

ALASKA HOUSING FINANCE CORPORATION  
BOARD OF DIRECTORS  
REGULAR BOD MEETING IN ANCHORAGE

February 24, 2016

10:00 a.m.

Anchorage/Fairbanks/Juneau

- I. ROLL CALL
- II. APPROVAL OF AGENDA
- III. MINUTES: November 23, 2015 and December 18, 2015  
Next Resolution: #16-01
- IV. PUBLIC COMMENTS
- V. OLD BUSINESS:
- VI. NEW BUSINESS:
  - A. Presentation by Donna Logan with the McDowell Group on the AHFC Household Survey.
  - B. Consideration of a term loan in the amount of \$2,117,600 for the long term financing of a proposed 35 unit affordable housing complex to be known as “Terraces at Lawson Creek Phase II” and located in Juneau, Alaska.
  - C. Consideration of a term loan in the amount of \$2,445,000 under the Alaska Energy Efficiency Revolving Loan Program for the energy efficiency upgrades to the city owned building’s hydronic heating system located in Galena, Alaska.
  - D. Consideration of a term loan in the amount of \$1,430,000 for the long term refinancing with rehabilitation of an existing 24 unit affordable housing complex known as “Sleepy Spruce Apartments” and located in Juneau, Alaska.
  - E. Consideration of a term loan in the amount of \$3,016,000 for the long term financing of a proposed 24 unit housing complex to be known as “Bella Vista Phase III” and located in Wasilla, Alaska.
  - F. Consideration of a resolution to adopt regulations revising 15 AAC 150.035, RESIDENTIAL BUILDING CODE AND AMENDMENTS.
- 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
- X. Monthly Reports – Finance, Mortgage, R2D2, PHD, GRPA, Meeting Schedules
- XI. EXECUTIVE SESSION: Corporation’s operational matters that may have an impact on the Corporation’s financial matters. Board action related to this matter, if any, will take place in 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

November 23, 2015

10:00 a.m.

Anchorage/Juneau/Fairbanks

The Board of Directors of Alaska Housing Finance Corporation met November 23, 2015 in the AHFC board room, 4300 Boniface Parkway in Anchorage, AK at 10:00 a.m. Board members present were:

**BRENT LEVALLEY**

Anchorage

**ACTING BOARD CHAIR**

**Member of the Board**

**MARTY SHURAVLOFF**

Anchorage

**ACTING BOARD VICE CHAIR**

**Member of the Board**

**ALAN WILSON**

Via teleconference

**Member of the Board**

**CAROL GORE**

Anchorage

**Member of the Board**

**JERRY BURNETT**

Anchorage

**Designee for Commissioner**

**Department of Revenue**

**Member of the Board**

**TARA HORTON**

Via teleconference

**Designee for Commissioner**

**Department of Health**

**& Social Services**

**Member of the Board**

**CHRIS HLADICK**

Via teleconference

**Commissioner**

**Department of Commerce,**

**Community & Economic**

**Development**

**Member of the Board**

I. **ROLL CALL.** A quorum was declared present and the meeting was duly and properly convened for the transaction of business.

II. **APPROVAL OF AGENDA.** ACTING CHAIR LEVALLEY proposed the agenda be approved as presented. Seeing and hearing no objections, the agenda was approved as presented.

III. **MINUTES OF OCTOBER 28, 2015.** ACTING CHAIR LEVALLEY asked for revisions or acceptance of the minutes. CEO BRYAN BUTCHER requested that item C be amended to show the item passing 6-0 instead of 6-1 as Carol Gore abstained from voting due to a conflict of interest and it was not a nay vote as 6-1 would indicate. MARTY SHURAVLOFF made a motion to accept the minutes as amended. JERRY BURNETT seconded the motion. Seeing and hearing no objection, the minutes were approved as amended.

IV. **PUBLIC COMMENTS.** In Anchorage: no public were present. In Fairbanks: no public were present. In Juneau: no public were present.

V. **OLD BUSINESS.** No Old Business to discuss with the Board.

VI. **A. ELECTION OF OFFICERS - BOARD CHAIR AND VICE CHAIR.** ACTING CHAIR LEVALLEY opened the floor for nominations for Board Chair and Vice Chair. CAROL GORE nominated BRENT LEVALLEY for board chair, and nominated MARTY SHURAVLOFF for vice chair. BRENT LEVALLEY was unanimously elected as BOARD CHAIR and MARTY SHURAVLOFF was unanimously elected as VICE CHAIR. The nominations were unanimously approved by roll call vote. (7-0)

VI. **B. CONSIDERATION OF A LOAN REQUEST FROM ANCHORAGE NEIGHBORHOOD HOUSING SERVICES INC. DBA NEIGHBORWORKS ALASKA IN THE AMOUNT OF \$1,500,000 UNDER THE LOANS TO SPONSORS PROGRAM.** BRYAN BUTCHER introduced the item and ERIC HAVELOCK presented. Mr. Havelock stated that the Loans to Sponsor Program (LTSP) was designed to provide housing or improve the quality of housing for persons of lower incomes that would not otherwise have these opportunities. ANHS is competently administering a comprehensive program that meets the definition and intent of the LTSP. The request for additional funds allows ANHS to continue a mutually beneficial program, which has been very successful in facilitating home ownership and improving the quality of housing. Discussion followed. MARTY SHURAVLOFF made a motion to approve Resolution 2015-31. CAROL GORE seconded the motion. The resolution was unanimously approved. (7-0)

**RESOLUTION #2015-31**

**RESOLUTION APPROVING A \$1,500,000  
LOAN TO PROVIDE FUNDS  
UNDER THE LOANS-TO-SPONSORS  
PROGRAM.**

VI. C. CONSIDERATION OF A TERM LOAN REQUEST IN THE AMOUNT OF \$1,920,000 FOR THE LONG TERM FINANCING FOR THE ACQUISITION OF A 28 UNIT MULTIFAMILY PROJECT KNOWN AS "TOLFORD APARTMENTS" AND LOCATED IN FAIRBANKS, ALASKA. BRYAN BUTCHER introduced the item and ERIC HAVELOCK presented. Mr. Havelock stated that Tolford Investments, LLC has requested term financing for the refinance of a 28 unit multi-family apartment complex located at 980, 990, 1001, 1003, 1007, 1011, and 1015 22<sup>nd</sup> Avenue in Fairbanks, Alaska. The request comes from Northrim Bank on behalf of the borrowers. Staff recommends approval of this loan based upon: The subject's excellent flow at 1.66 debt coverage; loan to value of 80%; and subject to the conditions noted. Discussion followed. CAROL GORE made a motion to approve Resolution 2015-32. MARTY SHURAVLOFF seconded the motion. The resolution was approved. (7-0)

**RESOLUTION #2015-32**

**RESOLUTION APPROVING TERM FINANCING  
FOR THE REFINANCING OF A MULTI-FAMILY  
HOUSING PROJECT TO TOLFORD  
INVESTMENTS, LLC**

VI. D. CONSIDERATION OF A RESOLUTION AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$4,000,000 PRIVATELY PLACED TAX-EXEMPT CONDUIT BONDS TO FINANCE THE SUSITNA VIEW APARTMENTS LOW INCOME HOUSING PROJECT IN ANCHORAGE, ALASKA. BRYAN BUTCHER introduced the item and MIKE STRAND presented. Mr. Strand stated that an inducement resolution for the 20-unit multi-family low-income and special needs housing project located at 325 E. 3<sup>rd</sup> Avenue in Anchorage, Alaska, was approved at the last board meeting in October. The funding for the project includes 4% low-income housing tax credits, which require that 50% of the project development costs be funded with tax-exempt bond proceeds. The proposed bond issuance satisfies that IRS requirement and provides the necessary funding source to continue this project. Structuring an affordable housing financing package that has positive cash flows with traditional debt is very difficult in the current market. Developers have worked closely with lenders and counsel to satisfy the tax-exempt requirement by selling a short-term bond directly to the construction lender. The bond is retired when the construction loan is repaid through tax-credit proceeds, mortgages or other grants. The proposed bonds will be sold directly to the construction lender and serviced by the borrower, so AHFC will act only as an administrator and no corporate funds will be used. The borrower will use project revenues to pay off the bonds, similar to the Eklutna Estates II affordable senior housing project transaction in 2014. Since the borrower has chosen Wells Fargo as their construction lender, staff is recommending this transaction be done as a private placement to Wells Fargo instead of a public sale. Discussion followed.

CAROL GORE made a motion to approve Resolution 2015-33. MARTY SHURAVLOFF seconded the motion. The resolution was unanimously approved. (7-0)

**RESOLUTION #2015-33**

**RESOLUTION OF THE ALASKA HOUSING FINANCE CORPORATION AUTHORIZING THE CORPORATION TO ENTER INTO A LOAN AGREEMENT TO INCUR REVENUE-BACKED INDEBTEDNESS IN AN AGGREGATE PRINCIPAL AMOUNT NOT GREATER THAN \$4,000,000 AND TO USE THE PROCEEDS OF THE REVENUE-BACKED INDEBTEDNESS TO MAKE A LOAN TO 325 E. 3RD LIMITED PARTNERSHIP TO PAY THE COSTS OF A PROJECT OF SAID PARTNERSHIP; AND AUTHORIZING AND APPROVING RELATED MATTERS.**

**VI. E. A REPORT FROM THE RESIDENT ADVISORY BOARD TO THE AHFC BOARD OF DIRECTORS.** BRYAN BUTCHER introduced the item and CATHY STONE presented. Ms. Stone gave an overview of the Resident Advisory Board of Directors meeting that was held recently. Discussion followed. No action was requested nor required of the Board.

**VII. REPORT OF THE CHAIR.** CHAIR LEVALLEY stated that he had retired from Denali State Bank in Fairbanks and he thanked the Board for the support of being elected Chairman of the AHFC Board of Directors.

**VIII. BOARD COMMITTEE REPORTS.** There were no Committee reports to present to the Board.

**IX. REPORT OF THE EXECUTIVE DIRECTOR.** BRYAN BUTCHER reported on: 1.) AAHA Quarterly Meeting Thursday 10/29; 2.) State homebuilders annual conference in Fairbanks Wed 11/4 – Fri 11/6; 3.) Washington DC trip Sunday 11/15 – Thurs 11/19; 4.) Rasmuson Foundation 60<sup>th</sup> Anniversary dinner Thursday 11/19; 5.) Public building energy retrofits at DOL Friday 11/20; 6.) Board action needed on approving our audited financials, GASB 68 needs to be a telephonic meeting in December; 7.) Rural Homeownership Forum at the Captain Cook Monday 11/30; 8.) Bethel Teachers Housing ribbon cutting ceremony Monday 11/30; 9.) Council of Educational Facility Planners, King Career Center Friday 12/4; 10.) Monthly AEA/AHFC EE Coordination meeting Wednesday 12/9; 11.) Governor’s Housing

Summit Wednesday January 6, 2016; 12.) Ridgeline Terrace ribbon cutting ceremony with our partners Friday 1/8.

X. **OTHER MATTERS.** CHAIR LEVALLEY asked if there were any other matters to properly come before the board.

1. **Monthly Loan Reports.** Finance, Mortgage, R2D2 Public Housing and GR&PA reports were presented for discussion and review.

2. **Schedule of Board Meetings:**

AHCC Annual BOD Meeting	January 27, 2016	9:00 am Anchorage
AHFC Regular BOD Meeting	January 27, 2016	10:00am Anchorage

X. **OTHER MATTERS.** CHAIR LEVALLEY asked if there were any other matters to properly come before the board. MARTY SHURAVLOFF made a motion to adjourn. Seeing and hearing no objections, the meeting was adjourned at 10:42 a.m.

ATTESTED:

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Brent LeValley  
Board Chair

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Bryan Butcher  
CEO/Executive Director

ALASKA HOUSING FINANCE CORPORATION  
BOARD OF DIRECTORS

SPECIAL MEETING

December 18, 2015

9:00 a.m.

Anchorage/Juneau/Fairbanks

The Board of Directors of Alaska Housing Finance Corporation met December 18, 2015 in the AHFC board room, 4300 Boniface Parkway in Anchorage, AK at 9:00 a.m. Board members present were:

**BRENT LEVALLEY**

Via Teleconference

**CHAIR**

Member of the Board

**CAROL GORE**

Via Teleconference

Member of the Board

**ALAN WILSON**

Via Teleconference

Member of the Board

**JERRY BURNETT**

Via Teleconference

**Designee for Commissioner**

**Department of Revenue**

Member of the Board

**TARA HORTON**

Via Teleconference

**Designee for Commissioner**

**Department of Health  
& Social Services**

Member of the Board

I. **ROLL CALL.** A quorum was declared present and the meeting was duly and properly convened for the transaction of business.

II. **APPROVAL OF AGENDA.** CHAIR LEVALLEY proposed the agenda be amended to add item B; Review and Approval of AHFC's FY2017 Dividend to the State of Alaska. Seeing and hearing no objections, the agenda was approved as amended.

III. **NO MINUTES TO APPROVE.**

IV. **PUBLIC COMMENTS.** In Anchorage: no public were present. In Fairbanks: no public were present. In Juneau: no public were present.

V. **OLD BUSINESS.** No Old Business to discuss with the Board.

**VI. A. PRESENTATION AND DISCUSSION BY BDO AND AHFC STAFF REGARDING ALASKA HOUSING FINANCE CORPORATION'S FY15 EXTERNAL AUDIT RESULTS.**

1. SAS 114 Standard Communications Report.
2. AHFC Financial Statements.
3. AHFC Federal Financial Assistance Report.

BRYAN BUTCHER introduced the items and ALEX BECKMAN with BDO and CYNTHIA WEISER with AHFC presented. Mr. Beckman gave an overview of the SAS 114 Standard Communications report and the AHFC Financial Assistance Report to the Board. Ms. Weiser gave an overview of the AHFC Financial Statements. Discussion followed. CAROL GORE made a motion to accept all reports. TARA HORTON seconded the motion. The motions to approve the reports passed with a roll call vote. (5-0)

**VI. B. REVIEW AND APPROVAL OF AHFC'S FY2017 DIVIDEND TO THE STATE OF ALASKA.** BRYAN BUTCHER introduced and presented the item. Mr. Butcher stated that because of the new GASB pronouncement that went into effect this year, AHFC has been waiting for the State of Alaska to get their audited Financials to Alaska Housing Finance Corporation in order to adjust and finalize AHFC's Financial Statements. That process has now been completed and AHFC's Dividend to the State has been re-calculated and increase to **\$25,924,900**. Discussion followed. ALAN WILSON made a motion to approve Resolution 2015-34. CAROL GORE seconded the motion. The resolution was unanimously approved. (5-0)

**RESOLUTION #2015-34**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
ALASKA HOUSING FINANCE CORPORATION INCREASING  
THE FY2017 AHFC DIVIDEND TO THE STATE.**

**VII. OTHER MATTERS.** CHAIR LEVALLEY asked if there were any other matters to properly come before the board. JERRY BURNETT made a motion to adjourn. Seeing and hearing no objections, the meeting was adjourned at 9:31 a.m.

