

ALASKA HOUSING FINANCE CORPORATION BOARD OF DIRECTORS MEETING

January 28, 2026

Anchorage

10:00 a.m.

- I. ROLL CALL
- II. APPROVAL OF AGENDA
- III. MINUTES: December 3, 2025
Next Resolution: #26-01
- IV. PUBLIC COMMENTS
- V. OLD BUSINESS: None
- VI. NEW BUSINESS:
 - A. Consideration of a Resolution to Approve the GOAL Program Rating and Award Criteria, Also Known as the Qualified Allocation Plan, For Use with the Greater Opportunities for Affordable Living Program. (26-01)
- VII. REPORT OF THE CHAIR
- VIII. BOARD COMMITTEE REPORTS: Audit Committee
- IX. REPORT OF THE EXECUTIVE DIRECTOR
- X. ANY OTHER MATTERS TO PROPERLY COME BEFORE THE BOARD: Monthly Reports and Meeting Schedules
- XI. EXECUTIVE SESSION: Corporation's operational and personnel matters that may have an impact on the Corporation's financial matters. Board action related to this matter, if any, will take place in the public session following the Executive Session.

**The Chair may announce changes in the Order of Business during the meeting



ALASKA HOUSING FINANCE CORPORATION BOARD OF DIRECTORS REGULAR MEETING MINUTES

December 3, 2025

Anchorage/Juneau/Fairbanks

10:00 a.m.

The Board of Directors of Alaska Housing Finance Corporation (AHFC) met December 3, 2025 in the AHFC Board Room, 4300 Boniface Parkway in Anchorage, Alaska, at 10:00 a.m. Board members present in the room and via teleconference were:

JESS HALL	Chair Member of the Board
BRENT LEVALLEY (online)	Vice-Chair Member of the Board
ALLEN HIPPLER	Member of the Board
DAVID PRUHS (telephonic)	Member of the Board
HEIDI HEDBERG	Commissioner Department of Health Member of the Board
JULIE SANDE (telephonic)	Commissioner Department of Commerce, Community & Economic Development Member of the Board
LLEWELLYN SMYTH	Designee for Commissioner Department of Revenue Member of the Board

- I. **ROLL CALL:** CHAIR HALL called the meeting to order. A quorum was declared present, and the meeting was duly and properly convened for the transaction of business.
- II. **APPROVAL OF AGENDA:** CHAIR HALL asked if there were any revisions or questions to the agenda. Having hearing and seeing none, CHAIR HALL asked for a motion to approve the agenda as presented. ALLEN HIPPLER **moved** to approve the agenda as presented. BRENT LEVALLEY **seconded**. Hearing no objections, the agenda was **approved as presented**.
- III. **APPROVAL OF OCTOBER 21, 2025 MEETING MINUTES:** CHAIR HALL asked if there were any revisions or questions on the minutes. Having hearing and seeing none, CHAIR



HALL asked for a motion to approve the minutes. HEIDI HEDBERG **moved** to approve the October 21, 2025 meeting minutes as presented. LLEWELLYN SMYTH **seconded**. Hearing no objections, the meeting minutes were **approved as presented**.

IV. **PUBLIC COMMENTS:** There were no public comments.

V. **OLD BUSINESS:** There was no old business to come before the Board.

VI. **NEW BUSINESS:**

A. **Consideration of a Resolution Authorizing Final Adoption of Proposed Amendments to: 15 AAC 151.440 (Senior housing loan program); 15 AAC 151.542 (Multi-family loan purchase program); 15 AAC 151.545 (Multi-family, special needs, and congregate housing loans); 15 AAC 151.090 (Multi-family housing; conditions); and 15 AAC 155.635 (Energy efficiency loan program). (2025-24-2025-28).** BRYAN BUTCHER introduced the item and JIM MCCALL presented. Mr. McCall provided explanations for the final adoption amendments to five multi-family program regulations that set loan thresholds requiring AHFC board approval. Mr. McCall stated that after the board authorized public hearings in October, a hearing was held in November with no oral testimony and one written comment suggesting a higher threshold than the proposed \$2 million. He said based on feedback and a review of long-standing regulations, staff recommended a uniform \$2.5 million threshold across all five regulations. The change does not affect underwriting or credit standards but is intended to streamline approvals by reserving board review for larger, non-routine loans. Staff recommended approval and offered to answer questions. A roll call vote was taken for each resolution.

- i. **15 AAC 151.440 (Senior Housing Loan Program) (2025-24)** CHAIR HALL asked for a motion and a second to approve resolution 2025-24. ALLEN HIPPLER made a motion to approve and DAVID PRUHS seconded. **Motion passed 7-0.**
- ii. **15 AAC 151.542 (Multi-family Loan Purchase Program) (2025-25)** CHAIR HALL asked for a motion and second to approve resolution 2025-25. ALLEN HIPPLER made a motion to approve and HEIDI HEDBERG seconded. **Motion passed 7-0.**
- iii. **15 AAC 151.545 (Multi-family, Special Needs, and Congregate Housing Loans) (2025-26)** CHAIR HALL asked for a motion and second to approve resolution 2025-26. ALLEN HIPPLER made a motion to approve and LLEWELLYN SMYTH seconded. **Motion passed 7-0.**
- iv. **15 AAC 152.090 (Multi-family Housing; Conditions) (2025-27)** CHAIR HALL asked for a motion and a second to approve resolution 2025-27. ALLEN HIPPLER made a motion to approve and HEIDI HEDBERG seconded. **Motion passed 7-0.**
- v. **15 AAC 155.635 (Energy Efficiency Loan Program) (2025-28)** CHAIR HALL asked for a motion and a second to approve resolution 2025-28. BRENT LEVALLEY made a motion to approve and HEIDI HEDBERG seconded. **Motion passed 7-0.**

VII. **REPORT OF THE CHAIR:** None.

VIII. **BOARD COMMITTEE REPORTS:** None.

IX. REPORT OF THE EXECUTIVE DIRECTOR: BRYAN BUTCHER reported that the federal shutdown had minimal impact on AHFC, with no effect on services. He stated that AHFC is involved in disaster housing response for the western Alaska typhoon, including locating housing, locating donated furnishings for units, and supporting displaced families. Mr. Butcher highlighted progress on statewide housing development efforts, including land acquisitions from the university, coordination with local leaders, engagement with the governor, and broader discussions with the Rasmuson Foundation, citing these efforts aim to address housing shortages that limit economic growth. He also noted upcoming meetings in Washington, D.C. with Alaska's congressional delegation and the U.S. Department for Housing and Urban Development (HUD). Mr. Butcher reminded the board of the January 28 AHFC board meeting, with flexibility on future scheduling.

X. ANY OTHER MATTERS TO COME BEFORE THE BOARD.

1. **Monthly Reports.** Directors of Finance and Mortgage presented their monthly reports for discussion and review.
2. **Meeting Schedules.**

AHFC Regular Board Meeting	January 28, 2025
Audit Committee	January 28, 2025
ASEC Joint Membership & Board Meeting	January 28, 2025

XI. EXECUTIVE SESSION. There was no Executive Session.

XII. ADJOURNMENT: ALLEN HIPPLER **moved** to adjourn the meeting. LLEWELLYN SMYTH **seconded**.

Chair Hall adjourned at 10:40 a.m.

ATTESTED:

Jess Hall
Board Chair

Bryan Butcher
CEO/Executive Director

**ALASKA HOUSING FINANCE CORPORATION
BOARD CONSIDERATION MEMORANDUM**

Date: January 16, 2026

Staff: Daniel Delfino, Andy Petroni

Item: A Resolution Approving the GOAL Program Rating and Award Criteria

Background:

As an allocating agency under the Low Income Housing Tax Credit Program (LIHTC), AHFC is required to have a plan that outlines the process it will use to prioritize, evaluate and award applications for the LIHTC. The IRS does not allocate funding to cover the costs of administering the LIHTC Program. Fees are charged to the projects to help offset the administrative cost of the program.

Basis for the Proposed Changes:

AHFC has had the same project processing fee structure since 2005. The current fee is \$10,000 for non-profit developers and \$20,000 for for-profit developers. An increase to a \$50,000 for all LIHTC projects is proposed. This increased fee has been determined necessary through consultation with other AHFC departments, all of which have experienced administrative cost increases over the past twenty years.

Summary of Recommended Changes:

The previous LIHTC fee structure was available only in the GOAL Program Policies and Procedures document. The fee language has been added to the Qualified Allocation Plan for greater transparency.

A change summary document is attached as a reference to this memo, and the specific change has been highlighted in the draft Rating and Award Criteria.

Public Notice and Public Comments:

The Public Comment period ran from December 26, 2025, through January 16, 2026. Public notice of the comment process was published on AHFC's website and distributed through AHFC's list serve with over 1100 subscribers. A public hearing was held on January 13, 2026. Notice of the hearing was included in the notice for public comment. Six (6) entities commented on the proposed fee change.

The transcript from the Public Hearings and the Public Comment and Response files are attached to this memo.

Recommendation:

Staff feels the proposed increase to the LIHTC processing fee is reasonable and necessary to help cover the cost of administering the LIHTC program. Staff recommends adopting the rating and award criteria, version January 28, 2026, as attached to this memo.

Attachments:

FY2027 QAP Change Summary
FY2027 Public Comments and Responses

Public Hearing Transcript
Proposed FY2027 GOAL Program Rating and Award Criteria



BOARD RESOLUTION OF ALASKA HOUSING FINANCE CORPORATION

RESOLUTION #26-01

RESOLUTION TO APPROVE THE GOAL PROGRAM RATING AND AWARD CRITERIA, ALSO KNOWN AS THE QUALIFIED ALLOCATION PLAN, FOR USE WITH THE GREATER OPPORTUNITIES FOR AFFORDABLE LIVING (GOAL) PROGRAM.

WHEREAS, the rating criteria for establishing relative project rankings is used under AHFC's GOAL Program; and

WHEREAS, the GOAL Program consists of development funding from four primary sources, including the Low Income Housing Tax Credit Program, HOME Investment Partnerships Program, the National Housing Trust Fund, and Senior Citizen's Housing Development Fund Program; and

WHEREAS, the GOAL Program provides funding for housing development which creates employment and job training opportunities throughout Alaska; and

WHEREAS, the proposed changes to the Rating and Award Criteria Plan are in response to public comments and staff evaluation of historical allocation information; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Alaska Housing Finance Corporation that: Pursuant to the foregoing findings, the Board of Directors hereby formally adopts the revised rating criteria for the GOAL Program Rating and Award Criteria Plan version dated January 28, 2026, as presented to the Board on this 28th day of January, 2026.

PASSED AND APPROVED by the Board of Alaska Housing Finance Corporation this 28th day of January, 2026.

Jess Hall – Board Chair

Proposed GOAL Program Rating and Award Criteria – Change Summary

Project Cost and Funding Limitations

(page 43 of the QAP Redline Document)

10. [add] Low Income Housing Tax Credit Program Processing Fee:

Project Review and Allocation Fee \$50,000.00 (**non-refundable**): This non-refundable Project Review and Allocation Fee is required to be paid to AHFC for all LIHTC-assisted projects. This fee is due upon project completion and must be received before IRS Forms 8609 will be issued.

GOAL QAP 2027 Changes: Comments and Responses

Updated January 20, 2026

Comment Period: December 26, 2025 – January 16, 2026

1.) I am writing to submit a formal comment on AHFC's proposed addition of a \$50,000 LIHTC Allocation Fee to the Qualified Allocation Plan. I offer these comments not as an abstract policy critique, but from the perspective of an active steward for a rural Alaska Native village corporation that has been seriously evaluating a LIHTC development to address acute housing shortages in the Tok region. My role requires me to evaluate not only whether a project can score competitively, but whether it is fiscally responsible, survivable, and aligned with long-term local ownership and capacity building.

From that standpoint, I have significant concerns with the proposed flat allocation fee. While the fee is technically due after award, its timing at carryover (for 9% projects) places it squarely in the most fragile phase of project development, before construction financing has closed, before equity has been fully realized, and before any developer fee has been earned. For small, rural, and tribal sponsors, this creates a material, upfront, and effectively unrecoverable exposure that cannot be absorbed in the same way it can by large, repeat developers with deep balance sheets.

A flat, non-scaled fee also has a regressive impact. The burden of a \$50,000 fee on a 20 unit rural project is fundamentally different than on a 100+ unit urban project. In rural Alaska, where per-unit costs are already elevated and gap financing is difficult to secure, this fee will either reduce feasibility, erode already-thin developer fees, or force projects into partnerships that diminish local control and long-term ownership.

From a stewardship and fiduciary perspective, it is difficult to justify supporting a policy that increases unrecoverable risk at the exact point where smaller sponsors are most exposed, particularly when the stated goals of the program include geographic equity, rural housing development, and capacity building. I want to be clear: I am not opposed to reasonable administrative fees, nor to AHFC recovering legitimate program costs. However, I strongly urge AHFC to consider alternatives that are better aligned with the realities of rural Alaska, such as scaling the fee by project size, providing reductions or waivers for rural or tribal sponsors, allowing deferral into permanent financing, or otherwise tailoring the fee to avoid discouraging precisely the projects that LIHTC is meant to enable.

As a steward, my obligation is to protect the long-term financial health and self-determination of the communities I serve. From that standpoint, the proposed fee, as currently structured, presents a real barrier rather than a neutral administrative adjustment.

The current \$10,000 and \$20,000 fees associated with the administration of the credit program have not been adjusted in over 20 years. The proposed fees respond to the increased program costs and deal sizes over the past two decades. Staff concurs with the concern about the timing of the fee collection. If not received earlier, the fee may be paid at the issuance of the 8609. The administrative process associated with the program is largely independent of the unit count.

2.) The Notice indicates that this is the addition of a LIHTC allocation fee; however, AHFC already imposes a \$10,000 fee which is being characterized in proforma comments as an allocation fee. Will the proposed \$50,000 allocation fee replace or be in addition to the current \$10,000 fee paid at 8609?

The \$50,000 flat rate fee will replace the previous \$10,000 or \$20,000 fee.

3.) For projects requesting a bond allocation, will the \$50,000 allocation fee at bond closing for 4% projects be in addition to the bond fees paid to the finance department?

The fee will be due after project completion and must be received by AHFC before IRS Forms 8609 will be issued.

This fee is separate from the bond fee. AHFC's Finance department has made recent changes to the conduit bond fee structure. Those are available on AHFC's website:

https://www.ahfc.us/application/files/9417/6539/1867/AHFC_Conduit_Revenue_Bond_Program_-_20251201.pdf

3.) What's the intent of this fee? i.e. to pay AHFC for internal staff time associated with managing LIHTC deals or the GOAL program more globally? If just for LIHTC, I presume there is no mechanism with the IRS already in place to be paid for administering the program, correct?

The fee is to help offset the cost of administering the LIHTC program. AHFC does not receive administrative funds from the Treasury or the IRS to pay for administering the LIHTC program.

4.) **Allocation Fee**

AHFC announced that they are proposing a \$50,000 allocation fee for all LIHTC projects that will be due at the drafting of the Carryover Agreement for 9% projects. This change is an incredible jump from the existing allocation fee. For example, Knik Homes #2, a 32-unit project that just received GOAL funding in the 2026 round, had an allocation fee of \$11,600. That would be a \$38,400 increase for the project, a 331% rise in the allocation line item. Alaska has some of the highest per square unit costs in the United States, which results in smaller projects with only 20 or 30 units. Adding these additional expenses is a burden for smaller projects. We understand the need for increasing the allocation fee, given that recent projects funded by AHFC have had fewer units than in previous years. However, we request a more gradual increase in the allocation fee over several years.

See the response to question 1 above.

5.) **Additional QAP Comments**

I would like to take this opportunity to provide additional comments as AHFC prepares the 2027 draft of the GOAL plan. As a firm that assists tribal communities across the country in developing homes, Travois is particularly invested in the AHFC's priorities as they appear in the QAP and how those priorities impact Native Alaskan and Tribal communities.

Project Characteristics

We request that AHFC create a new scoring criterion that would award points to applications sponsored by a Tribal government, Tribally Designated Housing Entity ("TDHE"), or Tribal corporation under ANCSA whose project's purpose is to serve 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.

A nearly identical comment was received and responded to in the SFY 2026 QAP revision.

7.) Market Conditions

This scoring category currently makes up almost 20% of the total possible points in the application. Yet the requirements to receive points in this category are greatly outside of a developer's control and disproportionately 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. Based on feedback from our Alaska clients, we believe that tribal populations in urban areas are undercounted and the Matanuska-Susitna Borough is a prime example. The Borough is the second largest in the state and is growing rapidly. Between 2020 and 2024 (4 years), the census noted an increase of over 10,000 people in the Borough. Using the same census data from 2000 and 2020 (20 years), shows an increase in the Alaska Native population of approximately 3,600 with a current population of approximately 6,200. **The Knik Tribe, which is located in the Mat-Su Borough, tells a different story. They estimate that in the last ten years alone, the size of the Native community in the Mat-Su Borough has grown to as many as 13,500 individuals.** Support for this number comes from several places, including the enrollment at the Benteh Nuutah Clinic, operated by the Southcentral Foundation in Knik's Tribal Service Area, which is now over 13,000. This number only represents a portion of the population that wishes to receive healthcare services at this facility. An additional supporting source of the population growth is the establishment of an Alaska Native charter school in 2022 by the Matanuska-Susitna Borough School District because of the growing demand for this type of school and a substantial population to sustain the initiative. The school supports up to 300 in-person students and an additional 300 homeschool students. That number continues to grow rapidly as Alaska Native communities migrate from other regions of the state because remote areas have high energy costs, limited employment and housing, or because of impacts from climate change such as melting permafrost and natural disasters like the recent typhoon that tore through eastern Alaska. These natural disasters overwhelmingly impact Alaska Native communities, which are less likely to be rebuilt or restored when they occur, requiring people to migrate to more urban locations. The Knik Tribe is expecting several hundred Alaska Natives to relocate to the Mat-Su Borough in the coming months due to the typhoon. Many of those individuals will move in with relatives and friends. Alaska Native communities allow these migrating families to move into their homes, leading to significant overcrowding. According to the National Low Income Housing Coalition's 2024 report, a third of Native Families in Tribal lands in Alaska live in homes that are overcrowded with as many as three or four families living in two- or three-bedroom homes.¹ These additional families are rarely counted in census

reporting, leading to underreporting for the entire region. If, for example, 100 homes in the Knik Tribe's region have an additional five to ten people living in them, then that means that approximately five to ten thousand people are not included in this census data. That has a significant impact on the population growth data that AHFC uses in the scoring category. We feel strongly about this because overcrowded homes have a larger impact than just wear and tear on a housing structure. It serves to perpetuate the societal ills that plague many tribal reservations: drug and alcohol abuse, physical abuse, suicide, depression and other mental illnesses, diabetes, obesity, and generational poverty. For example, HUD's 2017 Summary Statement on the Native American Housing and Self Determination Act (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." The Native Alaskan community living within urban centers such as the Mat-Su Borough is most definitely growing in size. We ask that AHFC take this into consideration for Tribal applications that serve this very specific, undercounted population that migrant from rural parts of the state. Additionally, this scoring category makes a successful LIHTC application incredibly difficult for rural, Alaska Native communities. **Alaska is home to 40% of the nation's federally recognized Tribes, and 15.6% of Alaska's population**, according to the U.S. census, identifies as Alaskan Native or Native American. **Approximately half of this sizable population resides in villages across rural Alaska.** The Opportunity and Location subcategories within this section are highly problematic for these communities when competing for a LIHTC award. These categories ask Alaska Natives to compete in a way that is irrelevant, and arguably in opposition, to their way of living. National Low Income Housing Coalition, "Housing Needs on Native American and Alaska Native Tribal Lands," 2024, [hBps://nlihc.org/sites/default/files/Na\\$ve-Housing-2024.pdf](https://nlihc.org/sites/default/files/Na$ve-Housing-2024.pdf).

