State of Alaska's Five Year Consolidated Housing and Community (FY 2001 through FY 2005) identified unmet housing and community needs that far exceeded available resources available to programs governed by the HCD Plan. An objective of the FY 2001 Annual Action Plan was to effectively target and leverage available HCD resources with all other available resources. Both private and public funding is necessary to meet these needs, and in many cases a combination of funding sources is necessary to make a project viable. During FY 2001, Alaska Housing Finance Corporation (AHFC) continued to encourage the effective and coordinated use of available resources through the Greater Opportunities for Affordable Living (GOAL) program. The GOAL program incorporated funding from the HOME Rental Development Program, Low Income Housing Tax Credit Program, and the Senior Citizen Housing Development Program.

During FY 2001, the need to effectively target scarce resources became a critical issue for Alaska Housing Finance Corporation in regards to the use of arbitrage funds for subsidizing residential mortgage interest rates. After input from the public and representative of the mortgage banking, real estate, and residential construction industry, AHFC's Board of Directors adopted changes to reduce the annual arbitrage use to \$26 million annually to make the affected programs sustainable and not subject to sudden termination.

## ***Protecting and Improving Housing***

During FY 2001, the preservation and improvement of existing housing stock continued to be an important component of the state's overall housing strategy. A previous section of this report details the rehabilitation activities undertaken by Alaska Housing Finance Corporation's Public Housing Division to improve its housing stock. AHFC also used its HOME Investment Partnership Program and its weatherization program to provide assistance to low-income households in improving the energy efficiency and safety of their homes. Through the HOME funded Owner-Occupied Rehabilitation Program, \$1,035,000 was committed to improving the quality of housing, with 35 housing units actually be rehabilitated during the fiscal year. The Low Income Weatherization Program received approximately \$2.3 million in funding, with 457 housing units being weatherized, resulting in lower operating expenses for heating fuel and electricity.

## ***Input from Other Planning Efforts***

During FY 2001, the Interagency Steering Committee for the Consolidated Plan continued to seek input from a variety of local, regional, and statewide in the area of housing and community development. Some of this input includes:

- Alaska Continuum of Care for the Homeless---*Homeless Strategy for All Areas Outside of Anchorage.*
- Alaska Housing Finance Corporation---*Public Housing Agency Plan*
- Alaska Department of Community and Economic Development---*Rural Alaska Project Identification and Delivery System.*
- Alaska Department of Health and Social Services---*Draft Comprehensive Integrated Mental Health Plan.*
- Alaska Department of Environmental Conservation---*Village Safe Water Program*
- Alaska Department of Transportation---*Statewide Transportation Improvement Program*
- Denali Commission---*Annual Work Plans (FY 2000, FY 2001, FY 2002, FY 2003), Summary of Regional Funding Summits*
- Fairbanks North Star Borough---*Quarterly Community Research*
- Kenai Peninsula Borough---*Quarterly Report of Key Economic Indicators*
- Matanuska-Susitna Borough---*First Annual Community Planning Survey (October 2000)*
- Tribally Designated Housing Entities---*Indian Housing Plans.*

This input will be used in the development of the FY 2003 Annual Action Plan covering the period July 1, 2002 through June 30, 2003. The release of data from the 2000 Census was also monitored and analyzed, and will continue to be reviewed as data sets are released during FY 2002.