AHFC Special Board Meeting Minutes  
December 18, 2015  
Page 3

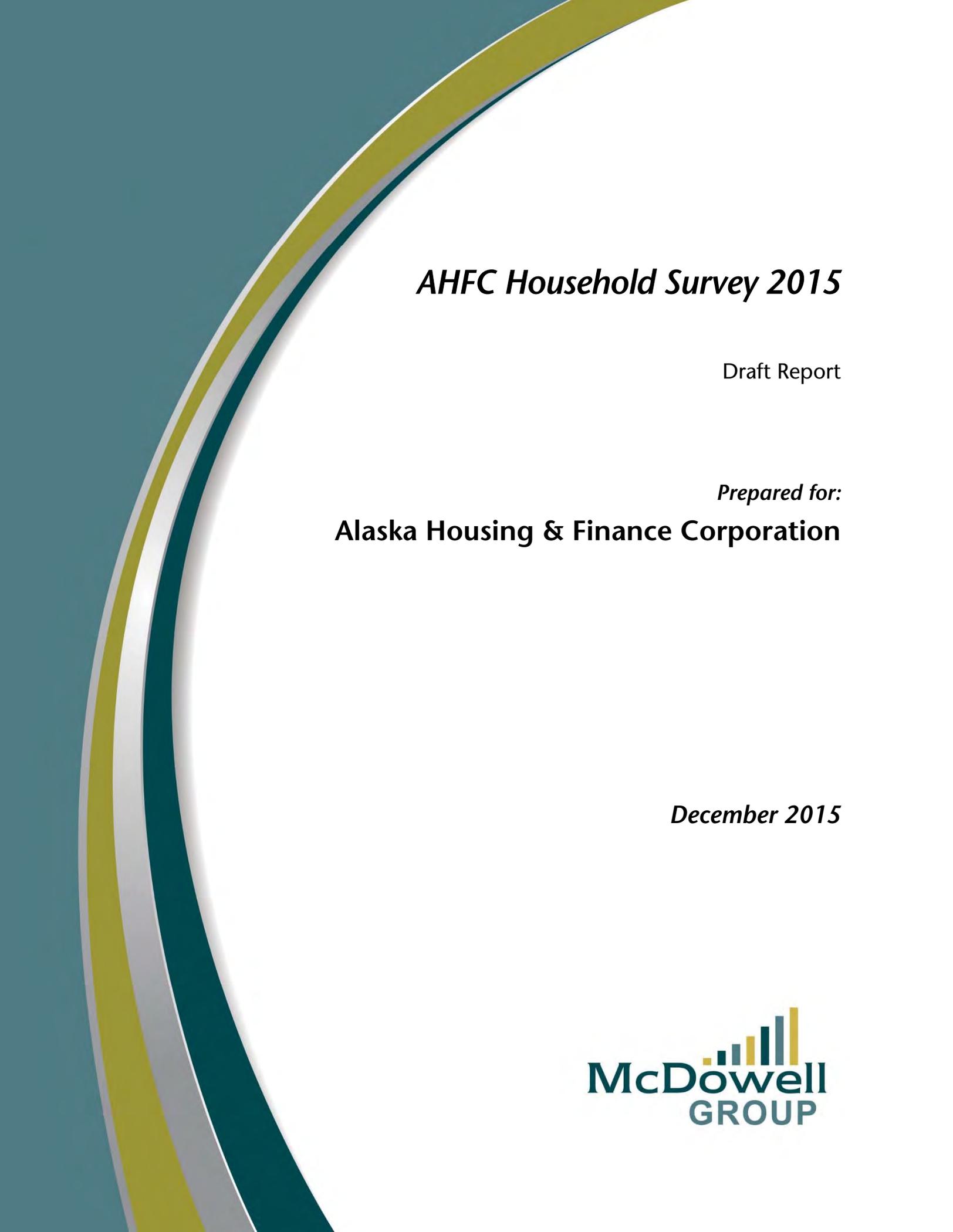
**ATTESTED:**

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Brent LeValley  
Board Chair

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Bryan Butcher  
CEO/Executive Director



# *AHFC Household Survey 2015*

Draft Report

*Prepared for:*  
**Alaska Housing & Finance Corporation**

*December 2015*



# *AHFC Household Survey 2015*

Draft Report

*Prepared for:*

**Alaska Housing & Finance Corporation**

*Prepared by:*



*Juneau • Anchorage*

**McDowell Group Anchorage Office**

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*December 2015*

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# Executive Summary

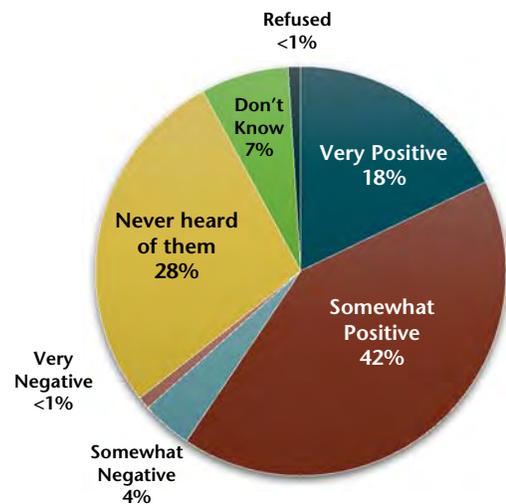
The Alaska Housing Finance Corporation (AHFC) contracted with McDowell Group to conduct a telephone survey of Alaska households capturing opinions about AHFC programs and services, perceptions of Alaska's economy, and related housing issues. The survey sample was designed to represent four regions of Alaska, with an emphasis on urban populations. The completed sample of 870 respondents included 413 surveys for Southcentral Alaska (260 surveys from the Municipality of Anchorage), 189 surveys for Interior/Northern Alaska (157 surveys from Fairbanks), 113 surveys for Southwest Alaska, and 155 surveys for Southeast Alaska. Survey data was weighted by population.

Survey data was analyzed in total and for various sub-groups, including those based on age, household size, years in current residence, gender, employment status, marital status, children in the household, region, home ownership status, and awareness of AHFC. Please see the Appendices for detailed results based on community and region of residence, home ownership status, and age. Following are key findings of the study.

## Impressions of AHFC

- A majority of Alaska households surveyed (60 percent) have a *positive* or *very positive* feeling about AHFC; however, 28 percent have never heard of the agency and could not provide an opinion.
- Respondents were then presented with six different value statements about AFHC. AHFC...:
  - ❖ *Is a trusted organization.*
  - ❖ *Is a socially responsible organization.*
  - ❖ *Is customer-service driven.*
  - ❖ *Loans are competitive with other lenders*
  - ❖ *Is the premier expert on Alaska housing.*
  - ❖ *Is a well-managed organization.*

Positive/Negative Feelings About AHFC



- When looking at strong reactions to these value statements, between 9 and 17 percent of respondents *strongly agreed* with each statement; even fewer (between 1 and 2 percent) *strongly disagreed*.
- The majority agreed or strongly agreed that *AHFC is a trusted organization* (67 percent; only 5 percent disagreed or strongly disagreed), and *is a socially responsible organization* (61 percent; only 7 percent disagreed or strongly disagreed).
- Around half agreed or strongly agreed that *AHFC is customer-service driven* (51 percent; 11 percent disagreed or strongly disagreed), *AHFC loans are competitive with other lenders* (46 percent; 6 percent disagreed or strongly disagreed), *AHFC is the premier expert on Alaska housing* (46 percent; 13 percent disagreed or strongly disagreed), and *AHFC is a well-managed organization* (44 percent; 8 percent disagreed or strongly disagreed).

- There was a relatively high level of “don’t know” responses for each of these value statements, ranging from 27 percent (“trusted organization”) to 48 percent (“competitive with other lenders”).

### “Don’t Know” Responses to AHFC’s Value Statements, Percent

Base: Respondents Who Had Heard of AHFC

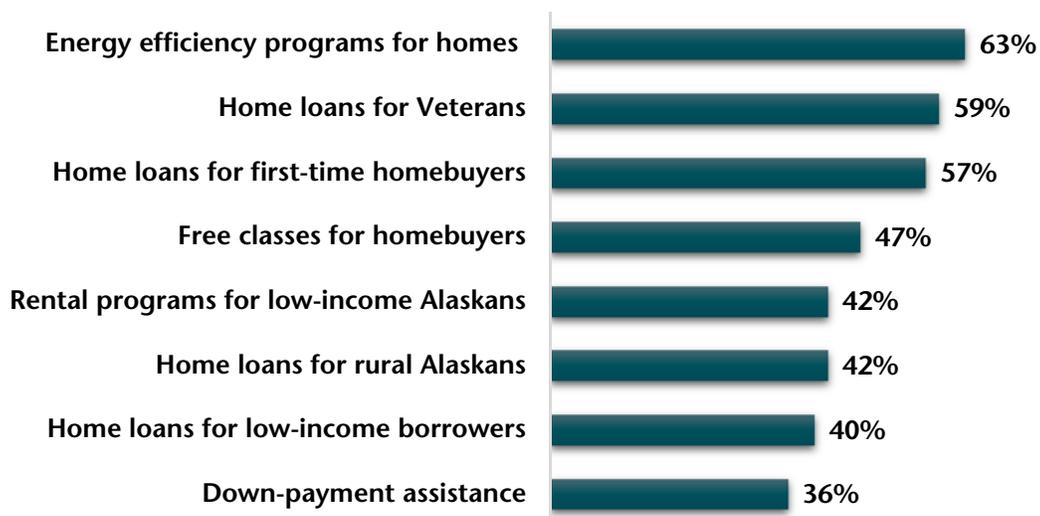


## AHFC’s Programs and Services

- For those respondents who were aware of AHFC, most considered a range of AHFC programs and services useful. Energy efficiency programs for homes, home loans for veterans, and home loans for first-time homebuyers were all considered *very useful* by over half of respondents (63 percent, 59 percent, and 57 percent, respectively).

### AHFC Housing Programs and Services Considered *Very Useful*, Percent

Base: Respondents Who Had Heard of AHFC



- Twelve percent of households had used an AHFC product or service within the past three years. Of these respondents, most had a high level of satisfaction with the program used.

### **Awareness of AHFC's Financial Performance**

Respondents were read two statements regarding AHFC's financial performance, then were asked if they thought the statements were true or false. (Both statements are true.)

- 27 percent correctly answered true that *AHFC has contributed more than \$1.9 billion in dividends to the State government*; 60 percent did not know how to respond; and 13 percent answered false.
- 26 percent correctly answered true that *AHFC earns enough money through its loan programs to operate without a need for funding from State government to support its operations*; 42 percent did not know how to respond; and 32 percent answered false.

### **Affordable Housing**

Respondents were asked a series of questions regarding affordable housing.

- Over one-quarter (27 percent) of respondents *strongly agreed* with the statement, *A lack of affordable housing in my community is an issue for our local economy*. Another 44 percent *agreed* with this statement.
- Four out of five respondents (80 percent) *agreed* or *strongly agreed* with the statement, *My current housing is affordable*; however, only 14 percent *strongly agreed*.
- Two out of five respondents (40 percent) *agreed* or *strongly agreed* with the statement, *Housing in my community is affordable*; however, only 3 percent *strongly agreed*.
- Over half of respondents (53 percent) considered *AHFC's programs to increase affordable housing as very important*.
- Seven out of ten respondents (72 percent) *agreed* or *strongly agreed* that *AHFC provides Alaskans access to affordable housing*; 8 percent *disagreed*; and 20 percent did not know how to respond to this statement.

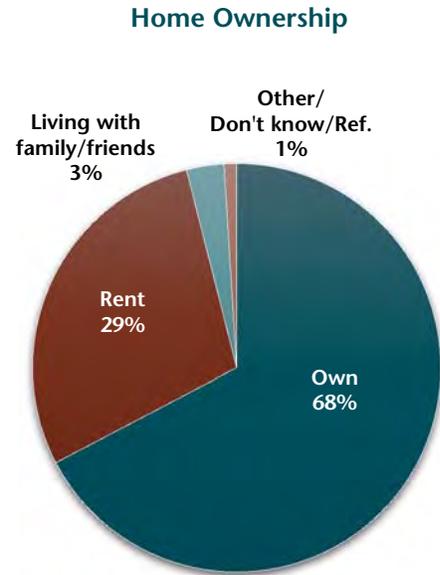
### **Alaska's Economy**

As perceptions of the economy affect decisions in housing, all respondents were asked a series of questions regarding Alaska's economy.

- 27 percent of respondents *strongly agreed* with the statement, *The current low price of oil will have a negative impact on Alaska's economy over the next few years*.
- 21 percent *strongly agreed* that *Alaska has significant oil and gas reserves that will provide revenue for the State well into the future*.
- The highest level of agreement (65 percent *strongly agree*) was for the statement, *It is very likely that I will be living in Alaska three years from now*. Another 27 percent *agree* with this statement.

## Respondent Demographics

- Two-thirds of households (68 percent) own their home.
- The average age of respondents was 52.2 years (only persons over age 18 were surveyed).
- Respondents had lived in Alaska for an average of 32 years, with 12 percent living in Alaska for less than 10 years.
- Over half of respondents are married (55 percent).
- The average household size was 2.7 people, with an average of 0.9 children per household.
- The majority of respondents (53 percent) are employed year-round, either full-time (45 percent) or part-time (8 percent).
- The average 2014 household income of respondents was \$78,400, with 14 percent earning less than \$25,000.



# Introduction and Methodology

The Alaska Housing Finance Corporation (AHFC) contracted with McDowell Group, and Alaska-based research and consulting firm, to conduct a telephone survey of Alaska households capturing opinions about AHFC programs and services, perceptions of Alaska’s economy, and related housing issues.

The survey was fielded by McDowell Group between October 27 and November 9, 2015. Households were screened for respondents age 18 and older, and were selected from randomized lists of landline and cell phone numbers.

The sample was designed to represent four regions of Alaska, with an emphasis on urban populations. The completed sample of 870 respondents included 413 surveys for Southcentral Alaska (260 surveys from the Municipality of Anchorage), 189 surveys for Interior/Northern Alaska (157 surveys from Fairbanks), 113 surveys for Southwest Alaska, and 155 surveys for Southeast Alaska. To ensure reliable results for regional subgroup analysis, certain regions (such as Southwest and Southeast) were over-sampled. The survey results were then weighted to be proportionally representative of the population of the full sample.

The maximum margins of error at the 95 percent confidence level for the total and regional unweighted samples are shown in the table below.

**Survey Sample and Maximum Margin of Error  
at the 95 Percent Confidence Interval**

Area	Sample	Margin of Error
Statewide	870	±3.3%
Southcentral	413	±4.8%
Anchorage	260	±6.1%
Interior/Northern	189	±7.1%
Fairbanks	157	±7.8%
Southeast	155	±7.9%
Juneau	104	±9.6%
Southwest	113	±9.2%

Survey responses were cross-tabulated by respondent age, household size, years in current residence, gender, employment status, marital status, children in the household, region, home ownership status, and awareness of AHFC. Relevant and statistically significant differences by sub-group are identified in the report.

# Perceptions of Alaska's Economy

All respondents were asked their level of agreement with several statements referring to Alaska's economy and its impacts on their own housing, as well as affordability of housing within their community.