Rural Alaska is the ancestral homelands where native communities have resided for millennia. They encompass vast territories characterized by rich Indigenous cultures, deep subsistence traditions, and unique village life. Located far from major metropolitan areas, often only accessible by air or boat, these rural regions have received minimal economic or infrastructural investment from the government or private businesses. This results in limited population growth and leads to high unemployment rates – all of which impact the Market Condition scoring category.

Even with these challenges, these Native Alaskan communities want to remain in their ancestral homelands, but a lack of housing is an incredible barrier to that desire. Homes in rural Alaska are often overcrowded, with many families sharing a single unit, similar to overcrowding in urban areas with the same consequences for the home and the families residing within. A report by the Association of Alaska Housing Authorities stated that "The rate of overcrowding, or severe overcrowding, is such that Alaska needs more than 16,100 housing units to alleviate overcrowding. The rates of overcrowding in every region of Alaska are higher than the rest of the United States....Anecdotally, it is common for RHAs to hear of 15-18 people residing in a 1,200 square foot house."² Only two projects have received funding in the Interior and Far North regions in the last decade, leaving tribal communities with minimal support to address the overcrowding, aging housing in rural Alaska that limits population growth and other investments. Given the level of Native representation in Alaska, **Travois is requesting additional considerations in the new QAP that will recognize and support tribal affordable housing projects in rural, small Alaska villages.**

A nearly identical comment was received and responded to in the SFY 2026 QAP revision.

8.) 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**.

A nearly identical comment was received and responded to in the SFY 2026 QAP revision.

9.) Project Team Characteristics

Travois would like to request that Tribes and TDHE be specifically 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 2 An Overview of Alaska's Housing Shortage, Association of Alaska Housing Authorities, https://www.akleg.gov/basis/get_documents.asp?session=32&docid=91815

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.

An identical comment was received and responded to in the SFY 2026 QAP revision.

10.) Clarification on Fees

It is our understanding that the \$50,000 allocation fee is separate from the current \$10,000, which may be called an 8609 fee. It would be good to have a section in the QAP, NOFA, or Policy that outlines the different fees and when they are due.

Please see the response to comment #2 above.

11.) Impact on Applicants

When the allocation and bond fees are cumulative, they significantly increase basis ineligible costs for sponsors and developers, and may discourage applicants from participating in bond financing which is already underutilized.

Please see the response to comment #3 above.

12.) Comparison to Other States and Bond Financing Charges

After reviewing over half of the state QAPs, most states charge a percentage of the allocation (1%–10%), with an average around 5%. Alaska would be the only state in our review charging a flat fee. A flat \$50,000 fee may disproportionately affect smaller projects requesting fewer GOAL sources or LIHTC allocations. Below is an example using this year's allocations and what the flat fee as a percentage to credit and GOAL ask looks like and comparatively if a % is charged.

Developer	NOFA Amt	Mike Chevalier (Northstar)/ J&G	CIHA	Freedom Hsg Group MN-Faith Cozadd/Cordes	Knik Tribe	KPHI
LIHTC	3,515,779.00	1,020,681.00	876,870.00	1,003,452.00	659,627.00	-
HOME	2,077,250.67	791,478.00	-	640,000.00	512,968.80	452,155.84
SCHDF	1,528,698.44				1,528,698.00	
NHTF	3,591,772.47	1,480,000.00		718,116.00	1,489,401.00	712,443.00
ARP	388,665.00				388,665.00	
TOTAL GOAL FUNDS	11,102,165.58	3,292,159.00	876,870.00	2,361,568.00	4,579,359.80	1,164,598.84
% of LIHTC requested		29.03%	24.94%	28.54%	18.76%	0.00%
% of GOAL funds requested		29.65%	7.90%	21.27%	41.25%	10.49%
% of \$50k fee to LIHTC ask		4.90%	5.70%	4.98%	7.58%	0.00%
% of \$50k fee to total GOAL ask		1.52%	5.70%	2.12%	1.09%	4.29%
If 5% fee charged of LIHTC request		51,034.05	43,843.50	50,172.60	32,981.35	no fee
If 2% fee charged of GOAL request		65,843.18	17,537.40	47,231.36	91,587.20	23,291.98

(table provided by the commenter)

The proposed fee would be between 0.76% and 0.49% of the 10-year SFY 2026 LIHTC awards. The administrative cost of processing a LIHTC project does not change with the size of the project. A flat fee is appropriate for reimbursement of these costs.

13.) Additionally, for those projects not requesting LIHTCs we found that some states charge a minimum subsidy layering review fee.

Non-LIHTC resources include funding available to AHFC for administrative expenses, so fees to cover the cost of administering these programs are not necessary.

14.) AHFC Conduit Bond Policy changed in December 2025 from a flat \$50,000 fee to a percentage of issuance - 0.75%, plus a 0.25% annual admin fee on the outstanding balance. In part this was due to the change in legislation reducing the minimum bond financing from 50% to 25%, recognizing the impact of a flat fee on smaller allocations.

The Tax Exempt Bond Program and LIHTC Programs are administered under separate department budgets and are subject to different program regulations. The proposed LIHTC fee is in no way related to the cost of administering the Bond programs.

15.) Should AHFC decide to implement a fee, we recommend (1) adopting a percentage-based fee structure or a tiered approach to ensure fairness across projects of varying sizes and (2) providing either reduced or discounted fees for projects already incurring substantial bond financing costs.

The administrative costs are flat for LIHTC projects, regardless of the project's size. A flat fee is easier to administer for all parties and does not represent a significant portion of a LIHTC project's budget.

WEBVTT

Teleconference – January 13, 2026

0:00 : Andy Petroni : Recording.

0:03 : Andy Petroni : Hi good afternoon, my name's Andy Petroni. I'm the Housing Development Program Manager here at Alaska Housing Finance Corporation. This is the Public comment teleconference for a qualified allocation plan change regarding Tax credit project allocation fees. So the fees being proposed in this revision to the qualified allocation plan is a fifty thousand dollar fee for all tax credit projects, so that's nine percent and four percent, those fees would be due on at the carryover agreement for a nine percent project, and at the Loan/ bond closing for a four percent project.

These fees will be effective for all projects submitted after they're [the fees] approved. We're currently targeting the, the January twenty eighth, twenty twenty six AHFC board of directors meeting to request approval for these changes, so all applications submitted after that date will be subject to the new fee schedule.

That's all I have on the on the changes and these that we're proposing, so now I'll open up to anyone online who has comments.

The only one person outside of the building. Are in the meeting so Nicole, you have to have comments or.

1:50 : Nicole : I'm the only one that showed up?

1:52 : Andy Petroni : Yeah, no one in the room either.

1:57 : Nicole : The ten thousand dollar fee that we currently charge, what, what does that called Cause I noticed it was being called an allocation fee in the proforma reviews. So is that just a tax fee, or is this I assume this is an addition to, right? Yeah.

2:22 : Andy Petroni : Is that the current fees don't go away, so we can call that the 8609 fee. So when that one's due and then this one since at least for a nine percent project, the, the allocation is technically to carry over so we can be more

accurate to call the new one, the allocation fee and the. The old one, the 8609 fee. So we may need to adjust the language in the QAP over regarding the old fee.

2:53 : Nicole : Yeah, yeah. How did you guys come up with like the fifty thousand versus so what I'm seeing is like most people do a percentage of the allocation, most states do. How did you determine the fifty thousand.

3:16 : Andy Petroni : It goes through some, our discussion with the finance department and the bond allocation. Just kind of a round number that work with and it doesn't cover the full cost of administering the program, but kind of reduces the, the subsidy that AHFC has to provide to administer the tax credit program.

3:45 : Nicole : Have you guys thought of like the impact to smaller projects compared to larger ones. And then those projects that aren't taking a tax credit allocation but taking other goal funds.

4:03 : Andy Petroni : Probably welcome any comments on those effects and they'll be considered.

4:19 : Nicole : That's a that's pretty much what we have for now. I think we'll probably have a few more comments that'll go out in the during the comment period. Nicole : Just we had a chance to kind of review what was, you know, what you're proposing, so. I don't think it's online, I think most states are doing it. So.

4:42 : Andy Petroni : Probably still well below other state's fee structures some of them are pretty aggressive from what I've seen.

4:51 : Nicole : Yeah, I did notice some really aggressive. They're, like ten percent of the allocation, which is, it's pretty stiff.

5:04 : Andy Petroni : Yeah, as a reminder that the comment period ends the sixteenth, so I think end of day, Alaska time like four thirty or something on the sixteenth, so.

5:17 : Nicole : Sometimes.

5:17 : Andy Petroni : This one.

5:18 : Nicole : Okay.

5:22 : Nicole : Well, I was hoping just to hear what other people had to say about it, but I guess they have nothing to say.

5:30 : Andy Petroni : Yeah, good, one or two written comments but nothing, not much action on this.

5:37 : Nicole : Yeah, Well I guess I mean, I'm not gonna keep you then. Yeah, I'm.

5:49 : Andy Petroni : For a few minutes in case anyone pops in later, but, yeah, the transcript if anyone does come on and makes comments will be all comments will be part of the Public packet for the QAP approval comments and responses.

6:12 : Nicole : Right now. Okay. Sounds record.

6:16 : Andy Petroni : If anyone else shows up in the next twenty minutes or so.

6:20 : Nicole : Okay, thanks Andy.

6:23 : Nicole : All right. All right.

21:04 : Andy Petroni : That's now three fifty two I think anyone that was going to show up would have by now. So go ahead and end the teleconference. Anyone can still submit comments by email through the notice to apetroni@ahfc.us and it'll be considered in our recommendation to the board. Thank you all for coming.

STATE OF ALASKA

ALASKA HOUSING FINANCE CORPORATION

GOAL PROGRAM

(Greater Opportunities for Affordable Living Program)

RATING AND AWARD CRITERIA PLAN

(Qualified Allocation Plan)

Version January 28, 2026

Low-Income Housing Tax Credits (LIHTC)

HOME Investment Partnerships Program (HOME)

Senior Citizens Housing Development Fund (SCHDF)

National Housing Trust Fund (NHTF)

Alaska Housing Finance Corporation

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PURPOSE

The rating and award criteria outlined herein has been prepared by the Alaska Housing Finance Corporation (AHFC) to establish the criteria which will be used to award Greater Opportunities for Affordable Living (GOAL) Program funds. This program contains four **primary** funding sources:

1. Low-Income Housing Tax Credits (LIHTC),
2. Home Investment Partnership Program (HOME) funds,
3. Senior Citizen's Housing Development Fund (SCHDF)*

*Additional capital development funds available for senior housing development, provided by AHFC's funding partners, will be synonymously treated as SCHDF requests for the purpose of this Qualified Allocation Plan.

4. National Housing Trust Fund (NHTF).**

**In years where a sub-grant is awarded to the Municipality of Anchorage from AHFC, NHTF awards made through the GOAL program will only be issued to proposals located outside of the Municipality of Anchorage.

5. Other sources that may become available through new programs or partner investments.

The rating and award criteria established herein, also referred to as the Qualified Allocation Plan (QAP), complies with the requirements of Title 26, U.S.C. Section 42 of the Internal Revenue Service Code, as amended ("Section 42").

OVERVIEW

AHFC's policy is to encourage the responsible development of housing for seniors, lower-income persons and families through the allocation of GOAL program funds. **A separate policy and procedures manual for the GOAL program is available from AHFC.** (See www.ahfc.us).

Additionally, AHFC's policy is to minimize any adverse impact on existing residents of buildings that will be acquired or rehabilitated with GOAL program funds. Where relocation of existing residents will occur as the result of GOAL program funding, **a relocation assistance plan will be required from all applicants.**

In determining the appropriate amount of GOAL program funds to be awarded, AHFC will consider the sources and availability of other funds, the reasonableness of development and operating costs, anticipated project operating revenue, and the expected proceeds from the sale of LIHTCs (if applicable).

Fair Housing and Civil Rights Statement

It is a requirement of receipt of any funding under the GOAL program that any owner/developer/borrower and any of its employees, agents or sub-contractors understands and agrees that it is the total responsibility of the owner to adhere to and comply with all Federal Civil Rights legislation inclusive of the Fair Housing Laws, Section 504 of the Rehabilitation Act of 1973, the Americans with Disabilities Act as well as any state or local Civil Rights legislation along with any required related codes and Laws. Should AHFC not specify any requirements, such as design, it is none the less the owner's responsibility to be aware of and comply with all non-discrimination provisions relating to race, color, religion, sex, handicap, familial status, national origin and any other classes protected in Alaska. This includes design requirements for construction and rehabilitation, Equal Opportunity in regard to marketing and tenant selection (affirmative marketing procedures), and reasonable accommodation and modification for those tenants covered under the law.

Definitions

“Accessible unit” – a unit or property that is in compliance with the design requirements for all multi-family properties covered under the Fair Housing Act Amendments of 1989. Generally refers to the egress into a unit and the ability of a person in a wheelchair to maneuver within the unit.

“Community revitalization plan” – a local comprehensive planning document that specifically includes community revitalization as a priority or defines community revitalization efforts that are consistent with that comprehensive document. If no comprehensive planning document is prepared in a community, then a letter from the chief executive officer of the local government attesting to a proposed housing project’s role in achieving community revitalization will substitute. If the applicant asserts the project is part of a community revitalization effort, the applicant must show how the project moves the market towards market stability and health.

“Development Consultant” – A person or entity that otherwise performs the functions of a developer, but does not share a substantial risk in the project development. Substantial risk in the project development typically includes such items as: serving as a guarantor for construction financing, advancing funds for soft costs (i.e. market studies, etc.), and recognizing development fees are a “contingency of last resort” to maintain project viability.

“Difficult to Develop Area (DDA)” – a federally designated high-cost area that enables a LIHTC project to qualify for a basis boost of up to 130%.

“Discretionary Basis Boost” – Authorized under the Housing and Economic Recovery Act (HERA) of 2008, LIHTC projects not already in DDAs or QCTs may qualify for a basis boost of up to 130% if designated by the State housing credit agency as in need of the basis boost to ensure financial feasibility (see Section 42(d)(5)(B)(v) of the I.R.C.).

“Equipped unit” - all the requirements of an accessible unit have been satisfied plus the unit is equipped with grab bars, roll-under counters, bathrooms with roll-in or seated shower stalls or tubs, and other applicable equipment for persons with hearing or vision disabilities. Equipped units must comply with the design requirements noted in Section 504 of the Rehabilitation Act of 1973’s Uniform Federal Accessibility Standards (UFAS), regardless of whether or not Section 504 requirements are triggered by the funding source(s).

“Extremely-low income” – families at or below 30% of the area median income adjusted for family size.

“GOAL (Greater Opportunities for Affordable Living)” - a term used to describe a program combining (Low-Income Housing Tax Credits (LIHTCs), Home Investment Partnership Program (HOME) funds, National Housing Trust Fund (NHTF), the Senior Citizens Housing Development Fund (SCHDF), and any other funding sources into one application process.

“HOME (Home Investment Partnerships Program)” – a program of the U.S. Department of Housing and Urban Development (HUD) which provides grant funds administered by AHFC for the development of affordable low-income housing.

"Homeless" - Is defined in AS 18.56.090(f) means the state of an individual who lacks a fixed, regular, and adequate nighttime residence, and includes an individual who:

- a) Is sharing the housing of other individuals because of loss of housing, economic hardship, domestic violence, or a similar reason;
- b) Is living in a motel, hotel, trailer park, or camping ground because of the lack of alternative adequate accommodations;
- c) Is living in an emergency or transitional shelter;
- d) Is abandoned in a hospital;
- e) Is waiting for a foster care placement;
- f) Has a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings;
- g) Is living in a car, a park, a public space, an abandoned building, substandard housing, a bus or train station, or a similar setting;
- h) Is fleeing a domestic violence situation, does not have an alternative residence, and lacks the resources and support needed to obtain housing;
- i) Is being evicted within a week, does not have an alternative residence, and lacks the resources and support needed to obtain housing;
- j) Is being discharged within a week from an institution, including a mental health treatment facility, substance abuse treatment facility, or prison, in which the individual has been a resident for more than 30 consecutive days, does not have an alternative residence, and lacks the resources and support needed to obtain housing.

“Leverage” – Sources of funds outside of the GOAL program used for project development. For the purpose of this QAP, leverage includes contributions such as: debt instruments, donated labor “sweat equity”, foregone taxes, donated land and / or building(s). To be considered leverage, sources and uses must balance. For example, if a \$300,000 parcel of land is entirely donated to the project, there must be a line item in the cost section of the development budget under land purchase for \$300,000, and an offsetting source line indicating \$300,000 in donated land.

