GOAL QAP 2025 Changes: Comments and Responses

Updated May 30, 2025

First Comment Period March 5 – April 7, 2025

1.) Current language does not include clean hydropower as an alternative energy source. Electricity generated through hydropower in Southeast and likely in Kodiak and other communities is clean, does not put any carbon in the atmosphere, is local, and does not in any way expose our communities to relying on energy sources from hostile nations. Having photovoltaic energy qualify for these points and not hydro generated energy unfairly discriminates against communities which have plentiful precipitation but little sun. Please include clean hydro power as an allowable energy source to qualify for alternative energy points.

The Cost Effective Renewable Energy scoring item incentivizes any form of renewable energy produced on site. Utility level energy production is not considered under this category.

2.) Having ground source heat pumps count towards alternative energy points but not air to air heat pumps. This scoring matrix puts smaller projects in an unfairly disadvantaged position. Air to air heat pumps provide clean energy, do not release carbon into the air, and are more economical to install. It is often not feasible to use ground source heat pumps on smaller grant funded projects, like most projects outside of road system communities, simply because the expense is disproportionate to the cost of the rest of the project. Air to air heat pumps should be allowed under energy points.

Heat pumps whether they are ground or air source are not sources of renewable energy. Heat pumps use electrical energy to transfer heat through the compression and expansion of a refrigerant. Heat pumps may be used under the Cost Effective Energy Efficiency scoring category to improve a building's energy efficiency.

3.) There are too many advantage points currently given to rehab projects vs. new construction. In many off road system communities, there is nothing to rehab and awarding so many points to rehab projects penalizes these communities. Additionally, here in Juneau, we have been noticing that the cost of rehab on many buildings is not sufficiently cheaper than new construction to make it worth it. Please consider making rehab points lessor perhaps consider eliminating these points all together.

Staff disagrees. Rehab projects often have a disadvantage under the scoring criteria because it would be too expensive to change the building's design characteristics in the pursuit of points. The Rehabilitation Project scoring criteria attempts to offset this disadvantage in areas where rehab projects are most needed. Language has been added to ensure these points are only available to projects rehabilitating existing buildings.

4.) Project Characteristics
We request that AHFC create a new scoring criteria that would award points to projects sponsored by a Tribal government, Tribally Designated Housing Entity ("TDHE"), or Tribal corporation under ANCSA for the purpose of serving Tribal members. Many of the scoring commitments provided by AHFC are in contradiction to the structure of Tribal tax credit transactions. We request that AHFC recognize the

unique complexities Tribal projects face and award specific points to those types of projects. We ask that there be a requirement under this new scoring category, if adopted, that the project is both Tribally sponsored and intended to serve Tribal members. However, we request that the category is site neutral. Meaning, we ask that AHFC recognize Tribal projects across trust land, fee land, and ANCSA held properties.

Staff requests more information and/or data to learn more about the "unique complexities Tribal projects face" to better understand this request.

5.) Extended Low-Income Project Use

In general, several scoring categories seem artificially low. Offering one (1) point for extended use seems like an incredibly low incentive for a commitment that preserves affordability for an additional 30 years. We request that committing to an extended use period earn a greater number of points. Tax credit developers are using a highly competitive and valuable resource. We believe that resources should be valued more, and those commitments made to earn that resource should stay in place as long as possible.

Staff disagrees. In the harsh environments of Alaska, properties tend to need significant repairs before the end of an extended use period. This is an opportunity for re-syndication or private investment.

6.) Preference in Occupancy for Homeless Families

We also believe that this is a category that has artificially low scoring. Housing homeless families is a primary goal of affordable housing. The scoring for this category should reflect the importance of meeting that goal. We hope AHFC will consider increasing the points in this category.

Providing affordable housing is the primary objective of the GOAL Program. Affordable housing operating budgets are tight. Homeless households often require additional services to stabilize. It is not the intent of the GOAL Program to over-incentivize developers to provide services their operating budgets cannot support.

7.) Market Conditions

This scoring category currently makes up almost 20% of the total points. Yet the requirements to receive points in this category are greatly outside of a developer's control and disproportionally hurt Tribal projects. A private developer can seek project sites that score well in a specific market area and maximize scoring in this category. A Tribe simply cannot do that. A Tribe has a specific service area and land base. They do not have the capability to seek out fee land outside of that area to pick up market conditions points. Therefore, as a static developer, they are at a unique disadvantage under this category. We request that the number of points under this category be significantly reduced or that Tribal projects be given these points in full.

These scoring criteria are to help direct housing resources to where the need is greatest. The objective of the GOAL program is to build and preserve housing where it is needed, regardless of who sponsors the development.

8.) Underwriting – Hard Debt
Like Market Conditions, this scoring category has a large number of points and is problematic for Tribal projects. Tribal projects across the country are typically structured in the same way and are financed with only two sources: 1) A soft debt, cash-flow-only loan from LHDME, and 2) Investor equity from the sale of the tax credits. This scoring category pushes projects towards taking on real debt. The traditional soft debt structure allows Tribal entities to keep rents affordable for low-income Tribal members, which is the entire goal of Tribal developers. We request that the hard debt test be removed as a scoring consideration.

The GOAL Program is structured under the Gap Funding model. Projects are incentivized to fund the project through hard and soft debt as much as possible before requesting public funding. This allows the program to fund more projects and serve more families across the state.