## Perceptions of Alaska Economy and Housing Issues

**Table 1. Level of Agreement with Statements about Alaska's Economy and Housing Impacts, Percent**

Statements (n=870)	Strongly Agree	Agree	Disagree	Strongly Disagree	Don't Know	Refused
It is very likely that I will be living in Alaska three years from now.	65	27	3	3	2	-
A lack of affordable housing in my community is an issue for our local economy.	27	44	20	1	8	<1
The current low price of oil will have a negative impact on Alaska's economy over the next few years.	27	44	17	2	10	<1
Alaska has significant oil and gas reserves that will provide revenue for the State well into the future.	21	53	13	2	11	<1
I am very confident in the long-term economic future of Alaska.	16	54	19	4	6	<1
My current housing is affordable.	14	66	15	4	1	<1
Now is a good time to renovate a home.	9	57	18	1	15	<1
Now is a good time to sell a home.	8	44	27	4	17	<1
Now is a good time to buy a home.	7	45	24	4	19	<1
Housing in my community is affordable.	3	37	39	14	7	-

Note: Due to rounding, some rows may not sum to 100 percent.

- The majority of respondents agree or strongly agree with all statements about Alaska's economy and housing impacts, except for, "Housing in my community is affordable." Only 3 percent of respondents *strongly agree* with this statement, and 37 percent agree.
- Respondents have the highest level of agreement with the statement they would be *living in Alaska three years from now* (65 percent *strongly agree* and 27 percent *agree*).
- Respondents are more likely to agree with this statement, *My own current housing is affordable* (80 percent *agree* or *strongly agree*) than *Housing in my community is affordable* (40 percent *agree* or *strongly agree*).
- While the majority *strongly agree* or *agree* with the statements, *Now is a good time to sell a home* and *Now is a good time to buy a home*, only 8 percent and 7 percent *strongly agree*, respectively.

## Sub-Group Analysis

### AFFORDABLE HOUSING

- Respondents more likely to *agree* or *strongly agree* with the statement, *Housing in my community is affordable* included those who:
  - Are age 18-29 and age 60+ compared to those age 30-44 and 45-59 (47 percent and 47 percent versus 29 percent and 36 percent, respectively).
  - Own their home compared to those who rent (45 percent versus 28 percent, respectively).
  - Live in Southcentral and Interior/North regions compared to those who live in Southwest and Southeast regions (45 percent and 70 percent versus 19 percent and 20 percent, respectively).
  - Live in Anchorage or Fairbanks compared to those that live in Juneau (42 percent and 45 percent versus 17 percent, respectively).
- Respondents more likely to agree with this statement, *My current housing is affordable*, included those who:
  - Are age 60+ compared to all other age groups (87 percent versus 74 percent for age 18-29, 72 percent for age 30-44, and 78 percent for age 45-59).
  - Own their home compared to those who rent (88 percent versus 64 percent, respectively).
  - Live in Southcentral, Interior/North, and Southeast regions compared to those who live in the Southwest region (82 percent, 79 percent, and 78 percent versus 63 percent, respectively).
  - Have heard of AHFC compared to those who have not (83 percent versus 73 percent, respectively).
  - Have no children in the household compared to those with children in the household (83 percent versus 74 percent, respectively).
  - Have a household income of \$50,000+ compared to those under \$50,000 (81 percent for \$100,000+ and 84 percent for \$50,000-\$99,999 versus 73 percent for under \$50,000).
- Respondents more likely to agree or strongly agree with this statement, *A lack of affordable housing in my community is an issue for our local economy*, included those who:
  - Live in Southwest and Southeast regions compared to those who live in the Southcentral and Interior/North (89 percent and 88 percent versus 68 percent and 63 percent, respectively).
  - Live in Juneau and Anchorage compared to those that live in Fairbanks (89 percent and 75 percent versus 55 percent, respectively).
  - Rent their home compared to those who own (82 percent versus 66 percent, respectively).
  - Have children in the household compared to those with no children in the household (78 percent versus 67 percent, respectively).

### OIL ECONOMY

- Men are more likely to *agree* or *strongly agree* than women that *Alaska has significant oil and gas reserves* (80 percent versus 69 percent, respectively).
- Respondents more likely to *agree* or *strongly agree* with the statement, *The current low price of oil will have a negative impact on Alaska's economy* include those who:
  - Are age 30+ compared to those under age 30 (66 percent for age 30-44, 77 percent for age 45-59, and 78 percent for age 60+ versus 47 percent for age 18-29).

- Live in Southcentral and Southeast regions compared to those who live in the Southwest region (74 percent and 75 percent versus 59 percent, respectively).
- Live in Juneau compared to those that live in Fairbanks (81 percent versus 67 percent, respectively).
- Own their home compared to those that rent (80 percent versus 52 percent, respectively).
- Have heard of AHFC compared to those who have not (78 percent versus 58 percent, respectively).
- Are married compared to single respondents (78 percent versus 63 percent, respectively).
- Have a household income of \$50,000+ compared to those under \$50,000 (85 percent for \$100,000+ and 74 percent for \$50,000-\$99,999 versus 62 percent for under \$50,000).

## ECONOMIC FUTURE

- Respondents more likely to *agree* or *strongly agree* they will be *living in Alaska three more years* include those who:
  - Own their home compared to those who rent (95 percent versus 87 percent, respectively).
  - Are age 45+ compared to those under age 30 (95 percent for age 45-59 and 95 percent for age 60+ versus 83 percent for age 18-29).
- Respondents more likely to *agree* or *strongly agree* with the statement, *I am very confident in the long-term economic future of Alaska* include those who:
  - Are under age 30 and over age 60 compared to those age 45-59 (76 percent and 73 percent versus 65 percent, respectively).
  - Live in the Interior/North region compared to those who live in the Southwest region (74 percent versus 60 percent, respectively).

## HOUSING PLANS

- Respondents more likely to *agree* or *strongly agree* with the statement, *Now is a good time to renovate a home* include those who:
  - Own their home compared to those that rent (70 percent versus 57 percent, respectively).
- Respondents more likely to *agree* or *strongly agree* with the statement, *Now is a good time to sell a home* include those who:
  - Live in Southcentral and Southeast regions compared to those who live in the Interior/North and Southwest regions (57 percent and 52 percent versus 39 percent and 33 percent, respectively).
  - Live in Juneau and Anchorage compared to those who live in Fairbanks (56 percent and 60 percent versus 37 percent, respectively).
  - Own their home compared to those that rent (55 percent versus 46 percent, respectively).
  - Are married compared to those who are single (56 percent versus 48 percent, respectively).
  - Have children in the household compared to those with no children in the household (57 percent versus 49 percent, respectively).
  - Have a household income of \$50,000+ compared to those under \$50,000 (59 percent for \$100,000+ and 61 percent for \$50,000-\$99,999 versus 43 percent for under \$50,000).

# Perceptions of Alaska Agencies and Financial Organizations

Table 2. Level of Awareness and Positive Feelings about State Agencies and Other Financial Businesses, Percent

Agency/Business (n=870)	Very Positive	Somewhat Positive	Somewhat Negative	Very Negative	Never Heard of Them	Don't Know	Refused
Alaska USA Federal Credit Union	34	44	3	1	4	14	<1
Alaska Railroad	23	49	4	1	7	17	<1
<b>Alaska Housing Finance Corporation (AHFC)</b>	<b>18</b>	<b>42</b>	<b>4</b>	<b>&lt;1</b>	<b>28</b>	<b>7</b>	<b>&lt;1</b>
Wells Fargo Bank	15	43	19	11	<1	11	<1
Alaska Industrial Development and Export Authority (AIDEA)	5	20	5	1	47	22	<1

Note: Due to rounding, some rows may not sum to 100 percent.

## AHFC

- Three out of ten respondents (28 percent) had never heard of AHFC. However, of the rest of the respondents, 18 percent had *very positive* feelings and 42 percent had *somewhat positive* feelings toward AHFC.
- Opinions about AHFC varied for several subgroups. Respondents more likely to have a positive (*very positive* or *somewhat positive*) include those who:
  - Are age 30+ compared to those under age 30 (63 percent for age 30-44, 56 percent for age 45-59, and 72 percent for age 60+ versus 33 percent for age 18-29).
  - Live in Southcentral, Interior/North and Southeast regions compared to those who live in the Southwest region (65 percent, 52 percent, and 61 percent versus 29 percent, respectively).
  - Live in Anchorage compared to those who live in Fairbanks (71 percent versus 59 percent, respectively).
  - Own their home compared to those that rent (69 percent versus 44 percent, respectively).
  - Have used AHFC's programs or services in the past three years (91 percent).
  - Have lived in Alaska 10+ years compared to those who have lived in Alaska under 10 years (63 percent versus 22 percent for under 3 years and 40 percent for 3-9 years).
  - Have a household income of \$50,000+ compared to those under \$50,000 (72 percent for \$100,000+ and 62 percent for \$50,000-\$99,999 versus 50 percent for under \$50,000).

## Other Agencies/Businesses

- Almost half of respondents (47 percent) had not heard of the Alaska Industrial Development and Export Authority.
- Alaska USA Federal Credit Union received the highest level of *very positive* ratings of the five total agencies/businesses (34 percent).

# Perceptions of AHFC

Respondents who had heard of AHFC were asked a series of questions about their perceptions of AHFC and the usefulness, importance, and effectiveness of its programs and services.

## Usefulness of AHFC Programs and Services

**Table 3. Level of Usefulness of Types of AHFC Housing Programs and Services, Percent**  
*Base: Respondents Who Had Heard of AHFC*

Programs (n=623)	Very Useful	Somewhat Useful	Not Useful	Don't Know
Energy efficiency programs for homes	63	28	3	6
Home loans for Veterans	59	27	3	12
Home loans for first-time homebuyers	57	32	3	8
Free classes for homebuyers	47	34	5	14
Rental programs for low-income Alaskans	42	41	5	12
Home loans for rural Alaskans	42	37	6	15
Home loans for low-income borrowers	40	37	10	13
Down-payment assistance	36	35	1	18

Note: Due to rounding, some rows may not sum to 100 percent.

- Of the AHFC Programs and Services mentioned, the energy efficiency program was considered the most useful (63 percent *very useful*), followed closely by home loans for veterans (59 percent) and home loans for first-time homebuyers (57 percent).
- Down-payment assistance was considered the least useful (36 percent *very useful*); however, this program also has the highest percentage of “don’t know” responses.

## Sub-Group Analysis

### RENTAL PROGRAMS FOR LOW-INCOME ALASKANS

- Respondents more likely to find rental programs for low-income Alaskans *very useful* include those who:
  - Are age 30-44 compared to those ages 45-59 and 60+ (57 percent versus 39 percent and 38 percent, respectively).
  - Live in Juneau compared to those who live in Fairbanks (54 percent versus 39 percent, respectively)
  - Have used AHFC’s programs or services in the past three years (56 percent).
  - Have children in the household compared to those with no children in the household (49 percent versus 39 percent, respectively).
  - Are women compared to men (49 percent versus 37 percent, respectively).

## DOWN-PAYMENT ASSISTANCE

- Respondents more likely to find down-payment assistance *very useful* include those who:
  - Are ages 18-29 and 30-44 compared to those ages 45-59 and 60+ (57 percent and 39 percent versus 35 percent and 28 percent, respectively).
  - Have children in the household compared to those with no children in the household (46 percent versus 32 percent, respectively).
  - Live in the Southcentral region compared to those who live in the Interior/North region (38 percent versus 26 percent, respectively).
  - Live in Juneau compared to those who live in Fairbanks (48 percent versus 27 percent, respectively)
  - Are women compared to men (43 percent versus 29 percent, respectively).

## HOME LOANS FOR FIRST-TIME HOMEBUYERS

- Respondents more likely to find home loans for first-time homebuyers *very useful* include those who:
  - Are ages 18-29, 30-44 and 45-59 compared to those age 60+ (70 percent, 68 percent, and 59 percent versus 49 percent, respectively).
  - Have children in the household compared to those with no children in the household (67 percent versus 52 percent, respectively).
  - Have used AHFC's programs or services in the past three years compared to those who have not (70 percent versus 57 percent, respectively).
  - Live in the Southcentral region compared to those who live in the Interior/North region (59 percent versus 47 percent, respectively).
  - Have a household income of \$50,000+ compared to those under \$50,000 (64 percent for \$100,000+ and 62 percent for \$50,000-\$99,999 versus 50 percent for under \$50,000).

## HOME LOANS FOR LOW-INCOME BORROWERS

- Respondents more likely to find home loans for low-income borrowers *very useful* include those who
  - Are ages 18-29, 30-44 and 45-59 compared to those age 60+ (43 percent, 49 percent, and 43 percent versus 33 percent, respectively).

## HOME LOANS FOR RURAL ALASKANS

- Respondents more likely to find home loans for rural Alaskans *very useful* include those who:
  - Are ages 30-44 and 45-59 compared to those age 60+ (54 percent and 45 percent versus 35 percent, respectively).
  - Have children in the household compared to those with no children in the household (52 percent versus 37 percent, respectively).
  - Are women compared to men (48 percent versus 38 percent, respectively).

## HOME LOANS FOR VETERANS

- Respondents more likely to find home loans for veterans *very useful* include those who:
  - Are ages 18-29 compared to those ages 45-59 and 60+ (75 percent versus 58 percent and 55 percent, respectively).

## ENERGY EFFICIENCY PROGRAMS FOR HOMES

- Respondents more likely to find energy efficiency programs for homes *very useful* include those who:
  - Are ages 18-29 compared to those age 60+ (75 percent versus 56 percent, respectively).
  - Have used AHFC's programs or services in the past three years compared to those who have not (78 percent versus 61 percent, respectively).
  - Have children in the household compared to those with no children in the household (70 percent versus 59 percent, respectively).

## FREE CLASSES FOR HOMEBUYERS

- Respondents more likely to find free classes for homebuyers *very useful* include those who:
  - Are ages 30-44 and 45-59 compared to those age 60+ (59 percent and 51 percent versus 38 percent, respectively).
  - Have used AHFC's programs or services in the past three years compared to those who have not (68 percent versus 45 percent, respectively).

## Importance of AHFC Programs

**Table 4. Level of Importance of AHFC Programs to Respondent's Community, Percent**  
*Base: Respondents Who Had Heard of AHFC*

Programs	Very Important	Somewhat Important	Not Important	Don't Know	Refused
Programs to increase affordable housing (n=622)	53	33	8	6	<1
Energy efficiency programs for public buildings (n=620)	53	32	7	8	<1
Home loans for rehabilitation of older properties (n=623)	39	39	10	12	<1

Note: Due to rounding, some rows may not sum to 100 percent.

- The vast majority of respondents rated the three AHFC programs as at least somewhat important to their community, ranging from 78 percent *somewhat/very important* for home loans for rehabilitation of older properties, to 85 percent for energy efficiency programs for public buildings, to 86 percent for programs to increase affordable housing.
- Home loans for rehabilitation of older programs was rated as slightly less important than the other two programs, at 39 percent *very important*, compared to 53 percent for both other programs.
- Only 7 to 10 percent of respondents rated each program as *not important*.

