ALASKA HOUSING FINANCE CORPORATION NEIGHBORHOOD STABILIZATION PROGRAM (NSP) SUBSTANTIAL AMENDMENT

Jurisdiction: State of Alaska - Alaska Housing Finance Corporation Jurisdiction Web Address: www.ahfc.us	NSP Contact Person: Mark Romick, Director, Department of Planning & Program Development Address: P. O. Box 101020 Anchorage, AK 99510-1020 Telephone: (907) 330-8274 Fax: (907) 338-2585 Email: mromick@ahfc.state.ak.us

INTRODUCTION

Alaska Housing Finance Corporation (AHFC) is the State Housing Finance Corporation and Public Housing Agency for the State of Alaska. It is responsible for development of the State Consolidated Housing and Community Development Plan (HCD) including any substantial amendments that may be required. The State of Alaska is the only designated recipient of NSP funds within Alaska. The State of Alaska will receive the minimum allocation of $19.6 million. The activities included in the NSP Substantial Amendment provide for allocation of NSP funds to areas of greatest need across the entire State of Alaska. The NSP is designed to return foreclosed property to the market in order to stabilize neighborhoods, not to prevent foreclosures.

In development of the Amendment, AHFC reviewed the activities and priorities reflected in the draft *Housing and Community Development CY 2009 Annual Action Plan for the Municipality of Anchorage* and the *State of Alaska Consolidated Housing and Community Development FY2009 Annual Action Plan* and incorporated those that reflect the NSP objectives. The Municipality of Anchorage (MOA) is the only other entitlement jurisdiction for Alaska.

Potential activities funded through the NSP program in Alaska must be consistent with the priority activities established in the two, 2009 HCD Annual Action Plans referenced above. In addition, all recipients of NSP funding will have a demonstrated capacity to deliver the proposed activity. Further, AHFC encourages potential applicants who do not have a demonstrated capacity in a proposed activity to partner with another eligible entity that has demonstrated capacity in the activity proposed for development.

Any subrecipient requesting NSP funds within the Municipality of Anchorage must provide documentation of consistency with the priorities stated in the *Municipal Housing and Community Development CY09 or CY10 Annual Action Plans*. Projects in the "rest of state" area will be reviewed by AHFC to ensure consistency with the *SFY09 or SFY10 AHFC HCD Plans*. NSP funds will not be awarded to "rest of state" subrecipients unless the application is consistent with the priorities stated in AHFC's Annual HCD Plan.

AHFC will use an RFQ process to award funds for viable community projects. AHFC will work directly with local governments to determine the best strategy to utilize and distribute the funds as quickly as possible based on existing local community priorities. Communities with an allocation of NSP funds will be encouraged to develop a community project plan but will not require this plan to be submitted to AHFC. AHFC encourages local governments and Tribes that lack direct capacity, to develop collaborative partnerships with entities that have demonstrated capacity in developing a proposed activity. In all cases, the underlying distribution and use of funds will be mandated by the eligible uses and eligible activities set forth in the NSP notice. Any RFQ applicant awarded NSP funds will be required to have demonstrated capacity to deliver the activity proposed in response to the RFQ.

A flexible approach is needed to develop viable projects in all high need areas. Alaska is a vast, diverse service area and there are many challenges in developing rural projects that are not on the road system. HERA indicates that state governments should use their best judgment to serve both those areas not receiving a direct allocation and those areas that do receive a direct allocation, as follows: "States may define other program terms under the authority of 24 CFR 570.48 (a) and will be given maximum feasible deference in accordance with 24 CFR 570.480 (c) in matters relating to the administration of the NSP program."

A. AREAS OF GREATEST NEED

AHFC Method of Defining Areas of Greatest Need:

AHFC consulted the HUD foreclosure and abandonment risk score in determining the areas of greatest need within Alaska. AHFC also referred to the Office of Federal Housing Enterprises Oversight (OFHEO) data, Housing Mortgage Disclosure Act (HMDA) data, AHFC Mortgage data, HUD NSP regulations, and HUD NSP guidance.

AHFC reviewed a total of 42,834 approved Loan Application Requests "LAR" in the 2007 Housing Mortgage Disclosure Act (HMDA) data set. Loans that were at least three percentage points above market were identified as "subprime" loans. A total of 2,276 loans were identified as potentially at risk for "subprime" under this definition.

Data was reviewed by recording district; recorded deeds that transferred property from an owner to a trustee and recorded Notices of Default were identified to determine which recording districts had the highest rates of these. The percentage of eligible census tract/block groups in the state was identified. A weighting factor was assigned to each identified variable: potential subprime percentage (.05), Foreclosure percentage (.50), Notice of Default (.05) and Eligible LMMA (.40). The formula was then calculated resulting in nine Recording District allocations.

B. DISTRIBUTION AND USES OF FUNDS

AHFC Distribution and Use of Funds:

HERA mandates that States must make sure that the total of all funds in the state are allocated to those places:

- With the highest percentage of home foreclosures;
- With the highest percentage of homes financed by a subprime mortgage-related loan; and
- Identified by the State or unit of general local government as likely to face a significant rise in the rate of home foreclosures.

The AHFC distribution of NSP funds is based on a ranking of "greatest need" as prescribed in the Neighborhood Stabilization Program's Federal Register/Volume 73, No. 194, Monday, October 6, 2008 Notice. See Appendix 1 for AHFC's Distribution Calculation Spreadsheet. A preliminary distribution of funds, by areas of "greatest need," is reflected in the chart below.

Recording District/Funding Area	Preliminary Allocation
Municipality of Anchorage	$4,839,068.30
Matanuska-Susitna Borough	$3,435,478.20
Fairbanks North Star Borough	$2,665,668.60
Kenai Peninsula Borough	$1,918,865.09
Ketchikan Gateway Borough	$ 696,356.64
City and Borough of Juneau	$ 508,211.93
Rest of State	$3,576,351.24

AHFC has rolled allocations below $500,000.00 into the "rest of state" pool. This will allow subrecipients additional opportunity to pursue projects in their areas that would potentially be larger in scope than their total regional allocation.

The AHFC preliminary allocation addresses all of the required data sets. AHFC has considered both the data established by HUD and statewide data to calculate the statewide distribution. As projects in individual areas are determined, other considerations may become necessary.

Distribution Process

All activities are anticipated to be initiated upon the release of NSP funds. An RFQ process will be implemented mid December 2008 - January of 2009. All funds will be initially obligated within 18 months and funds spent within four years; several of these activities anticipate returning funds (i.e. program income) which will continue to be used within the NSP guidelines as long as possible, currently until July 30, 2013.

A waiver to utilize Program Income has been requested and additional clarification requested on the issue of program income both from rental properties and resale of properties and will be shared with potential NSP recipients after additional clarification is received from HUD.

AHFC proposes to utilize two methods of distributing NSP funds: 1) a competitive RFQ process; and 2) AHFC independent exploration of properties for future development.