“Low income” – families at or below 60% of the area median income adjusted for family size.

“Low-Income Housing Tax Credits (LIHTC)” – a program of the Internal Revenue Service administrated by AHFC which provides federal tax credits to owners of low-moderate income affordable housing.

“National Housing Trust Fund (NHTF)” - an affordable housing production program that complements existing Federal, state and local efforts by providing funds to increase the supply of decent, safe, and sanitary affordable housing for extremely low-income households, including homeless families.

“Operating reserve” – an amount of money included as part of the development budget to be used as a cushion against unforeseen changes in operating expenses and income for a project in future years.

“Qualified Census Tract” – a federally designated area that has a relatively high cost of housing development relative to the income of the residents. Enables a LIHTC project located in this area to receive a basis boost of up to 130%.

“Rental Development Analysis Workbook (aka GOAL Application Workbook)” - An electronic application tool used by AHFC to evaluate project proposals which illustrates:

- 1) all of the costs associated with the development of a project,
- 2) the sources of funds, and subsidy limits, that may be used to pay for the development,
- 3) the operating expenses (utilities, taxes, insurance, etc.) associated with managing and maintaining a rental property,
- 4) the anticipated revenue to be obtained from the property,

- 5) the capacity of the project to support debt instruments,
- 6) the project's performance throughout time under various assumptions,
- 7) additional factors as deemed relevant by AHFC.

"Replacement reserve" – also known as a reserve for capital replacement. An amount of money used to pay for major capital expenses that occur during the life of the project, such as boiler replacement, roof repairs, appliance replacement, etc.

"Residential Unit" – a proposed dwelling unit that will be available for rental. Where manager's units are proposed that will be income restricted, such manager's units will qualify as Residential Units; however, where manager's units will not be income restricted, such units will not qualify as Residential Units for the purposes of this Qualified Allocation Plan.

"Schedule of Real Estate Owned (SREO)" – is a detailed statement of operations for a developer or property manager's residential rental property portfolio as defined in the pre-application instructions.

"Senior Citizen" – households must meet the definition established in the Fair Housing Act Amendments of 1989.

"Senior Citizen's Housing Development Fund (SCHDF)" – An AHFC funded program approved in annual appropriations by the Alaska State Legislature. Program funds may only be granted to not-for-profit organizations for senior housing that meets the state definition of "senior household."

"Small community" – defined under state statute as a community with a population of 6,500 or less that is not connected by road or rail to Anchorage or Fairbanks, or with a population of 1,600 or less that is connected by road or rail to Anchorage or Fairbanks and at least fifty (50) statute miles outside of Anchorage or twenty-five (25) statute miles outside of Fairbanks. In this definition, connected by road does not include a connection by the Alaska Marine Highway System.

"Special Needs Populations" – defined as households with persons with mental or physical disabilities, the homeless, and households with income at or below 30% of the median income for their area.

“Substantive Social Services” – Services provided to future households in proposed developments that are locked in through fully executed agreements by the anticipated project owner and the service provider. There must be evidence of delivery for Substantive Social Services involving person-to-person contact, beyond a simple referral system, and where appropriate, identified funding for provision of the Social Services.

“Third-party” - means a person or organization which is not related to the sponsor of the application or the project developer.

“U.S. Department of Agriculture- RD Section 515 program” – a federal program for low-income rental housing which provides low-interest financing and rental assistance to private for-profit or not-for-profit owners/developers.

“Very-low income” – families at or below 50% of the area median income adjusted for family size.

QAP CONSIDERATIONS:

Federal QAP Characteristic Factors:

26 U.S.C. Section 42 requires that AHFC consider the following project characteristics when selecting applications that receive LIHTCs:

- Housing Needs Characteristics;
- Sponsor Characteristics;
- Project Characteristics, including whether the project includes the use of existing housing as a part of a community revitalization plan;
- Tenant populations of households with children;
- Targeting of Individuals on Public Housing Waiting Lists;
- Targeting of Populations with Special Housing Needs;
- Project Location;
- Projects intended for eventual tenant ownership;
- The energy efficiency of the project;
- The historic character of the project.

Federal QAP Preference:

26 U.S.C. Section 42 (IRS Code) also establishes the following preferences for the LIHTC program:

- Projects that serve the lowest income tenants;
- Projects that are obligated to serve qualified tenants for the longest period of time.
- Projects that are located in a qualified census tract (as defined in subsection 42 (d)(5)(C)) and the development of which contributes to a concerted community revitalization plan.

These preferences and characteristics are consistent with AHFC's corporate mission and the State of Alaska's Housing and Community Development Plan (HCD Plan). They are incorporated as part of the entire GOAL program, including: LIHTC, HOME, SCHDF, and the NHTF.

AHFC will award points in the rating process to projects that commit to meeting these objectives.

State of Alaska Priorities:

State of Alaska priorities include projects that:

- Meet specific market criteria, as defined by AHFC;
- Are developed by applicants/sponsors who demonstrate the greatest capability to carry out the project;
- Maximize the use of GOAL program funds by having only the amount of subsidy necessary, over and above the amount of debt that can be supported, to make the project financially feasible (from both a developmental and operational viewpoint);
- Leverage GOAL program funds with other funding sources, including those which qualify as "match" under 24 CFR part 92 of the HUD regulations;
- Maximize the energy efficiency of the project
- Address the highest need in the local rental market for housing;
- Target "special needs populations" (i.e. persons who experience mental or physical disabilities, homeless persons, and families whose income does not exceed 30% of the area median income, adjusted for household size);
- Include larger units (i.e., greater number of bedrooms) for families;
- Are located in "small communities", as defined by AHFC;

- Provide meaningful training and employment opportunities for Alaskans.

AHFC will award points in the rating process to projects that address these priorities.

SET-ASIDES

The award of LIHTC program funds is subject to the following set-asides:

1. Tax-Exempt Organizations:

There will be a set-aside of 10% of the available low income housing tax credit annual authority reserved for projects sponsored by eligible 501(c) (3) tax-exempt organizations who have as one of their tax-exempt purposes, the provision of low-income housing. This set-aside is mandated under 26 U.S.C. Section 42(i) (5), the Internal Revenue Service Code. If no projects qualify for this 10% set-aside, this amount will either be carried forward into the following year or returned to the national pool.

2. Other Purposes:

AHFC, at its discretion, may use the annual state tax credit cap and/or other program resources as deemed appropriate, or portion thereof, to engage in demonstration projects that fulfill the mission of AHFC and are consistent with this qualified allocation plan and the requirements of 26 U.S.C. Section 42 of the Internal Revenue Service Code and relevant regulations.

THRESHOLD REQUIREMENTS

To be considered for GOAL Program funding **all project proposals** must meet the following **minimum requirements:**

1. No supplemental funding request while prior year(s) awards are tied up in a project. This threshold will apply if a previously funded project encounters a funding gap beyond the amount identified in a prior award review for feasibility and can no longer proceed with the equity available. In such cases, the applicant will be required to return all previously awarded funds to the GOAL program. The applicant will then be eligible to apply for the entire amount of funding necessary to result in a feasible project.

2. All new construction projects must be in compliance with 15 AAC 154.090 construction and thermal standards.
3. No T1-11, board and batten, or similar type of wood siding may be used on any exterior wall surfaces.
4. All low-income housing tax credit project proposals must have a completed and comprehensive Market Study documenting the demand and need for the proposed units. Non-LIHTC projects will be required to demonstrate need for the proposed development either through a Market Study or an alternative form of demonstrated demand and need approved by AHFC.
5. The project must demonstrate acceptable community support which must be evidenced by written letters of support from the local government, community council(s), etc.
6. All new construction projects with 5 or more units must provide a minimum of 5% of the total unit count (fractional units rounded up), specifically equipped for persons with physical disabilities. All projects with 5 or more units must provide a minimum of 2% of the total unit count (fractional units rounded up), equipped for persons with sensory impairments. Separate units must satisfy these threshold conditions. Consequently, in a six-unit project at least one unit will need to be equipped for physical disabilities and a separate unit will also need to be equipped for persons with sensory impairments.
7. For all projects with 20 or more units, 5% of total units (fractional units round down) must be set aside for a “special needs” population that is not required to be served as a condition of the funding source requested. Special needs populations for this section are defined as: households with persons with mental or physical disabilities, the homeless, and persons earning less than 30% of the median income for their area. Note: Projects exclusively requesting SCHDF program funds may not satisfy this requirement by targeting persons earning 30% of the median income.
8. Units must be constructed or rehabilitated to the applicable standard as required by the specific program under which funds are requested and must meet the requirements of the funding program and any of the following applicable laws:

- a. Americans with Disabilities Act
 - b. U.S. Fair Housing Amendments Act of 1989
 - c. Alaska Statute AS 18.80.240
 - d. Local Government Ordinances
 - e. Proposals funded through the NHTF are limited to new construction. No acquisition and / or renovation of properties will be funded through NHTF awards made through the GOAL program.
9. The application package must include the following material and all other materials required under the annual notice of funding availability, unless otherwise approved in writing by AHFC:
- a. Completed application forms and all applicable certifications;
 - b. Submission of all required application material;
 - c. Payment of all applicable application fees and/or reimbursements due to AHFC;
 - d. Sufficient data, in AHFC's opinion, to determine the financial feasibility and long-term viability of the project.
 - e. Sufficient data & certifications, in AHFC's opinion, to determine that the applicant and project are eligible to receive the GOAL program funding source requested.
 - f. Applicant is considered to be a "responsible bidder."
10. Reasonableness of the project's development and operational data will be assessed based on the extent that application materials, and project performance data available to AHFC, support the project's developmental and operational numbers provided in the Rental Development Analysis Workbook. Key points that AHFC will look for in the application materials to make this assessment will include:
- a. Are cost estimates supported by a credible third-party bid(s) and/or estimate(s)? Examples include bids and/or cost estimates supplied by an architect, appraiser, materials supplier, etc.
 - b. Is third-party support for the project's anticipated rents, vacancy rate, and operating expenses included?
 - c. Does the third-party support comport with data available to AHFC regarding the achievable rents, occupancy rates and operating expenses for the community and / or building type?

- d. Each applicant must submit a Schedule of Real Estate Owned (SREO) within two (2) weeks of receiving their application decision letter. The schedule must be completed using form(s) provided by AHFC and is to include all LIHTC, HOME, SCHDF, and NHTF properties in Alaska built or acquired and rehabilitated with a placed in service date no earlier than ten years before the current funding year. If an applicant has not developed any affordable housing projects in Alaska, they must provide a list of all projects in their portfolio. If six or fewer properties are available for the SREO, properties managed by the project's proposed property manager may also be considered for the SREO.

The purpose of the schedule is to provide AHFC with the previous two calendar or fiscal year data for revenue, expenses, and before-tax cash flows in a developer's rental portfolio. These data will be used to help score and determine the feasibility of the application's proposed cash flows. AHFC will notify applicants if properties within their SREO will be excluded as comps prior to the application deadline.

- e. Have all funding sources been confirmed and / or substantiated with documentation? In assessing this item, AHFC will consider the following, listed in order of priority:
- i. Whether written lending commitments have been provided;
 - ii. Whether tax credit proceeds (if applicable) accurately reflect current tax credit market sale rates;
 - iii. Whether a tax credit purchase commitment is provided;
 - iv. Whether letters of interest from other proposed funding sources have been provided.
- f. Does the project schedule and written development narrative demonstrate a clear understanding on the part of the applicant for successful housing development in the proposed site's market? Are development concepts and reasonable assurances that the project can be successfully implemented within the proposed time frame valid? Has the applicant demonstrated the ability to obligate funding, including NHTF, and complete the project in a timely manner?

11. Low-income Housing Tax Credit projects: Under the Federal Internal Revenue Service (IRS) Regulations 1.42-17, AHFC must evaluate the financial feasibility of a project at three separate phases during the development of the project. The three stages are:

1. Application;
2. Allocation (carryover or issuance of 8609);
3. Placed in service date.

The final evaluation for the issuance of the IRS Form 8609, "Low Income Housing Credit Allocation Certification," must occur after the placed in service date.

Under IRS Regulation 1.42-17, owners must certify to all sources and uses of funds and the total financing planned for the project. Section 1.42-17 also specifies the type of information that must be provided by the owner and reviewed by AHFC as part of the evaluation.

For purposes of the evaluation done at allocation (carryover and 8609), the schedule of costs prepared by the owner must also include a Certified Public Accountant's audit report on the schedule. The CPA's audit must be conducted in accordance with generally accepted auditing standards. The audit report must be unqualified.

This requirement also pertains to all tax-exempt bond-financed projects that are seeking credit under the provisions of this allocation plan.

12. Projects Eligible for the Discretionary Basis Boost, as defined in this Qualified Allocation Plan: LIHTC projects that will not receive project-based operating subsidy may request an application of the Discretionary Basis Boost, subject to AHFC's approval after evaluating the proposal's financial feasibility and need, if all of the following conditions are satisfied:

- a. Mixed Income Projects
 - i. In developments where at least 20% of the units do not contain income restrictions, AHFC will apply the discretionary basis boost if (i) the boost is necessary after a subsidy layer review and (ii) the property does not already qualify for a basis boost through another provision.

13. Energy Star Appliances: Where Energy Star Appliances may be incorporated into the project designs, GOAL funded projects will be required to exclusively use certified Energy Star appliances.
14. Projects with units accessible through common hallways must have secured entryways.
15. Unless otherwise waived by AHFC, all projects with eight (8) or more units, serving families with children must have a recreation area on-site for children which is designed and equipped with age-appropriate equipment. The play area and its associated access route(s) must be compliant with the Americans with Disabilities Act.

This will not apply to renovation projects where the property footprint does not change. Projects serving families with children are defined as any building or complex that contains units with three bedrooms or more.
16. All new construction and rehabilitation projects containing HOME or NHTF must include broadband infrastructure, as defined by the Federal Communications Commission and HUD. See 24 CFR Part 92.251 and Part 93.301.
17. Income averaging will not be allowed for LIHTC projects. LIHTC projects must comply with either the 20-50 or 40-60 rules.

PRE-APPLICATION REVIEW PROCESS

In late Spring, AHFC announces a pre-application round for the GOAL program funds. Only successful pre-applicants that have been invited to apply in the full competition will be eligible for GOAL program funding in the full application process. During the pre-application process, AHFC will evaluate the following and determine whether or not a project proposal should be invited forward into the full competition:

- All proposals for 9% LIHTCs that involve acquisition and renovation, or renovation, of an existing property will be evaluated at the pre-application stage to see if, in AHFC's sole opinion, the property may be rehabilitated using 4% LIHTCs. If in AHFC's sole opinion the property can be renovated using 4% LIHTCs, the proposal will not be invited to apply for 9% LIHTCs in the GOAL round.

- **Market Feasibility:** Is there sufficient need and / or demand for the proposed project? What is the impact of the proposed project size relative to the market while considering market saturation rates and overall size? Will the proposed project have an adverse effect on the private rental market?
- Whether city, borough or census area population data will be used to determine the point values for the proposed project under Sections 4(b)-(c) of the Rating Criteria.
- Whether or not changes to the project design, scope, and / or funding mix are necessary and / or appropriate (as determined by AHFC).
- Whether or not the proposal can reasonably be expected to be constructed with the proposed funding mix and development team.
- Penalty points review and assessment will be completed. Penalty points are assessed under the criteria listed in Rating and Ranking Criteria, Paragraph 7(b) below. Applicants will have until the date 45 days prior to the full application deadline to correct the issues for which penalty points were assessed. More details are provided in paragraph 7(b).
- **Project Team and Sponsor Capacity:** Pre-applicants must demonstrate that the development and property management teams have sufficient capacity to successfully develop and operate the proposed project. Demonstration of the following will be required to clear threshold during the pre-application review:

Development Team Member	Threshold Level: <u>Proposals will not be invited forward into the full application unless the following capacity thresholds are demonstrated</u>
Developer / Development Consultant	At least one member of the development team must show experience within the last 10-years of developing successful multi-family housing projects with the GOAL funding being requested or projects funded with sufficiently similar resources, in AHFC's sole determination, to the project being proposed.
Project Sponsor	Two Years of Audited or un-Audited Financial Statements. If the project Sponsor is a newly formed entity, other materials such as prior year Tax Returns, evidence of guarantor capacity, etc. of principals deemed sufficient, in AHFC's sole determination, may be accepted in lieu of Financial Statements.

Property Management Team	At least one member of the property management team must have successfully managed a multi-family property under the regulations of the GOAL funding being requested or a project sufficiently similar, in AHFC's sole determination, to the project being proposed.
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Successful pre-applications will be invited forward into the full GOAL competition. Necessary changes to the project identified in the pre-application review, and reasons why unsuccessful pre-applicants were not invited forward into the full application process will be communicated at the close of the pre-application round.

At the Pre-Application stage, project sponsors will be required to designate the applicant entity. This entity may partner or contract with other entities to satisfy the capacity requirements, but the named entity will be the entity that controls any subsequent award of GOAL funding in the event that partners or contracted staff decouple from the proposal. Any substitution or change in partners or contract staff used to satisfy the capacity requirements will require AHFC's approval, in advance and in writing, and will be subject to the responsible bidder and penalty point review process.

FULL APPLICATION EVALUATION REVIEW PROCESS

Each application received by AHFC will be reviewed by staff to determine whether the minimum application requirements have been satisfied by the applicant ("**threshold evaluation**"). If the applicant fails to submit the required application materials by the deadline established by AHFC, the application may be denied any further review or consideration.

FULL APPLICATION EVALUATION

Applications that pass the threshold evaluation will be evaluated according to the objective review criteria defined in this Qualified Allocation Plan (QAP).