## Sub-Group Analysis

### HOME LOANS FOR REHABILITATION OF OLDER PROPERTIES

- Respondents more likely to find home loans for rehabilitation of older properties *very important* include those who:
  - Are ages 30-44, 45-59 and 60+ compared to those age 18-29 (51 percent, 40 percent, and 35 percent versus 21 percent, respectively).

### PROGRAMS TO INCREASE AFFORDABLE HOUSING

- Respondents more likely to find programs to increase affordable housing *very important* include those who:
  - Are ages 30-44 and 45-59 compared to those age 60+ (70 percent and 55 percent versus 43 percent, respectively).
  - Have children in the household compared to those with no children in the household (65 percent versus 47 percent, respectively).
  - Live in the Southeast region compared to those who live in the Interior/North region (63 percent versus 48 percent, respectively).
  - Live in Juneau compared to those who live in Anchorage and Fairbanks (74 percent versus 52 percent and 45 percent, respectively).
  - Are women compared to men (61 percent versus 46 percent, respectively).
  - Have a household income under \$50,000 compared to those \$100,000+ (62 percent versus 50 percent, respectively).
  - Rent their home compared to those that own (67 percent versus 54 percent, respectively).

### ENERGY EFFICIENCY PROGRAMS FOR PUBLIC BUILDINGS

- Respondents more likely to find energy efficiency programs for public buildings *very important* include those who:
  - Are age 30-44 compared to those age 60+ (62 percent versus 47 percent, respectively).

## Effectiveness of AHFC Programs

**Table 5. Level of Agreement with the Effectiveness of AHFC Programs and Services, Percent**  
*Base: Respondents Who Had Heard of AHFC*

Statements	Strongly Agree	Agree	Disagree	Strongly Disagree	Don't Know	Refused
AHFC home buyer education programs reduce financial risk for homebuyers. (n=621)	20	50	7	3	20	<1
AHFC provides Alaskans access to affordable housing. (n=620)	17	55	6	2	20	-
AHFC provides Alaskans access to safe housing. (n=621)	16	53	6	2	24	<1
AHFC provides Alaskans access to quality housing. (n=620)	13	55	8	2	21	<1

Note: Due to rounding, some rows may not sum to 100 percent.

- A strong majority of respondents (between 67 and 72 percent) agreed that certain AHFC programs and services are effective; however, 20 percent or less *strongly* agreed with any of the four statements regarding AHFC's effectiveness.
- A slightly higher percent (20-24 percent range) did not know how to respond to the four statements.

### Sub-Group Analysis

#### AHFC HOMEBUYER EDUCATION PROGRAMS REDUCE FINANCIAL RISK FOR HOMEBUYERS

- Respondents more likely to *agree* or *strongly agree* with the statement, *AHFC homebuyer education programs reduce financial risk for homebuyers* include those who:
  - Are ages 18-29 compared to those age 60+ (80 percent versus 65 percent, respectively).
  - Have used AHFC's programs or services in the past three years compared to those who have not (83 percent versus 68 percent, respectively).
  - Have a \$100,000+ household income compared to those under \$50,000 (77 percent versus 64 percent, respectively).

#### AHFC PROVIDES ALASKANS ACCESS TO SAFE HOUSING

- Respondents more likely to *agree* or *strongly agree* with the statement, *AHFC provides Alaskans access to safe housing* include those who:
  - Have used AHFC's programs or services in the past three years compared to those who have not (88 percent versus 67 percent, respectively).
  - Have a household income of \$50,000-\$99,999 compared to those under \$50,000 (76 percent versus 64 percent, respectively).

#### AHFC Provides Alaskans Access to Quality Housing

- Respondents more likely to *agree* or *strongly agree* with the statement, *AHFC provides Alaskans access to quality housing* include those who:
  - Have used AHFC's programs or services in the past three years (84 percent).

## AHFC PROVIDES ALASKANS ACCESS TO AFFORDABLE HOUSING

- Respondents more likely to *agree* or *strongly agree* with the statement, *AHFC provides Alaskans access to affordable housing* include those who:
  - Have used AHFC’s programs or services in the past three years (83 percent).
  - Are age 30-44 compared to those age 60+ (78 percent versus 67 percent, respectively).
  - Have children in the household compared to those with no children in the household (78 percent versus 69 percent, respectively).
  - Have a \$100,000+ household income was compared to those under \$50,000 (79 percent versus 66 percent, respectively).

## Perceptions of AHFC’s Organization

**Table 6. Level of Agreement with Statements about AHFC’s Efficacy, Percent**  
*Base: Respondents Who Had Heard of AHFC*

Statements	Strongly Agree	Agree	Disagree	Strongly Disagree	Don’t Know	Refused
AHFC is a trusted organization. (n=617)	17	50	4	1	27	<1
AHFC is a socially responsible organization. (n=617)	13	48	6	1	32	<1
AHFC is customer-service driven. (617)	10	41	9	2	38	1
AHFC loans are competitive with other lenders. (n=616)	10	36	5	1	48	<1
AHFC is the premier expert on Alaska housing. (n=617)	10	36	11	2	40	<1
AHFC is a well-managed organization. (n=616)	9	35	7	1	47	<1

Note: Due to rounding, some rows may not sum to 100 percent.

- While few *strongly agreed* (ranging from 9-17 percent) with various statements about the efficacy of AHFC, the majority agreed that *AHFC is a trusted organization* (67 percent *strongly agreed* or *agreed*), and *AHFC is a socially responsive organization* (61 percent).
- Around half *agreed* or *strongly agreed* with the statements, *AHFC is customer-service driven* (51 percent), *AHFC loans are competitive with other lenders* (46 percent), *AHFC is the premier expert on Alaska housing* (46 percent), and *is a well-managed organization* (44 percent).
- There is a relatively high level of “don’t know” responses for each of these value statements, ranging from 27 percent (“trusted organization”) to 48 percent (“competitive with other lenders”).

## Sub-Group Analysis

### AHFC IS CUSTOMER-SERVICE DRIVEN

- Respondents more likely to *agree* or *strongly agree* with the statement, *AHFC is customer-service driven* include those who:
  - Have used AHFC's programs or services in the past three years compared to those who have not (73 percent versus 48 percent, respectively).

### AHFC IS A SOCIALLY RESPONSIBLE ORGANIZATION

- Respondents more likely to *agree* or *strongly agree* with the statement, *AHFC is a socially responsible organization* include those who:
  - Have used AHFC's programs or services in the past three years compared to those who have not (84 percent versus 58 percent, respectively).

### AHFC IS A TRUSTED ORGANIZATION

- Respondents more likely to *agree* or *strongly agree* with the statement, *AHFC is a trusted organization* include those who:
  - Have used AHFC's programs or services in the past three years compared to those who have not (94 percent versus 64 percent, respectively).
  - Are age 30-44 compared to those age 18-29 (75 percent versus 57 percent, respectively).

### AHFC IS A WELL-MANAGED ORGANIZATION

- Respondents more likely to *agree* or *strongly agree* with the statement, *AHFC is a well-managed organization* include those who:
  - Have used AHFC's programs or services in the past three years compared to those who have not (70 percent versus 40 percent, respectively).
  - Are ages 18-29 and 30-44 compared to those ages 45-59 and 60+ (60 percent and 53 percent versus 38 percent and 42 percent, respectively).
  - Have a \$100,000+ household income compared to those \$50,000-\$99,999 (50 percent versus 38 percent, respectively).

### AHFC LOANS ARE COMPETITIVE WITH OTHER LENDERS

- Respondents more likely to *agree* or *strongly agree* with the statement, *AHFC loans are competitive with other lenders* include those who:
  - Have used AHFC's programs or services compared in the past three years to those who have not (63 percent versus 44 percent, respectively).

## AHFC IS THE PREMIER EXPERT ON ALASKA HOUSING

- Respondents more likely to *agree* or *strongly agree* with the statement, *AHFC is the premier expert on Alaska housing* include those who:
  - Have used AHFC’s programs or services in the past three years compared to those who have not (72 percent versus 42 percent, respectively).

## Public Awareness of AHFC’s Performance

**Table 7. Level of Correct Response to Two Truth Statements Regarding AHFC Funding, Percent**  
*Base: Respondents Who Had Heard of AHFC*

Statements	True	False	Don't Know	Refused
AHFC has contributed more than \$1.9 Billion in dividends to the State government. (n=614)	27	13	60	<1
AHFC earns enough money through its loan programs to operate without a need for funding from State government to support its operations (n=615)	26	32	42	<1

Note: Due to rounding, some rows may not sum to 100 percent.

- Respondents were read two true statements regarding AHFC’s performance and asked if the statement was true or false; both statements are true. About one-quarter answered correctly to each statement, *AHFC has contributed more than \$1.9 Billion in dividends to the State government* (27 percent) and *AHFC earns enough money through its loan programs to operate without a need for funding from State government to support its operations* (26 percent).
  - Those who are ages 18-29 and 30-44 are more likely to answer “true” that *AHFC earns enough money....* than those ages 45-59 and 60+ (44 percent and 37 percent versus 22 percent and 23 percent, respectively). Those who have used AHFC’s programs or services in the past three years compared to those who have not are also more likely to answer “true” (39 percent versus 25 percent, respectively).
- A relatively high percent of respondents did not know how to respond to either statement (42 percent for *earns enough money* and 60 percent for *has contributed more than \$1.9 billion*).
  - Those who are ages 45-59 and 60+ are more likely to say they “don’t know” that *AHFC earns enough money....* than those ages 18-29 and 30-44 (43 percent and 48 percent versus 22 percent and 36 percent, respectively).
  - Those who are ages 45-59 and 60+ are more likely to say they “don’t know” that *AHFC has contributed more than \$1.9 billion....* than those ages 18-29 and 30-44 (64 percent and 66 percent versus 34 percent and 49 percent, respectively).

## Use of AHFC Product or Service

- Of the respondents who are aware of AHFC, 12 percent had used an AHFC product or service within the past three years.

**Table 8. Use of Any AHFC Product or Service within Past Three Years, Percent**

*Base: Respondents Who Had Heard of AHFC*

Response (n=613)	% of Base
Yes	12
No	84
Don't know/refused	4

- The most common AHFC product or service used was the home energy rebate program (33 percent), followed by the weatherization program (26 percent).

**Table 9. AHFC Product or Service Used, Percent**

*Base: Respondents Who Had Used an AHFC Product or Service in Past Three Years.*

*Multiple answers allowed.*

Response (n=75)	% of Base
Home energy rebate	33
Weatherization	26
First-time home buyers' class	14
AHFC home loan	10
Public housing	9
Rental assistance	6
Renovation Loan Program	1
Senior and Accessible Housing	1
Down payment assistance	1
Home Choice	-
Other*	12

\*Other responses included: energy classes, teacher housing, veterans, help with utilities for Fairbanks rescue mission, and energy interest reduction program.

## Level of Satisfaction with AHFC’s Product or Service

**Table 10. Level of Satisfaction with Each Program Used, Percent**

*Base: Respondents Who Had Heard of AHFC and Used an AHFC Product or Service in Past Three Years*

	Very Satisfied	Somewhat Satisfied	Not Satisfied	Don’t know
Senior and Accessible Housing (n=1)	100	-	-	-
Down payment assistance (n=1)	100	-	-	-
AHFC home loan (n=6)	87	-	13	-
Home energy rebate (n=26)	79	15	-	6
First-time home buyers’ class (n=9)	69	31	-	-
Rental assistance (n=6)	67	33	-	-
Weatherization (n=21)	59	32	9	-
Public housing (n=7)	19	70	11	-
Renovation Loan Program (n=0)	-	-	-	-
Home Choice (n=0)	-	-	-	-
Other* (n=11)	85	15	-	-

Note: Due to rounding, some rows may not sum to 100 percent.

\*Other responses included: energy classes, teacher housing, veterans, help with utilities for Fairbanks rescue mission, and energy interest reduction program.

- Small sample sizes (between 1 and 26) preclude meaningful analysis of satisfaction ratings. The results do suggest that the vast majority of users were satisfied with each program/service.
- A few respondents reported they were “*not satisfied*” with the AHFC loan program (13 percent), public housing (11 percent), and weatherization (9 percent) programs.

# Home Ownership

Respondents were asked about their home ownership status.

**Table 11. Housing Ownership Status**

Response (n=870)	% of Total
Own	68
Rent	29
Living with family/friends	3
Other	1
Don't know/refused	<1

Note: Due to rounding, the column may not sum to 100 percent.

- Slightly more than two-thirds of respondents (68 percent) own their home; nearly all the rest (29 percent) rent.
- Respondents more likely to own their own home included those who:
  - Are older (60+ years) compared to younger respondents (age 18-29) (85 percent versus 21 percent, respectively).
  - Have heard of AHFC compared to those that had not (76 percent versus 48 percent, respectively).
  - Have no children in the household compared to households with children (70 percent versus 62 percent, respectively).
  - Have lived in Alaska 3+ years compared to those under 3 years (71 percent for 10+ years and 39 percent for 3-9 years versus 19 percent for under 3 years).
  - Are married compared to single (79 percent versus 49 percent).
  - Have a household incomes of \$50,000+ compared to households under \$50,000 (86 percent for \$100,000+ and 68 percent for \$50,000-\$99,999 versus 46 percent, respectively).

# Household Demographics

All respondents were asked a series of demographic questions regarding their gender, age, marital status, employment status, community of residency, length of residency, household size, children in the household, and household income. Demographic profiles by respondent age, region, major urban center, home ownership status and age are found in the appendices.

## Age and Gender

Table 12. Age and Gender

Response (n=870)	% of Total
<b>Age</b>	
18 to 29 years	13
30 to 44 years	18
45 to 59 years	33
60 plus years	35
<b>Average age</b>	<b>52.2 years</b>
<b>Gender</b>	
Male	48
Female	52

Note: Due to rounding, the column may not sum to 100 percent.

- The average age of respondents was 52.2 years (no household members under age 18 were surveyed).
- Half of the respondents (52 percent) were female.

## Length in Alaska

Table 13. Number of Years Living in Alaska

Number of Years (n=857)	% of Total
Under 10 years	12
10 to 19 years	14
20 to 29 years	18
30 to 39 years	20
40 to 49 years	16
50+ years	19
Don't know/refused	1
<b>Average length</b>	<b>32.2 years</b>

Note: Due to rounding, the column may not sum to 100 percent.

- The average length of Alaska residency is 32.2 years, with 19 percent living in Alaska for 50+ years, and 12 percent under 10 years.

## Residency

Table 14. Region/Community of Primary Residence (Unweighted)

Response	% of Total
<b>Southcentral</b>	<b>47</b>
Anchorage	30
Kenai Peninsula	6
Mat-Su Borough	10
Other	1
<b>Interior/Northern</b>	<b>22</b>
Barrow	<1
Fairbanks	18
Kotzebue	<1
Nome	<1
Bethel	3
Other	<1
<b>Southwest</b>	<b>13</b>
Dillingham	3
Kodiak	4
Other	6
<b>Southeast</b>	<b>18</b>
Juneau	12
Ketchikan	2
Sitka	2
Other	2

Note: Due to rounding, the column may not sum to 100 percent.