With the first method noted above, a Steering Committee composed of AHFC staff and representatives of other pertinent agencies will assist with the development of uniform rating/ranking criteria. A formal RFQ process will be used. In establishing ranking criteria, the Committee will consider long term affordability, financing viability, consistency with community needs, accurate and substantiated identification of the NSP related housing issues, realistic resolution of identified issues including foreclosure, experience of applicant with the proposed activity (for example, applicant must have substantial experience as a housing provider if it is proposing to offer rental housing), design elements, adequate service of households at 50% of AMI or below (including homeless individuals or families), and applicant capacity.

Applicants will have a set application period to respond to the RFQ request. All proposals submitted will be ranked by an evaluation committee. Proposals not initially funded will be placed on an "NSP alternates" project list by recording district/funding area and re-considered in the event that another funded project is deemed not viable. Any subsequent NSP awards will be made from the pool of identified "NSP alternates" based on the initial prioritized ranking. The pools will be initially organized by allocation area. AHFC reserves the right to reallocate any funds not allocated through this process between allocation areas in order to insure that the funds are used within the 18 month obligation period.

Initial awardees will have six months from full execution of their Grant Agreements to demonstrate substantial progress in establishing viable projects. "Substantial progress" will be further defined in the NSP RFQ process. At a minimum, "substantial progress" will include: obligation of NSP funds, completion of the NSP environmental review, and subrecipient site control.

All applicants should actively pursue other sources of funding to be used in conjunction with NSP funds. Applicants should consider funding sources available through the

AHFC GOAL or Special Needs Housing Grant programs in order to coordinate the use of funds to offset redevelopment costs. The mandatory GOAL Pre-Application cycle occurs in the spring with the GOAL competition following in the early fall. AHFC Special Needs Housing Grant Program, Continuum of Care, and Housing Opportunities for Persons With AIDS may also be paired with NSP funds. Application information for all AHFC administered programs can be found at www.ahfc.us. AHFC encourages applicants to explore utilizing NSP funds for acquisition of properties to gain site control to enable participation in the Super NOFA competition for HUD202 and HUD811 programs. These programs offer operating subsidies as well as construction funds.

Subrecipients should be prepared to identify how a proposed project will meet the operating expenses, on an ongoing basis, for those projects serving individuals whose income level is at or below 50% of area median income.

Under the second method listed above, AHFC will work on behalf of smaller communities with limited capacity to acquire property.

AHFC will have a flexible process for acquisition of property under the NSP program. Some subrecipients may not have the capacity to select and option properties and negotiate purchase discounts. AHFC can provide expertise and assistance in these areas. AHFC would be able to acquire property on behalf of subrecipients and then transfer it to the subrecipients for development. Acquisition strategies would be defined by the subrecipients as a part of their NSP application.

Use of Funds

AHFC will prioritize the use of NSP funds by first targeting the acquisition of foreclosed units in neighborhoods with the highest concentration of subprime mortgage loans and the highest risk of additional foreclosures, as evidenced through HUD-provided data. Initially targeted areas will be in those neighborhoods that meet the above criteria. Block data is not available in all areas of Alaska. All NSP activities in these communities will also take place within the census tract block group level for these communities whenever possible. AHFC will also allow funding to be utilized throughout a community if a project is targeted to serve individuals who are at or below 120% AMI.

Any property that is occupied is subject to the terms and requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970. The costs associated with relocation of tenants is an eligible NSP cost, however in order to maximize the use of funds, AHFC will consider the magnitude of the relocation effort as part of the selection process.

NSP funds will be used in six primary activities, plus administration as described below.

NSP-1. Acquisition/Rehabilitation of homes and residential properties that have been abandoned or foreclosed upon

A subrecipient can acquire and rehabilitate foreclosed or abandoned single family homes and sell them to income-eligible homebuyers for owner-occupied, sole-ownership, primary residences. All subrecipients will have a demonstrated history in the acquisition, rehabilitation and resale of single family homes. The final sales price of the home will be no greater than the initial acquisition cost, rehabilitation costs, and reasonable holding costs. All acquisitions will be between 10-15% below an appraised value determined no more than 60 days prior to the date of the offer to purchase. Appraisals shall be consistent with the appraisal requirements set forth in the Uniform Relocation Act for the Community Development Block Grant Program (CDBG). Further HUD informal guidance has been issued indicating that for purposes of the appraisal, when determining the "60 days prior to the date of the offer to purchase," the "offer" being referenced is the *final* offer to purchase prior to closing.

Eligible homebuyers may have incomes at or below 120% AMI as defined by HUD. HUD at www.hud.gov defines income limits as adjusted for family size for the NSP program. Prospective buyers will be required to attend and satisfactorily complete a HUD-certified homebuyer counseling course prior to purchase. An AHFC HOME Choice Pre-Purchase Housing Seminar Certificate is one way to qualify. Subrecipients are encouraged to develop post-purchase homebuyer counseling. Pre-purchase counseling is required if a client is going to purchase an NSP acquisition. Foreclosure prevention counseling is not an eligible expenditure.

The principal, interest, taxes, insurance and homeowner association fees shall not exceed the ratios set forth in AHFC underwriting guidelines. NSP funds may only be used in conjunction with fixed interest rate and term, fully amortizing, first deed of trust loans. In no event may NSP funds be used to assist a homebuyer whose primary loan is a non-traditional product with features such as interest only, variable interest rates and/or terms, or balloon payments. In addition, NSP clients are required to work with an AHFC approved lender; other lenders may originate AHFC loans in partnership with an approved lender. A list of AHFC approved lenders is located at http://www.ahfc.state.ak.us/loans/approved lender.cfm.

Acquisition and rehabilitation can be 100% financed by NSP or NSP funds can be leveraged with other program dollars. Acquisitions will likely be done, in bulk, by a subrecipient or AHFC. AHFC anticipates that less than one-quarter of the NSP funds will be utilized for this activity.

The only category of NSP funds that will serve individuals between 81-120% of AMI is the single family home purchase or lease-purchase option. Resale/recapture agreement requirements will be further clarified in the RFQ process.

NSP-2. <u>Acquisition/Rehabilitation/Rental.</u> Creation of additional affordable rental units in a community, which will include one of the three sub-activities described below. HUD currently requires that rental income be considered program income and returned to HUD; AHFC is requesting a waiver of this provision as part of this plan.

a) Renting to income-eligible families participating in a rent-to-own plan. Subrecipients that pursue this activity must have considerable successful experience with rent-to-own and have a current successful rent-to-own program. Under this sub-activity, the subrecipient must submit sufficient documentation with the application to demonstrate knowledge and understanding of the rent-to-own scenario including experience, conditions, timeline for moving to rent-to-own and qualifications. The subrecipient would take title to the unit and lease the unit in a rent-to-own scenario. If credit is unacceptable, enrollment in a credit counseling course by the renter would be mandatory. A pre-purchase housing counseling requirement will apply at the time that the renter makes the transition to homeowner. The only category of NSP funds that will serve individuals between 81-120% of AMI is the single family home purchase or rent-to-own option.

b) Renting to income-eligible families as affordable housing units. The intent of this sub-activity is to create mixed income housing. Rental units may be acquired by local subrecipients to provide affordable rental housing for individuals at or below 80% AMI and at or below 50% AMI so that mixed income housing will result. AHFC reserves the right to purchase units to make available to its Public Housing Division to augment the public housing rental stock in order to reduce waiting lists for assisted housing in communities with long assisted housing waiting lists.

c) Renting to income-eligible families who have income set at or below 50% of area median income. No less than 25% of the total NSP grant will be expended for affordable housing for residents in this category. The majority of the affordable housing created in some communities will focus on this sub-activity. Subrecipients will use NSP funds for the acquisition and rehabilitation of multi-family units for individuals and families at or below 50% AMI. In keeping with State and local Annual Action Plans, this sub-activity can be used to create housing for special needs clients and the homeless.