Application Review Process

Funding Considerations

The CEO may use considerations other than the point ranking to make the final funding awards. These considerations are:

1. Minimum levels of funding necessary, in AHFC's opinion, to result in a financially feasible project, including a recommendation of no funding if sufficient debt can be supported;
2. The maximum legal and AHFC annual programmatic funding limits;
3. Distribution of GOAL funds in such a manner to maximize the number of financially feasible projects which receive funding, even though this may result in the award of funds or tax credits outside of actual application rankings established by the rating process.
4. Increasing the spread of projects by geographic location.
5. A different amount of GOAL program funds for a project than requested by the applicant may be recommended in order to: avoid over subsidizing, to maximize the leverage of all GOAL program resources, and to satisfy the requirements of award review assumptions made by AHFC in the feasibility review.
6. "Responsible bidder" AHFC reserves the right to reject or assess negative points to any application or request for funding from any applicant who has failed to perform or is partnered with a person or organization which:
 - a. failed to perform any previous grant or contract with AHFC, or has previously failed to perform properly or to complete on time contracts of a similar nature;
 - b. qualifies or changes terms and conditions of the Notice of Funding Availability (NOFA), applicable restrictive covenants or loans in such a manner that is not responsive to the purpose sought by AHFC in issuing the NOFA, covenants or loans;
 - c. submits an application that contains faulty specifications or insufficient information that, in the opinion of AHFC, makes an application non-responsive to the NOFA;
 - d. submits a late application;
 - e. has not signed the application;
 - f. is not in a position to perform the work proposed in the application;
 - g. habitually and without just cause neglected the payment of bills or otherwise disregarded its obligations to subcontractors, material suppliers, or employees;

- h. has shown a consistent practice of non-compliance with State and federal rules that govern housing development programs;
- i. who has unpaid taxes due to the State of Alaska or the U.S. government;
- j. has a conflict of interest with the applicant and board member or employee of AHFC;
- k. AHFC determines that the application is not in AHFC's best interest.

In instances where the funding decision approved by AHFC's Executive Director/Chief Executive officer varies from that requested by the applicant, the applicant will be given notice of AHFC's intent to award the alternative funding reservation and/or award, and will be allowed to accept or reject the offered funding package. If the applicant rejects the funding package offered, no additional consideration will be given to the applicant during the funding cycle, and the declined GOAL program funds may be offered to another qualifying applicant(s). An applicant may have the right to appeal this decision under 15 AAC 151.830 and 15 AAC 150.220.

For any allocation of LIHTC that is made outside the priorities and selection criteria established by AHFC in this allocation plan, a written explanation will be made available to the general public, upon request.

AHFC reserves the right to deny GOAL funds to any applicant, regardless of that applicant's point ranking if, in AHFC's sole determination, the applicant's proposed development or operational plan for the development is not financially feasible or viable.

Additionally, GOAL funds may be awarded out of the ranking order established by the points earned. In such cases, this recommendation shall be based on the amount of GOAL funds requested, relative to the amount of funding available, as well as other selection criteria identified within the rating criteria plan.

Application Award Process

Each applicant will receive an "Intent to Award" for the proposed GOAL program funding awards upon AHFC's executive director/chief executive officer's approval (or amendment) of the recommendations made by staff after the objective scoring has been completed and the projects have been ranked. Applicants may appeal the funding decision in accordance with AHFC regulations (15 AAC 151.830, 15 AAC 151.220 or 15 AAC 154.060, as applicable). Subsequent to any appeals processes, AHFC will issue a notice of award to successful applicants.

Application Rating and Ranking Criteria

The following criteria and associated points will be utilized to rate and rank applications received for GOAL program funds:

1. Project Location (Up to 21 Points)

- a. Project is located in an area qualifying as a "small community," as defined in this Qualified Allocation Plan (20 Points)
- b. Project is located in a Qualified Census Tract (as defined by HUD, under 42(d)(5)(c)) **and** is considered to contribute to a community revitalization plan (see definition of "community revitalization plan") (1 Point)

2. Project Design (Maximum 52 points)

- a. Energy Efficiency (14 Points)

Applicants requesting points under subsections (i) through (vi) of these Energy Efficiency Criteria will be required to provide AHFC copies of annual financial statements for their proposal(s), if funded. If audited financials are unavailable for a given year, project owners may satisfy this requirement by submitting unaudited financial statements. Additionally, applicants will be required to respond to reasonable inquiries from AHFC regarding energy consumption at their properties. These requirements will apply throughout the term of the restrictive covenants recorded for the property, if funded.

- i. Project commits to achieving an energy efficiency rating of 5 Star Plus and meet BEES located in a moderate cost area* (4 points)
- ii. Project commits to achieving an energy efficiency rating of 5 Star Plus and meet BEES located in an intermediate cost area* (6 points)
- iii. Project commits to achieving an energy efficiency rating of 5 Star Plus and meet BEES located in a high-cost area* (8 points)
- iv. Cost Effective Building Improvements (Rehab Projects Only). Project will include improvements to the building being renovated that reduce the cost of operations. These improvements may reduce energy used, reduce maintenance costs, and / or extend the useful life of functional systems. The renovations must provide a minimum cost savings of \$40 per unit per year. (5 points)

*Categories (i), (ii), (iii), and (iv) above are either/or categories. Points may be awarded under only one category for (i), (ii), (iii), or (iv). Please see the Project Cost and Funding Limitations section for the Moderate, Intermediate and High-Cost areas definitions.

- v. **Cost Effective Renewable Energy will be incorporated into the project design and operations. For the purpose of this section, renewable energy is defined as any on-site energy source (i.e. solar, etc.). The Renewable Energy system must, at minimum, be projected to generate a benefit to the project of \$40 per unit, per year. (6 points)
- vi. **Cost Effective energy efficiency improvements (6 points):
 1. New construction: improvements that must exceed the 5 Star Plus BEES requirements. For the purposes of this section, qualifying energy efficiency improvements are those that take the property beyond a 5 Star Plus BEES rating and result in a minimum savings to the project of \$40 per unit, per year.
 2. Rehabilitation: the energy efficiency improvements must result in a minimum savings to the project of \$40 per unit, per year, over the existing baseline.

**For the purpose of (iv, v, and vi), cost effectiveness is established where the cumulative benefit(s) delivered by the respective renewable energy source(s), efficiency improvements, or cost reduction(s) exceeds the initial cost of the system. The cumulative benefit will include any proceeds / rebates from the system installation that are paid by unrelated parties, and then be calculated using the current year energy

price, forecast energy production (or savings), and / or maintenance costs. The payback analysis will be limited to the lesser of 30 years or the projected system(s) life. The energy value and / or baseline maintenance costs will be escalated at 3% per year. The cost effectiveness analysis will be provided on forms, and supported by analysis, prescribed by AHFC.

Note: sections (v) and (vi) are either or categories. Applicants may receive points for one category, but not both.

b. Availability of Larger Units for Households with Children (Maximum 2 Points)

Points will be awarded to applications based on the percentage of residential units in the project with three or more bedrooms, according to the following rating scale:

Calculation:

$$\text{Points} = \frac{\text{Number of Residential Units with 3 bedrooms or more} \times 2}{(\text{Total Number Units in Property} \times 0.4)}$$

Example: A 10-unit project, with no manager's unit, where 1 of the project's units contains three bedrooms and the remaining units were efficiencies or one-bedroom units would receive 0.5 points:

$$(1 \times 2) / (10 \times 0.4) = 2/4 = 0.5 = 0.5 \text{ points}$$

c. Number of Units Equipped for Persons with Physical Disabilities and Sensory Impairments (8 Points)

Number of "equipped units" as defined within this Rating and Award Criteria. For senior developments, full points will be awarded if 100% of units are "equipped units." For non-senior developments, full points will be awarded if 25% of units are "equipped units."

Calculation: Senior Development

$$\text{Points} = \frac{\text{Number of 'Equipped Units'} \times 8}{\text{Total Number of Units in Property}}$$

Calculation: Non-senior Development

$$\text{Points} = \frac{\text{Number of 'Equipped Units' x 8}}{(\text{Total Number of Units in Property X 0.25})}$$

All projects must meet the requirements of the following laws:

- Americans with Disabilities Act
- U.S. Fair Housing Amendments Act of 1989
- Alaska Statute AS 18.80.240
- Local Government Ordinances

d. Rehabilitation Project (Maximum 16 points)

- i. Two points will be awarded to all projects involving rehabilitation. For the purpose of this section, rehabilitation, at minimum, must consist of some sort of building renovation and / or demolition and reconstruction where a building is currently located at the project site. If AHFC, in its sole discretion, finds that a de minimus amount of demolition took, or is scheduled to take, place at the project site to qualify for points under this section, no points will be awarded.

NOTE: If a property has been acquired for the purposes of a GOAL project, and demolition of the existing structure(s) has already taken place, applicants will qualify for the 2-point minimum IF, and only if, the demolition occurred within 3 calendar years of the GOAL application deadline. However, in such cases, applicants will still be required to document the costs of the demolition, as well as the funding used for the demolition, in the development budgets submitted with their applications.

The following points in ii – iv are available only to rehabilitation projects meeting the minimum rehabilitation cost requirements in paragraph 7 of the Project Cost and Funding Limitations section below.

- ii. The property is in an area with a three-year average population growth rate less than zero*. (4 points)
- iii. The property located in an area where the vacancy rate is higher than the statewide average vacancy rate*. (4 points)

- iv. The project will convert a non-affordable property to affordable housing or a non-senior property to senior housing. (6 points)

* The same data sources used to assign points under the Location Trends and Rental Market Strength categories will be used to evaluate points in these categories.

- e. Storage Facilities (1 point) - All residential units will be provided with assigned tenant storage facilities. Units with attached garages will automatically qualify for this point.
- f. Service enriched housing, which incorporates substantive social services for homeless and / or disabled Alaskans, on an ongoing basis – (3 points). Points are only available if households with physical and / or mental disabilities, or homeless persons will be served by the proposed project through hard set-aside units. Services must be tailored toward the populations served by the special needs set-aside units. Costs and the funding for these services must be included in the operating budget.
- g. Project Based Rental Assistance (8 points) – Developments that will receive project-based rental assistance through a federal source for at least 25% of the total residential units will receive eight (8) points. The term of the rental assistance, subject to federal appropriations, must be for at least 15 years. Use of GOAL sources of rental subsidy does not qualify for points under this category.

3. Project Characteristics (Maximum 38 Points)

Points will be awarded to applications that exhibit certain desired characteristics in accordance with the following:

- a. Project Serves the Lowest Income Tenants (Maximum 12 Points)
Points will be awarded for setting aside more than 10% of a project's units, up to 60% of the project's units, for households at or below 50% of the area median income. Sponsors may propose more than 60% of the units for households at or below 50% AMI, however the maximum scoring will be obtained once 60% of the total units has been achieved.

Points are calculated as Follows

A = Number of 50% AMI set-aside units in project.

B = Number of residential units in project (does not count manager's units if unrestricted) x 10%

C = The number of residential units in the project (does not count manager's units if unrestricted) x 50%

$$\frac{(A - B)}{(C)} \times 12 = \text{Score, (12 points Maximum, 0 points minimum)}$$

Example: a 97-unit proposal will set-aside 47 units at 60% AMI and 50 units at 50% AMI. Points would be calculated as:

$$\frac{(50 - 9.7)}{(48.5)} \times 12 = 9.97 \text{ Points}$$

i. Exemptions for Senior Citizens Housing Development Fund (SCHDF) Requests

Senior project applications which exclusively request SCHDF program funds will be rated in accordance with the rating criteria plan, excluding this criteria. Senior organizations must establish rental policies, i.e., affordable unit (restricted income and rent) versus market rate units, in accordance with the need in their area and their organizational principles.

b. Extended Low-Income Project Use (1 Point)

- i. One (1) point will be awarded to applications that commit the project to an extended low-income use equaling 30 years. An extended use agreement or other similar agreement, as determined to be appropriate by AHFC, is required. LIHTC project sponsors that elect points under this category will forfeit their ability to pursue termination of the extended use period through a qualified contract.

ii. Exemptions for Senior Citizens Housing Development Fund (SCHDF) Requests

Senior project applications which exclusively request SCHDF program funds will be rated in accordance with the rating criteria plan, excluding this criteria.

c. Projects which Serve Special Needs Populations (8 Points Maximum)

Points will be awarded for projects committing additional units (up to 50% of the residential units in the project) to special needs populations (defined below) above those commitments already required by their funding sources and the GOAL program.

Calculation:

Points = (# of special needs units not already required by the GOAL Program to satisfy the Special Needs threshold x 8) / (# of Residential Units in Project x 50%)

A "Special Needs" person or family consists of one or more of the following:

- Persons with a mental or physical disability;
- Persons/families whose annual income does not exceed 30% of the area median income, as determined by HUD, adjusted for family size. Note: Projects exclusively requesting SCHDF program funds will be excluded from earning points under this section for targeting households at or below 30% of area median income;
- Homeless persons (may include persons "overcrowded" as defined by AHFC).

d. Project Mix (12 Points Maximum)

- i. Projects located in a census tract where 51% or more of the households have income greater than the Area Median Gross Income (defined by HUD)

Points	2	4	6	8
Percentage of Units = Low Income	65%	70%	75%	80%

- ii. Projects located in a census tract where 40% or more of the households, but less than 51% of the households, have income greater than the Area Median Gross Income (defined by HUD)

Points	1	2	3	4
Percentage of Units = Low Income	65%	70%	75%	80%

- iii. Projects located in a census tract where at least 20% of the households have income less than 30% of the Area Median Gross Income (defined by HUD)

Points	5	6	7	8
Percentage of Units = at or above Market Rate	20%	40%	60%	80%

- iv. Project Mix Bonus: Regardless of the census tract income: if at least 20% of the units are unrestricted by income and the remainder are income restricted **OR** if at least 20% of the units are restricted by income and the remainder are unrestricted by income (Four points).

Please Note: Census tract data will be determined during the pre-application with a required market study. Applicants will be notified in their application invitation if their project is located within a census tract qualifying for points under the three categories listed above.

- e. Projects Intended for Eventual Tenant Ownership (1 Point)

For any project that is designed and operated so that the units will be eventually sold to the tenants, one (1) point will be awarded. In order to receive the point in this category, applicants must provide documentation showing a comprehensive plan for tenant home ownership counseling which includes maintenance techniques for the home. In addition, the sponsor will agree to place resale restrictions on the units, as determined to be appropriate by AHFC.

- f. Preference in Occupancy for Homeless Families (1 Point)

One (1) point will be awarded to any applicant that commits to giving a preference to homeless families (including single individuals) in the tenant selection process for a GOAL funded project. "Homeless" is defined in the Definitions section of this Plan.

- g. Public Housing Waiting Lists (1 Point)

One (1) point will be awarded to applications that contain a **written commitment** to give priority to households on waiting lists for subsidized housing. For projects located outside of Anchorage that are served through AHFC's public housing office, this subsidized housing preference **MUST** include Tenant Based Rental Assistance

Coupons referred through AHFC's Public Housing Department. A commitment means establishing gross rents below the current "AHFC Payment Standard AND establishing a referral relationship to a local office of AHFC and / or a local Indian Housing Authority. If AHFC has not published a Payment Standard for the project's community, rents must be below the current HUD "Fair Market Rent". Applicants must describe how a referral relationship will be achieved. If no AHFC office or Indian Housing Authority is available to effectively provide referrals to the project, no point will be awarded under this section.

LIHTC, HOME, and NHTF funded projects may not refuse to lease to a holder of a certificate of family participation under the Section 8 Existing Voucher Program (Housing Choice Voucher) or to a holder of a comparable document evidencing participation in a HUD tenant-based assistance program because of the status of the prospective tenant as a holder of such certificate, voucher, or comparable HUD tenant-based assistance document.

h. Senior Housing Offset (8 Points)

Eight (8) points will be awarded to projects primarily devoted to providing housing to qualifying Senior households, as defined in the NOFA. If funding with income restrictions encumbers more than 20% of the project units, no points will be awarded under this category.

i. Veterans Housing Preference (2 Points)

Two (2) points will be awarded to projects that contain a written commitment to giving a preference in the tenant selection criteria to households containing a veteran.

4. Market Conditions (Up to 45 Points)

a. Opportunity: (up to 15 Points):

- i. Unemployment exceeds the statewide rate by more than 5%: 0 points
- ii. Unemployment is no more than 5% above the statewide rate: 4 points
- iii. Unemployment is no more than 3 % above the statewide rate: 8 points
- iv. Unemployment is no more than 1% above the statewide rate: 10 points
- v. Unemployment at least equal to the statewide rate: 12 points
- vi. Unemployment is 2.5% or more below the statewide rate: 15 points

Developments will be scored using the annual unemployment rate reported by the State of Alaska Department of Labor and Workforce development for the most recent year for the borough or census area in which the project will be located.

- b. Rental Market Strength (up to 15 Points) – Project must be located in a city, borough or census area covered by the Department of Labor Survey used to generate the Rental Market Indicators. If the proposed project is not located in a city, borough or census area covered by the Department of Labor Survey, the vacancy rate will need to be determined through a market study using the same methodology employed by the Department of Labor in their survey.
 - i. Project is located in a survey area with vacancy rates exceeding 12% – 0 points
 - ii. Project is located in a survey area with vacancy rates of at least 9%, but no more than 12% – 2 points
 - iii. Project is located in a survey area with vacancy rates of at least 7%, but less than 9% – 6 points
 - iv. Project is located in a survey area with vacancy rates of at least 6%, but less than 7% – 10 points
 - v. Project is located in a survey area with vacancy rates of at least 4%, but less than 6% – 13 points
 - vi. Project is located in a survey area with vacancy rates lower than 4% – 15 points
- c. Location Trends (up to 15 Points) - Points will be awarded based on the average growth rates over the most recent three-year period using *City and Census Designated Place data*. These data are reported on the State of Alaska's Department of Labor and Workforce Development website.

Points will be awarded based on the average of three-year growth rates for communities with populations of 6,500 or more. In cases where the community population is less than 6,500, points awarded will be based on the lesser of (1) the average growth rate for the specific community and (2) the average three-year growth rate for the borough or census area associated with the community. In cases where the population for the borough or census area associated with the community is less than 6,500, eight (8) points will be awarded IF the average three-year growth rate for the community is above 0%.

For proposals located in Palmer or Wasilla, the proposal will receive points based on the combined populations for those two communities, and their collective growth rates.