- Almost half (47 percent) of respondents live in Southcentral Alaska, with most living in Anchorage (30 percent of all respondents).
- The remaining respondents live in Interior/Northern Alaska (22 percent), including Fairbanks (18 percent); Southwest Alaska (13 percent), including Kodiak Island (4 percent); and Southeast Alaska (18 percent), including Juneau (12 percent).

## Marital Status

Table 15. Current Marital Status

Response (n=858)	% of Total
Married	55
Living with partner	2
Single/divorced/widowed	41
Refused	2

Note: Due to rounding, the column may not sum to 100 percent.

- Over half of respondents are married (55 percent).

## Household Size

**Table 16. Number in Household**

Number in Household (n=858)	% of Total
1	18
2	39
3	16
4	13
5+	11
Don't know/refused	2
<b>Average Number in Household</b>	<b>2.7 people</b>

Note: Due to rounding, the column may not sum to 100 percent.

- Respondents have an average of 2.7 persons living in their household for at least nine months of the year.
- A total of 18 percent of respondents live alone, and 11 percent have five or more household members.

## Children in the Household

**Table 17. Children in the Household**

*Base: Respondents with More than One Household Member*

Number of Children in Household (n=697)	% of Total
0	56
1	17
2	13
3	5
4+	7
Don't know/refused	3
<b>Average Number of Children in Household</b>	<b>0.9 children</b>

Note: Due to rounding, the column may not sum to 100 percent.

- The average number of children living in all respondents' households is 0.9 children.
- Most households do not have children under age 18 (56 percent).

## Employment Status

Table 18. Employment Status

Responses (n=858)	% of Total
Employed full-time, year-round	45
Employed part-time, year-round	8
Employed full-time, seasonally	5
Employed part-time, seasonally	2
Unemployed, not looking for work	1
Unemployed, currently looking for work	4
Student	2
Homemaker	4
Retired	24
Disabled	4
Don't know/refused	2

Note: Due to rounding, the column may not sum to 100 percent.

- The majority of respondents (53 percent) are employed year-round, either full-time (45 percent) or part-time (8 percent).
- About one-quarter (24 percent) are retired.

## Household Income

Table 19. 2014 Total Household Income (Before Taxes)

Responses (n=857)	% of Total
Less than \$25,000	14
\$25,001-\$50,000	19
\$50,001-\$100,000	26
\$100,001-\$125,000	10
\$125,001-\$150,000	5
Over \$150,000	11
Don't know/refused	14
<b>Average</b>	<b>\$78,400</b>
<b>Median</b>	<b>\$75,000</b>

Note: Due to rounding, the column may not sum to 100 percent.

- The average 2014 household income of respondents is \$78,400, with 14 percent earning less than \$25,000.

# Appendix A: Summary Results by Region

**Table 20. Agreement (Net) and Disagreement (Net) Statements about Alaska’s Economy and Housing Impacts, By Region, Percent**

n=870	Southcentral n=561		North/Interior n=155		Southwest n=56		Southeast n=98	
	Net Agree	Net Disagree	Net Agree	Net Disagree	Net Agree	Net Disagree	Net Agree	Net Disagree
It is very likely that I will be living in Alaska three years from now.	93	6	89	8	87	11	98	1
A lack of affordable housing in my community is an issue for our local economy.	68	24	63	25	89	6	88	8
The current low price of oil will have a negative impact on Alaska’s economy over the next few years.	74	18	66	22	59	19	75	18
Alaska has significant oil and gas reserves that will provide revenue for the State well into the future.	74	16	74	16	66	17	71	14
I am very confident in the long-term economic future of Alaska.	71	23	74	20	60	27	69	24
My current housing is affordable.	82	17	79	20	63	34	78	19
Now is a good time to renovate a home.	67	18	68	18	66	24	60	23
Now is a good time to buy a home.	53	29	54	25	46	34	56	26
Now is a good time to sell a home.	57	27	39	41	33	46	52	31
Housing in my community is affordable.	45	48	40	50	19	76	20	73

**Table 21. Awareness and “Very Positive” Feelings about State Agencies and Other Financial Businesses, By Region, Percent**

n=870	Southcentral n=561		North/Interior n=155		Southwest n=56		Southeast n=98	
	Very Positive	Never Heard of Them	Very Positive	Never Heard of Them	Very Positive	Never Heard of Them	Very Positive	Never Heard of Them
Alaska USA Federal Credit Union	40	1	26	6	20	16	24	8
Alaska Railroad	28	3	18	7	9	15	11	18
Alaska Housing Finance Corporation (AHFC)	20	23	12	36	8	53	17	29
Wells Fargo Bank	59	<1	59	<1	47	1	65	--
Alaska Industrial Development and Export Authority (AIDEA)	6	46	5	43	2	62	6	51

**Table 22. Types of AHFC Housing Programs and Services “Very Useful,” by Region, Percent**

*Base: Respondents Who Had Heard of AHFC*

n=623	Southcentral n=430	North/Interior n=98	Southwest n=26	Southeast n=69
	Very Useful	Very Useful	Very Useful	Very Useful
Energy efficiency programs for homes	62	62	73	63
Home loans for Veterans	60	57	57	51
Home loans for first-time homebuyers	59	47	63	54
Free classes for homebuyers	49	39	38	51
Rental programs for low-income Alaskans	44	36	46	42
Home loans for rural Alaskans	44	36	51	39
Home loans for low-income borrowers	42	36	45	35
Down-payment assistance	38	26	39	39

**Table 23. “Very Important” AHFC Programs to Respondent’s Community, By Region, Percent**

*Base: Respondents Who Had Heard of AHFC*

n=623	Southcentral n=430	North/Interior n=98	Southwest n=26	Southeast n=69
	Very Important	Very Important	Very Important	Very Important
Programs to increase affordable housing	52	48	61	63
Energy efficiency programs for public buildings	52	55	64	53
Home loans for rehabilitation of older properties	37	40	39	47

**Table 24. Agreement (Strongly Agree/Agree) with the Effectiveness of AHFC Programs and Services, By Region, Percent**

*Base: Respondents Who Had Heard of AHFC*

n=621	Southcentral n=429	North/Interior n=98	Southwest n=26	Southeast n=69
	Net Agree	Net Agree	Net Agree	Net Agree
AHFC home buyer education programs reduce financial risk for homebuyers.	69	73	68	66
AHFC provides Alaskans access to affordable housing.	73	71	72	68
AHFC provides Alaskans access to safe housing.	68	74	63	66
AHFC provides Alaskans access to quality housing.	68	73	63	67

**Table 25. Agreement (Strongly Agree/Agree) and “Don’t Know” with Statements about AHFC’s Value Statements, By Region, Percent**

*Base: Respondents Who Had Heard of AHFC*

n=617	Southcentral n=426		North/Interior n=97		Southwest n=26		Southeast n=68	
	Net Agree	Don’t Know	Net Agree	Don’t Know	Net Agree	Don’t Know	Net Agree	Don’t Know
is a trusted organization.	67	27	69	24	61	36	70	24
is a socially responsible organization.	61	31	59	36	58	39	67	27
is customer-service driven.	52	38	50	36	53	39	50	37
loans are competitive with other lenders.	46	48	45	49	45	48	47	45
is the premier expert on Alaska housing.	48	39	42	45	39	50	40	41
is a well-managed organization.	44	47	47	46	42	53	42	48

**Table 26. Correct and “Don’t Know” Response to Two Truth Statements Regarding AHFC Funding, By Region, Percent**

*Base: Respondents Who Had Heard of AHFC*

n=615	Southcentral n=425		North/Interior n=97		Southwest n=26		Southeast n=68	
	True	Don't Know	True	Don't Know	True	Don't Know	True	Don't Know
AHFC has contributed more than \$1.9 Billion in dividends to the State government.	27	59	25	64	30	54	29	56
AHFC earns enough money through its loan programs to operate without a need for funding from State government to support its operations	27	39	25	49	21	52	22	45

**Table 27. Used AHFC Product or Service within Past Three Years, By Region, Percent**

*Base: Respondents Who Had Heard of AHFC*

n=615	Southcentral n=422	North/Interior n=97	Southwest n=26	Southeast n=68
	Used AHFC	Used AHFC	Used AHFC	Used AHFC
Yes	12	14	5	13
No	84	84	92	84

**Table 28. Demographic Profile, By Region, Percent**

*Base: Respondents Who Had Heard of AHFC*

	Southcentral n=551	North/Interior n=153	Southwest n=56	Southeast n=97
<b>Home Ownership</b>				
Own	70	67	43	70
Rent	28	29	44	25
<b>Age</b>				
18 to 29 years	15	12	16	5
30 to 44 years	16	20	23	20
45 to 59 years	33	34	37	33
60+ years	36	34	23	42
<b>Average Age (Years)</b>	<b>52.4 years</b>	<b>51.3 years</b>	<b>48.0 years</b>	<b>55.4 years</b>
<b>Gender</b>				
Male	46	49	35	42
Female	45	51	65	58
<b>Length in Residency</b>				
Under 10 years	12	11	22	5
10 to 19 years	15	16	13	7
20 to 29 years	20	15	19	14
30 to 39 years	18	23	15	27
40 to 49 years	17	16	12	16
50+ years	17	19	19	31
<b>Average Length (Years)</b>	<b>30.9 years</b>	<b>32.5 years</b>	<b>29.8 years</b>	<b>40.2 years</b>
<b>Marital Status</b>				
Married	54	56	55	59
Living with partner	2	3	3	2
Single/divorced/widowed	42	39	40	38
<b>Household Characteristics</b>				
Average Household Size	2.7 Adults	2.9 Adults	3.2 Adults	2.4 Adults
No Children in the Household	58	50	30	65
Average Number of Children in the Household	0.9 Children	1.1 Children	1.4 Children	0.6 Children
<b>Employment Status</b>				
Employed full-time/part-time, year-round	52	51	56	57
Employed full-time/part-time, seasonally	13	11	14	15
Unemployed, currently looking for work	<1	<1	2	2
<b>2014 Household Income</b>				
Less than \$25,000	13	14	18	15
\$25,001-\$50,000	21	15	16	17
<b>Average Household Income (in \$thousands)</b>	<b>\$77,900</b>	<b>\$77,200</b>	<b>\$77,600</b>	<b>\$83,700</b>

## Appendix B: Summary Results by Major Urban Community

**Table 29. Agreement (Net) and Disagreement (Net) Statements about Alaska’s Economy and Housing Impacts, By Major Urban Community, Percent**

	Anchorage n=356		Fairbanks n=116		Juneau n=39	
	Net Agree	Net Disagree	Net Agree	Net Disagree	Net Agree	Net Disagree
It is very likely that I will be living in Alaska three years from now.	91	7	90	8	96	3
A lack of affordable housing in my community is an issue for our local economy.	75	19	55	32	89	9
The current low price of oil will have a negative impact on Alaska’s economy over the next few years.	74	17	67	22	81	11
Alaska has significant oil and gas reserves that will provide revenue for the State well into the future.	71	18	73	16	67	22
I am very confident in the long-term economic future of Alaska.	69	25	74	20	64	28
My current housing is affordable.	77	22	84	15	76	22
Now is a good time to renovate a home.	66	18	63	19	58	19
Now is a good time to buy a home.	51	31	52	25	45	37
Now is a good time to sell a home.	60	25	37	41	56	26
Housing in my community is affordable.	42	53	45	44	17	78

**Table 30. Awareness and “Very Positive” Feelings about State Agencies and Other Financial Businesses, By Major Urban Community, Percent**

	Anchorage n=356		Fairbanks n=116		Juneau n=39	
	Very Positive	Never Heard of Them	Very Positive	Never Heard of Them	Very Positive	Never Heard of Them
Alaska USA Federal Credit Union	42	1	28	3	37	2
Alaska Railroad	31	4	20	1	8	14
Alaska Housing Finance Corporation (AHFC)	21	18	13	29	16	23
Wells Fargo Bank	14	<1	12	1	13	--
Alaska Industrial Development and Export Authority (AIDEA)	8	41	4	39	7	45

**Table 31. Types of AHFC Housing Programs and Services “Very Useful,”  
By Major Urban Community, Percent**

*Base: Respondents Who Had Heard of AHFC*

	Anchorage n=291 Very Useful	Fairbanks n=81 Very Useful	Juneau n=30 Very Useful
Energy efficiency programs for homes	59	61	61
Home loans for Veterans	57	59	60
Home loans for first-time homebuyers	53	51	63
Free classes for homebuyers	50	43	50
Rental programs for low-income Alaskans	42	39	54
Home loans for rural Alaskans	40	35	48
Home loans for low-income borrowers	38	37	50
Down-payment assistance	37	27	48

**Table 32. “Very Important” AHFC Programs to Respondent’s Community,  
By Major Urban Community, Percent**

*Base: Respondents Who Had Heard of AHFC*

	Anchorage n=291 Very Important	Fairbanks n=81 Very Important	Juneau n=30 Very Important
Programs to increase affordable housing	52	45	74
Energy efficiency programs for public buildings	53	54	53
Home loans for rehabilitation of older properties	36	38	45

**Table 33. Agreement (Strongly Agree/Agree) with the Effectiveness of  
AHFC Programs and Services, By Major Urban Community, Percent**

*Base: Respondents Who Had Heard of AHFC*

	Anchorage n=290 Net Agree	Fairbanks n=81 Net Agree	Juneau n=30 Net Agree
AHFC home buyer education programs reduce financial risk for homebuyers.	71	74	70
AHFC provides Alaskans access to affordable housing.	75	71	74
AHFC provides Alaskans access to safe housing.	71	73	71
AHFC provides Alaskans access to quality housing.	70	72	72

**Table 34. Agreement (Strongly Agree/Agree) and “Don’t Know” with Statements about AHFC’s Value Statements, By Major Urban Community, Percent**

*Base: Respondents Who Had Heard of AHFC*

	Anchorage n=287		Fairbanks n=80		Juneau n=29	
	Net Agree	Don't Know	Net Agree	Don't Know	Net Agree	Don't Know
AHFC is a trusted organization.	72	24	68	23	77	17
AHFC is a socially responsible organization.	67	26	61	34	64	27
AHFC is customer-service driven.	56	34	48	39	58	35
AHFC loans are competitive with other lenders.	47	46	45	47	55	39
AHFC is the premier expert on Alaska housing.	49	37	41	42	49	31
AHFC is a well-managed organization.	47	44	45	48	45	47

**Table 35. Correct and “Don’t Know” Response to Two Truth Statements Regarding AHFC Funding, By Major Urban Community, Percent**

*Base: Respondents Who Had Heard of AHFC*

	Anchorage n=286		Fairbanks n=80		Juneau n=29	
	True	Don't Know	True	Don't Know	True	Don't Know
AHFC has contributed more than \$1.9 Billion in dividends to the State government.	27	58	25	62	37	53
AHFC earns enough money through its loan programs to operate without a need for funding from State government to support its operations	30	36	26	46	20	38