## **PART 3: ASSESSMENT OF PROGRESS IN MEETING FIVE-YEAR HCD PLAN PRIORITIES**

### **1. Use of federal housing and community development programs should emphasize benefit to low-income Alaskans.**

- 6871 low-income households received assistance from federal, state, and other community development programs. Approximately 65% of these households met Section 215 goals (50% or less of median family income).
- AHFC awarded HOME rental development funds to 6 projects during the fiscal year. These projects will provide 49 units of affordable rental units, with 41 units to be restricted to households at or below 80% of area median income. An estimated 21 of these units will be restricted to households at or below 60% of area median income. These six projects received a total of \$1.6 million in HOME rental development funding, and leveraged more than \$8.8 million in other development funds.
- AHFC also placed into service, in FY 2001, 49 units of affordable housing with HOME rental development funds. Thirty-seven of these units are restricted to low-income households, with ten restricted to households at or below 60% of area median income.
- During FY 2001, the HOME Opportunity Program (HOP) offered down-payment and closing cost assistance to 42 families in the amount of \$762,291. Sixteen of these households were at or below 50% of area median income. Another HOME funded program, the Owner-Occupied Rehabilitation Program (ORP) provided 28 homeowners with rehabilitation assistance in the amount of \$673,055. Seventeen of these ORP assisted households were at or below 50% of area median income.
- In the non-metropolitan areas of Alaska (all areas outside of Anchorage), AHFC Public Housing provided low-rent housing to 819 families that were below 80% of median income. Of these families, 671 were at 50% or less of median income. During FY 2001, AHFC also provided Section 8 Housing Choice Vouchers to 1,440 households, with all 1,440 households at or below 50% of median income. Project-based Section 8 housing assisted 996 households, with 906 households at or below 50% of median income.
- AHFC's Low-Income Weatherization program provided statewide weatherization assistance to 678 households below 80% of area median income, with 536 households meeting Section 215 goals of less than 50% of area median income. In the non-metropolitan areas of the State, 457 households received weatherization assistance with 379 households meeting Section 215 goals.
- In FY 2001, AHFC financed mortgages for 2,513 low-income households, with 2,292 of these households being first-time homebuyers. In the non-metropolitan areas of Alaska, AHFC financed mortgages for 1,069 low-income households, with 917 of these households qualifying as first-time homebuyers. One-hundred and eighty-three of these low-income households were at or below 50% of area

income. AHFC's Multifamily and Special Needs Loan program also finance 410 units of rental housing targeted towards low income households.

**2. Federal community development funds should support efforts addressing obstacles to local growth by constructing, upgrading and reducing operating costs of essential community services.**

- The Community Development Block Grant Program made awards to projects in 18 different communities totaling \$2,684,740. Approximately \$885,000 of this total was for infrastructure related projects, and the balance was for other critical public facilities.
- More than \$62 million in federal Denali Commission funding was combined with approximately \$48 million in local and state funding for critical infrastructure, community facilities, and economic development projects. A strong emphasis was placed upon supporting projects and activities that conform to local community planing priorities, and are sustainable for the long term.

**3. Existing housing supply, both owner-occupied and rentals, should be protected and improved through weatherization and rehabilitation activities.**

- AHFC's HOME funded Owner-Occupied Rehabilitation Program committed approximately \$1 million to improving the quality of housing, with 35 housing units actually rehabilitated during the fiscal year.
- AHFC's Rental Development program awarded \$52,130 to Housing First in Juneau to rehabilitate a seven unit affordable housing project.
- AHFC's Low Income Weatherization Program received \$2.3 million in funding, with 457 housing units being weatherized, resulting in lower operating expenses for heating fuel and electricity.

**4. Allocation of homeless resources covered by this Consolidated Plan should be consistent with community based strategies addressing homelessness.**

- During the fiscal year, \$696,489 U.S. Department of Housing and Urban Development Continuum of Care funding was secured for five programs in four different communities. These resources will be used in a manner that is consistent with their respective community based strategies addressing homelessness.
- Alaska' Emergency Shelter Grant allocation of \$112,000 was awarded to agencies that will apply these resources consistent with community based strategies addressing homelessness.
- To assist smaller communities with local Continuum of Care planning, AHFC (using HUD technical assistance resources) contracted with the Rural Alaska Community Action Program to provide technical assistance in homeless data collection, service coordination, and utilization of HUD programs to address identified housing needs. Qualified communities were hesitant to respond, reportedly due to the lack of funds such as ESG and other McKinney resources that are available to address any additional gaps. The community of Sitka did request this TA assistance, and did complete their first local Gaps Analysis, and identifying several projects on which they intend to pursue.