9.) Underwriting – Net GOAL Funds
This category provides a preference for projects that underutilize the leveraging capability of LIHTC funding. While the intent here may be to spread more credits to more projects, it once again disproportionally hurts Tribal projects. Tribes tend to charge significantly less than tax credit market rent as housing is seen as a right and service and not intended to grow the wealth of the developer. A Tribe's goal with LIHTC is to leverage its limited funding as much as possible. A Tribe will likely never be able to support a 45% funding commitment in order to earn the full 10 points. In reality, a Tribe will almost always score 0 points in order to leverage their commitment. In other states, a 10% commitment of leveraged funds (see the New Mexico Mortgage Finance Authority) would earn full points. Here, a project is 20% away from earning just two (2) points. We request that this scoring category be reduced as a percentage requirement and reduced in overall points available.

AHFC's QAP offers a maximum of 24 point if 15% of the total development costs are supported by hard debt, 6% if the project is in a small community.

10.) We would also like to see an increase in the amount of credits a project can request. While we understand the number of credits AHFC receives annually is low and the intent is to spread units across more projects, Tribes are once again disproportionately hurt. The cost of construction in rural Alaska is astonishing. The current limitations for tax credits either make a project completely infeasible or require a Tribe to limit their project to fewer units.

AHFC limits LIHTC request to 1/3 the available credit advertised in the NOFA. This allows a modest minimum goal of 3 LIHTC projects per year statewide.

11.) Underwriting – Income Commitments
We request that AHFC refrain from requiring Tribal developers to alter their income commitments following the pre-application process. Travois is aware of two developments with Tribal sponsors that both were required to eliminate their 60% AMI units in favor of 50% AMI max incomes. This practice is not in line with any other state allocating agency that Travois is aware of. We believe that AHFC should establish its preferred scoring category for income commitments and allow developers to

compete for points in the same way that they do with all other categories that are within the developer's control.

The GOAL Program tries to not publicly fund projects that would compete with the private rental market. Income targeting levels are reduced only when a unit size's 50% AMI LIHTC rent limits exceeds the Fair Market Rent.

12.) Property Management Experience

Since AHFC has requested input on the Property Management Experience requirements, Travois requests that the category be revised to recognize all affordable housing management, more than just LIHTC or HOME units. Tribes have decades of low-income property management experience through other federally funded housing programs. A majority of the projects developed by Tribes were done so under either the 1937 Housing Act or the Native American Housing Assistance and Self-Determination Act ("NAHASDA"). The rules and regulations governing both NAHASDA and the 1937 Housing Act, as they are applied to Indian Housing Authorities, are similar to the compliance rules governing Section 42. For example, every family occupying housing developed and managed by the Tribe must have its income certified prior to occupancy and annually thereafter. We ask that AHFC recognize Tribes' long-standing experience with managing affordable housing under other regulations similar to, and every bit as complex, as the LIHTC program and award points for managing low-income projects beyond specifically LIHTC.

Staff agrees. A wider range of property management experience will be considered when determining a development and management team's capacity to complete and operate their proposal.

13.) Project Team Characteristics

Travois would like to request that Tribes and TDHE be added as recognized tax-exempt organizations under the Project Team Characteristics category. The IRS regards the status of Tribes and Tribal entities under the Indian Tribal Governmental Tax Status Act, codified as Section 7871 of the Internal Revenue Code. Because of this, Tribes and Tribal entities are equivalent to non-profit corporations or institutions.

This scoring criteria requires only that a "tax-exempt organization or regional housing authority" is substantially involved in the project. If a TDHE is equivalent to a non-profit organization, they may be eligible for the point.

14.) Last year we were taken back by the high vacancy rate estimated by the State of Alaska for Ketchikan. The Novogradac market study for our Saxman Townhomes application was a lot more in line with what we believe the true vacancy rates were. Our Tongass Townhomes are leasing up within 30 days of completion. We have actual experience finding housing for our construction staff and the market is extremely tight for year round rentals. So tight we are hanging on to the two units we have under lease for our new project because housing is so hard to come by. There are units available for the winter months but it is because many of these units are short term rentals in the summer and not available for long term tenants. My understanding is the State sends out form letters to owners with no requirement for the identification of the properties or the name of the owners that are responding where Novogradac conducts interviews with the actual managers of the apartment projects which we believe is more accurate.

We would like to request that if there is a such an extreme difference between the State of Alaska estimates and the market studies for future applications AHFC would use the rates in the market studies.

The GOAL program must have a consistent method of determining vacancy rates across the state to fairly assess points. Novogradac market studies use a different methodology than the State's annual Rental Market Survey when calculating vacancy rates. It is understandable that each method would produce a different rate. Staff continues to study communities where the Rental Market Survey shows a vacancy rate inconsistent with the local experience.

15.) Project Characteristics

We request that AHFC create a new scoring criterion that awards points to projects sponsored by a Tribal government, Tribally Designated Housing Entity ("TDHE"), or Tribal corporation under ANCSA for the purpose of serving Tribal members. Many of the scoring commitments provided by AHFC are in contradiction to the structure of Tribal tax credit transactions. We request that AHFC recognize the unique complexities Tribal projects face and award specific points to those types of projects. We ask that there be a requirement under this new scoring category, if adopted, that the project is both Tribally sponsored and intended to serve Tribal members. We also ask that AHFC recognize Tribal projects across trust land, fee land, and ANCSA held properties.