Using the above parameters, points will be assigned as follows:

- i. Population growth in the city, borough or census area over the past three years is greater than or equal to 2.0%: 15 points
- ii. Population growth in the city, borough or census area over the past three years is at least 1.25% but less than 2.0%: 12 points
- iii. Population growth in the city, borough or census area over the past three years is at least 0.5% but less than 1.25%: 10 points
- iv. Borough or census area population is less than 6,500, but the population growth over the past three years is greater than 0%: 8 points
- v. Population growth in the city, borough or census area over the past three years is greater than 0% but less than 0.5%: 6 points
- vi. Population growth in the city, borough or census area over the past three years is less than or equal to zero, but greater than -0.5%: 4 points

5. Underwriting (40 points)

An application must receive at least 8 of the total possible points in this category to receive any funding under the GOAL program. Points will be awarded based on the following subcategories:

a. Pro Forma Analysis (30 Points)

- i. Level to which project supports hard debt. To earn points under this section, hard debt means financing with scheduled payments, which cannot be deferred, beginning in the first year of the project operation.
 1. 4% or more, up to 6% of Total Development Costs (TDC) supported by hard debt (6 points)
 2. More than 6% but less than 9% of TDC supported by hard debt (10 points)
 3. 9% or more, but less than 12% of TDC supported by hard debt (16 points)
 4. 12% to 15% of TDC supported by hard debt (20 points)
 5. More than 15% of TDC supported by hard debt (24 points)

Remote Community Provision for (i): In projects not connected by road or rail to Anchorage or Fairbanks, where the location also meets the Small Community definition, the percentages of development costs supported by hard debt will be scored by using forty percent 40% of the target percentages above. For example, in a qualifying community, the project would receive 24 points if more than 6% of the development costs were supported by hard debt.

- ii. Projects which are prohibited by rules associated with their land restrictions, operations, and/or supplemental funding sources which provide project-based operating assistance (i.e., HUD 811, and Section 202) from servicing debt throughout the project operations will automatically receive 14 points to offset their competitive disadvantage under Underwriting Category (a)(i).
- iii. Line items for the following have been correctly set in the Rental Development Analysis Workbook (RDAW) submitted in the application to amounts at or below their respective limits: Developer Fee, Construction Contingency, Contractor Overhead / Profit, and General Requirements. (1 point)
- iv. All line items in RDAW have been clearly described (5 points). Each time **any** line items exist for positive dollar amounts identified as only “other” or any similarly lacking description, two (2) points will be subtracted from the five points available under this category until points are no longer available under 3(a)(iii). The point floor for this category will be zero (0).
- v. Penalty: RDAW Discrepancy (minus 5 points maximum). A one (1) point penalty, up to a maximum total penalty of five (5) points, will apply for each instance of the below circumstances noted in the RDAW:
 - 1. Costs that AHFC determines will be incurred as part of the project development or operations are not included in the budget (i.e. allocation fees for an LIHTC project are not included in the budget)
 - 2. Sources and expenses identified in the application materials are not fully accounted for in the RDAW
 - 3. Known sources do not equal (within \$1,000) known uses in the RDAW; for example, donated land shows up as a source but no offsetting cost is identified in the development budget. A penalty will not apply in this case if the gap

between sources and uses is created by assumptions AHFC makes during the award review.

b. Developer Fee (2 Points)

- i. Developer fee separately identifies developer overhead and developer fee in excess of overhead in separate line items (1 points)

*For the purposes of this section, Developer Overhead is defined as the costs of business for the Developer attributable to the project (i.e. time, insurance, business expense, etc.). Developer Fee in Excess of Overhead is simply the difference between the Total Developer Fee and the Developer Overhead.

- ii. No deferred developer fee is listed at or above 30% of the total developer fee (1 point)
- iii. Penalty: If the developer is not the project owner and the deferred developer fee is not repayable within 12 years **based on trending analysis** in the Rental Development Workbook (minus 2 points).

c. Debt Coverage Ratio (8 Points)

In the first year of operation a DCR:

- i. At or above 1.40 (in year 1) for hard debt service (8 points) – points only available if hard debt is issued for project development and this debt represents at least 4% of the Total Development Costs.
- ii. At or above 1.30, but below 1.40, (in year 1) for hard debt service (3 points) – points only available if hard debt is issued for project development and this debt represents at least 4% of the Total Development Costs.
- iii. Projects which are prohibited by rules associated with their supplemental funding sources which provide project-based operating assistance (i.e. HUD 811, Section 202, land restrictions, or other rental subsidy sources) from servicing debt throughout the project operations will automatically receive 8 points to offset their competitive disadvantage under Underwriting Categories (c)(i)-(c)(ii).

6. Project Leveraging (Maximum 28 Points)

Project leveraging will be evaluated by a review committee of no fewer than three members. Applicants must provide a narrative describing how the project will address these criteria. (6 pages maximum)

- a. The appropriateness of the project's total development cost (TDC) per unit in the context of location and relative difficulty to develop. (20 points)
- b. The amount of GOAL funding requested relative to the TDC and amount of non-GOAL funding in the project. (8 points)

7. Project Team Characteristics (1 Point)

- a. A tax-exempt organization or Regional Housing Authority is involved in the project on a regular, continuous, and substantial basis in both the development and operation of the project (must be recognized as a tax-exempt organization by the IRS) (1 Point).
- b. Points will be deducted from the applicant's score in cases where a principal of the development, management or ownership entity identified in the application or subsequently used on the project, has been determined through monitoring reviews by AHFC to be in violation of program criteria, rules or regulations. Performance of the developer, owner, investor, property management firm, and all entities related by common ownership to the development team will be reviewed.

The penalty point review will be conducted during the registration review as part of the "pre-application" process Staff will review all the project sponsor and development team's participation in grant/loan programs of AHFC and the Low-Income Housing Tax Credit Program. Project sponsors will be notified of any penalty points after the end of the registration period. Applicants must correct any noncompliance noted in the penalty point letters within 45 days of the full application deadline to negate assessed penalty points. At that date, 45 days prior to the full application deadline, penalty points will be final and assessed against the applicant's full application score. An applicant may have the right to appeal this decision under 15 AAC 151.830 and 15 AAC 150.220.

AHFC retains the right to amend the point penalties based on extenuating circumstances due to natural disasters, events outside the control of the sponsor/owner, or based on the best interests of AHFC or the management of these programs. For the purpose of assessing penalty points, the following criteria will be used:

- i. Late progress reports during the performance period of a grant (submitted 15 days after due date) will receive zero penalty points for the first occurrence, and 1 penalty point for each subsequent occurrence.
- ii. One point will be subtracted for each month that an AHFC mortgage payment is 30-days past-due (five points maximum) as of the pre-application registration deadline. Penalty points for mortgage performance will be assessed against all members of the project ownership.
- iii. Projects monitored by AHFC's Internal Audit Department for which the following items are older than 3 months and uncorrected by the pre-application registration deadline: Filing of an IRS Form 8823, property compliance review closed as "non-compliant", or audit findings on grant programs. (3 penalty points for each project or grant fitting this description).
- iv. Unapproved (by AHFC), and uncorrected changes in the design or scope of a prior development from the original application scope that was proposed will result in the greater of (1) a 3 point per instance point reduction, or (2) a point penalty equal to the number of points originally awarded for the commitment that was not honored. Once this penalty has been assessed in a competition, the same penalty will not be assessed in perpetuity on future applications (i.e. if assessed in year 1 competition, same penalty will not be assessed in year 2's competition for the same event that merited year 1's penalty points).

8. Job Training Program (Maximum 6 Points)

Up to six (6) points may be awarded to an applicant committing to operate a job-training program that targets low and moderate-income families, during the construction of the project. The trainees must be prepared for meaningful employment opportunities after the program is completed. The training opportunities qualifying for points under this category must be related to the project development. Apprenticeship training in a recognized trade union is one example. If an applicant receives points in this category, but fails to implement the training program, AHFC may recapture any reservation or funding commitment made from GOAL program funds.

- a. Applicants must provide letters of financial commitment for program operation, and signed memorandums of agreement between the project owner, the contractor, the

training organization, and any other parties involved. **No points** will be awarded under this category without firm written commitments, and a detailed summary of the program which specifies the goals and objectives for the program, the number of training positions, the target group of people, how the program will be funded, the skills learned by the trainees, the duration of the training and what future employment opportunities will be available to trainees.

- b. Applicants will earn one (1) point for each individual being provided on-the-job training during the project development. An additional two points will be earned for classroom training that includes at least 20 hours of instruction for at least two individuals. Classroom training must be delivered to the persons who will receive the on-the-job training. (maximum of 6 points).

9. Geographic Distribution, Sponsor Award Limits, and Tie-Break Provisions

- a. Project sponsors, including their subsidiaries and parent organizations, will be limited to the lesser of 50% of the total GOAL Program Resources or two (2) GOAL projects in any given year's GOAL program statewide funding round.
- b. No more than 1/3 one third of the LIHTC authority may be requested by a single development.
- c. No more than 1/2 one half of the available SCHDF grant funding may be requested by a single project.
- d. Tie-break: In the event that a tie in project scoring occurs, the following order of tie-break provisions will be used
 - i. The tie will be broken in favor of the project whose community has gone the longest without a GOAL program funded development; if still tied, then
 - ii. The tie will be broken by the development with the lowest total development cost per unit

PROJECT CHANGES AND NON-COMPLIANCE WITH RATING CRITERIA AFTER AWARD

AHFC will not approve any project changes pertaining to rating criteria that would modify the order in which applications were ranked during the rating process. AHFC will consider requested changes only if there is substantive reason, in AHFC's opinion to believe that in not approving the change, the financial feasibility of the project will be compromised.

All project characteristics proposed by the applicant become part of the extended use agreement (LIHTC program) or deed restriction (HOME, NHTF, and SCHDF programs) which are recorded on a funded project. Failure to meet any of these requirements which are incorporated in to the extended use agreement or deed restriction is considered a violation of this award plan (Qualified Allocation Plan for LIHTC). Such violations are considered reportable to the IRS (LIHTC program) as non-compliance, or in the case of HOME, NHTF, and SCHDF program funds (and not corrected in a timely manner), are events which may cause AHFC to demand repayment of the HOME, NHTF, and/or SCHDF program funds.

RATING AND RANKING CRITERIA SUMMARY Evaluation Criteria		Maximum Points
1. Project Location		
i. Small Community – 20 points		21
ii. QCT w/ Community Revitalization – 1 point		
2. Project Design		
i. Energy Efficiency – 14 points		52
ii. Larger Units – 2 points		
iii. Equipped Units – 8 points		
iv. Rehab – 16 points		
v. Storage facilities – 1 point		
vi. Service enriched housing – 3 points		
vii. Project Based Rental Assistance – 8 points		
3. Project Characteristics		
i. Project Serves lowest income tenants – 12 points		38
ii. Extended low-income use – 1 point		
iii. Special needs targeting – 8 points		
iv. Project Mix – 12 points		
v. Tenant ownership – 1 points		
vi. Homeless preference – 1 points		
vii. Public Housing Waiting List Preference – 1 point		
viii. Veterans Preference – 2 points		
ix. Senior Housing Offset – 8 points		
4. Market Conditions		
i. Opportunity – 15 points		45
ii. Rental Market Strength – 15 points		
iii. Location Trends – 15 points		
5. Underwriting – 8 point threshold		
i. Pro forma – 30 points		40
ii. Developer Fee – 2 points		
iii. Debt coverage ratio – 8 points		
6. Leverage		
i. Appropriateness of TDC - 20 points		28
ii. GOAL funds relative to TDC and other funding – 8 points		
7. Project Team Characteristics		
i. Non-profit participation – 1 point		1
ii. Penalty points – no max		
8. Job Training Program		6
TOTAL POINTS		231

PROJECT COST AND FUNDING LIMITATIONS

The following cost limitations shall apply in determining a project's eligible basis, and the resulting amount of GOAL program funds that may be awarded. These cost limits shall not be exceeded unless substantive evidence, acceptable to AHFC, is supplied by the applicant to justify higher cost limitations.

1. Developer/General Contractor Fees and Costs:

The maximum gross developer and contractor fee/overhead charged to the development may not exceed the amounts specified in the following table. Where an identity of interest exists among the developer, contractor, consultants or any other party to the development, the maximum developer and/or contractor fee may be further reduced to an amount determined to be appropriate by AHFC. AHFC may also reduce any fee that, in AHFC's opinion is higher than is justified for the project. Exceptions will be considered only if significant evidence is provided which suggests that the project is of a nature that warrants such higher fees.

At the time of the GOAL application, the maximum cash developer fee that may be proposed is 80% of the maximum allowed developer fee, the remaining 20% may be deferred. If the project comes in under budget or receives additional funding, the proposed deferral can be reduced up to the programmatic limit.

Development Type	Maximum Gross Developer Fee* <u>Cash Fee May Never Exceed \$2M</u>	Maximum Development Consultant Fee	Maximum Gross Contractor Fee/ Overhead**	General Requirements **	Maximum Contingency ***
New Construction	5% of Acquisition Costs 15% TDC less Acquisition	5%	10%	10%	5% of construction costs
Acquisition with Rehabilitation or rehabilitation Only	5% of Acquisition Costs and 15% of Rehabilitation Costs	5%	10% of Rehabilitation Cost	10% of Rehabilitation Cost	10% of construction costs
Acquisition Only (HOME & SCHDF Programs only)	5% of Acquisition Cost	5%	0%	0%	
4% Tax Exempt Bond LIHTC Projects (Only)	5% of Acquisition Costs 15% TDC less Acquisition	5%	10%	10%	10%

*The maximum fee/overhead must be calculated against the total development cost of the project, net any payments to the developer or related parties. Construction management services performed by a party related to the developer and / or applicant are considered development overhead charges and must be included in the maximum allowed developer fee.

** The maximum fee/overhead and general requirements is calculated against total construction cost, less the costs of the general requirements and contractor overhead and profit.

*** The maximum construction contingency is calculated against total construction cost (excluding the contingency line item).

Please refer to the program policy and procedures guide for the definitions of general requirements, and builder/contractor profit and overhead.

2. The annual amount of eligible basis, the applicable **Consultant Fees and Cost of Intermediaries**

All payments made to consultants or other intermediaries who are performing tasks normally performed by a developer, are considered development overhead charges and must be included in the maximum 15% allowable for the developer fee and overhead.

3. Operating Reserves

Operating reserves that are funded with proceeds from the GOAL program are limited to an amount up to one year of the projects' total operating expenses, not including replacement reserves. This limitation may be waived at AHFC's discretion if it is considered to be in the best interests of the project or the GOAL program.

4. Replacement Reserves

All projects funded with GOAL funds will be required to maintain a minimum of \$400 per unit/per year replacement reserves for capital expenses (roof repair, boiler replacement, etc.). The replacement reserve account must be jointly controlled by the project owner and AHFC or some other secondary lender. This requirement will be subordinate to any terms or conditions placed on loan or grant financing associated with the project.

5. HOME Rental Development Funds

In addition to the federal requirements for HOME funding, for projects with five or more HOME assisted units to receive HOME rental development funds through the GOAL program, a minimum of 20% of the residential rental units, rounded up to the next full unit,

in the development must be set-aside for families at or below 50% of the median income, adjusted for family size.

If HOME funds are proposed for activities that will demolish existing rental properties and / or reduce the number of housing units in a community, AHFC will evaluate the proposal in the context of the one-for-one replacement requirements under the HOME program. If AHFC determines that one-for-one replacement of housing units is appropriate, under the HOME Program Rules, then funding consideration will be conditioned on the proposal's adherence to the one-for-one replacement requirement.

6. Limitations on SCHDF Project Funding

For grant requests over \$500,000, the underwriting analysis performed by AHFC for determining the recommended amount of senior housing grant funds will be based on analysis of the debt carrying capacity of the project. AHFC will use the underwriting criteria for its multi-family loan program to determine the potential amount of debt the project could support. Project income will be estimated by using the HUD established Fair Market Rent for the geographic location. The maximum SCHDF award will be the difference between the estimated debt capacity (loan amount) and total development costs.

7. Minimum Rehabilitation Costs

Under the LIHTC program, there is a minimum rehabilitation cost. The rehabilitation costs must be the greater of \$25,000 per unit or 10% of the “adjusted basis” of the building and must consist of work items that are more than just cosmetic in nature and include only physical items. Soft costs and financing costs may not be used to calculate the minimum rehabilitation cost.

8. Limitations on National Housing Trust Fund (NHTF) awards

Per Unit Limits - NHTF awards will be limited to 120% of the applicable project cost standards. Funding limits will apply to the specific units funded through the NHTF award. Refinancing Limits – NHTF awards may not be used to refinance existing debt. NHTF awards may be used to fund renovations in projects with a debt restructure, but the NHTF dollars may not be used to restructure and / or refinance the debt itself.

The Project Cost Standards will not be used to evaluate points. These remain in the QAP to calculate NHTF subsidy limits and are referenced by other programs.

Moderate Cost Area: Defined as communities connected by road or rail to Anchorage or Fairbanks (within the State boundaries)

<u>Project Cost Standard – Moderate Area</u>		
One bedroom and Smaller	Two Bedroom Units	Larger than Two Bedroom
\$270,890 per unit	\$299,215 per unit	\$320,330 per unit

Intermediate Cost Area: Defined as communities not connected by road or rail to Anchorage or Fairbanks (within State boundaries) that do not meet the Small Community definition outlined in the Rating and Award Criteria.

<u>Project Cost Standard – Intermediate Area</u>		
One Bedroom and Smaller	Two Bedroom Units	Larger than Two Bedroom
\$303,335 per unit	\$334,750 per unit	\$358,440 per unit

High Cost Area: Defined as communities not connected by road or rail to Anchorage or Fairbanks (within State boundaries) that also meet the Small Community Definition outlined in the Rating and Award Criteria

<u>Project Cost Standard – High Cost Area</u>		
One Bedroom and Smaller	Two Bedroom Units	Larger than Two Bedroom
\$399,640	\$444,960	\$479,980

9. Utility Allowance Restrictions

HOME and NHTF projects:

Units funded through these programs will be underwritten and monitored in compliance with 24 CFR 92.252 and any HOME Final Rules. AHFC will accept the HUD Utility Schedule Model, AHFC's Public Housing utility schedule if available, or the actual per unit costs using the Multifamily Housing Utility Analysis process. If these three methods are not available in a community, a project may use the Consumption Model to establish a utility schedule for a GOAL application and the first year's operations. Multifamily Housing Utility Analysis is to be used thereafter.

LIHTC Properties:

AHFC's Public Housing utility schedule may be used if available.