**Table 36. Used AHFC Product or Service Within Past Three Years, By Major Urban Community, Percent**

*Base: Respondents Who Had Heard of AHFC*

	Anchorage n=284 Used AHFC	Fairbanks n=80 Used AHFC	Juneau n=29 Used AHFC
Yes	13	14	20
No	81	83	76

**Table 37. Demographic Profile, By Major Urban Community, Percent**

*Base: Respondents Who Had Heard of AHFC*

	Anchorage n=356	Fairbanks n=116	Juneau n=39
<b>Home Ownership</b>			
Own	69	72	72
Rent	29	23	24
<b>Age</b>			
18 to 29 years	14	12	6
30 to 44 years	17	17	17
45 to 59 years	31	34	34
60+ years	38	36	43
<b>Average Age (Years)</b>	<b>53.1 years</b>	<b>52.3 years</b>	<b>55.8 years</b>
<b>Gender</b>			
Male	38	50	46
Female	44	49	54
<b>Length of Residency</b>			
Under 10 years	10	12	6
10 to 19 years	14	17	7
20 to 29 years	19	18	24
30 to 39 years	20	22	22
40 to 49 years	17	17	17
50+ years	18	14	24
<b>Average Length (Years)</b>	<b>31.9 years</b>	<b>30.4 years</b>	<b>36.4 years</b>
<b>Marital Status</b>			
Married	53	59	63
Living with partner	1	3	2
Single/divorced/widowed	43	35	34
<b>Household Characteristics</b>			
Average Household Size	2.6 Adults	2.7 Adults	2.4 Adults
No Children in the Household	58	58	66
Average Number of Children in the Household	0.8 Children	0.9 Children	0.6 Children
<b>Employment Status</b>			
Employed full-time/part-time, year-round	55	48	52
Employed full-time/part-time, seasonally	12	9	8
Unemployed, currently looking for work	<1	1	2
<b>2014 Household Income</b>			
Less than \$25,000	11	10	14
\$25,001-\$50,000	22	15	13
<b>Average Household Income</b>	<b>\$79,800</b>	<b>\$78,000</b>	<b>\$88,000</b>

## Appendix C: Summary Results by Home Ownership Status

**Table 38. Agreement (Net) and Disagreement (Net) Statements about Alaska’s Economy and Housing Impacts, By Home Ownership Status, Percent**

	Own Home n=589		Rent Home n=249	
	Net Agree	Net Disagree	Net Agree	Net Disagree
It is very likely that I will be living in Alaska three years from now.	95	4	87	10
A lack of affordable housing in my community is an issue for our local economy.	66	24	82	13
The current low price of oil will have a negative impact on Alaska’s economy over the next few years.	80	12	52	34
Alaska has significant oil and gas reserves that will provide revenue for the State well into the future.	73	17	72	14
I am very confident in the long-term economic future of Alaska.	70	23	72	23
My current housing is affordable.	88	11	64	35
Now is a good time to renovate a home.	70	17	57	24
Now is a good time to buy a home.	55	24	47	37
Now is a good time to sell a home.	55	28	46	35
Housing in my community is affordable.	45	46	28	70

**Table 39. Awareness and “Very Positive” Feelings About State Agencies and Other Financial Businesses, By Home Ownership Status, Percent**

	Own Home n=589		Rent Home n=249	
	Very Positive	Never Heard of Them	Very Positive	Never Heard of Them
Alaska USA Federal Credit Union	38	2	24	8
Alaska Railroad	24	5	22	11
Alaska Housing Finance Corporation (AHFC)	20	20	12	42
Wells Fargo Bank	16	<1	15	--
Alaska Industrial Development and Export Authority (AIDEA)	7	39	3	65

**Table 40. Types of AHFC Housing Programs and Services “Very Useful,”  
Home Ownership Status, Percent**

*Base: Respondents Who Had Heard of AHFC*

	Own Home n=469 Very Useful	Rent Home n=142 Very Useful
Energy efficiency programs for homes	63	62
Home loans for Veterans	59	56
Home loans for first-time homebuyers	57	59
Free classes for homebuyers	47	52
Rental programs for low-income Alaskans	41	49
Home loans for rural Alaskans	43	42
Home loans for low-income borrowers	40	43
Down-payment assistance	36	41

**Table 41. “Very Important” AHFC Programs to Respondent’s Community,  
By Home Ownership Status, Percent**

*Base: Respondents Who Had Heard of AHFC*

	Own Home n=469 Very Important	Rent Home n=142 Very Important
Programs to increase affordable housing	49	67
Energy efficiency programs for public buildings	52	56
Home loans for rehabilitation of older properties	37	45

**Table 42. Agreement (Strongly Agree/Agree) with the Effectiveness of AHFC Programs and Services,  
By Home Ownership Status, Percent**

*Base: Respondents Who Had Heard of AHFC*

	Own Home n=467 Net Agree	Rent Home n=142 Net Agree
AHFC home buyer education programs reduce financial risk for homebuyers.	69	69
AHFC provides Alaskans access to affordable housing.	73	68
AHFC provides Alaskans access to safe housing.	68	68
AHFC provides Alaskans access to quality housing.	69	67

**Table 43. Agreement (Strongly Agree/Agree) and “Don’t Know” with Statements about AHFC’s Efficacy, Home Ownership Status, Percent**

*Base: Respondents Who Had Heard of AHFC*

	Own Home n=464		Rent Home n=142	
	Net Agree	Don’t Know	Net Agree	Don’t Know
AHFC is a trusted organization.	68	27	67	29
AHFC is a socially responsible organization.	62	31	60	33
AHFC is customer-service driven.	51	38	50	38
AHFC loans are competitive with other lenders.	46	47	44	51
AHFC is the premier expert on Alaska housing.	45	41	52	39
AHFC is a well-managed organization.	43	49	49	42

**Table 44. Correct and “Don’t Know” Response to Two Truth Statements Regarding AHFC Funding, By Home Ownership Status, Percent**

*Base: Respondents Who Had Heard of AHFC*

	Own Home n=463		Rent Home n=140	
	True	Don’t Know	True	Don’t Know
AHFC has contributed more than \$1.9 Billion in dividends to the State government.	26	60	31	56
AHFC earns enough money through its loan programs to operate without a need for funding from State government to support its operations	26	43	25	40

**Table 45. Used AHFC Product or Service Within Past Three Years, By Home Ownership Status, Percent**

*Base: Respondents Who Had Heard of AHFC*

	Own Home n=463 Used AHFC	Rent Home n=137 Used AHFC
Yes	12	13
No	84	84

**Table 46. Demographic Profile, By Home Ownership Status, Percent***Base: Respondents Who Had Heard of AHFC*

	Own Home n=581	Rent Home n=244
<b>Age</b>		
18 to 29 years	5	30
30 to 44 years	15	25
45 to 59 years	35	32
60+ years	46	13
<b>Average Age (Years)</b>	<b>57.3 years</b>	<b>41.9 years</b>
<b>Gender</b>		
Male	45	46
Female	48	50
<b>Length of Residency</b>		
Under 10 years	7	24
10 to 19 years	11	18
20 to 29 years	15	25
30 to 39 years	21	18
40 to 49 years	21	5
50+ years	24	10
<b>Average Length (Years)</b>	<b>36.3 years</b>	<b>23.2 years</b>
<b>Marital Status</b>		
Married	65	34
Living with partner	3	2
Single/divorced/widowed	30	63
<b>Household Characteristics</b>		
Average Household Size	2.6 Adults	2.9 Adults
No Children in the Household	60	48
Average Number of Children in the Household	0.8 Children	1.1 Children
<b>Employment Status</b>		
Employed full-time/part-time, year-round	53	55
Employed full-time/part-time, seasonally	5	10
Unemployed, currently looking for work	1	1
<b>2014 Household Income</b>		
Less than \$25,000	8	25
\$25,001-\$50,000	15	30
<b>Average Household Income</b>	<b>\$90,900</b>	<b>\$54,000</b>

## Appendix D: Summary Results by Age Groups

**Table 47. Agreement (Net) and Disagreement (Net) Statements about Alaska’s Economy and Housing Impacts, By Age Group, Percent**

	18-29 Years n=115		30-44 Years n=156		45-59 Years n=291		60+ Years n=308	
	Net Agree	Net Disagree	Net Agree	Net Disagree	Net Agree	Net Disagree	Net Agree	Net Disagree
It is very likely that I will be living in Alaska three years from now.	83	15	90	7	95	3	95	4
A lack of affordable housing in my community is an issue for our local economy.	65	29	75	18	72	19	69	21
The current low price of oil will have a negative impact on Alaska's economy over the next few years.	47	37	66	22	77	16	78	13
Alaska has significant oil and gas reserves that will provide revenue for the State well into the future.	76	11	69	19	75	16	72	15
I am very confident in the long-term economic future of Alaska.	76	19	70	21	65	30	73	19
My current housing is affordable.	74	25	72	26	78	21	87	11
Now is a good time to renovate a home.	60	28	66	19	66	20	68	15
Now is a good time to buy a home.	54	35	52	31	53	28	53	25
Now is a good time to sell a home.	55	36	58	29	52	32	48	30
Housing in my community is affordable.	47	52	29	66	36	58	47	42

**Table 48. Awareness and “Very Positive” Feelings about State Agencies and Other Financial Businesses, By Age Group, Percent**

	18-29 Years n=115		30-44 Years n=156		45-59 Years n=291		60+ Years n=308	
	Very Positive	Never Heard of Them	Very Positive	Never Heard of Them	Very Positive	Never Heard of Them	Very Positive	Never Heard of Them
Alaska USA Federal Credit Union	27	5	32	4	38	2	34	4
Alaska Railroad	17	10	22	9	27	6	23	5
Alaska Housing Finance Corporation (AHFC)	9	55	12	26	18	28	24	20
Wells Fargo Bank	10	1	13	1	16	<1	19	--
Alaska Industrial Development and Export Authority (AIDEA)	4	69	4	57	6	41	7	39

**Table 49. Types of AHFC Housing Programs and Services “Very Useful,” By Age Group, Percent***Base: Respondents Who Had Heard of AHFC*

	18-29 Years n=51 Very Useful	30-44 Years n=116 Very Useful	45-59 Years n=209 Very Useful	60+ Years n=247 Very Useful
Energy efficiency programs for homes	75	66	65	56
Home loans for Veterans	75	60	58	55
Home loans for first-time homebuyers	70	68	59	48
Free classes for homebuyers	50	59	51	38
Rental programs for low-income Alaskans	46	57	39	38
Home loans for rural Alaskans	43	54	45	35
Home loans for low-income borrowers	43	49	43	33
Down-payment assistance	57	49	35	28

**Table 50. “Very Important” AHFC Programs to Respondent’s Community, By Age Group, Percent***Base: Respondents Who Had Heard of AHFC*

	18-29 Years n=51 Very Important	30-44 Years n=116 Very Important	45-59 Years n=209 Very Important	60+ Years n=247 Very Important
Programs to increase affordable housing	55	70	55	43
Energy efficiency programs for public buildings	57	62	55	47
Home loans for rehabilitation of older properties	21	51	40	35

**Table 51. Agreement (Strongly Agree/Agree) with the Effectiveness of AHFC Programs and Services, By Age Group, Percent***Base: Respondents Who Had Heard of AHFC*

	18-29 Years n=51 Net Agree	30-44 Years n=115 Net Agree	45-59 Years n=208 Net Agree	60+ Years n=247 Net Agree
AHFC home buyer education programs reduce financial risk for homebuyers.	80	74	70	65
AHFC provides Alaskans access to affordable housing.	71	78	75	67
AHFC provides Alaskans access to safe housing.	63	74	68	67
AHFC provides Alaskans access to quality housing.	60	68	73	66

**Table 52. Agreement (Strongly Agree/Agree) and “Don’t Know” with Statements About AHFC’s Value Statements, By Age Group, Percent**

*Base: Respondents Who Had Heard of AHFC*

	18-29 Years n=51		30-44 Years n=115		45-59 Years n=207		60+ Years n=244	
	Net Agree	Don't Know	Net Agree	Don't Know	Net Agree	Don't Know	Net Agree	Don't Know
AHFC is a trusted organization.	57	37	75	18	66	30	67	26
AHFC is a socially responsible organization.	69	28	60	30	61	32	60	33
AHFC is customer-service driven.	46	42	59	29	51	39	49	39
AHFC loans are competitive with other lenders.	40	44	49	42	49	45	42	53
AHFC is the premier expert on Alaska housing.	59	34	48	34	43	44	45	42
AHFC is a well-managed organization.	60	35	53	35	38	56	42	48

**Table 53. Correct and “Don’t Know” Response to Two Truth Statements Regarding AHFC Funding, By Age Group, Percent**

*Base: Respondents Who Had Heard of AHFC*

	18-29 Years n=51		30-44 Years n=115		45-59 Years n=207		60+ Years n=242	
	True	Don't Know	True	Don't Know	True	Don't Know	True	Don't Know
AHFC has contributed more than \$1.9 Billion in dividends to the State government.	44	34	37	49	22	64	23	66
AHFC earns enough money through its loan programs to operate without a need for funding from State government to support its operations.	35	22	30	36	24	43	24	48

**Table 54. Used AHFC Product or Service Within Past Three Years, By Age Group, Percent**

*Base: Respondents Who Had Heard of AHFC*

	18-29 Years n=49	30-44 Years n=115	45-59 Years n=207	60+ Years n=242
	Used AHFC	Used AHFC	Used AHFC	Used AHFC
Yes	9	16	12	11
No	81	83	85	84

**Table 55. Demographic Profile, By Age Group, Percent**

*Base: Respondents Who Had Heard of AHFC*

	18-29 Years n=115	30-44 Years n=156	45-59 Years n=291	60+ Years n=308
<b>Home Ownership</b>				
Own	24	56	71	87
Rent	64	39	28	11
<b>Age</b>				
<b>Average Age (Years)</b>	<b>23.9 years</b>	<b>37.4 years</b>	<b>52.6 years</b>	<b>70.0 years</b>
<b>Gender</b>				
Male	44	39	49	45
Female	55	53	46	49
<b>Length of Residency</b>				
Under 10 years	22	16	15	3
10 to 19 years	22	25	14	5
20 to 29 years	56	14	18	7
30 to 39 years	--	35	18	21
40 to 49 years	--	9	17	25
50+ years	--	--	17	39
<b>Average Length (Years)</b>	<b>17.8 years</b>	<b>22.9 years</b>	<b>29.9 years</b>	<b>44.6 years</b>
<b>Marital Status</b>				
Married	27	59	60	58
Living with partner	5	5	3	<1
Single/divorced/widowed	69	34	36	39
<b>Household Characteristics</b>				
Average Household Size	3.4 Adults	3.6 Adults	2.8 Adults	1.9 Adults
No Children in the Household	44	26	50	57
Average Number of Children in the Household	1.3 Children	1.8 Children	0.9 Children	0.2 Children
<b>Employment Status</b>				
Employed full-time/part-time, year-round	60	78	65	26
Employed full-time/part-time, seasonally	17	22	12	7
Unemployed, currently looking for work	<1	2	--	1
<b>2014 Household Income</b>				
Less than \$25,000	29	9	13	11
\$25,001-\$50,000	25	16	15	22
<b>Average Household Income</b>	<b>\$54,100</b>	<b>\$87,100</b>	<b>\$86,800</b>	<b>\$74,900</b>

# **Appendix E: Household Survey Instrument**

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# AHFC Household Opinion Survey

PHONE # \_\_\_\_\_

DATE \_\_\_\_\_

INTERVIEWER NAME \_\_\_\_\_

Cell / Landline \_\_\_\_\_

SURVEY # \_\_\_\_\_

Hi, this is \_\_\_\_\_ with the McDowell Group. We are conducting a study to better understand housing needs in your area. I'd like to ask you a few questions.