See Response to comment # 4

16.) Extended Low-Income Project Use

In the current QAP, only one (1) point is awarded for an extended use commitment that preserves affordability for an additional 30 years. We request that committing to an extended use period earn a greater number of points. Given the number of resources that are committed to these projects, we request that this category earn more points so that the units can stay in place as long as possible.

See Response to comment # 5

17.) Preference in Occupancy for Homeless Families

In the current QAP, only one (1) point is awarded for this category. Housing for homeless families is a primary goal of affordable housing. The scoring for this category should reflect the importance of meeting that goal. We hope AHFC will consider increasing the points in this category. As we know homelessness definitions vary and include the current housing conditions for individuals and families. Here in Mountain Village we have a significant number of families and individuals, young and old, who although they may have roofs over their heads, it is not their own roof and they are, by definition, homeless.

See Response to comment #6

18.) Market Conditions

This scoring category currently makes up almost 20% of the total points. Yet the requirements to receive points in this category are greatly outside of a developer's control and disproportionally hurt Tribal projects. A private developer can seek project sites that score well in a specific market area and maximize scoring in this category. A Tribe simply cannot do that. We have a specific service area and land base. Therefore, we are at a unique disadvantage under this category. We request that the number of points under this category be significantly reduced or that Tribal projects be given these points in full.

See Response to comment #7

19.) Underwriting – Hard Debt
Like Market Conditions, this scoring category has a large number of points and is problematic for Tribal projects. Our projects are typically financed with only two sources: 1) A soft debt, cash-flow-only loan from the Tribe, and 2) Investor equity from the sale of the tax credits. This scoring category pushes projects towards taking on real debt. The traditional soft debt structure allows our Tribe to keep rents affordable for low-income Tribal members, which is our goal as a housing developer. We request that the hard debt test be removed as a scoring consideration.

See Response to comment #8

20.) Underwriting – Net GOAL Funds
This category provides a preference for projects that underutilize the leveraging capability of LIHTC funding and disproportionally hurts Tribal projects. Our Tribe's goal with LIHTC is to leverage its limited funding as much as possible. That strategy makes it almost impossible for us, and other Tribes, to score points in this category. We request that this scoring category be reduced as a percentage requirement and reduced in overall points available.

See Response to comment #9

21.) We would also like to see an increase in the amounts of credits a project can request. While we understand the number of credits AHFC receives annually is low and the intent is to spread units across more projects, Tribes are once again disproportionately hurt. The current limitations for tax credits either make a project completely infeasible or require us to limit our projects to fewer units.

See Response to comment #10

22.) Underwriting – Income Commitments
We request that AHFC refrain from requiring Tribal developers to alter their income commitments following the pre-application process. Because we are serving our Tribal members, we have existing waiting lists and projects are developed to meet the families on those lists. When AHFC requires us to change our AMI commitments, we are forced to change who we serve, which can alter the project significantly. We believe that AHFC should establish its preferred scoring category for income commitments and allow developers to compete for points in the same way that they do with all other categories that are within the developer's control.

See Response to comment #11

22.) Property Management Experience

Since AHFC has requested input on the Property Management Experience requirements, we request that the category be revised to recognize all affordable housing management, more than just LIHTC or HOME units. Tribes have decades of low-income property management experience through other federally funded housing programs. A majority of the projects developed by Tribes were done so under either the 1937 Housing Act or the Native American Housing Assistance and Self-Determination Act ("NAHASDA"). The rules and regulations governing both NAHASDA and the 1937 Housing Act, as they are applied to Indian Housing Authorities, are similar to the compliance rules governing Section 42. For example, every family occupying housing developed and managed by the Tribe must have its income certified prior to occupancy and annually thereafter. We ask that AHFC recognize Tribes' long-standing experience with managing affordable housing under other regulations similar to, and every bit as complex, as the LIHTC program and award points for managing low-income projects beyond specifically LIHTC.

See Response to comment #12

23.) Project Team Characteristics

We would like to request that Tribes and TDHE be added as recognized tax-exempt organizations under the Project Team Characteristics category. The IRS regards the status of Tribes and Tribal entities under the Indian Tribal Governmental Tax Status Act, codified as Section 7871 of the Internal Revenue Code. Because of this, Tribes and Tribal entities are equivalent to non-profit corporations or institutions.

See Response to comment #13

24.) Cost Effective Energy Efficiency Improvements. The QAP incentivizes projects that incorporate energy efficiency into their design. Application rating criteria 2.a.vi. provides 6 points for projects that include energy improvements which take the property beyond a 5 Star Plus BEES rating and result in a minimum savings of $40 per unit, per year.

This requirement makes sense in the context of new construction. However, for rehabilitation projects which were built over 15 years ago or older, it is not practically feasible, if not impossible, to achieve this standard. Projects constructed at that time met the 1995 BEES standard and were considered energy compliant at 4 Star Plus. The level of effort and cost to retrofit an existing building to achieve the current QAP criteria is nearly impossible given the number of rating steps required for an older building to even achieve 5 Star Plus, let alone incorporate additional rehabilitation that will result in an additional $40 per unit, per year in savings beyond that rating.

We recommend AHFC modify the QAP to allow for $40 per unit per year savings over the building's current rating or alternatively the BEES standard at the time of building construction. See https://www.ahfc.us/pros/builders/building-energy-efficiency-standard/bees-historica1-timeline

. This change will help level the competitive playing field for rehabilitation projects with new construction, although not completely as noted in our other comments in this letter.
Renewable energy criteria 2.a.v. similarly disadvantages rehabilitation projects as there may not be enough roof and/or exterior wall space to install the requisite number of panels to generate the necessary $40 per unit, per year savings. These are not theoretical impacts. Both these issues arose in our recent Tyonek Terrace and Kenaitze Pointe rehabilitation applications.