Energy Consumption Models will not be allowed for developments located in communities where a public housing utility allowance is available.

Properties located in communities without a public housing utility allowance may use Energy Consumption Models if, and only if, the consumption model is approved by the GOAL Program Manager.

USDA-RD Properties:

Properties operated through the USDA RD 515 program will be underwritten using the USDA's utility allowance for the property.

10. Low Income Housing Tax Credit Program Processing Fee:

Project Review and Allocation Fee \$50,000.00 (non-refundable): This non-refundable Project Review and Allocation Fee is required to be paid to AHFC for all LIHTC-assisted projects. This fee is due upon project completion and must be received before IRS Forms 8609 will be issued.

ALLOCATION OF TAX CREDITS TO PROJECTS FINANCED WITH TAX-EXEMPT BONDS EXCEEDING 50% OF TOTAL PROJECT COSTS

Applicants may apply to AHFC for LIHTCs that are obtained automatically with the use of tax-exempt bond financing on a project. To be eligible for these "non-competitive" credits, more than 50% of the project costs must be financed with bonds that are exempt from taxes under the IRS Code (tax-exempt bond issue). The bonds must be issued subject to Alaska's private activity bond volume cap. Additionally, the project must be considered eligible for LIHTCs under Alaska's Qualified Allocation Plan (Rating and Award Criteria), including the minimum threshold requirements and points criteria.

All requirements of the competitive tax credit program pertain to the non-competitive program, including all application, processing and monitoring fees and the requirements regarding feasibility and viability.

If the only GOAL funding requested is the non-competitive LIHTC, new construction proposals may not exceed the applicable Project Cost Standard by any more than 20%.

COMPLIANCE MONITORING FOR LIHTC, SCHDF, NHTF, AND HOME PROJECTS

The following Safe Harbor Provision will apply during AHFC's compliance monitoring process, excepting programmatic rules that may not be waived by AHFC from the funding sources themselves. If the underlying facts and circumstances in the past five years of AHFC reviews have not resulted in non-compliance, those same underlying facts and circumstances will not be used in subsequent audits to issue a report of noncompliance.

The SCHDF, NHTF, and HOME program have separate monitoring requirements that are not required under IRS statutes to be incorporated into this allocation plan. The compliance requirements for these programs are detailed in the policy and procedures manual for the GOAL program and in a compliance manual available from AHFC.

For all properties that receive energy efficiency points (LIHTC, HOME, NHTF, SCHDF): Sponsors will be required to provide AHFC with audited or un-audited financial statements that document the financial performance of the property (calendar or fiscal year, as appropriate). Property with renewable energy systems such as solar photovoltaic will be required to document and demonstrate to their monitoring process for the system's performance.

Special Note on HOME Funded Projects:

- a) Proposals including 10 or more Federally HOME-Assisted units will be required to annual provide AHFC with financial statements for the property (audited or unaudited).
- b) All HOME and NHTF projects will be required to provide rents and the applicable utility allowance(s) to AHFC's compliance department. Project owners may charge up to the maximum HOME or NHTF rents for any of the HOME or NHTF units, based on the set-asides noted in the application. Any rents found in compliance with the HOME and NHTF program rent limits will be approved by AHFC. Please note: this approval does not imply any consent or liability for the business implications to the

project owner from raising, lowering or keeping rents the same. These remain business decisions that must be made independently by the project owner.

COMPLIANCE MONITORING PLAN FOR LIHTC PROJECTS

The following Safe Harbor Provision will apply during AHFC's compliance monitoring process, excepting programmatic rules that may not be waived by AHFC from the funding sources themselves. If the underlying facts and circumstances in the past five years of AHFC's reviews have not resulted in non-compliance, those same underlying facts and circumstances will not be used in subsequent audits to issue a report of noncompliance.

(A) **Monitoring Authority** - All projects -placed in service- since the 1986 enactment of the Low-Income Housing Tax Credit Program, are subject to monitoring for compliance with the rules and regulations of 26 U.S.C. Section 42.

(B) Compliance monitoring of all tax credit projects will be conducted by the AHFC Internal Audit Department, in accordance with the procedures outlined below. The Corporation's obligation to monitor for compliance with the requirements of Section 42 does not make the Corporation liable for an owner's noncompliance.

(C) The areas to be reviewed for compliance shall include, but are not limited to:

- i. Tenant income qualifications, calculations and appropriate supporting documentation.
- ii. Gross rent payments and any components of the gross rent figure (including utility allowances, optional and non-optional charges).
- iii. The project rental history of the applicable fraction claimed for the property and compliance with habitability standards.
- iv. Affirmative marketing efforts
- v. Fair housing compliance
- vi. Occupancy rules contained in Section 42
- vii. Building code violation reports
- viii. Replacement Reserves
- ix. Vacancy rates

- x. Property management certification
- xi. Violence Against Women Act compliance
- xii. Application commitments

(D) **Record Keeping** - The owner of a project receiving a credit allocation shall maintain project records (–i - xviii, below) for six years past the due date (with extensions) for filing the federal income tax return for that year. **The records for the first year of the credit period must be retained for at least six years beyond the due date (with extensions) for filing the federal income tax return for the last year of the compliance period of the building.**

The records must include, but are not limited to, the following:

- i. The total number of residential rental units in the project (including the number of bedrooms and square footage of each residential rental unit);
- ii. The percentage of residential rental units in the building that are low-income units;
- iii. The rent charged on each unit in the project, including the utility allowance amount used and the method of calculation;
- iv. The project rental history of all units and information that shows when and to whom the next available units were rented;
- v. Annual income certifications (as applicable) for each low-income tenant and sufficient documentation to prove that annual income was calculated in a manner consistent with the requirements of Section 8 of the U.S. Housing Act of 1937;
- vi. The character and use of the non-residential portion of the building(s) within the project (common areas, etc.) if included in eligible basis;
- vii. The number of occupants in each low-income unit;
- viii. The eligible basis and qualified basis of the building at the end of the first year of the credit period; and if in the following years the project has received additional federal funds reducing the eligible basis of the building(s);
- ix. Evidence that supports any of the project characteristics the owner may have certified to, in his/her application for tax credits, to receive points in the ranking process;
- x. Evidence supporting that the project Affirmative Marketing efforts are on going and directed towards the appropriate tenant population;

- xi. Evidence supporting that the project complies with the Fair Housing Act and does not discriminate in the provision of housing;
- xii. Evidence that the project has in place procedures to ensure compliance with the occupancy rules regarding full time students under the LIHTC program; and
- xiii. Documentation detailing all building code violations and corrections noted within the prior 12-month period of time.
- xiv. Reserve Funds and any expenditures allowed under the reserve requirements.
- xv. Annual accounting of Property Tenant Unit Vacancies
- xvi. Optional and Non-optional Charges to tenants.
- xvii. Household demographic characteristics (HUD Form # 40097 or similar).
- xviii. Other Documents and data as required.

(E) **Corporation Record Retention** - The Corporation must retain the records and certifications used to review the projects for compliance, for three years after the end of the calendar year in which it receives them. If non-compliance is found, records and certifications related to that specific compliance review must be retained for 6 years beyond the filing of the IRS Form 8823.

(F) **Monitoring Review Procedures** - Upon request from the Corporation, the owner of the subject project shall submit project information required by the Corporation, through AHFC's designated system, to complete a monitoring review. The required information is detailed in section (C), above. After receipt of the information described in section (C), the Corporation will review the documentation for compliance with 26 U.S.C. Section 42. The corporation shall notify the owner after the initial review of the information provided or after the physical inspection is completed (if applicable) of any discrepancies identified. The owner must then respond in writing to AHFC within 30 days of receipt of the request providing additional clarification or documentation substantiating corrective action. The correction period may be extended for a period of up to six (6) months. Extensions will be based on a determination by AHFC that this is good cause for granting the extension. Failure to respond will be considered non-compliance with program criteria and will be reported to the IRS.

(G) **Monitoring Review Schedule** – In the first year of the credit period, 50%-100% of the tenant files and 20% of all units in the project will be reviewed during an on-site visit. Every third year thereafter, a minimum of 20% of all units in the project will be reviewed during an on-site visit. Annually, a compliance documentation review will take place. The following items will be submitted to the Internal Audit department for review:

- i. Owners Certificate of Compliance (LIHTC, HOME and/or NSP)
- ii.
- iii. Unit History Data submitted through AHFC's designated system
- iv. Tenant Data submitted through AHFC's designated system
- v. Utility Allowances
 - a. Annual utility allowance update may be completed with the actual usage utilizing AHFC's "Utility Allowance Workbook" available on the AHFC website, submitting the current Public Housing or USDA published allowances, or completing the HUD Utility Schedule Model for the building.
- vi. Affirmative Marketing Plan and Marketing Materials
- vii. AHFC's Building Report Certification, including building inspection and building violations LIHTC Allocation Certificates (IRS Forms 8586, 8609, and 8609A)
- viii. Student Household Statement
- ix. Household Characteristics Form (HUD Form 40097 or similar)
- x. AHFC's Vacancy Summary Report
- xi. Optional and Non-optional tenant charges
- xii. Common area description
- xiii. Replacement Reserve Fund (if applicable)

AHFC reserves the right to visit any project on an annual basis if the prior year's performance was determined to be less than satisfactory.

(H) **Inspections** - The Corporation has the right to perform audits which may include site inspections on any tax credit project during the full term of the agreed-upon extended use period or thirty (30) years, whichever is greater. The extended-use period is established in an agreement, which is recorded as a restrictive covenant when the project is placed in service.

- i. For New Buildings – physical inspections will be conducted, in accordance with NSPIRE protocol, on at least 20% of the property’s LIHTC-eligible units, all building exteriors, building systems, the property site and common areas.
 - ii. For Existing Buildings – physical inspections will be conducted on at least 20% of the property’s LIHTC-eligible units every three years, all building exteriors, building systems, the property site and common areas.
- (I) **Required Certifications** - In addition to the required information referred to in sub-section (D) above, owners of tax credit projects shall submit annual certifications attesting to compliance with the requirements of Section 42, under penalty of perjury. The owner shall also certify that the residents of the low-income facilities were informed of the Corporation’s right and intent to review tenant income certifications for compliance with Section 42 and the procedures of this section.
- (J) **Calculating Family Income** - All families living in the designated low-income units of a building receiving tax credits must be income qualified. Owners of tax credit projects shall use the guidelines established by the IRS for projecting annual family income.
- (K) **Notification of Non-Compliance** - If the Corporation does not receive the required certifications, is denied access to income certification forms, support documents, or rent records for any tenant family or unit, or finds general non-compliance with the requirements of Section 42, the owner will be immediately notified of the violation, in writing, and the time period for correcting it.
- (L) **Correction Periods** - An owner shall have thirty (30) days from the date of the notice of non-compliance to correct the observations. For non-compliance found regarding health and safety issues, an owner shall have no more than 72 hours from the hour of observation to correct the deficiency.
- (M) **IRS Notification** - The Corporation will notify the IRS of an observation of non-compliance within 45 days of the end of the correction period, regardless if the observation was corrected.

(N) **Monitoring Fees** - An annual fee will be charged to all LIHTC, NHTF, and HOME projects for compliance monitoring. The monitoring fee shall be established by the Corporation and reviewed on a yearly basis to ensure it adequately covers the administrative cost of monitoring.

Please note: The compliance monitoring fee for HOME units will only apply to low-income units in HOME projects funded after the May 14, 2014. No compliance monitoring fee will be charged or assessed for HOME units funded prior to April 14, 2014.

- i. The monitoring fee will be the greater of \$50 per tax credit, NHTF, or HOME unit per project or a minimum of \$250. Per unit LIHTC, NHTF, or HOME fee of \$50 applies to on-site reviews which include a physical inspection. The maximum compliance monitoring fee for each project will be \$3,500 per project. Please note: No compliance monitoring fee will be assessed for manager's units which are not income restricted; however, in cases where a manager's unit will be income restricted, a compliance monitoring fee will be assessed. On-site reviews are required every 3rd year. Reviews may occur more often at AHFC's discretion due to poor compliance performance found at the development. During off-site administrative documentation reviews (desk reviews), the monitoring fee will be 50% of the on-site review fee. For projects that continue to exhibit poor performance, AHFC reserves the right to charge the actual cost to AHFC for conducting an annual compliance review.
- ii. The monitoring fee for the first year of the credit period shall be payable upon issuance of the IRS Form 8609. For the following years, the monitoring fee shall be payable upon request of the annual compliance review documentation.
- iii. Failure to pay monitoring fees when due will constitute a violation of the terms of the extended-use agreement under which a credit allocation is made. The annual compliance monitoring review will be closed as 'Out of Compliance' due to lack of response. In addition, the project owners may be barred from receiving any future credit reservation and the Corporation will reserve the right to pursue legal action

and/or the recapture of the credit allocation to the fullest extent permissible by state and federal law.

- iv. Monitoring Office Contact - All information specified under this section shall be submitted to:

Alaska Housing Finance Corporation

P.O. Box 101020

Anchorage, Alaska 99510

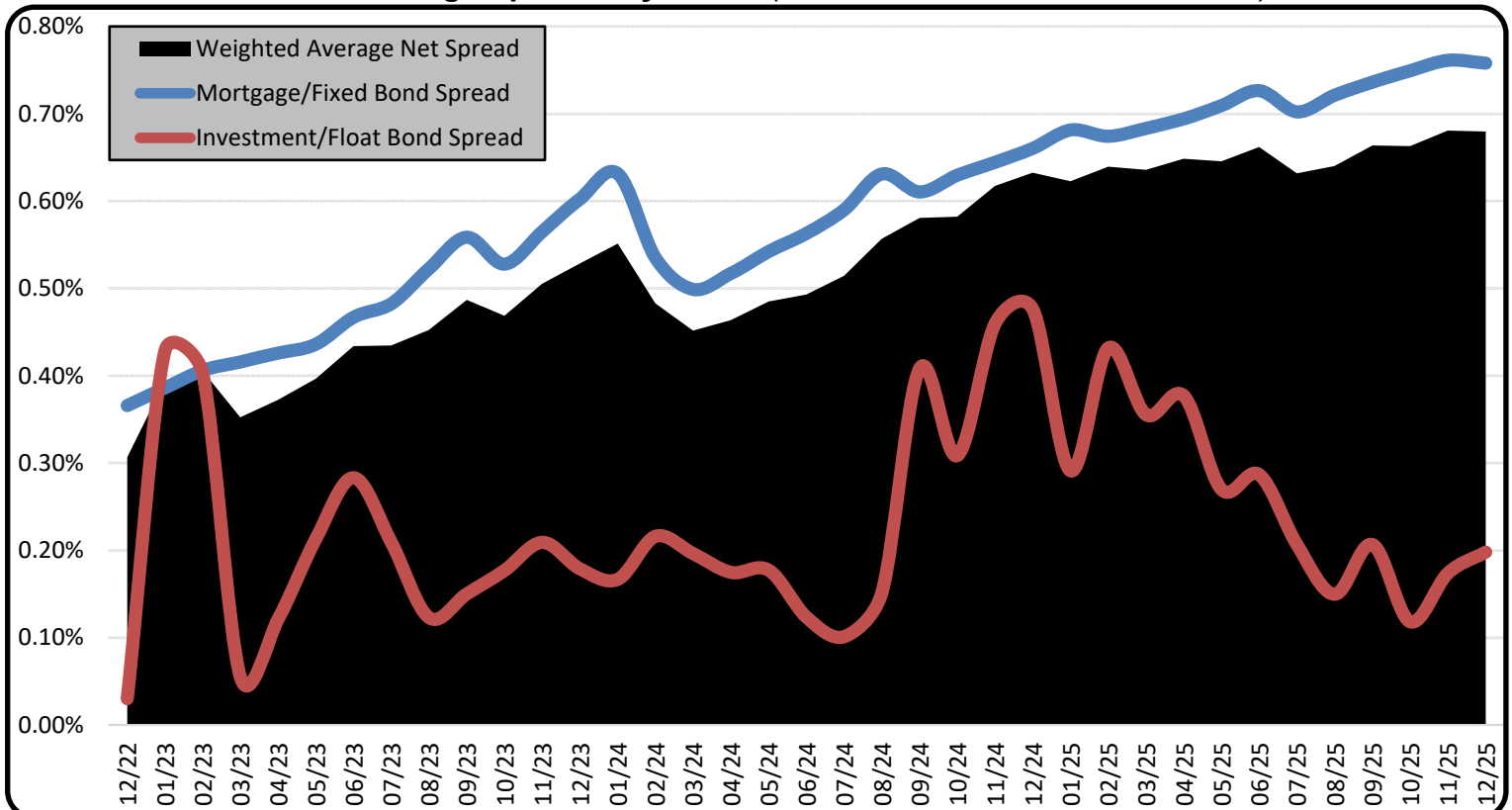
Attn: Internal Audit Department

ALASKA HOUSING FINANCE CORPORATION

Finance Board Report - January 2026

PORTFOLIO/ACTIVITY: (\$ in Thousands)	Current	1 Month Ago		1 Year Ago		3 Years Ago	
	12/31/25	11/30/25	Change	12/31/24	Change	12/31/22	Change
Total Mortgage Portfolio	4,108,973	4,107,335	0%	3,853,584	7%	3,209,061	28%
Total Bonds Outstanding	2,864,585	2,927,175	(2%)	2,672,630	7%	2,322,915	23%
Mortgage/Bond Ratio	1.43	1.40	2%	1.44	(1%)	1.38	4%
Mortgage Purchases (12 Months)	590,797	616,640	(4%)	635,969	(7%)	572,085	3%
Mortgage Payoffs (12 Months)	189,212	180,984	5%	150,744	26%	244,146	(23%)
Purchase/Payoff Variance	401,585	435,656	(8%)	485,225	(17%)	327,939	22%
Bond Issuances (12 Months)	343,000	343,000	0%	445,220	(23%)	508,460	(33%)
Special Redemptions (12 Months)	169,725	176,720	(4%)	77,845	118%	345,495	(51%)
Issuance/Redemption Variance	173,275	166,280	4%	367,375	(53%)	162,965	6%
Mortgage Average Rate	4.89%	4.89%	0%	4.70%	4%	4.10%	19%
Fixed Bond Average Rate	4.14%	4.13%	0%	4.04%	2%	3.73%	11%
Mortgage/Fixed Bond Spread	0.75%	0.76%	(1%)	0.66%	14%	0.37%	103%
Current Cash Investment Rate	4.01%	4.11%	(2%)	4.80%	(16%)	4.34%	(8%)
Current Floating Bond Rate	3.81%	3.94%	(3%)	4.32%	(12%)	4.31%	(12%)
Investment/Float Bond Spread	0.20%	0.17%	18%	0.48%	(58%)	0.03%	567%
Delinquent % of \$ (30 Days)	1.51%	1.66%	(9%)	1.38%	9%	1.82%	(17%)
Delinquent % of \$ (60+ Days)	1.16%	1.07%	8%	1.05%	10%	1.24%	(6%)
Delinquent % of \$ (30+ Days)	2.67%	2.73%	(2%)	2.43%	10%	3.06%	(13%)