**1. Can you please tell me what year you were born? 19\_\_\_\_\_** (If 1997 or after, request someone over 18 years old. If no one is available, end survey.)

**2. Can you please tell me which community you live in?** (Thank and end survey if they do not live in AK.)

- |  |   |  |
|--|---|--|
| 01 <input type="checkbox"/> Anchorage  | 06 <input type="checkbox"/> Juneau          | 11 <input type="checkbox"/> Mat-Su Borough |
| 02 <input type="checkbox"/> Barrow     | 07 <input type="checkbox"/> Kenai Peninsula | 12 <input type="checkbox"/> Nome           |
| 03 <input type="checkbox"/> Bethel     | 08 <input type="checkbox"/> Ketchikan       | 13 <input type="checkbox"/> Sitka          |
| 04 <input type="checkbox"/> Dillingham | 09 <input type="checkbox"/> Kodiak          | 14 <input type="checkbox"/> Other _____    |
| 05 <input type="checkbox"/> Fairbanks  | 10 <input type="checkbox"/> Kotzebue        |  |

**3. Do you own or rent the home you live in?**

- |   |  |                                     |
|---|--|-------------------------------------|
| 01 <input type="checkbox"/> Own         | 04 <input type="checkbox"/> Don't know |                                     |
| 02 <input type="checkbox"/> Rent        |  | 05 <input type="checkbox"/> Refused |
| 03 <input type="checkbox"/> Other _____ |  |                                     |

**4. Please tell me if you strongly agree, agree, disagree or strongly disagree with each of the following statements.**

<b>Rotate: [c.- never first in rotation]</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
	<b><i>Strongly agree</i></b>	<b><i>Agree</i></b>	<b><i>Disagree</i></b>	<b><i>Strongly disagree</i></b>	<b><i>Don't know</i></b>	<b><i>Ref</i></b>
a. It is very likely that I will be living in Alaska three years from now.	1	2	3	4	5	6
b. Alaska has significant oil and gas reserves that will provide revenue for the State well into the future.	1	2	3	4	5	6
c. The current low price of oil will have a negative impact on Alaska's economy over the next few years.	1	2	3	4	5	6
d. I am very confident in the long-term economic future of Alaska.	1	2	3	4	5	6
e. Now is a good time to buy a home.	1	2	3	4	5	6
f. Now is a good time to renovate a home.	1	2	3	4	5	6
g. Now is a good time to sell a home.	1	2	3	4	5	6
h. Housing in my community is affordable.	1	2	3	4	5	6
i. My current housing is affordable.	1	2	3	4	5	6
j. A lack of affordable housing in my community is an issue for our local economy.	1	2	3	4	5	6

5. Please tell me whether your feelings toward the following organizations are very positive, somewhat positive, somewhat negative or very negative, or if you have never heard of them.

Read list-Rotate	1 <i>Very Positive</i>	2 <i>Somewhat Positive</i>	3 <i>Somewhat Negative</i>	4 <i>Very Negative</i>	5 <i>Never Heard of Them</i>	6 <i>Don't know</i>	7 <i>Ref</i>
a. Alaska Housing Finance Corporation, known as A.H.F.C.	1	2	3	4	5*	6	7
b. Alaska USA Federal Credit Union	1	2	3	4	5	6	7
c. Alaska Railroad	1	2	3	4	5	6	7
d. Alaska Industrial Development and Export Authority, known as "AIDEA" (pronounced AA-DA)	1	2	3	4	5	6	7
e. Wells Fargo Bank	1	2	3	4	5	6	7

(\*If "Never Heard of AHFC," skip to READ before Q 15.)

6. Now, I am going to read you a list of various types of housing programs and services offered by AHFC. Please tell me whether each of these programs is very useful, somewhat useful, or not useful to Alaskans.

Read list-Rotate	1 <i>Very Useful</i>	2 <i>Somewhat Useful</i>	3 <i>Not Useful</i>	4 <i>Don't know</i>	5 <i>Ref</i>
a. Rental programs for low-income Alaskans	1	2	3	4	5
b. Down-payment assistance	1	2	3	4	5
c. Home loans for first-time homebuyers	1	2	3	4	5
d. Home loans for low-income borrowers	1	2	3	4	5
e. Home loans for rural Alaskans	1	2	3	4	5
f. Home loans for Veterans	1	2	3	4	5
g. Energy efficiency programs for homes	1	2	3	4	5
h. Free classes for homebuyers	1	2	3	4	5

7. Please tell me whether each of the following AHFC programs are very important, somewhat important, or not important to your community.

Read list-Rotate	1 <i>Very important</i>	2 <i>Somewhat important</i>	3 <i>Not important</i>	4 <i>Don't know</i>	5 <i>Ref</i>
a. Home loans for rehabilitation of older properties	1	2	3	4	5
b. Programs to increase affordable housing	1	2	3	4	5
c. Energy efficiency programs for public buildings	1	2	3	4	5

8. Please tell me if you strongly agree, agree, disagree, or strongly disagree with each of the following statements.

Read list-Rotate	1 <i>Strongly agree</i>	2 <i>Agree</i>	3 <i>Disagree</i>	4 <i>Strongly disagree</i>	5 <i>Don't know</i>	6 <i>Ref</i>
a. AHFC home buyer education programs reduce financial risk for homebuyers.	1	2	3	4	5	6
b. AHFC provides Alaskans access to safe housing.	1	2	3	4	5	6
c. AHFC provides Alaskans access to quality housing.	1	2	3	4	5	6
d. AHFC provides Alaskans access to affordable housing.	1	2	3	4	5	6

9. Please tell me if you strongly agree, agree, disagree, or strongly disagree with each of the following statements.

Read list-Rotate	1 <i>Strongly agree</i>	2 <i>Agree</i>	3 <i>Disagree</i>	4 <i>Strongly disagree</i>	5 <i>Don't know</i>	6 <i>Ref</i>
a. AHFC is customer-service driven.	1	2	3	4	5	6
b. AHFC is a socially responsible organization.	1	2	3	4	5	6
c. AHFC is a trusted organization.	1	2	3	4	5	6
d. AHFC is a well-managed organization.	1	2	3	4	5	6
e. AHFC loans are competitive with other lenders.	1	2	3	4	5	6
f. AHFC is the premier expert on Alaska housing.	1	2	3	4	5	6

[READ] Next, I am going to read you two statements, please tell me if you think each statement is true or false?

10. AHFC earns enough money through its loan programs to operate without a need for funding from State government to support its operations.

- 1  True      2  False      3  Don't know      4  Refused

11. AHFC has contributed more than \$1.9 Billion in dividends to the State government.

- 1  True      2  False      3  Don't know      4  Refused

[READ] Now, I would like to ask you about your experiences with AHFC.

**12. Have you used any AHFC product or service within the past three years?**

1  Yes    2  No (skip to Q15)    3  Don't know (skip to Q15)    4  Refused (skip to Q15)

		14. (For each program used) How satisfied were you with this service? Were you....				
13. Specifically, which AHFC product or service did you use? (Do not read. check all that apply)	1 <i>Used</i>	1 <i>Very Satisfied</i>	2 <i>Somewhat satisfied</i>	3 <i>Not satisfied</i>	4 <i>Don't know</i>	5 <i>Ref</i>
a. Weatherization	1	1	2	3	4	5
b. Home Choice	1	1	2	3	4	5
c. Renovation Loan Program	1	1	2	3	4	5
d. Senior and Accessible Housing	1	1	2	3	4	5
e. Home energy rebate	1	1	2	3	4	5
f. Down payment assistance	1	1	2	3	4	5
g. Public housing	1	1	2	3	4	5
h. First-time home buyers' class	1	1	2	3	4	5
i. AHFC home loan	1	1	2	3	4	5
j. Other, specify _____	1	1	2	3	4	5
k. Other, specify _____	1	1	2	3	4	5

**(All)**

[Read] The following questions are for demographic purposes only.

**15. How long have you lived in Alaska?** # \_\_\_\_\_ years    1  less than 1 year    2  Don't know    3  Refused

**16. What is your current marital status?**

1  Married    2  Living with partner    3  Single/Divorced/Widowed    4  Refused

**17. Including yourself, how many people live in your household for at least 9 months of the year?**

# \_\_\_\_\_ (if "1", skip to Q18)    2  Don't know    3  Refused

**17a. How many children under 18 years of age live in your household?** # \_\_\_\_\_ 2  Don't know 3  Refused

**18. Which statement best describes your employment status?** (Read list)

- |  |   |
|--|---|
| 01 <input type="checkbox"/> Employed full-time year-round    | 06 <input type="checkbox"/> Unemployed, currently looking for work  |
| 02 <input type="checkbox"/> Employed part-time year-round    | 07 <input type="checkbox"/> Student   |
| 03 <input type="checkbox"/> Employed full-time seasonally    | 08 <input type="checkbox"/> Homemaker   |
| 04 <input type="checkbox"/> Employed part-time seasonally    | 09 <input type="checkbox"/> Retired   |
| 05 <input type="checkbox"/> Unemployed, not looking for work | 10 <input type="checkbox"/> Disabled    11 <input type="checkbox"/> Don't know    12 <input type="checkbox"/> Refused |

**19. Please stop me at the category that best describes your total combined household income before taxes for 2014.**

- 01  Less than \$25,000                      04  \$100,001 to \$125,000                      07  Don't know  
02  \$25,001 to \$50,000                      05  \$125,001 to \$150,000                      08  Refused  
03  \$50,001 to \$100,000                      06  Over \$150,000

**20. [For cell numbers only] Does your household also have a telephone land line or only use cell phones?**

- 1  Landline also                      2  Only cellphone (skip to Q22)                      3  Don't know (skip to Q22)                      4  Refused (skip to Q22)

**20a. On which line do you conduct most of your day-to-day telephone communications, your landline or your cellphone?**

- 1  Landline (skip to Q22)                      2  Cellphone (skip to Q22)                      3  Don't know (skip to Q22)                      4  Refused (skip to Q22)

**21. [For landline numbers only] Does your household also use cell phones or only a telephone land line?**

- 1  Only landline (skip to Q22)                      2  Cellphone also                      3  Don't know (skip to Q22)                      4  Refused (skip to Q22)

**21a. On which line do you conduct most of your day-to-day telephone communications, your landline or your cellphone?**

- 1  Landline                      2  Cellphone                      3  Don't know                      4  Refused

**22. And for my last question, would you like to be added to a list to receive a monthly email newsletter from AHFC regarding housing related issues in Alaska?**

Email address: \_\_\_\_\_ 1  No

**Thank you for your participation!**

**23. Gender (Don't ask)**    01  Male    02  Female    03  Don't know

## BOARD CONSIDERATION MEMORANDUM

**Date: February 24, 2016**

**Staff: Eric A. Havelock**

**Item: Multi-family Loan Request**

\*\*\*\*\*

**BORROWER:** Juneau II VOA, LLC

**PURPOSE:** Term loan financing for the development of an affordable multi-family apartment complex consisting of 35 units to be named “Juneau II VOA Housing” and located at NHN Vista Drive in Juneau, Alaska. This is phase two of a two phase development.

### PROPOSAL OVERVIEW:

Loan Amount:

First Deed of Trust: \$2,117,600

Project’s Market Value: \$5,100,000 “At stabilized occupancy”

Appraised by: Brian Bethard, MAI, appraiser for Black-Smith, Bethard & Carlson, LLC. See Appendix I.

Loan-to-Value Ratio:

First Deed of Trust: 42%

Loan Terms:

First Deed of Trust: 30 years amortizing fixed monthly payments.

Interest Rate:

First Deed of Trust: 6.125%\*

\* Rate is determined at the time of underwriting based on what AHFC believes would be the cost of thirty (30) year taxable bond plus administrative and anticipated servicing costs, if it sold bonds at that time, subject to the receipt of a \$23,823 interest rate buydown fee.

Debt Service Coverage Ratio:

First Deed of Trust: 1.40

(A debt service coverage ratio is the net income available after paying expenses divided by the loan payment and is used as a profitability indicator for the project)



Development Costs:

See Appendix II for detailed breakdown.

Total Costs: \$10,575,131

Sources:

Tax Credits (Cash):	\$ 8,017,458
AHFC's First DOT:	\$ 2,117,600
Rasmuson Grant:	\$ 350,000
Energy tax credit:	\$ 30,073
Supportive Service Donations:	<u>\$ 60,000</u>
Total	<u>\$10,575,131</u>

**STRUCTURING OF PROJECT FUNDING:**

Key Bank will provide construction financing and an affiliate of Key Community Development Corporation acting as the tax credit investor will provide \$8,017,458 from the purchase of tax credits based on an anticipated price of 1.01 cents on the dollar. The project anticipates receiving the benefit of a \$30,073 solar tax credit for the use of solar voltaic technology anticipating a price of 95 cents on the dollar. \$60,000 is being provided through the developer's fee for supportive services. The Rasmuson Foundation is providing a \$350,000 grant to Volunteers of America Alaska, Inc. (VOA-Alaska, Inc.) that will be then be loaned to the borrower.

Recourse to General or Limited Partner: No\*\*

**\*\*Non-recourse to the limited partnership is requested in consideration of the following:**

For an investor the attractiveness of investing/purchasing tax credits is twofold; in that, they receive benefits over a ten-year period from tax credit deductions against their tax liability, and they also receive benefit of taxable losses in excess of their actual investment. If a loan is non-recourse, the investor is allowed to deduct taxable losses in excess of their actual investment. On the other hand, a taxable loss to a partner, which is attributable to recourse financing, will not be allowed unless that partner is obligated to contribute additional capital. To an investor, the tax credit is obviously much more attractive and beneficial to them if the transaction is without recourse, as they receive additional taxable losses without being obligated to make capital contributions. If any of the partners of the limited partnership are obligated on a recourse basis, it could potentially cause a reallocation of taxable losses and the tax credits. Non-recourse financing provides the degree of certainty that is necessary to satisfy the concerns of prospective tax credit investors regarding partnership allocations. With this in mind, tax credit investors are particular in selecting the tax credits they purchase. Historically, permanent financing has been available on a non-recourse basis.

## CORPORATE STRUCTURE:

An entity that owns a project that has been funded, all or in part, by tax credit proceeds is generally structured as a limited partnership or a limited liability company (LLC) where two entities complement each other in achieving their objective. The partnership or LLC consists of a limited partner and a general partner, or a managing member and an investing member, respectively. The limited partner's, or investing member's role is limited to the purchase of the tax credits, which provide cash for the project. The general partner, or managing member on the other hand, is usually the facilitator of the project and oversees the project's daily activities on behalf of the partnership. Additionally, the general partner, or managing member, if qualified, may function as the developer during the project's development.