AHFC agrees rehab projects have a disadvantage in the category. Scoring incentives will be changed so rehab projects may receive 5 points by increasing the property's BEES Star rating by one full Star. Cost Effective energy efficiency points will then be available for projects that cost effectively go beyond the one full star increase.

25.) Consider Reducing the Maximum Points for Debt Carrying Capability. The level to which a project supports hard debt currently earns an applicant up to a maximum of 24 points. This is the most points of any QAP category. This weight tends to favor a mid-scale family project with larger units and without elevators, allowing for relatively inexpensive construction costs, maximum equipped-units points, and maximum debt carrying capability points since multiple bedroom units allow for higher rents. To level the playing field, we suggest deemphasizing debt carrying capability and/or providing additional offsetting points for projects that do not generate sufficient income to carry debt such as affordable senior development, rehabilitation, or permanent supportive housing.

Debt is a crucial tool to permit the most efficient use of public funding to develop the most housing possible. The program will continue to reward projects that can effectively support more debt. Debt targets under this category have been adjusted to adapt to the ever-changing lending market.

26.) Continue Using the Project Leveraging Narrative at this Time in Lieu of Reinstituting Project Cost Standards. Since 2020, we have experienced five years of regular inflation, augmented by ongoing impacts on construction costs due to the pandemic. We continue to see variability in project bids due to these factors plus ongoing labor force and supply chain issues, and now the Build America, Buy America Act and tariffs. We do not believe project costs have sufficiently stabilized to create a meaningful baseline upon which project costs can be compared and evaluated. AHFC's current narrative approach allows each applicant to describe the efforts it has taken to ensure total development costs are reasonable in light of the project's particular situation. Accordingly, we believe AHFC should postpone implementing any project cost standards at this time, and continue to utilize the current Project Leveraging methodology, at least until costs have sufficiently stabilized to support a meaningful baseline for comparison.

AHFC agrees. No changes to the Leverage scoring category are proposed.

27.) Consider Changes to Make Resyndication Projects More Competitive. As Alaska's affordable housing developments age, there is a need for capital investment necessary to keep this older housing stock safe and habitable. Currently, acquisition/rehabilitation projects are at a competitive disadvantage under the GOAL program. We recommend AHFC explore evaluative factors for prioritizing affordable housing preservation projects, such as risk of loss due to market conversion, physical condition, financial viability, etc. We are also concerned that the current funding source levels for acquisition/rehabilitation projects, which have not increased despite increases in development costs, encourage the displacement of existing tenants. This displacement risk is tied to the corresponding rent increase required to compete for hard debt points and support the increased development costs for more than minimal rehabilitation.

New construction projects are the priority at this time while there is a housing shortage across the state. Rehabilitation projects receive more points when in an area with higher vacancies and/or population decline. Non-competitive 4% tax credits are always available for rehabilitation projects.

28.) Remove Homeless Preference and Homeless Set-Asides in Regular GOAL Rounds. We recommend against requiring homeless preference and homeless set-asides in the standard GOAL round. While laudable on paper, CIHA and many other partners have observed over the past five years that the residents filling these set-aside units come with increasingly complex support needs without a corresponding operating subsidy, like vouchers, or consistently available service supports such as case management. The combination of complex needs and a lack of support subsidy raises the risk of eviction, which seriously impacts a household's ability to be successfully housed in the future. CIHA has also noticed a correlation between higher unit turn costs and set-aside units housing more vulnerable individuals. See comment 6 [29] below for our recommendation to acknowledge these challenges and improve better stability for both tenants and operators.

AHFC is interested in unintended consequences of scoring incentives. We will reach out for any data you can share on the added expense to projects due to homeless service incentives.

29.) Hold Special Rounds for Higher-Needs Tenants: LIHTC is not designed to address homelessness and housing poverty. We strongly recommend AHFC consider exploring special GOAL rounds for permanent supportive housing projects and projects with larger numbers of units at or below 30% AMI. This housing type simply does not support, and should not be encouraged to support, hard debt, which would be required to be competitive in a regular GOAL round. This dynamic negatively impacts long-term property sustainability and tenant and applicant success. This type of housing, despite the need, is not competitive in the regular GOAL round given income restrictions, higher operating costs, and hard debt that is not sustainable. As an alternative, providing additional points in the QAP for this type of project could address this inherent disadvantage.

AHFC agrees and has process in place to hold special funding rounds as needed. Frequency of these rounds depends on needs in the market and available funding. The NHTF may only fund housing for extremely low-income households. GOAL projects requesting NHTF must include 30% AMI units.

30.) [from teleconference] I'd like to comment briefly on the locking medicine cabinet requirement. I don't have any data to support this other than just our observations working through our portfolio on routine inspections and so on and what we find is that our residents are generally not using the blocking medicine cabinets. They in practice, you know, tend to. You know, keep medications with them or put them in different locations in their house, whether it's the bedroom or kitchen or whatever and they tell us that their locking file cabinets or locking medicine cabinets. Aren't really that attractive and they kind of wish that they weren't there, but I have yet to see, any residents use the locking medicine cabinets, believe it or not. They have some confusion with keys and they again they put their meds in different locations so from a practical point of view, I'm just wondering how effective they really are. I understand the you know perceived need for them but in practice we're not really seeing our residents utilize them.