NSP-3. <u>Acquisition of properties for demolition or vacant properties for redevelopment.</u> A definition of "vacant property" has not been developed by HUD. The definition of "vacant property" will be further developed in the RFQ process. The condition of some units in specific communities may warrant demolition instead of rehabilitation. In making this determination, applicants must provide written review of the conditions of the property by a qualified third party. A qualified third party definition will be further defined in the RFQ process, but, at a minimum, qualified third parties will have a professional engineer designation, a general contractor's license with a residential endorsement if the proposed demolition is a residential unit, or be an independent housing inspector certified by the State of Alaska. Qualified third parties do not include the following individuals: a Housing Quality Standards Inspector, a real estate professional, a Uniform Physical Conditions Standards Inspector, or a Certified Energy Rater. If deemed appropriate by the qualified third party, demolition would occur. Redevelopment options would immediately be considered. One option would be to transfer the parcel to a local non-profit to develop affordable housing. Other possible uses might include the development of the property as a public facility. A previously blighted commercial or residential property could be acquired and redeveloped under this activity. All activities would be consistent with state or local consolidated plans. HUD has verbally indicated that properties under the NSP-eligible use "redevelop demolished or vacant properties" may not be subject to the requirements of a purchase discount. AHFC will forward guidance to potential NSP subrecipients when written guidance is issued by HUD.

NSP-4. **As a financing mechanism to ensure affordability (down payment assistance) primarily for families buying units that have been rehabilitated through this program.** Down payment assistance and other financing mechanisms are permissible uses of NSP funds. It is anticipated that most, if not all of the units acquired/rehabilitated and sold to first-time homebuyers will require some form of subsidy to ensure affordability. The subrecipient would acquire the unit, rehabilitate the unit and then sell to the homebuyer for no more than the amount of the total investment in the property. Only subrecipients with experience in the development and administration of down payment assistance/buy down assistance may apply for this activity. The down payment assistance may not exceed the lesser of 2% of the purchase price, 2% of the appraised value, or $3,800. Approximately 20 families are anticipated to be served through this activity. NSP-1 will provide the acquisition/rehabilitation activity for properties receiving down payment assistance. No additional units will be created as a result of this activity.

NSP-5. **Establishment of a land bank for homes that have been foreclosed upon.** This activity may be undertaken by AHFC or another qualified subrecipient to focus on the conversion of foreclosed properties into productive use. AHFC or another qualified subrecipient will assemble, temporarily manage, and dispose of foreclosed properties for the purpose of stabilizing neighborhoods and encourage re-use or redevelopment for affordable housing. Further clarification from HUD has been requested regarding whether vacant land can be acquired through the land bank activity.

NSP-6. **Demolition of blighted structures.** A subrecipient can use NSP funds to demolish a blighted structure. Demolition is the only activity allowed under the blighted structure use. AHFC will utilize the definition in the NSP notice to determine whether a structure is blighted and will require a detailed summary by a qualified inspector to verify that the property is blighted. Use of funds for this component must be consistent with local community planning efforts. A property, after the demolition of a blighted structure, could be redeveloped under NSP-3.

NSP-7. **<u>Program Administration.</u>** AHFC will use a portion of the administrative allocation to administer the program for the first four years calculated from the date of the signing of the NSP grant agreement. The remaining administrative fees will be passed to sub-recipients to carry out eligible NSP activities. Subrecipients may not receive both a developer fee and funds for administration. In no case will administrative fees exceed 10% of the NSP grant, and 10% of program income.

AHFC estimates that the following number of units of affordable housing will be created through the NSP program. These estimates may be revised as actual projects are targeted for funding through NSP in mid December 2008 or January 2009.

Recording District/Funding Area	Number of Units of affordable housing anticipated to be produced
Municipality of Anchorage	52
Mat-Su Borough	37
Fairbanks North Star Borough	28
Kenai	21
Ketchikan	7
Juneau	5
"Rest of State"	36

C. DEFINITIONS AND DESCRIPTIONS

AHFC Definition of "Blighted Structure:"

A structure is blighted when it exhibits objectively determinable signs of deterioration sufficient to constitute a threat to human health, safety, and public welfare (continuous and/or multiple code violations). AHFC reserves the right to inspect a property that is proposed to be blighted to determine whether the property meets the national standard. All blighted properties shall be inspected by a qualified inspector and a written report submitted that confirms that the property is blighted prior to beginning the demolition of the structure.

AHFC Definition of "Affordable Rents:"

AHFC defines affordable rents (including utilities) for households as 30% of their gross income. Affordable rents must be the lesser of the LIHTC program rent, the HUD Fair Market Rent, or the AHFC Payment Standard for the Section 8 Housing Choice Voucher program.

AHFC Method for Ensuring Continued Affordability for NSP Assisted Housing:

Long term affordability will be ensured through compliance monitoring. For rental housing projects, affordability requirements will be maintained through a 30 year use restriction and/or deeds of trust and notes. The long term affordability will be further clarified in the RFQ process. For single family home programs, recorded resale agreements defining affordability clauses and NSP program requirements will be used. The resale and affordability requirements under the homeownership component of the HOME Investment Partnership Program will be used as the basis for development of NSP guidelines for single family acquisition and resale programs. Requests for subordination of NSP affordability or program requirements for financing purposes will be reviewed on a case by case basis to insure compliance with federal requirements.

AHFC Housing Rehabilitation Standards That Will Apply to NSP Assisted Activities:

All projects will have to comply with a minimum property rehabilitation or inspection standard. For redevelopment or substantial rehabilitation, the inspection standards of the AHFC GOAL Program will apply. For rehabilitations that are not substantial, the HOME Owner-Occupied Rehabilitation Program Property Written, and Inspection Rehabilitation Standards will apply. These standards meet the requirements as outlined in 24 CFR Part 92.251. Subrecipients are encouraged to use green building techniques and to make all rehabilitated properties more energy efficient. All rehabilitation activities should result in a property that will have an additional 30-year life.

The first priority of a housing rehab project will be to eliminate any and all pre-existing Code Violations, health and safety hazards and to make energy efficiency improvements. Written property standards will be used. Property standards ensure a unit is decent, safe, and sanitary. In addition, property standards provide a level of inspection for judging the actual physical condition of a property and assist in determining a rehabilitated property's scope of work. Written rehabilitation standards ensure that work will bring substandard housing into compliance with the ORP property standards. These standards prescribe methods and materials for the rehabilitation work, also known as the rehabilitation specifications or "specs." They are designed so that they provided a common basis for contractor bids, assist in determining cost reasonableness, and help ensure that high quality work is performed.