**5. State matching funds should be provided to leverage other resources for housing, services related to housing, and community development.**

- During FY 2001, Alaska Housing Finance Corporation provided \$5.5 million in corporate funds to leverage \$7.83 million in federal funds.
- The combined Annual Funding Plan Summary on page 8 shows that for all housing and community development programs, state funding of \$525,727,839 leveraged \$789,432,707 in federal funding.

**6. The supply of affordable housing should be expanded for Alaskans with special needs, incorporating appropriate supportive services and accessibility.**

- In FY 2001, AHFC rental development programs provided funding for the development of 125 units of accessible housing. During FY 2001, AHFC also placed a total of 50 GOAL funded units of accessible housing into service.
- The HOME Modification Brokerage Program, administered by the Alaska Department of Health and Social Services, used \$250,000 in funding to help individuals make accessibility modifications to their homes. An estimated total of 35 households benefited from this activity during FY 2001.
- AHFC, through the use of U.S. Department of Housing and Urban Development Technical Assistance funding, sponsored training on universal design and accessibility modifications.

- A new program, the Senior Accessibility Modification program was developed during FY 2001, and received an appropriation of \$500,000 in the FY 2001 state capital budget. AHFC will implement this program during FY 2002.

**7. Housing and community development projects should incorporate appropriate design and engineering, energy-efficient construction techniques and innovative technologies.**

- During FY 2001, AHFC, using HUD technical assistance funding, developed a "Multi-Family Building Guide" addressing energy efficiency issues.
- AHFC continued to maintain a Research and Information Center (RIC) during FY 2001. RIC is a full service center offering information on state-of-the-art northern building science, innovative housing and residential energy efficiency. RIC maintains a library of more than 5,600 publications and video programs, as well as technical assistance and a referral line.
- In FY 2001, RIC provided information on AHFC programs and technical assistance by responding to 4,056 request from 3,105 users. RIC developed and taught 43 presentations or classes for 1,317 home buyers, homebuilders, agencies, subcontractors, lenders, real estate agents and other interested parties.
- AkWarm is a weatherization and energy modeling program that not only identifies and projects the energy requirements for homes, but is also a design tool for making cost-effective energy improvements. In FY 2001 AHFC conducted 943 energy ratings audits in Anchorage, and 1,557 in non-metropolitan areas of the state using AkWarm. These ratings provided homeowners with ideas on how they might improve the energy efficiency of their home.
- AHFC offered a mortgage incentive program for borrowers to increase the energy efficiency of both new and existing housing. During FY 2001, this program provided interest rate reduction benefits to 1,237 households at or below 80% of the area median income. In non-metropolitan areas of the state, 183 low-income households benefited from this program.

**8. Through relevant and appropriate training and technical assistance, the statewide housing delivery system should be improved.**

- Throughout FY 2001, AHFC used HUD technical assistance (TA) resources to provide direct technical assistance to Community Housing Development Organizations (CHDOs), and to provide resources for CHDOs to attend specialized and relevant training opportunities.
- In September of 2000, AHFC (using HUD TA resources) conducted Affordable Housing Investment Opportunity Forums in Ketchikan and Wasilla. These Forums promoted public-private partnerships in providing affordable housing.
- AHFC was a co-sponsor of the April 2001 Alaska Fair Housing Conference, with 180 attendees from 16 Alaskan communities.

- AHFC, through the use of HUD TA resources, sponsored training on universal design and accessibility modifications. This training was conducted by the Center for Universal Design of North Carolina State University, on April 30 and May 1, 2001 in Anchorage.
- Two CHDOs (Fairbanks Neighborhood Housing Services and Housing First) received technical assistance resources to provide housing counseling services.
- A potential CHDO, Sitka Housing First, received direct technical assistance.
- HOME grantees received assistance to participate in lead based paint training.
- AHFC developed a Multi Family Building Guide addressing energy efficiency issues.