Thank you for the information. AHFC is considering removing the locking medicine cabinet requirement.

31.) [from teleconference] Yeah, and I would say just from just to kind of piggy back on that, [from comment #30] because of the issue that we have with keys, even as it relates to. Unit doors and storage room doors that, because of that locking mechanism or requirement, we just simply, because of the anticipated maintenance and tenant kind of complaint issues, we just automatically just don't include them. Because we basically have just kind of done that process of having, you know, over the toilet or extra shelving. Or, you know, we've found other ways to provide more storage, if you will, in bathrooms to avoid it because we're just concerned about the subsequent maintenance. Of having locking cabinets, so for that reason, we've just avoided medicine cabinets. Whereas if they weren't, if their requirement weren't to have them be locking, we would install them. Cause we, we install them in other states basically where that's not a requirement. But in, in our Alaska projects, we just, we don't, we don't install cabinets.

See response to comment #30.

32.) [from teleconference in response to request for comment on development team experience requirements] Okay. Yeah, I know, you know, most, a lot of the states that we compete in, you know, typically kind of have it, often as either like a total number of projects, just a straight like objective number or what I've seen in certain states is that they'll be. Actually like points allocated for experience so you know like a sliding scale thing, right? So, you know, ten points possible, you know, ten points if you've done seven, you know, five points if you've done three, you know, one point if you've done one, kinda, you know, basically like a sliding scale. Is what I've observed in some of the other states that we work in. The where it might also behoove the agency, the solicit comments would be from, you know, syndicators and ambassadors, I, you know, I do know as this environment has, you know, giving a little more to you know too much of lately that from like a specific cater point of view, I know. Experience is a key issue, you know, in terms of who they're willing to write LOIs for, and, you know, deals that they want to cover. So that's, you know, that would be my only kind of comment. On, on that one is you know be interesting to get the perspective from or, you know, to make it maybe. As a scaled category to reward those developers with more experience but by the same time not making it being a barrier to entry, so to speak.

AHFC is not considering making prior development a scoring category. The intent of amending experience requirements is to lower barriers of entry and increase the number and diversity of organizations participating in the program.

33.) Yeah, with this back to, one of one of my questions, in the leverage category, you know, which I know in the last. Few years that used to be a, like a tiered objective category, whereas now, you know, I have seen in the last in the since the QAP changed to the. 2022 version versus the 2019 version that it's become a more subjective category right based on the write up. So is, are you considering any changes to. To that category, you know, having it kind of revert back to the way it was or is the thought to leave that leveraged category the way, the way that it is now?

No changes are proposed for the Leverage scoring categories.

34.) Okay. Yeah, I mean one thought on that would be is just to make it similar to the, you know, to the 6th point category would be just the consideration of. Making it in either or meaning, you know, eight points or zero points as opposed to tearing it by cost category because it, it would same that, you know, and to be able to be five star plus in some of those construction considerations. I don't think are gonna vary significantly by cost area. That that would kind of be my comment on that one should basically treat it like the other sub portion of that, of that one. Although I do think that. The rehab option of just kind of giving the five points for the IEEC does make sense to maintain for rehabs just because in the event of a rehab you can't necessarily make it a Sites, Five Star + BEES.

AHFC believes regional construct cost differences are significant. It is more difficult for a rural project to achieve 5 Star + BEES than a project in Anchorage or elsewhere on the road system. More points are appropriate for the additional effort and expense.

35.) I do see in the QAP that there are a number of scoring advantages for rehabs but what I don't see in the QAP, are necessarily scoring advantages for new production. So has there been and I and I don't necessarily have a specific scoring category in mind, but I guess I'm, just wondering if there's been any thought in that direction. No, I guess what I'm thinking right is that if, if your rehab rate you have access to the 16 points or you know if it's a rehab of the existing stock that already has current rental assistance, right? There are there are certain scoring advantages in those tours, whereas in, you know, in some states right there are other scoring categories that do provide. That, basically you, if you are a rehab, you can't get certain points, right? Or there are scoring advantages or points associated with new production and I don't again necessarily see that in the QAP and I was just curious if, if there was any consideration around it. I mean I don't have specific ideas in mind.

See response to comment #3.

Second Comment Period May 1-14, 2025

1.) Project Characteristics

We request that AHFC create a new scoring criterion that would award points to projects sponsored by a Tribal government, Tribally Designated Housing Entity ("TDHE"), or Tribal corporation under ANCSA for the purpose of serving Tribal members. Many of the scoring commitments provided by AHFC are in contradiction to the structure of Tribal tax credit transactions. We request that AHFC recognize the unique complexities Tribal projects face and award specific points to those types of projects that support the Alaska Native population, a substantial portion of the state's inhabitants. We ask that there be a requirement under this new scoring category, if adopted, that the project is both Tribally sponsored and intended to serve Tribal members. However, we request that the category is site neutral. Meaning, we ask that AHFC recognize Tribal projects across trust land, fee land, and ANCSA held properties.

The commenter submitted similar comment during the first comment period. They provided additional details requested by AHFC and these details (in blue text) are included in the comments and responses that appear in this section.

2.) Extended Low-Income Project Use

In general, several scoring categories seem artificially low. Offering one (1) point for extended use seems like an incredibly low incentive for a commitment that preserves affordability for an additional 30 years. We request that committing to an extended use period earn a greater number of points. Tax credit developers are using a highly competitive and valuable resource. We believe that resources should be valued more, and those commitments made to earn that resource should stay in place as long as possible.