The second priority will be to make general property improvements such as painting, replacement of cabinets and flooring, etc. These activities will commence only after all code deficiencies, health and safety items and lead based paint hazards have been addressed and accounted for in the budget. General improvements may not include materials or items of the type and quality which exceed the standards for similar properties in the area unless approved *in advance and in writing* by AHFC. General property improvements will be required to increase energy efficiency. Whenever practicable, green building methods shall be utilized. Minimal acceptable standards are described at 24 CFR 983.101.

For any homes purchased that were built before 1978, a lead based paint hazard assessment must be completed to determine the potential of lead-based paint in the unit before rehabilitation can begin. The standards of "Lead-Based Paint Poisoning Prevention in Federally Owned and Federally Assisted Housing" found at 24 CFR Part 35 will apply.

D. LOW INCOME TARGETING

AHFC's Identification of the Estimated Amount of Funds for Purchase and Redevelopment of Abandoned or Foreclosed Homes:

Under the NSP, the low- and moderate- income national CDBG Objective has been redefined. Program wide, all NSP funds must meet one of the following criteria:

- Provide or improve permanent residential structures that will be occupied by a household whose income is at or below 120 percent of area median income (abbreviated as LMMH);
- Serves an area in which at least 51 percent of the residents have income at or below 120 percent of area median income (LMMA); or
- Serves a limited clientele whose income are at or below 120 percent of area median income (LMMC).

In the Alaska state aggregate, no less than 25% of the affordable housing produced by the NSP will serve individuals whose income is at or below 50% of area median income. However, many of the recent state and local planning efforts on affordable housing place a greater emphasis on housing for populations below 50% of the median (very low income, homeless). As referenced above, AHFC intends to place greater weight on projects that target a greater percentage of the units towards these populations.

The NSP will only serve individuals whose incomes are at or below 120% of AMI. The only activity allowed for individuals who are from 81-120% of AMI is the single family home purchase or lease-purchase option. Subrecipients should prioritize services to individuals who experience permanent disabilities and/or homelessness and who also meet the 50% or below area median income targeting required for NSP activities. AHFC will make no less than $4.9 million available to serve individuals at or below 50% AMI.

NSP funds are for "emergency assistance for redevelopment of abandoned and foreclosed homes and residential properties." All funds must be obligated within 18-months after the date of the signing of the grant agreement between AHFC and HUD (expected in January 2009) and all NSP funds must be expended within four years. Given this tight timeline, projects that are unreasonably delayed will risk loss of NSP funding. AHFC will consider readiness and ability to proceed when determining whether to award funds and will closely monitor project progress.

E. ACQUISITIONS & RELOCATION

AHFC Plan for Demolition and Conversion of Dwelling Units:

The NSP units noted below are an estimate of the number of dwelling units to be made available to households of the following area median incomes. These estimates will be revised as specific projects are targeted for funding during the RFQ process. In some areas, applicants may determine that 100% of their NSP funds would be used for rehabilitation which will allow the rehabilitation of additional units. NSP 3-6 estimates may change substantially dependent upon the properties targeted for NSP funds and the development options chosen. In the RFQ process to be held in mid December 2008 or January 2009, all potential subrecipients will be required to identify NSP Projects By Activity, in detail, and the number of affordable housing units to be developed, as a part of the RFQ application process. The estimated units presented in Table A, below, are based partly on assumptions that additional leveraging will occur through the use of existing affordable housing development resources. AHFC anticipates that a minimum of 176 units of new or converted affordable housing will be created as a result of NSP activities 1, 2, 3, and 6; AHFC anticipates that a minimum of 10 units of housing will be developed through NSP-5 at a future date, prior to the end of the Land Banking activity; and AHFC anticipates that NSP-4 (Financing Mechanisms) will provide purchase assistance to the purchasers of the 20 properties acquired and rehabbed though NSP-1. Additionally, AHFC anticipates that approximately 60 units of housing will be demolished through NSP-6 and redeveloped through a combination of other resources. Ten units on a blighted site are anticipated to be redeveloped through an NSP-3 but are reflected in the amendment under NSP-6 in Table A.

Table A.

NSP Activity	Activity Description	50% AMI or Less	51-80% AMI	81-120 % AMI	Total
NSP-1	Acquisition/Rehabilitation of Homes to Resale	0	5	15	20
NSP-2	Acquisition/Rehabilitation/Rental	33	23	40	96
NSP-3	Acquisition/Demolition/Redevelopment	17	12	21	50
*NSP-4**	*Financing Mechanisms*	*0*	*5*	*15*	*20*
NSP-5	Land Banking	4	2	4	10
NSP-6	Demolishing Blight	3	3	4	10
TOTAL	**ADDITIONAL UNITS PROPOSED**	**57**	**45**	**84**	**186**

*NSP-4, Financing Mechanisms will assistance for the 20 units identified in NSP-1. No additional units of housing will be developed through the NSP-4 activity.

WAIVER REQUEST:

AHFC is requesting waivers for the following items:

1. The requirement that rental program income (operational income over and above expenses) must be returned to HUD and, instead, allow rental program income to remain within the individual project, to insure long term financial feasibility and viability. AHFC will use existing HUD or Low Income Housing Tax Credit subsidy layering practices to ensure that rent increases and net operating income are limited and reserve accounts are maintained to insure long term viability of the project; and

2. The requirement that program income from the sale of single family homes must be returned to HUD after July 30, 2013. AHFC requests that HUD allow this program income to be returned to the Alaska NSP program in order to create a revolving loan fund for affordable housing homebuyer activities.

F. PUBLIC COMMENT

AHFC Summary of Public Comments: Public participation began with a HUD-sponsored NSP webcast on October 8, 2008. Presentations were made at the 2008 Juneau Affordable Housing Summit (October 13, 2008) to the statewide Alaska Association of Housing Authorities (October 16, 2008) and the Alaska Coalition on Housing and Homelessness (October 21, 2008). Flyers on the NSP program were also made available at the statewide Alaska Federation of Natives Annual Convention (October 23-29, 2008). AHFC held a statewide teleconference on October 23, 2008, to solicit input into the development of this Action Plan. The Plan was available for public comment for the mandatory 15-day comment period beginning October 29, 2008 and running through November 13, 2008. AHFC received formal public comments from 15 agencies. Additionally, the Municipality of Anchorage submitted comments from a working group of 10 Anchorage agencies. A detailed list of public comments is available as is a transcript of the statewide teleconference.

The AHFC Board of Directors considered and approved the Substantial Amendment at the regularly scheduled Board meeting on November 20, 2008. This meeting included a public comment period. No further public comments were received on the Amendment at the Board meeting.

AHFC has sought and received broad-based citizen participation from Alaskans statewide in the development of the NSP Plan and encourages subrecipients to develop projects that support prioritized activities established in state and local Annual Action Plans. The goal of this action plan is to allow diverse approaches and opportunities in different communities with a diverse group of subrecipients to develop units of affordable housing.