AHFC Leverage Spreads by Month (December 2022 - December 2025)



ALASKA HOUSING FINANCE CORPORATION

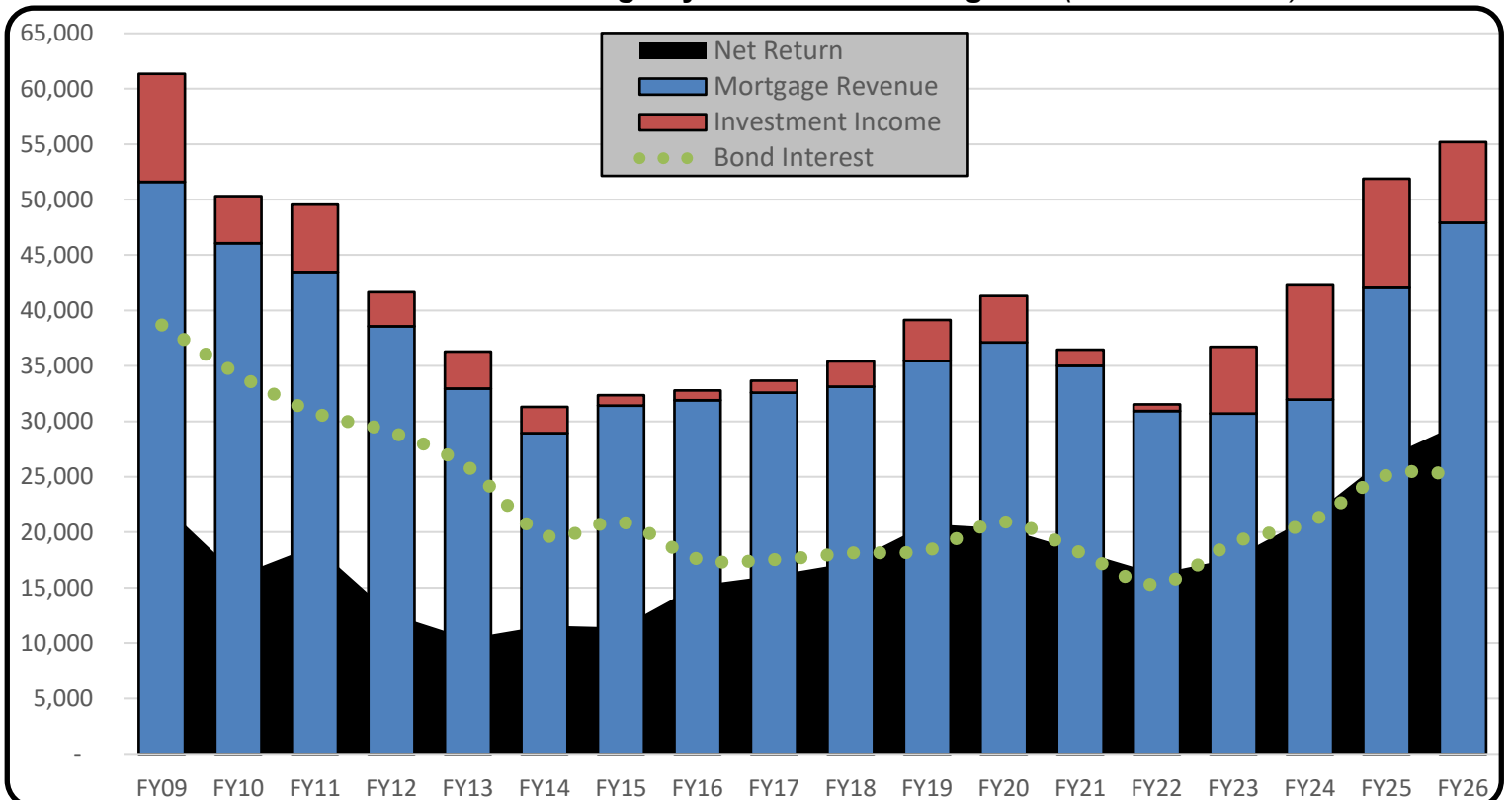
Finance Board Report - January 2026

FINANCIAL STATEMENTS:

(\$ in Thousands)

	Current Quarter	1 Year Ago		2 Years Ago	
	FY26 Q1	FY25 Q1	% Change	FY24 Q1	% Change
Mortgage and Loan Revenue	47,913	42,053	14%	31,946	50%
Grant, Subsidy & Rental Revenue	47,369	22,827	108%	24,077	97%
Total Investment Income	7,277	9,829	(26%)	10,316	(29%)
Other Revenues	821	1,578	(48%)	685	20%
Total Operating Revenues	103,380	76,287	36%	67,024	54%
Bond Interest Expenses	25,250	25,151	0%	20,927	21%
Grant, Subsidy & Rental Expense	41,742	22,246	88%	22,475	86%
Operations and Administration	16,354	14,338	14%	13,019	26%
Other Expenses	7,232	6,653	9%	2,899	149%
Total Operating Expenses	90,578	68,388	32%	59,320	53%
Total Operating Income	12,802	7,899	62%	7,704	66%
Contributions to State of Alaska	15	2,490	(99%)	1,121	(99%)
Change in Net Position	12,787	5,409	136%	6,583	94%
Dividend Contributions & Expenses	2,933	8,191	(64%)	4,523	(35%)
Adjusted Change in Net Position	15,720	13,600	16%	11,106	42%
Dividend Calculation (75%)	11,790	10,200	16%	8,330	42%
Total Assets w/ Deferred Outflows	4,922,141	4,715,466	4%	4,332,081	14%
Total Liabilities w/ Deferred Inflows	3,210,126	3,057,221	5%	2,697,248	19%
Net Position	1,712,015	1,658,245	3%	1,634,833	5%

Net Return on Bond Leverage by Fiscal Year through Q1 (\$ in Thousands)



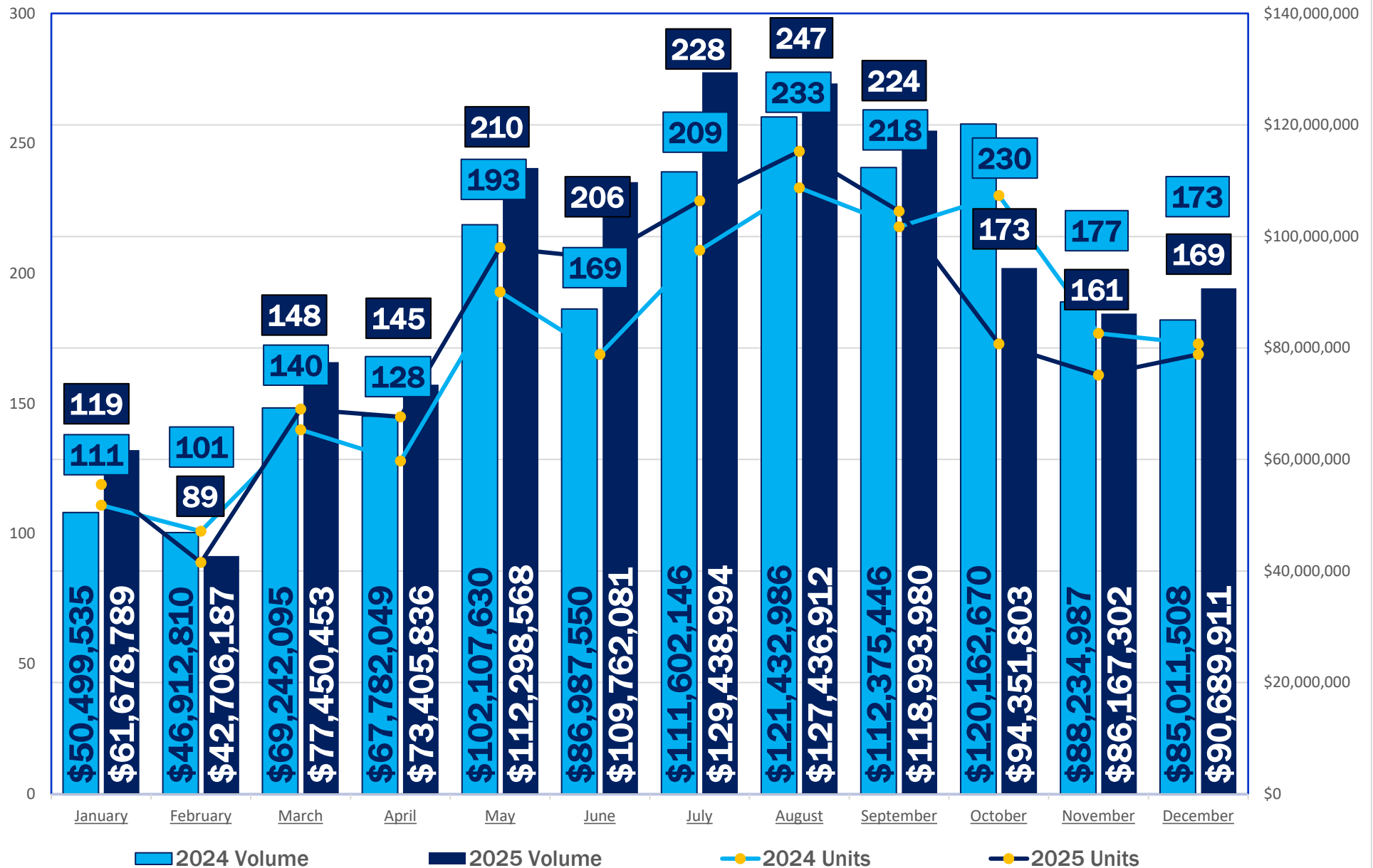
Mortgage Operations

MORTGAGE ACTIVITY SUMMARY LOANS PURCHASED BY PROGRAM

LOAN PROGRAM	December 2025		December 2024		FY 2026 Thru 12/31/2025		FY 2025 Thru 12/31/2024	
	# of Loans	Total Dollar Volume	# of Loans	Total Dollar Volume	# of Loans	Total Dollar Volume	# of Loans	Total Dollar Volume
First Home	17	7,353,325	35	12,725,248	168	68,210,528	224	84,456,520
First Home Limited	40	10,950,596	44	12,471,438	245	70,660,438	270	73,993,894
My Home	26	10,622,320	39	18,077,270	251	115,803,257	282	123,785,193
Rural Loan Program	10	3,336,892	12	4,700,905	69	23,204,743	86	30,777,110
Second Mortgage Program	0	0	0	0	2	299,000	5	985,182
Uniquely Alaskan	0	0	1	156,100	2	661,000	1	156,100
Veterans Mortgage Program	7	3,557,892	24	11,022,219	114	53,425,908	147	69,961,882
Residential Loan Program Totals	100	35,821,025	155	59,153,180	851	332,264,874	1,015	384,115,881
Condominium Association Loans	1	185,000	1	95,645	4	459,500	1	95,645
Multi-Family Lender Originated	0	0	0	0	1	1,183,250	6	5,766,800
Multi-Family, Congregate, Special Needs	0	0	1	2,600,000	1	1,024,000	4	3,985,500
Multi-Family Loan Program Totals	1	185,000	2	2,695,645	6	2,666,750	11	9,847,945
Total Loans Purchased	101	36,006,025	157	61,848,825	857	334,931,624	1,026	393,963,826
LOAN PROGRAM OPTIONS (Included in Total Loans Purchased)								
Energy Efficiency Interest Rate Reduction	3	1,053,665	7	2,404,415	34	13,707,945	34	14,419,267
Interest Rate Reduction Low Income Borrowers	3	450,846	2	369,375	9	1,652,046	10	1,993,972
Renovation Options	2	991,905	7	1,815,603	15	5,188,893	24	8,729,468
Streamline Refinances	2	681,250	1	285,000	3	824,400	1	285,000