In the harsh environments of Alaska, properties tend to need significant repairs before the end of an extended use period and may require substantial investment to maintain habitability that exceeds the leverage potential of affordable housing rents.

3.) Preference in Occupancy for Homeless Families

We also believe that this is a category that has artificially low scoring. Housing homeless families is a primary goal of affordable housing. The scoring for this category should reflect the importance of meeting that goal. We hope AHFC will consider increasing the points in this category.

Providing affordable housing is the primary goal of the GOAL Program. In practice, we have seen a relatively small number of homeless set-aside units proposed in GOAL facilities. Without dedicated set-aside units, rental assistance and service funding, the preference has a minimal impact on tenancy.

4.) Market Conditions

This scoring category currently makes up almost 20% of the total points. Yet the requirements to receive points in this category are greatly outside of a developer's control and disproportionally hurt Tribal projects. A private developer can seek project sites that score well in a specific market area and maximize scoring in this category. A Tribe simply cannot do that. A Tribe has a specific service area and land base. Tribes cannot seek out fee land outside of that area to pick up these large numbers of market conditions points. Therefore, as a static developer, they are at a unique disadvantage under this category. We request that the number of points under this category be significantly reduced or that Tribal projects be given these points in full.

Additional information Provided: Land & Location

Tribes in Alaska, as elsewhere in the United States, are limited to specific geographic areas typically referred to as Alaska Native villages or Tribal Reservations. These reservations are their Tribal homelands as designated in the Alaska Native Claims Settlement Act (ANCSA) with the U.S. federal government in 1971. In this agreement, Alaska Natives received 45 million acres of land (2.3% of the state's total land area) and had to give up over 360 million acres of land and were compensated for less than $3/acre. This land is shared among 229 federally recognized Tribes, the largest number of federally recognized Tribes in the U.S. These severely reduced geographic locations are now the foundation for Tribal culture and the basis of their communities. In many cases, they are also the only locations where housing development for Tribal communities can be located. Meaning, that Tribes cannot pick land that aligns better with the priorities of the LIHTC QAP, such as those in the Market Conditions scoring section. Tribes have to develop on the limited land that remained in their possession after the ANCSA.

The majority of Tribally owned land is in rural Alaska, primarily in Alaska's Southwest, Interior and Far North regions – far from major cities like Anchorage and Wasilla. This appears to be a significant challenge for receiving a LIHTC award in Alaska since 59% of the funded projects between 2020-2025 were located in Anchorage or Wasilla. Additionally, 31 of the 32 projects funded during that time frame were located in Alaska's Southcentral or Southeast region. Only one was in the Southwest region.

Alaska has the largest percentage of Native Americans and Alaska Natives living in any state, with 15.6% as of 2023, which is approximately 115,460 people. That number has increased by 5% since the 2020 census. Rural Alaska is home to approximately half of the Alaska Native population in the state. That is approximately 58,000 people who want to work and live alongside their family and friends on their ancestral lands in regions that have not received a LIHTC award in the last five years.

The remote nature of these locations makes construction significantly more costly and their construction season much shorter. The equipment and personnel required for construction are challenging, especially when access is limited to river transit and small aircraft. The required infrastructure is an enormous financial burden on its own. A Tribe that we have been working with has been quoted $6 million in infrastructure costs for a 20-unit subdivision of duplex units. This number is a serious burden for small, rural, Tribal developers.

These scoring criteria are to help housing resources adjust with the changing needs. The GOAL program is a statewide housing resource to build and preserve housing where it is needed, regardless of who sponsors the development. The market conditions category is one aspect of the rating criteria that can be offset by scores in other areas. Historically, concentrations of developments ebb and flow with sponsor activity, capacity and housing need.

5.) Underwriting – Hard Debt

Like Market Conditions, this scoring category has a large percentage of points and is problematic for Tribal projects. Tribal projects across the country are typically structured in the same way and are financed with only two sources: 1) A soft debt, cash-flow-only loan from a Tribe or Tribal housing entity, and 2) Investor equity from the sale of the tax credits. This scoring category pushes projects towards taking on real debt. The traditional soft debt structure allows Tribal entities to keep rents affordable for low-income Tribal members, which is the entire goal of Tribal developers. We request that the hard debt test be removed as a scoring consideration or that soft debt be recognized within this scoring category.

Additional iFinancing

The unfortunate reality is that the status of Tribal Reservation land (held in trust by the Federal government) effectively excludes Tribes from being able to access traditional financing products in the market. First, trust land cannot be mortgaged, alienated, or encumbered, so Tribes are unable to use the land as collateral - a key component of a traditional financial transaction. Second, the value of the physical units on reservations tends to decline rather than appreciate over time due to the inability to value the underlying land, further increasing banking institutions' wariness of lending on Tribal land. Third, truly flexible terms are critical. Tribal affordable housing projects generate very low rental revenue because they typically serve the lowest-income households in their service areas. Cashflow alone cannot pay down principal or interest. Because of this, Tribes are reliant on ever-shrinking federal grant programs to fill in project gaps.

The challenges faced by Tribes because of a lack of access to capital are exacerbated by the strong demand for physical units in the housing market on reservations. Tribal members want to live in their cultural homeland and near other members. But quality, affordable housing is a basic necessity preventing this. Because of the trust land factors mentioned above, there simply is no private market for housing. There are not outside developers entering the market and developing housing. Tribes are unable to build quality, affordable units at the pace necessary to even make a small dent in demand, as evidenced by Tribal waiting lists that frequently have hundreds of families waiting for housing. LIHTC funding would help close the key market gap for affordable housing that exists in remote, Tribal communities and benefit future affordable housing development.