Many of the public comments submitted for consideration have been incorporated into the final Substantial Amendment.

A detailed summary of public comments received is attached to this document at Appendix 3.

G. ***NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)***

(1) Activity Name: **NSP-1 Acquisition/Rehabilitation/Homeownership**

(2) Activity Type:

Use: Purchase and rehabilitate homes that have been abandoned or foreclosed upon. **Activity:** Acquisition, disposition, direct homeownership assistance, housing counseling for those seeking to take part in the activity.

This activity will be limited to organizations that have current experience in successfully managing/operating single family purchase/development programs.

(3) National Objective: For purposes of NSP only, the term "low-and moderate-income person" as it appears throughout the CDBG regulations at 24 CFR part 570 shall be defined as a member of a low-moderate-, and middle income household, and the term "low- and moderate-income household" as it appears throughout the CDGG regulations shall be defined as a household having an income equal to or less than 120 percent of area median income measured as 2.4 times the Section 8 income limit for households below 50% of median income, adjusted for family size. A state choosing to carry out an activity directly must apply the requirements of 24 CFR 570.208(a) to determine whether the activity has met the low-, moderate-, and middle-income (LMMI) national objective and must maintain documentation required at 24 CFR 570.506 to demonstrate compliance to HUD.

All activities undertaken under NSP-1 will benefit individuals at or below the LMMI national objective (120% or below AMI). All subrecipients will be required to demonstrate compliance and will maintain documentation required at 24 CFR 570.506.

(4) Activity Description:

The activity will allow foreclosed homes to be resold to eligible homeowners with down payment/buy down assistance to insure that they are able to afford the home. Families within the upper limit of the targeted population 80-120% AMI are targeted for this activity. Due to the cost of housing in Alaska very few 50% or below area median income families will qualify for this activity.

(5) Location Description:

The activity will be undertaken in the six communities designated in the Plan: the Municipality of Anchorage, the Matanuska-Susitna Borough, Fairbanks North Star Borough, Kenai Peninsula, Ketchikan, Juneau City and Borough, and the "rest of state." For activities in the Municipality of Anchorage, the Matanuska-Susitna Borough and the Fairbanks North Star Borough, to the extent greatest need LMMA areas can be identified, AHFC will prioritize activities proposed within the identified LMMA areas.

Midway through the NSP performance period, foreclosure data will be re-reviewed to determine whether additional LMMA areas need to be identified as "greatest need" areas. Any unobligated NSP funds will be eligible for redistribution in the additional identified area(s) for eligible subrecipient projects.

(6) *Performance:*

It is anticipated that no homes will be developed for 50% AMI and below for this homeownership activity; five units will be developed for households at the 50-80% AMI level; and 15 homes developed for households at 81-120% AMI

(7) *Total Budget:* Approximately 20-25% of NSP budget, dependent upon properties that are available for purchase. $3.5-$4.4 million

(8) *Responsible Organization:*

Alaska Housing Finance Corporation, P. O. Box 101020, Anchorage, AK 99510-1020. Mark Romick. Potential subrecipients in the Municipality of Anchorage have been identified as Cook Inlet Housing Authority, Habitat for Humanity, RurAL CAP, NeighborWorks Anchorage, Anchorage Community Land Trust, Anchorage Community Development Authority. Potential subrecipients in the balance of the state of Alaska have not been identified but will likely be community based development organizations, community development corporations, and other non-profit entities.

(9) *Projected Start Date:* February 1, 2009

(10) *Projected End Date:* January 31, 2012

(11) *Specific Activity Requirements:*

- Average discount rate will be 15%; with no discount rate on any single property less than 5%.

- Loan underwriting terms must meet AHFC loan requirements. NSP funds may only be used in conjunction with fixed interest rate and term, fully amortizing, first deed of trust loans. In no event may NSP funds be used to assist a homebuyer whose primary loan is a non-traditional product with features such as interest only, variable interest rates and/or terms, or balloon payments.

- Long term affordability covenants on homes to encourage homeowner to remain in home a minimum of ten years; specific program requirements related to resale provisions, including shared equity formulas, to be developed within the RFQ process and NSP Program Policies and Procedures. These will mirror HOME resale and/or recapture provisions.

***(1) Activity Name:* NSP-2 Acquisition/Rehabilitation/Rental**

(2) Activity Type:

Use: Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon in order to rent or redevelop such homes and properties.
Activity: Acquisition, disposition, minimal potential for relocation, eligible rehabilitation and preservation activities for homes and residential properties.

(3) National Objective: For purposes of NSP only, the term "low-and moderate-income person" as it appears throughout the CDBG regulations at 24 CFR part 570 shall be defined as a member of a low-moderate-, and middle income household, and the term "low- and moderate-income household" as it appears throughout the CDGG regulations shall be defined as a household having an income equal to or less than 120 percent of area median income measured as 2.4 times the Section 8 income limit for households below 50% of median income, adjusted for family size. A state choosing to carry out an activity directly must apply the requirements of 24 CFR 570.208(a) to determine whether the activity has met the low-, moderate-, and middle-income (LMMI) national objective and must maintain the documentation required at 24 CFR 570.506 to demonstrate compliance to HUD.

All activities undertaken under NSP-2 will benefit individuals at or below the LMMI national objective (120% AMI or below). All subrecipients will be required to demonstrate compliance and will maintain documentation required at 24 CFR 570.506.

(*4) Activity Description:*

The activity will allow foreclosed multi-family properties and single family homes to be purchased and rehabilitated by eligible subrecipients to rent to qualified homeowners. Mixed income usage will be encouraged with preference for use for 50% or below area median income families. In some instances, qualified subrecipients will be allowed to develop rent-to-own programs.

(5) Location Description:

The activity will be undertaken in the six communities designated in the Plan: the Municipality of Anchorage, the Matanuska-Susitna Borough, Fairbanks North Star Borough, Kenai Peninsula, Ketchikan, Juneau City and Borough, and the "rest of state." Activities in the Municipality of Anchorage, the Matanuska-Susitna Borough and the Fairbanks North Star Borough, to the extent LMMA areas can be identified, AHFC will prioritize the activities to occur within identified LMMA areas.

Midway through the NSP performance period, foreclosure data will be re-reviewed to determine whether additional LMMA areas need to be identified as "greatest need" areas.

Any unobligated NSP funds will be eligible for redistribution in the additional identified area(s) for eligible subrecipient projects.

(6) *Performance Measures:*

AHFC anticipates that 33 units of affordable rental housing will be developed for families at or below 50% AMI; that 23 units of affordable rental housing will be developed for families between 51-80% AMI; and 40 units of affordable rental/rent-to-own housing will be developed for individuals at 81-120% AMI. AHFC reserves the right to adjust the first performance measure upward, increasing the units of affordable housing developed for the 50% AMI and below population, if project identification RFQ phase identifies a greater proportion of the affordable rental housing proposed to be developed will serve families in the lowest income category.