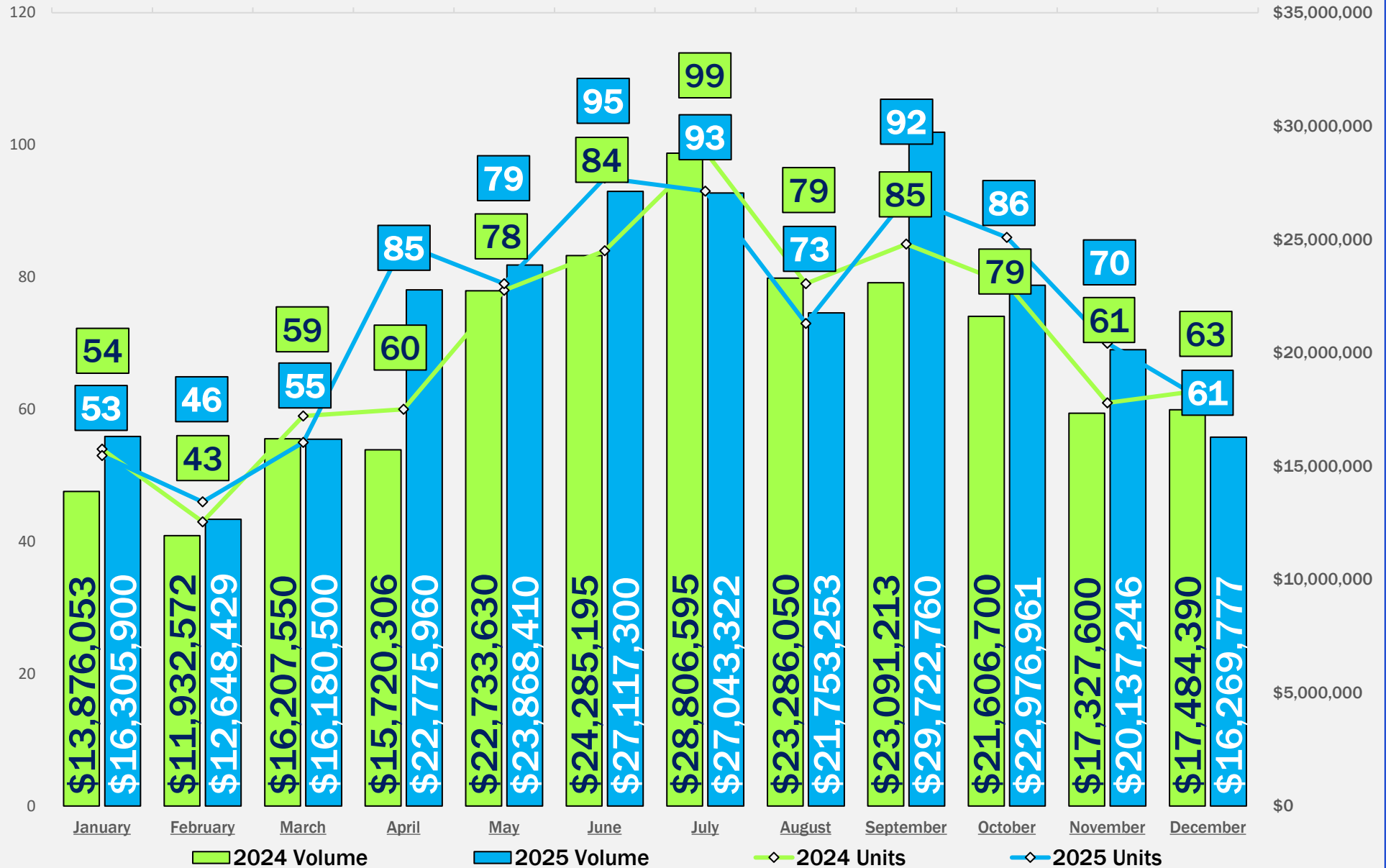
Mortgage Operations

Anchorage Residential - 2024/2025 - Volume & Units Sold



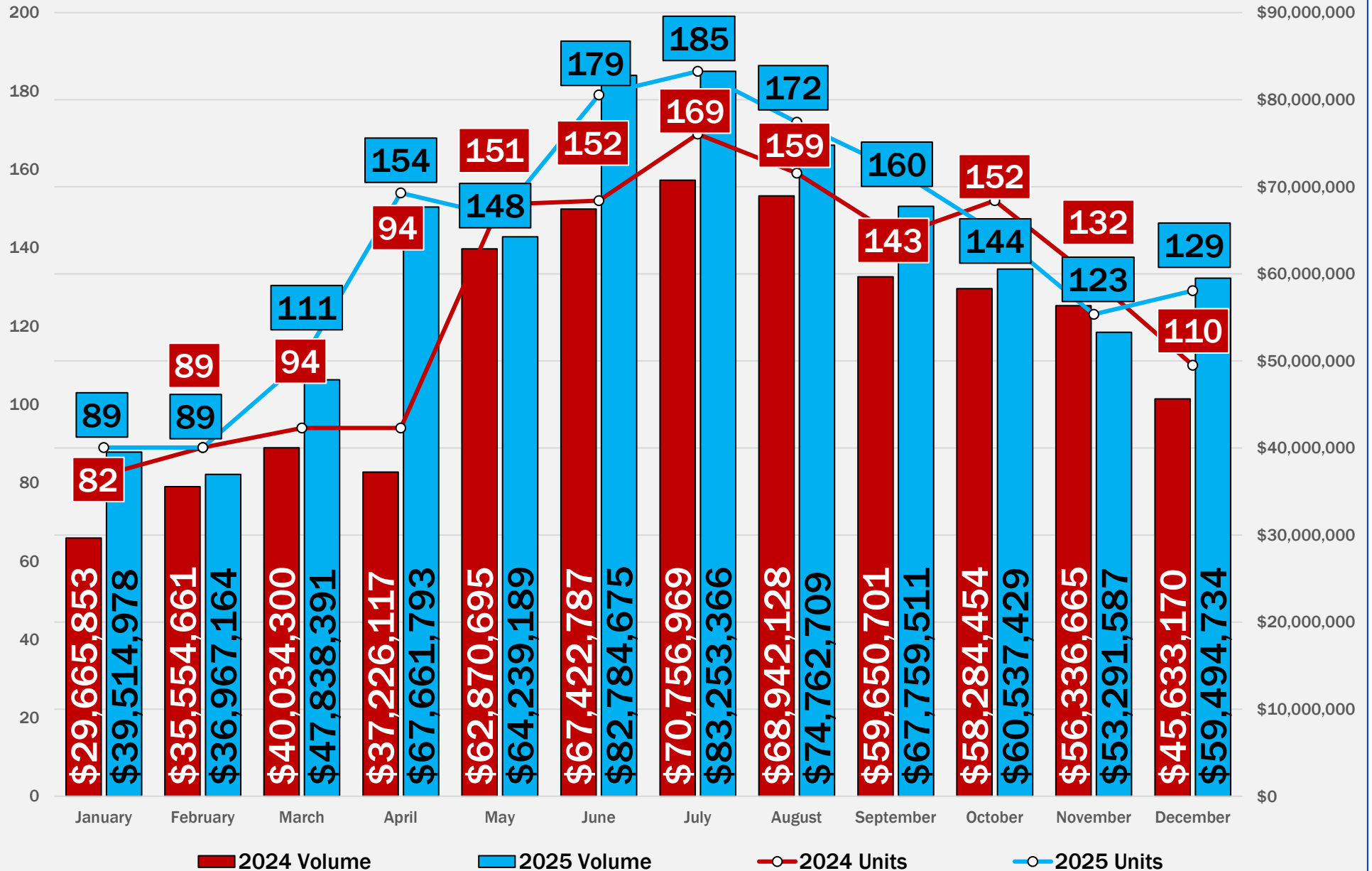
Mortgage Operations

Anchorage Condominium - 2024/2025 - Volume & Units Sold



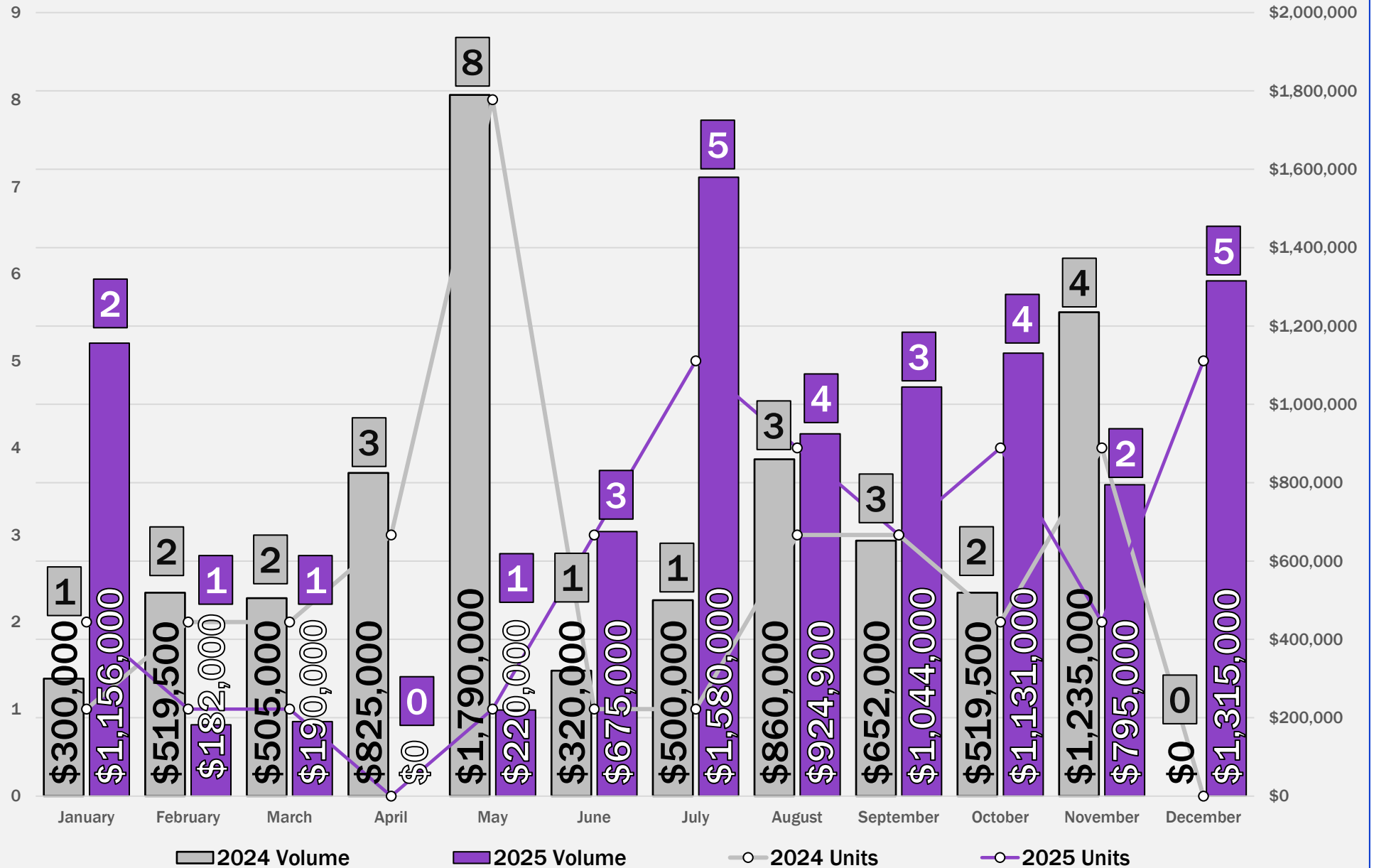
Mortgage Operations

Mat-Su Residential - 2024/2025 - Volume & Units Sold



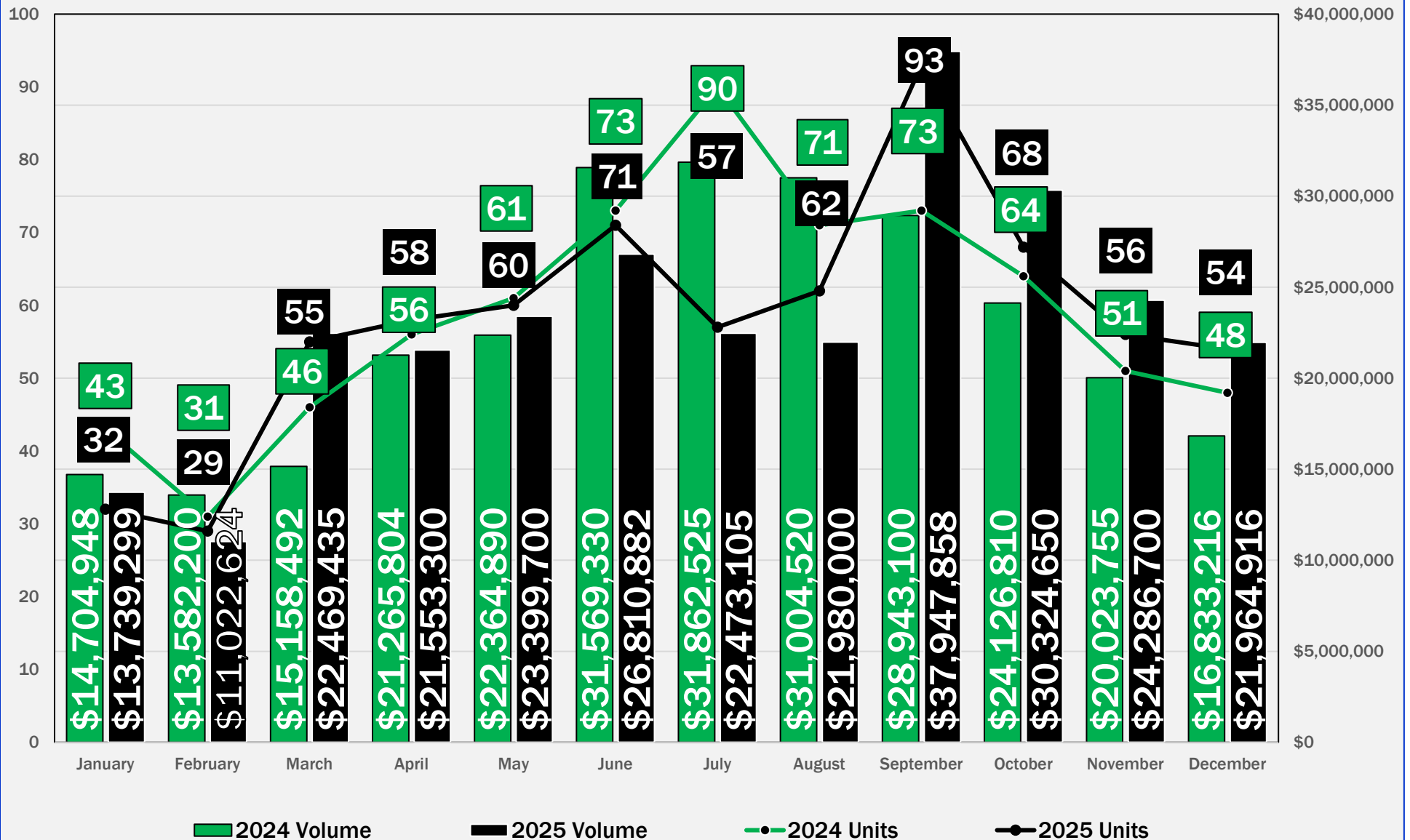
Mortgage Operations

Mat-Su Condominium - 2024/2025 - Volume & Units Sold



Mortgage Operations

Kenai Peninsula Residential - 2024/2025 - Volume & Units Sold



Public Housing Operations Update

January 2026

Sponsor Based Rental Assistance Program



Operations Updates

The SBRA program allows public housing to use its Moving to Work flexibility and partner with landlords across the state to increase affordable housing. Through a competitive solicitation process, public housing awards rental assistance to landlords serving vulnerable populations. What started as 48 units at Karluk Manor in Anchorage in 2012 has expanded to over 500 units statewide with 12 partner agencies. The success of the program is built on its simplicity as well as our close partnership with affordable housing landlords. This program now provides subsidy to 507 units in ten locations statewide, including Anchorage, Bethel, Fairbanks, Juneau, Ketchikan, Nome, Palmer, Sitka, Valdez and Wasilla,

Facilities Management Updates:

- Anchorage – 8512 East 4th Foundation repair completed, Chugach View refrigerator replacements underway. 124 N Bliss Fire rehabilitation awarded. Chugach View laundry room flooring completed.
- Fairbanks – Smoke and CO detector replacements completed.
- Juneau – Mountain View Access Control upgrade awarded. Cedar Park Exterior Cleaning awarded. Riverbend roof and gutters underway.
- Ketchikan – Schoenbar Park security camera upgrades awarded.
- Nome – Boiler Replacement phase three completed.
- Wrangell – Security Camera upgrades awarded. Etolin Heights (I & II) sewer line replacement awarded.
- Corporate – 700 Bragaw HVAC upgrades underway.
- Statewide – Lead and Asbestos certification review underway.

Research and Rural Development Department

January 28, 2026 Board Report

Research and Rural Development Department staff help to promote a sustainable built environment so that Alaskans have access to safe, quality, and affordable housing. Staff accomplish this mission through management of a variety of programs, services, education, technical assistance, and resources.

The Supplemental Housing Development Grant program provides funding to Regional Housing Authorities for housing infrastructure projects specifically for electrical distribution, water & sewer, access roads, and energy efficiency design features. Research and Rural Development recently awarded eight Regional Housing Authorities with Supplemental program funding.

New Funding for Program Year 2026

Total Awarded \$4,116,455.98

Agency-Project	Award
Baranof Island Housing Authority	\$807,253.99
Bering Strait Regional Housing Authority	\$345,129.00
Cook Inlet Housing Authority	\$807,253.99
Interior Regional Housing Authority	\$777,565.00
Kodiak Island Housing Authority	\$112,000.00
Northwest Inupiat Housing Authority	\$300,000.00
North Pacific Rim Housing Authority	\$160,000.00
Tlingit-Haida Regional Housing Authority	\$807,254.00

Planning and Program Development

January, 2026

Fast Facts

- Managing 18 Active Housing Programs
- Managing 211 Active Grant Agreements, Tax Credit Awards and Contracts
- Quick Program Updates
 - o Announced award recommendations for GOAL Program proposals
 - o Announced award recommendations for Homeless Assistance Program and Next Generation Stabilization Program proposals

Homeless Assistance and Special Needs Housing Grant Programs: These data report the number of Alaskans served during the entire month of November

- Emergency Shelter: 939
- Transitional Housing: 424
- Prevention Programs: 234 – these numbers exclude the Federal COVID Housing Relief
- Permanent Supportive Housing Units: 332

AHFC Funded Homeless and Support Service Programs

Homeless Assistance, Special Needs Housing and SAFE-T Program Awards	Active Awards	Annualized Awards
Services - Adult General	32	\$5,656,639
Service - Permanent Supportive Housing	13	\$3,002,720
Service - Prevention	6	\$1,082,120
Service - Shelter	13	\$1,571,799
Services - Domestic Violence	9	\$793,783
Service - Permanent Supportive Housing	1	\$133,162
Service - Prevention	4	\$219,022
Service - Shelter	4	\$441,599
Services - Family	6	\$2,647,849
Service - Permanent Supportive Housing	1	\$197,816
Service - Prevention	2	\$717,383
Service - Shelter	3	\$1,732,650
Services - Youth	4	\$910,402
Service - Shelter	4	\$910,402
Grand Total	51	\$10,008,673

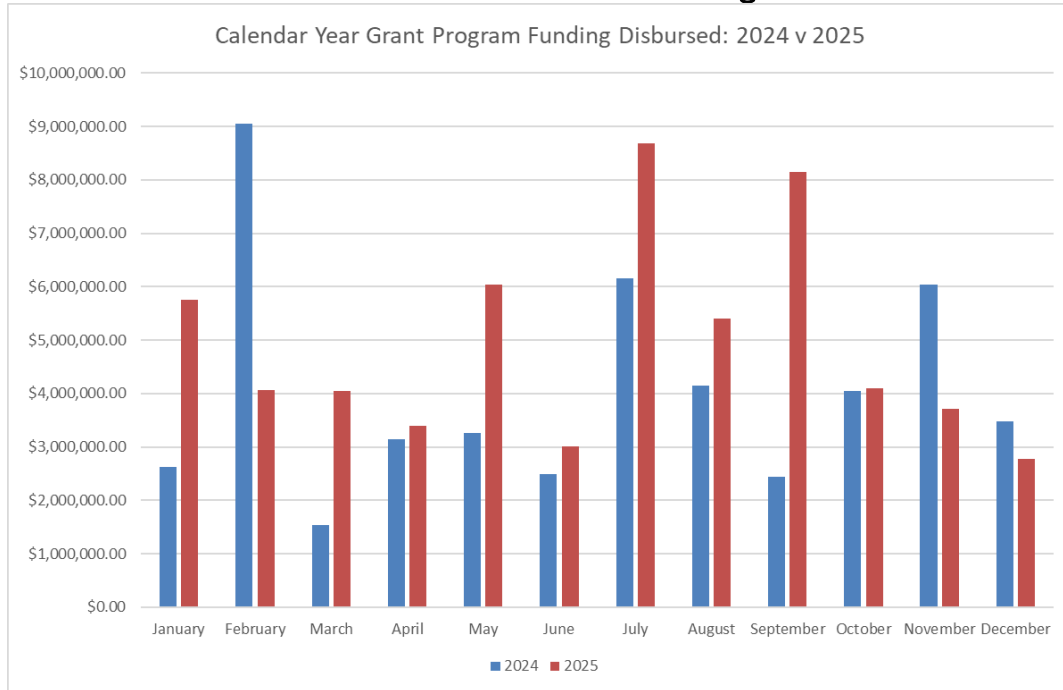
Development Programs Activity

Active Developments by Housing Type	Number of Active Awards Managed	Housing Units Being Built	Total Development Costs
Families	23	477	\$207,460,078.00
Rural Professionals	44	154	\$65,196,946.00
Senior Housing	5	121	\$40,364,569.00
Supportive Housing	6	191	\$59,733,157.22
Grand Total	78	943	\$372,754,750.22

Development Program Notes:

- 49 distinct development partners are currently building in 45 distinct communities
- 33 of 45 communities with active developments meet AHFC's small community definition

Disbursement Trends across All Programs



Disbursement Activity Notes:

- Forty-four (44) disbursements were processed during the month of December. Historically, between 24 to 135 disbursements are paid out each month.
 - o In calendar year 2024, \$48.4M in total funding was disbursed to grantees
 - o In calendar year 2023, \$58.2M in total funding was disbursed to grantees
 - o In calendar year 2022, \$113.5M in total funding was disbursed to grantees
 - o In calendar year 2021, \$225.9M in total funding was disbursed to grantees

AHFC 2026 BOARD MEETING SCHEDULE

January 28, 2026 – Audit Committee, ASEC Joint Annual Membership & Board Meeting, & AHFC Regular Board Meeting

February 25, 2026 - AHFC Regular Board Meeting

March 25, 2026 – AHFC Regular Board Meeting

April 29, 2026 - AHFC Regular Board Meeting

May 27, 2026 – Audit Committee, AHCC Joint Annual Membership & Board Meeting, & AHFC Regular Board Meeting

June 24, 2026 - AHFC Regular Board Meeting

July 29, 2026 - AHFC Regular Board meeting

August 26, 2026 – AHFC Annual Board Meeting- Location TBD

September 30, 2026 – AHFC Regular Board Meeting

(NCSHA Annual Conference 2026 October 3-October 6, Detroit, MI)

October 28, 2026 - Audit Committee, ACAH Joint Annual Membership & Board meeting, & AHFC Regular Board Meeting

November 18, 2026 - NTSC Annual Membership & Board Meeting, & AHFC Regular Board Meeting

Please note that all dates/locations may be subject to change