Tribes do receive Native American Housing Assistance and Self-Determination Act (NAHASDA) Funding from HUD each year, the primary source of construction of affordable housing for Alaska Natives, but those funds barely cover maintenance costs. Alaska is a prime example of this. Current homes built during the oil boom of the 1960s and 1970s, were not designed to withstand the harsh Alaska climate. The current housing stock on Tribal reservations requires incredible amounts of maintenance that use up the strong majority of NAHASDA allocations.

Funding levels for NAHASDA have remained largely stagnant in recent decades. As HUD admits, the amount appropriated for IHBG has declined in recent years, meaning "inflation has steadily eroded the buying power of the block grants, making new development less feasible." Public and Indian Housing, Native American Housing Block Grants, 2016 Summary Statement and Initiatives, Page 11-1 (Block Grant 2016 Summary). Until the 2024 fiscal year, inflation-adjusted dollars for NAHASDA's housing grant program remained below levels from fiscal year 2000. The result is that fewer houses have been built in the last 25 years, which again is why LIHTC funding is so critical for Tribes. This program allows them to leverage the few funds they do receive for housing into the development of actual new homes.

On May 7, 2025, a news article by KYUK noted two specific examples of how the reduced funding from HUD impacts rural Tribes in Alaska: "That decline in available resources can be seen clearly in a coastal Inupiaq village north of Nunapitchuk. In Brevig Mission, a village outside of the hub community of Nome, the Native American Housing Assistance and Self-Determination Act funded 20 houses in the late 1990s, but in recent decades it has barely covered the construction of five homes….The Bering Straits Regional Housing Authority, headquartered in Nome, serves Brevig Mission, along with 17 other communities. The housing authority estimated in 2022 that Nome and its surrounding villages need about 400 new homes over the next 25 years. However, the housing authority only delivers about three new homes each year. Building one costs about $780,000, said Jolene D. Lyon, president and CEO of the housing authority in the Bering Strait region."

Projects that may not support hard debt due to "Land restrictions" has been added to the hard debt offset point eligibility of Underwriting paragraph a.ii and c.iii.

6.) Underwriting – Net GOAL Funds
This category provides a preference for projects that underutilize the leveraging capability of LIHTC funding. While the intent here may be to spread more credits to more projects, it once again disproportionally hurts Tribal projects. Tribes tend to charge significantly less than tax credit market rent as housing is seen as a right and service and not intended to grow the wealth of the developer. A Tribe's goal with LIHTC is to leverage its limited funding as much as possible. A Tribe will likely never be able to support a 45% funding commitment in order to earn the full 10 points. In reality, a Tribe will almost always score 0 points in order to leverage their commitment. In other states, a 10% commitment of leveraged funds (see the New Mexico Mortgage Finance Authority) would earn full points. Here, a project is 20% away from earning just two (2) points. We request that this scoring category be reduced as a percentage requirement and reduced in overall points available.

AHFC's QAP offers a maximum of 24 point if 15% of the total development costs are supported by hard debt, 6% if the project is in a small community.

7.) We would also like to see an increase in the number of credits a project can request. While we understand the number of credits AHFC receives annually is low and the intent is to spread units across more projects, Tribes are once again disproportionately hurt. The cost of construction in rural Alaska is astonishing. The current limitations for tax credits either make a project completely infeasible or require a Tribe to limit its project to fewer units.

Serving Community
Tribal developers are building homes for their Tribal members on their waiting list and they set rents accordingly, which are often very low because of the level of poverty in Alaska's rural communities. The previously mentioned KYUK article states this accurately: "Indigenous people in Alaska experience poverty rates nearly triple that of white Alaskans, census data shows. And poverty is the highest in rural, predominantly- Native areas of the state: in the Western Alaska village of Alakanuk, nearly 40% of residents live below the poverty line. Public funding is therefore crucial for maintaining infrastructure and services in villages. Many residents rely upon affordable housing units to remain in their village."

Living in poverty without homes, Tribal communities turn to each other for support. This results in homes that are severely overcrowded. HUD's 2017 Summary Statement on the NAHASDA program states

"Overcrowding has negative effects on a family's health, especially children's health, and tends to exacerbate domestic violence, truancy, and poor performance in school. Homes suffer more wear and tear when they are overcrowded, and the use of appliances coupled with poor ventilation can lead to conditions that promote mold growth."

I hope this helps highlight the unique challenges that Tribal communities face when they are developing new housing units. In our work with Tribal communities across the country, Travois sees firsthand how often Tribes are required to overcome barriers that other, less rural developers simply do not face. In Alaska, these burdens are even more severe. Even modest projects - such as a 10-unit development to meet critical local need – are nearly impossible to finance under the current QAP framework and rarely score competitively against urban proposals. In addition, the limitation on the amount of LIHTC credits available to Tribes in Alaska further restricts what is already a very challenging development environment. We respectfully encourage AHFC to consider adjustments that would allow Tribal projects - particularly those in remote and high-need areas – to compete more equitably. Potential changes could include revisiting the rural scoring structure, reassessing credit allocation limits for Tribes, and incorporating mechanisms that better reflect the true cost and urgency of housing in these communities.