(7) *Total Budget:* 60% of the statewide allocation, $10.5 million

(8) *Responsible Organization:*

Alaska Housing Finance Corporation, P. O. Box 101020, Anchorage, AK 99510-1020. Mark Romick. Potential subrecipients in the Municipality of Anchorage have been identified as Cook Inlet Housing Authority, Habitat for Humanity, RurAL CAP, NeighborWorks Anchorage, Anchorage Community Land Trust, Anchorage Community Development Authority. Potential subrecipients in the balance of the state of Alaska have not been identified but will likely be community based development organizations, community based development organizations, and other non-profit entities.

(9) *Projected Start Date*: February 1, 2009

(10) *Projected End Date:* January 31, 2012

(11) *Specific Activity Requirements:*

- Average discount rate will be 15%; with no discount on any single property less than 5%.
- Duration or term of assistance will be for the balance of the useful life of the property; specific long term affordability covenants will be recorded on the property specifically targeting LMMH households (at or below 120% AMI).
- A minimum of 25% of the rental units will be developed for individuals at 50% AMI or below.
- Rents on properties acquired for this activity will have rents (including utilities) set at 30% of a tenant's gross income. Affordable rents must be established at the

lesser of the LIHTC program rent, the HUD Fair Market Rent, or the AHFC Payment Standard for the Section 8 Housing Choice Voucher Program.

Tenants will enter into an initial one-year lease agreement if rental housing is developed under this activity. All subsequent tenants served will initially enter into a one-year lease agreement and meet the LMMI national objective.

If a rent-to-own project is proposed for development, subrecipient must have direct experience in the development of rent-to-own programs and a documented history of program success. The provisions of a rent-to-own program developed with NSP funds will mirror the subrecipient's successful rent-to-own programs and will be described in the RFQ submission. All tenants moving from renter to homeowner will receive homeownership counseling prior to moving to the homeownership option. AHFC will waive the requirement that 25% of the tenants served will be at or below 50% AMI for rent-to-own programs.

***(1) Activity Name:* NSP-3 Redevelop demolished or vacant properties**

(2) Activity Type:

Use: Redevelop demolished or blighted properties
Activities: acquisition, disposition, public facilities and improvements, housing counseling public services to prospective purchasers or tenants of redeveloped properties, relocation, new housing construction, direct homeownership assistance.

(*3) National Objective:* For purposes of NSP only, the term "low-and moderate-income person" as it appears throughout the CDBG regulations at 24 CFR part 570 shall be defined as a member of a low-moderate-, and middle income household, and the term "low- and moderate-income household" as it appears throughout the CDGG regulations shall be defined as a household having an income equal to or less than 120 percent of area median income measured as 2.4 times the Section 8 income limit for households below 50% of median income, adjusted for family size. A state choosing to carry out an activity directly must apply the requirements of 24 CFR 570.208(a) to determine whether the activity has met the low-, moderate-, and middle-income (LMMI) national objective and must maintain the documentation required at 24 CFR 570.506 to demonstrate compliance to HUD.

All activities undertaken under NSP-3 will benefit individuals at or below the LMMI national objective (120% AMI or below). All subrecipients will be required to demonstrate compliance and will maintain documentation required at 24 CFR 570.506.

(4) <u>Activity Description</u>:

Unknown, at present, whether this activity will take place; any blighted properties will be identified in subrecipient project identification RFQ phase which is anticipated to be completed in January of 2009. Specific project and project costs will be identified at that time.

(5) <u>Location Description</u>:

The activity will be undertaken in the six communities designated in the Plan: the Municipality of Anchorage, the Matanuska-Susitna Borough, Fairbanks North Star Borough, Kenai Peninsula, Ketchikan, Juneau City and Borough, and the "rest of state." Activities in the Municipality of Anchorage, the Matanuska-Susitna Borough and the Fairbanks North Star Borough, to the extent LMMA areas can be identified, AHFC will require the activities to occur within identified LMMA areas. All activities will serve for LMMH households.

Midway through the NSP performance period, foreclosure data will be re-reviewed to determine whether additional LMMA areas need to be identified as "greatest need" areas. Any unobligated NSP funds will be eligible for redistribution in the additional identified area(s) for eligible subrecipient projects.

(6) <u>Performance Measures</u>: Unknown at present; AHFC estimates that potentially 50 units of affordable housing could be developed if projects are identified under this NSP Activity.

(7) <u>Total Budget</u>: (Include public and private components) Unknown at present

(8) <u>Responsible Organization</u>:

Alaska Housing Finance Corporation, P. O. Box 101020, Anchorage, AK 99510-1020. Mark Romick. Potential subrecipients in the Municipality of Anchorage have been identified as Cook Inlet Housing Authority, Habitat for Humanity, RurAL CAP, NeighborWorks Anchorage, Anchorage Community Land Trust, and Anchorage Community Development Authority. Potential subrecipients in the balance of the state of Alaska have not been identified but will likely be community housing development corporations, community development corporations, and other non-profit entities.

(9) <u>Projected Start Date</u>: February 1, 2009

(10) <u>Projected End Date</u>: January 31, 2012.

(*11) <u>Specific Activity Requirements</u>*: Unknown at present

The need for this activity will be further defined through individual RFQ project identification in January of 2009. If a subrecipient elects to pursue this activity, the following requirements will apply:

- Duration or term of assistance will be for the balance of the useful life of the property; specific long term affordability covenants will be recorded on the property specifically targeting LMMH households (at or below 120% AMI).

- A minimum of 25% of the rental units will be developed for individuals at 50% AMI or below, if subrecipient proposes a rental development activity.

- Rents on properties acquired for this activity will have rents (including utilities) set at 30% of a tenant's gross income. Affordable rents must be established at the lesser of the LIHTC program rent, the HUD Fair Market Rent, or the AHFC Payment Standard for the Section 8 Housing Choice Voucher Program.

- Tenants will enter into an initial one-year lease agreement if rental housing is developed under this activity and subsequent tenants will initially enter into a one-year lease agreement and all tenants will meet LMMH income limits.

  If a rent-to-own or a homeownership project is proposed for development, subrecipient must have direct experience in the development of rent-to-own programs and a documented history of program success. The provisions of a rent-to-own program developed with NSP funds will mirror the subrecipient's successful rent-to-own programs which will be described, in detail, in the RFQ submission. All tenants moving from renter to homeowner will receive homeownership counseling prior to moving to the homeownership option. AHFC will waive the requirement that 25% of the individuals served will be at or below 50% AMI for rent-to-own and homeownership programs.

  Vacant property can be acquired for a homeownership project and developed for homeownership with other resources, but individuals served must meet the LMMA (120% AMI or less) requirements.

(1) <u>Activity Name</u>: **NSP-4 Establish financing mechanisms for purchase and redevelopment of foreclosed homes and residential properties**

(2) <u>Activity Type</u>:

Use: Activity Delivery cost (designing and setting up)
Activity: Financing the eligible activity

(3) <u>National Objective</u>: For purposes of NSP only, the term "low-and moderate-income person" as it appears throughout the CDBG regulations at 24 CFR part 570 shall be defined as a member of a low-moderate-, and middle income household, and the term

"low- and moderate-income household" as it appears throughout the CDGG regulations shall be defined as a household having an income equal to or less than 120 percent of area median income measured as 2.4 times the Section 8 income limit for households below 50% of median income, adjusted for family size. A state choosing to carry out an activity directly must apply the requirements of 24 CFR 570.208(a) to determine whether the activity has met the low-, moderate-, and middle-income (LMMI) national objective and must maintain the documentation required at 24 CFR 570.506 to demonstrate compliance to HUD.

All activities undertaken under NSP-4 will benefit individuals at or below the LMMI national objective (120% or below AMI). All subrecipients will be required to demonstrate compliance and will maintain documentation required at 24 CFR 570.506.

(4) <u>Activity Description</u>:

Develop financing mechanisms, such as soft-second loans, or shared equity purchase programs, for qualified buyers of properties.

(5) <u>Location Description</u>:

The activity will be undertaken in the six communities designated in the Plan: the Municipality of Anchorage, the Matanuska-Susitna Borough, Fairbanks North Star Borough, Kenai Peninsula, Ketchikan, Juneau City and Borough, and the "rest of state." Activities in the Municipality of Anchorage, the Matanuska-Susitna Borough and the Fairbanks North Star Borough, to the extent LMMA areas can be identified, AHFC will require the activities to occur within identified LMMA areas.

(6) <u>Performance Measures</u>: Unknown at present, activity details will be set forth by subrecipients during RFQ process. Twenty families have been potentially targeted for services under this activity. Activities under NSP-4 will provide financing mechanisms for single family homes acquired under the NSP-1 activity. No additional units of affordable housing will be developed through this activity.

(7) <u>Total Budget</u>: Unknown at present

(8) <u>Responsible Organization</u>:

Alaska Housing Finance Corporation, P. O. Box 101020, Anchorage, AK 99510-1020, Mark Romick. Potential subrecipients in the Municipality of Anchorage have been identified as Cook Inlet Housing Authority, Habitat for Humanity, RurAL CAP, NeighborWorks Anchorage, Anchorage Community Land Trust, and Anchorage Community Development Authority. Potential subrecipients in the balance of the state of Alaska have not been identified but will likely be community housing development corporations, community development corporations, and other non-profit entities.

(9) <u>Projected Start Date</u>: February 1, 2009

(10) <u>Projected End Date</u>: January 31, 2012

(11) <u>Specific Activity Requirements:</u>

Down payment assistance and other financing mechanisms are permissible uses of NSP funds. It is anticipated that most, if not all of the units acquired/rehabilitated and sold to first-time homebuyers will require some form of subsidy to ensure affordability. The subrecipient would acquire the unit, rehabilitate the unit and then sell to the homebuyer for no more than the amount of the total investment in the property. Only subrecipients with experience in the development and administration of down payment assistance/buy down assistance may apply for this activity. The down payment assistance may not exceed the lesser of 2% of the purchase price, 2% of the appraised value, or $3,800. Approximately 20 families are anticipated to be served through this activity.

No families at 50% AMI or below are anticipated to be served through this option. Five families are anticipated to be served with an income level of 51-80% AMI and ten families are anticipated to be served with an income level of 81-120% AMI through this activity. Financing mechanisms developed under this activity will utilize a 0% interest rate and incorporate the provisions currently in place in the Balance of State's HOME Program Home Opportunity Program.

***(1) <u>Activity Name</u>:* NSP-5 Establish land banks for homes that have been foreclosed upon**

(2) <u>Activity Type</u>:

Use: AHFC land bank activity
Activities: Acquisition, disposition (includes maintenance)

(*3) <u>National Objective</u>:* For purposes of NSP only, the term "low-and moderate-income person" as it appears throughout the CDBG regulations at 24 CFR part 570 shall be defined as a member of a low-moderate-, and middle income household, and the term "low- and moderate-income household" as it appears throughout the CDGG regulations shall be defined as a household having an income equal to or less than 120 percent of area median income measured as 2.4 times the Section 8 income limit for households below 50% of median income, adjusted for family size. A state choosing to carry out an activity directly must apply the requirements of 24 CFR 570.208(a) to determine whether the activity has met the low-, moderate-, and middle-income (LMMI) national objective and must maintain the documentation required at 24 CFR 570.506 to demonstrate compliance to HUD.

All activities undertaken under NSP-5 will benefit individuals at or below the LMMI national objective (120% or below AMI). All subrecipients will be required to demonstrate compliance and will maintain documentation required at 24 CFR 570.506.

(4) Activity Description:

Activity will be used to purchase foreclosed upon homes to develop future affordable housing.

(5) Location Description:

The activity will be undertaken in the six communities designated in the Plan: the Municipality of Anchorage, the Matanuska-Susitna Borough, Fairbanks North Star Borough, Kenai Peninsula, Ketchikan, Juneau City and Borough, and the "rest of state." Activities in the Municipality of Anchorage, the Matanuska-Susitna Borough and the Fairbanks North Star Borough, to the extent LMMA areas can be identified, AHFC will require the activities to occur within identified LMMA areas.

Midway through the NSP performance period, foreclosure data will be re-reviewed to determine whether additional LMMA areas need to be identified as "greatest need" areas. Any unobligated NSP funds will be eligible for redistribution in the additional identified area(s) for eligible subrecipient projects.

(6) Performance Measures: Unknown at present; ten properties are targeted for acquisition through this activity if other affordable housing activities (NSP 1-3) are not initially identified in the initial project identification phase.

(7) Total Budget: Unknown

(8) Responsible Organization:

Alaska Housing Finance Corporation, P. O. Box 101020, Anchorage, AK 99510-1020. Mark Romick.

(9) Projected Start Date: February 1, 2009

(10) Projected End Date: December, 2018

(11) Specific Activity Requirements:

If this activity is proposed to be undertaken by subrecipients during the RFQ process, the following provisions will apply:

- Average discount rate will be 15%; with no discount rate on any single property less than 5%. AHFC will encourage subrecipients to determine the specific project to be undertaken with the property shortly after acquisition so that property can be repurposed as quickly as possible.

- Loan underwriting terms must meet AHFC loan requirements. NSP funds may only be used in conjunction with fixed interest rate and term, fully amortizing, first deed of trust loans. In no event will NSP funds be used to assist a homebuyer whose primary loan is a non-traditional product with features such as interest only, variable interest rates and/or terms, or balloon payments.

- Homes acquired, held and subsequently sold under this program will contain long term affordability covenants which will encourage the homeowner to remain in home a minimum of ten years; specific program requirements related to resale provisions, including shared equity formulas, to be developed within the RFQ process and NSP Program Policies and Procedures. These provisions will mirror HOME resale and/or recapture provisions.

  If a rent-to-own or a homeownership project is proposed for development, subrecipient must have direct experience in the development of rent-to-own programs and a documented history of program success. The provisions of a rent-to-own program developed with NSP funds will mirror the subrecipient's successful rent-to-own programs which will be described, in detail, in the RFQ submission. All tenants moving from renter to homeowner will receive homeownership counseling prior to moving to the homeownership option. AHFC will waive the requirement that 25% of the individuals served will be at or below 50% AMI for rent-to-own and homeownership programs.