AHFC limits LIHTC request to 1/3 the available credit advertised in the NOFA. This allows a modest minimum goal of 3 LIHTC projects per year statewide.

8.) Underwriting – Income Commitments
We request that AHFC refrain from requiring Tribal developers to alter their income commitments following the pre-application process. Travois is aware of two developments with Tribal sponsors that both were required to eliminate their 60% AMI units in favor of 50% AMI max incomes. This practice is not in line with any other state allocating agency that Travois is aware of. We believe that AHFC should establish its preferred scoring category for income commitments and allow developers to compete for points in the same way that they do with all other categories that are within the developer's control.

The GOAL Program evaluates the price point that publicly funded projects that will operate at in relation to the private rental market. Income targeting levels are reduced only when the applicable income limits exceed the private market rents. The income limits in some communities have risen to the point where income qualified rental units could operate at a price point higher than private sector rentals.

9.) Project Team Characteristics
Travois would like to request that Tribes and TDHE be specifically added as recognized taxexempt organizations under the Project Team Characteristics category. The IRS regards the status of Tribes and Tribal entities under the Indian Tribal Governmental Tax Status Act, codified as Section 7871 of the Internal Revenue Code. Because of this, Tribes and Tribal entities are equivalent to non-profit corporations or institutions.

This scoring criteria requires only that a "tax-exempt organization or regional housing authority" is substantially involved in the project. If a TDHE is equivalent to a non-profit organization, they may be eligible for the point.

10.) Property Management Experience
We appreciate the changes that AHFC made to the Property Management Experience threshold requirement. Removing the year-based requirements and recognizing similar projects acknowledges the extensive experience Tribes have managing affordable housing under other regulations similar to, and every bit as complex, as the LIHTC program.

Agreed.

11.) This responds to AHFC's proposed QAP revisions which address CIHA's comment regarding Cost Effective Energy Efficiency Improvements for rehab projects. We appreciate you acknowledging the concern raised in our comment. Unfortunately, AHFC's proposed revisions to 2(a)iv and 2(a)vi, while well-intentioned, do not address our concern and in fact would make it more difficult for rehab projects to receive these points.

With regard to provision 2.a.vi, we believe the current language is fine as-is and does not need modification. As currently written, the Project will ensure that any new components added as part of the rehab scope will meet the current 2018 IECC requirements. In the context of a rehab, it makes sense to have Projects commit to making each discrete improvement achieve this energy efficient certification in order for the Project to realize the benefit of this new work rather than requiring a wholistic building BEES rating approach, which is difficult for a rehab project to achieve with the more limited menu of cost effective energy efficient improvement options available. The provision as currently written recognizes that the nature of rehab work for existing buildings is different and more limiting than a new construction project. As described below, it is very difficult to increase an existing building's BEES star rating through practical cost effective measures (let alone find an additional $40/unit in annual savings on top of that). We believe this provision should remain unchanged.

Staff concurs that the proposed revision would be impracticable. The incentive for energy efficiency improvements on renovation proposals has been changed to emulate the cost-effective language from the other sections of the rating and award criteria. The incentive will follow a payback analysis with a threshold level of savings from a dollar amount that is consistent with other provisions in this plan.

12.) With regard to provision 2.a.iv, we should note that this QAP category is intended to promote cost effective measures and is not intended to push Projects to expend limited capital resources on measures simply for the sake of checking a box. There are a limited number of cost effective energy efficient improvements available in rehab projects. These predominately include space and water heating upgrades, and programmable thermostats. Other energy efficiency items that would be typical for new construction but are not cost effective for rehab projects include modifications to the building shell, like exterior wall and roof insulation (difficult for flat/hot roofs), foundation and sub-slab insulation, windows, etc. These latter items have a high cost versus limited energy efficiency benefit return and are not typically included in larger multifamily rehabs. Consequently, it is very impracticable if not impossible to increase an existing multifamily property's BEES rating by one full star, or even a half star, only to then realize $40/unit in annual savings as AHFC is proposing.

Further, in the case of air sealing, in order to satisfy true BEES requirements, a pre- and post-rehab blower door test would be required. It is very difficult to conduct a blower door test on an occupied building as it requires all interior doors to be open to allow for free airflow, all of the exterior doors and windows to be shut and locked, limiting the ability for occupants to enter or exit the building, and all the building's heating and ventilation systems to be disabled. The coordination and potential safety/security concerns raised in an occupied 53-unit multifamily style building that houses seniors make it impracticable to conduct these tests, even though some air sealing benefits will likely result due to rehab measures taken, like replacing main building entry doors.

In short, while we understand AHFC's proposed revisions to require a full step plus $40/unit in annual savings is rooted in ensuring rehab projects push the envelope in implementing energy efficiency measures, in practice this bar is too high and would force rehab Projects to implement non-cost effective measures (if even possible). We have attached sample AKWarm pre/post ratings to demonstrate how a rehab project utilizing cost effective energy efficient options can achieve the $40/year in annual savings ($42/unit in our example) but cannot realize a step or even half step increase AND achieve this savings goal. Adding a step or even half-step requirement makes the additional $40/unit in savings unattainable. We respectfully request that AHFC simply require the $40/year in energy savings to a rehab building given the lack of cost effective measures available, and the challenges with the blower door testing for the rehab of an existing, occupied building.

Staff concurs. After consultation with property owners and the public through this comment process, the prior incentives are not practicable. A cost-effective framework has been included in the revised draft to address these concerns.