  Vacant property can be acquired for a homeownership project and developed for homeownership with other resources, but individuals served must meet the LMMi (120% AMI or less) requirement as specified in 24 CFR 570.208(a).

- Rents on properties acquired, held and subsequently developed for this activity will have rents (including utilities) set at 30% of a tenant's gross income. Affordable rents must be established at the lesser of the LIHTC program rent, the HUD Fair Market Rent, or the AHFC Payment Standard for the Section 8 Housing Choice Voucher Program.

- Tenants will enter into an initial one-year lease agreement if rental housing is developed under this activity and subsequent tenants will enter into an initial one-year lease agreement and will meet LMMH income limits.

- If a subrecipient acquires, holds and subsequently proposes a rental development project under this activity, a minimum of 25% of the rental units will be developed for individuals at 50% AMI or below.

***(1) <u>Activity Name</u>:* NSP-6 Demolish blighted structures**

(2) <u>Activity Type</u>:

Use & Activity: Demolish blighted structures

(3) <u>National Objective:</u> For purposes of NSP only, the term "low-and moderate-income person" as it appears throughout the CDBG regulations at 24 CFR part 570 shall be defined as a member of a low-moderate-, and middle income household, and the term "low- and moderate-income household" as it appears throughout the CDGG regulations shall be defined as a household having an income equal to or less than 120 percent of area median income measured as 2.4 times the Section 8 income limit for households below 50% of median income, adjusted for family size. A state choosing to carry out an activity directly must apply the requirements of 24 CFR 570.208(a) to determine whether the activity has met the low-, moderate-, and middle-income (LMMI) national objective and must maintain the documentation required at 24 CFR 570.506 to demonstrate compliance to HUD.

All activities undertaken under NSP-6 will benefit individuals at or below the LMMI national objective (120% AMI or below). All subrecipients will be required to demonstrate compliance and will maintain documentation required at 24 CFR 570.506.

(4) <u>Activity Description</u>:

This activity will demolish blighted structures and specific projects will be identified during the NSP project identification process in January 2009. All subrecipients will identify specific performance measures for each individual project.

(5) <u>Location Description</u>: (Description may include specific addresses, blocks or neighborhoods to the extent known.)

The activity may be undertaken in the six communities designated in the Plan: the Municipality of Anchorage, the Matanuska-Susitna Borough, Fairbanks North Star Borough, Kenai Peninsula, Ketchikan, Juneau City and Borough, and the "rest of state." Activities in the Municipality of Anchorage, the Matanuska-Susitna Borough and the Fairbanks North Star Borough, to the extent LMMA areas can be identified, AHFC will require the activities to occur within identified LMMA areas.

Midway through the NSP performance period, foreclosure data will be re-reviewed to determine whether additional LMMA areas need to be identified as "greatest need" areas. Any unobligated NSP funds will be eligible for redistribution in the additional identified area(s) for eligible subrecipient projects.

(6) <u>Performance Measures:</u> Unknown at this time. AHFC anticipates that ten units of affordable housing would be targeted for development under this activity. Specific size

of blighted property could impact this activity. Specific performance measures and number of projects eligible under this activity will be set when a project is identified during the RFQ process and the cost of the activity is known. If affordable housing units are built on the blighted site, the units of affordable housing created will be reflected under NSP-3.

(7) *__Total Budget__:* Unknown at this time

(8) *__Responsible Organization__*:

Alaska Housing Finance Corporation, P. O. Box 101020, Anchorage, AK 99510-1020. Mark Romick. Potential subrecipients in the Municipality of Anchorage have been identified as Cook Inlet Housing Authority, Habitat for Humanity, RurAL CAP, NeighborWorks Anchorage, Anchorage Community Land Trust, Anchorage Community Development Authority. Potential subrecipients in the balance of the state of Alaska have not been identified but will likely be community housing development corporations, community development corporations, and other non-profit entities.

(9) *__Projected Start Date__:* February 1, 2009

(10) *__Projected End Date__:* January 31, 2012

(*11)* *__Specific Activity Requirements:__* Unknown at this time.

(*1)* *__Activity Name__:* NSP- 7 Administrative Costs

(2) *__Activity Type__:* Administration of program

Limited to 10% of NSP; 10% of program income

(3) *__National Objective:__* Administrative cost is not directly related to a national objective; however, all activities undertaken in the Alaska program will benefit individuals at or below the LMMI national objective (120% or below AMI). All subrecipients receiving administrative funds to administer an NSP program will be required to demonstrate compliance and will maintain documentation required at 24 CFR 570.506.

(4) *__Activity Description__:* Will provide for administrative expenditures by AHFC and the subrecipients as necessary for the NSP programs

(5) *__Location Description__:*

Administration funds will be used on a statewide basis. The six communities designated to receive a direct NSP allocation are as follows: the Municipality of Anchorage, the

Matanuska-Susitna Borough, Fairbanks North Star Borough, Kenai Peninsula, Ketchikan, and Juneau City and Borough.

Midway through the NSP performance period, foreclosure data will be re-reviewed to determine whether additional LMMA areas need to be identified as “greatest need” areas. Any unobligated NSP funds will be eligible for redistribution in the additional identified area(s) for eligible subrecipient projects.

(6) *<u>Performance Measures:</u>* 10% NSP grant/10% program income for administrative costs

(7) *<u>Total Budget</u>:* $ 1.96 million

(*8*) *<u>Responsible Organization</u>: (Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information)*

Alaska Housing Finance Corporation, P. O. Box 101020, Anchorage, AK 99510-1020. Mark Romick. Potential subrecipients in the Municipality of Anchorage have been identified as Cook Inlet Housing Authority, Habitat for Humanity, RurAL CAP, NeighborWorks Anchorage, Anchorage Community Land Trust, Anchorage Community Development Authority. Potential subrecipients in the balance of the state of Alaska have not been identified but will likely be community housing development corporations, community development corporations, and other non-profit entities.

(9) *<u>Projected Start Date</u>:* September 29, 2008

(10) *<u>Projected End Date</u>:* July 30, 2013

(11) *<u>Specific Activity Requirements:</u>*

Administrative activities will include but not be limited to: monitoring of all acquisitions to assure environmental reviews are complete, monitor that discount rates are negotiated within the context of the NSP regulation, and that activities and uses are eligible under the NSP alternate regulations; development of the competitive request for proposals; and collection and evaluation of performance data throughout the performance period. Additional administrative activities will include the development and submission of all required HUD reports through the DRGR system.

A portion of the administrative funds will be available for allocation directly to subrecipients, not to exceed 10% of NSP funds and 10% of program income.

NOTE 1: No less than 25% of NSP funds will be used to provide activities to benefit individuals at 50% area median income or below.

NOTE 2: The budget for NSP Activities, NSP-3, NSP-4, NSP-5, NSP-6 will not exceed $3.64 million.