**Principals:** The tax credit limited partnership is Juneau II VOA LLC. JII VOA MM LLC is the managing member, and Volunteers of America National Services (VOANS) is the investing member until the substitution of the tax credit investor as the investing member. The initial tax credit investor, an affiliate of Key Community Development Corporation, will be substituted as the investing member upon the closing of the limited partnership agreement. **See Appendix III**

**Managing Member:** JII VOA MM LLC is a recently formed Alaska limited liability company established in 2015 with the primary purpose of being the borrower's managing member and operating entity for the subject property. JII VOA MM LLC is governed by a managing member, Volunteers of America National Services with an 80% member interest, which is overseen by a 12 member board of directors. Each director serves an annual term consistent with the corporation's annual meeting date, with officers being the President, Vice President, Secretary, and Treasurer, and any other officers that might be named by the Board of Directors. The remaining interest is held by Volunteers of America of Alaska, Inc. that is governed under similar oversight.

**Investing Member:** Volunteers of America National Services (VOANS) is a national, non-profit, faith-based organization dedicated to helping those in need rebuild their lives and reach their full potential. Through human service programs, including housing and health care, Volunteers of America has helped nearly two million people in over 400 communities since 1896. An amended and restated operating agreement will be executed at the closing of the construction loan which will replace Volunteers of America National Services with the tax credit investor, an affiliate of Key Community Development Corporation.

**Developer:** Volunteers of America National Services (VOANS) was created in 1997 by merging Volunteers of America with VOA National Housing Corporation. Today VOANS is the nation's largest nonprofit developer of affordable housing for seniors and disabled persons, having developed over 185 facilities under HUD's Section 202 and 811 programs, as well as assisted living facilities, nursing homes and low-income family facilities. VOANS has partnered with local developers, Trapline, LLC. which is wholly owned by Glenn Gellert and Hugh Gellert, and V2, LLC, wholly owned by John McGrew. The Developer will be using Ron Bateman as the project architect, and Bicknell Construction as the general contractor. Staff concludes the development team has sufficient experience to successfully develop the subject project. **See Appendix III**

Financial:

The tax credit limited liability corporation's initial purpose will be to own and operate the rental housing. As such, the primary asset will be the project. The project is valued at \$5,100,000 and will have approximately \$2,117,600 in debt against it, which consists of AHFC's first deed of trust.

Credit:

The limited partnership was recently formed and there is, as of yet, no record of credit. The General Partner, JII VOA MM, LLC, was also recently formed and as of yet, has no record of credit. Neither the borrower nor the managing member has any loans with AHFC.

**PROJECT CHARACTERISTICS:**

Location and Site Description:

The subject site is located on Vista Drive, approximately one mile south of the Juneau central business district and across Gastineau Channel on Douglas Island. Access from Juneau is across the Juneau-Douglas bridge so by following the roadway, the site is approximately two and a half miles from downtown. The immediate neighborhood is comprised of multi-family residential dwellings, single family improvements, and vacant wooded land. Access is from Vista Drive, a two lane, Borough maintained paved road from the Douglas Highway. The site is an irregular shaped lot containing 152,253 square feet, and enjoys 200 feet of Vista Drive frontage. The site is above street grade and slopes toward the east. The subject site is served by all available public utilities including public water, sewer, electricity, and telephone. **See Appendix IV.**

Project Overview:

The proposed improvements will consist of one, two-story, wood-framed, townhouse style building and one, three-story, wood-framed, townhouse style building containing a total of 35 units and connected by a covered walkway. All buildings will be covered with wood and metal siding and a flat, membrane covered roof and will be fully sprinklered. Unit interiors will be finished with textured painted sheetrock with carpet/vinyl floor coverings. Each unit will have individual exterior access. Three geothermal heating systems will provide each building with hot water radiant heat. Each unit will have individual in-unit controls and the normal assortment of appliances, including dishwashers, and individual storage lockers located on the first floor. Laundry facilities will be provided in the community building, a 1,600 square foot amenity built with Phase I that will also provide for a management office and tenant supportive services. Unit configuration includes six, one-bedroom, one-bath units each containing 600 square feet and renting from \$500 to \$864 per month; 15, two-bedroom, one-bath units each containing 800 square feet and renting from \$1,036 to \$1,253 per month; and 14, three-bedroom, two-bath units each containing 1,100 square feet and renting from \$1,194 to \$1,445 per month. Parking will be provided by 68 open, paved parking spaces. Parking is considered adequate for a project of this age, size and location. The improvements, once completed, will be a legal, conforming use of the site. The appraiser estimates the projects economic life to be 50 years. **See Appendix V.**

Soil Conditions:

An inspection of the property by the appraiser did not indicate any apparent structural problems. A soil report, and evidence that the project was built to accommodate any identified soil deficiencies, is being made a condition of this commitment.

Environmental Assessments:

A Phase One Environmental Assessment report was not provided with the GOAL application, and an environmental report acceptable to AHFC is being made a condition of commitment. Of note is the 2013 environmental review performed as a requirement of phase one of the development did not indicate any presence of contamination, and included a review of the subject parcel. Accordingly, staff considers the environmental risk to be low.

Health and Safety Inspection:

As new construction, an unconditional certificate of occupancy issued by the City and Borough of Juneau is being made a condition of this commitment. The subject project will be monitored annually by AHFC's internal audit as a tax credit project, as well as the loan servicer performing annual property inspections.

**PROJECT OPERATIONS:**

Pro-Forma Statement:

Staff reviewed the application; the historical operating history and the appraisal in developing the pro-forma operating budget and believe it fairly depicts the expected performance of the project. Based on data provided by the Appraiser and Borrower it is anticipated that this property will maintain a high occupancy rate due to the desirable building location and the current limited affordable apartment availability in the Juneau area. See Appendix VI.

Debt Service Coverage Ratio:

The 1.40 debt service coverage ratio on the repayment of the first deed of trust loan indicates that in addition to the 7% vacancy factor, income could fall by 14% or expenses could increase by 27% or some combination of both and there would still be sufficient funds to continue to pay the first mortgage. Stated another way, the project would break-even at a 20% vacancy rate. The ratio, by industry standards, is considered to be a very good ratio.

Unit Set-Asides:

The borrower has agreed, at a minimum, to restrict the rental of three of the 35 units for residents earning 30% of median income or less as determined by the Department of Housing and Urban Development; to restrict the rental of 18 of the 35 units for residents earning 50% of median income or less as determined by the Department of Housing and Urban Development; and, to restrict the rental of 14 of the 35 units for residents earning 60% of median income or less as determined by the Department of Housing and Urban Development. Anticipated rents are set out in the pro-forma.

Market Study Report:

Novogradac & Company provided a updated market study dated August 19, 2015 as part of the GOAL application. The report concluded that the project has a reasonable opportunity for success based on the very low vacancy rate for other low-income housing tax credit (LIHTC) projects in the Juneau area. The analysis notes that the subject will be superior to existing LIHTC inventory and that there are adequate income qualified demand to fully lease the property. Staff concurs with the analyst's conclusions noting the continued high occupancy percentage of market and affordable rental housing in Juneau, and the rapid lease-up of the first phase. **See Appendix VII.**

Rent-Up and Operating Reserve:

Normally there is consideration given to the time involved for marketing and move-in by creating a rent-up reserve to cover operating losses during the lease-up period. The LIHTC investor is requiring the property to meet sustained occupancy prior to funding their third equity installment, which typically is funded at the time of the term loan closing. As the rent-up risk is transferred to the construction loan, there will be no lease-up reserve required for the term loan. Staff concurs a rent-up is not required noting that an \$188,000 operating reserve is also being funded at closing that can be utilized for unanticipated operating expenses.

**COMMUNITY SUPPORT:**

Letters of support are included in **Appendix VIII.**

**COMMUNITY OPPOSITION:**

AHFC and the borrower are not aware of community opposition.

**PROPERTY MANAGEMENT:**

The property will be managed by Quantum Management Services. They have over 20 years in property management experience and oversee 5,414 units in Washington, Montana, and Alaska. Staff concludes that they have sufficient experience to successfully manage the subject property, noting they manage five other LIHTC projects financed by AHFC including phase 1 of this project. Further assurance is contained in the Deed of Trust which allows AHFC to replace the property manager if necessary. **See Appendix IX.**

**JOB TRAINING:**

The general contractor's designate, Bicknell Construction, has agreed to provide four construction apprentice positions during the development of the project. **See Appendix X**

**RECOMMENDATION:**

Juneau II VOA, LLC has presented the corporation with an opportunity to assist in the development of the subject property allowing them to provide additional safe and needed affordable housing in the Juneau area.

The request falls within the parameters of the Multi-Family Housing Lending Program; it is reasonable to expect that the loans will be repaid; and it is considered to be an acceptable risk; therefore, Staff recommends approval of the request subject to the conditions noted below.

## COMMITMENT CONDITIONS:

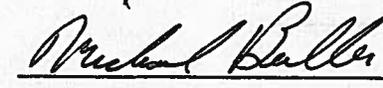
1. Alaska Housing Finance Corporation (AHFC) to provide long term financing in an amount not to exceed \$2,117,600 distributed as follows:
  - a. First deed of trust in the amount of \$2,117,600 amortized over thirty (30) years with monthly payments. Interest to be 6.125% at AHFC's thirty 30 year taxable cost of funds including administrative and servicing costs, subject to the receipt of a \$23,823 interest rate buydown fee;
2. A security position in the appropriate personal property, fixtures, furniture, and contracts, etc. will be taken;
3. The Borrower(s) to be: Juneau II VOA, LLC
4. Commitment to expire February 24, 2018;
5. AHFC may fund the loan from working capital or from its selection of a bond market placement or other sources which are the most attractive to it. The committed interest rate is a fixed rate and not subject to adjustment in the event AHFC elects to fund the first deed of trust loan from a source of funds that has an effective rate, as computed by AHFC, that varies from the committed rate;
6. A loan prepayment limitation will be imposed in accordance with AHFC's financing requirements;
7. Loan Agreement to include covenants which require the Borrower, at a minimum, to restrict the rental of three of the 35 units for residents earning 30% of median income or less as determined by the Department of Housing and Urban Development; to restrict the rental of 18 of the 35 units for residents earning 50% of median income or less as determined by the Department of Housing and Urban Development; and, to restrict the rental of 14 of the 35 units for residents earning 60% of median income or less as determined by the Department of Housing and Urban Development.
8. Acceptance by AHFC of the following:
  - a. the project developer;
  - b. the project general contractor;
  - c. the project architect;

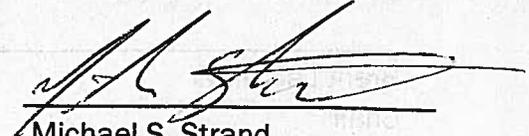
- d. the project engineer; and
  - e. the property management entity.
9. Receipt and acceptance by AHFC of the following:
- a. a copy of the final plans and specifications;
  - b. environmental data report acceptable to AHFC;
  - c. the general contractor's warranty which at a minimum is for one (1) year for all work performed and materials provided as part of the construction contract;
  - d. an unconditional Certificate of Occupancy from the City and Borough of Juneau, unless otherwise approved by AHFC;
  - e. evidence that the construction of the project was in compliance with the thermal and lighting energy standards as required by AS 46.11.040 and the building and energy efficiency standards of AHFC's regulations delineated in 15 AAC 155.010 - 155.030; in the form of a duly completed Building Energy Efficiency Standards (BEES) Certification (AHFC Form PUR-101);
  - f. a final appraisal inspection and certification that the project was built substantially in accordance with the accepted plans and specifications as identified in the original appraisal report, subject to any AHFC approved change orders;
  - g. a certification by the project architect which states that:
    - (i) the project was constructed substantially in accordance with the accepted plans, specifications and approved change orders;
    - (ii) the project was constructed in accordance with applicable building codes and regulations; and,
    - (iii) the project is suitable for occupancy.
  - h. a detailed breakdown of final development costs as adjusted by change orders;
  - i. an accountant's (or another source acceptable to AHFC) written certification verifying the final total development cost of the project;
  - j. ALTA title policy with applicable endorsements;
  - k. an As-Built Survey;

- l. all required certificates and/or binders of insurance to be no less than \$2,000,000 aggregated liability coverage with a \$10,000 deductible;
  - m. evidence that the property has reached sustained occupancy. Sustained occupancy is defined as 90% occupied or greater for 90 days or greater;
  - n. an assignment of the ground lease to AHFC for collateral purposes; and
  - o. a letter of opinion from the borrower's legal counsel verifying such matters as their legal entity, ability to enter into closing documentation, zoning compliance, permitting and licensing requirements, etc.
10. Monthly loan payment to include funds, as determined by AHFC, for (i) principal and interest, taxes and insurance, and (ii) reserves for property replacement with replacement reserve deposits equaling \$875 per month;
  11. The establishment of a \$188,000 operating reserve account to be jointly controlled by AHFC and the borrower, funds to be collected at closing;
  12. The establishment of a \$35,000 replacement reserve account to be jointly controlled by AHFC and the borrower, funds to be collected at closing;
  13. Borrower to sign all necessary closing documentation, or provide any additional data, as determined necessary by AHFC, to effect the loan closing;
  14. Borrower to pay appropriate costs associated with the loan, including but not limited to recording, title insurance, escrow closing fee, loan fee, and legal fee for documentation preparation and review;
  15. The payment of an \$18,382.00 loan fee;
  16. A commitment fee of \$9,191.00 will be required upon acceptance of the commitment with said amount being credited against the loan fee at the time of closing. Payment of the commitment fee must be made within 30 days from the date of the commitment letter; and
  17. Other conditions that may arise as determined by AHFC.

Reviewed and accepted by Senior staff as substantively stated in this memorandum, subject to Board Approval:

  
 Bryan D. Butcher  
 CEO, Executive Director

  
 Michael Buller  
 Deputy Executive Director

  
 Michael S. Strand  
 Chief Financial Officer

Date: 2-11-16

Date: 2/11/16

Date: 2/11/16

**ALASKA HOUSING FINANCE CORPORATION  
RESOLUTION NO. 2016-01**

**RESOLUTION APPROVING TERM FINANCING FOR AN  
AFFORDABLE MULTIFAMILY HOUSING PROJECT FOR  
JUNEAU II VOA, LLC**

BE IT RESOLVED by the Board of Directors of the Alaska Housing Finance Corporation as follows:

I. Findings:

- A. There is need to provide affordable, safe, quality and accessible housing;
- B. Juneau II VOA, LLC, through Volunteers of America National Services has applied to Alaska Housing Finance Corporation to receive funds under its Multi-Family Housing Loan Program for term financing of a multi-family project, located in Juneau, Alaska.
- C. The purpose of the financing is to provide additional affordable housing opportunities for persons of lower income;
- D. The proposed financing falls within the established program regulations; and,
- E. The proposed financing is found to be an acceptable risk to the Alaska Housing Finance Corporation.

II. Conclusion:

Pursuant to the foregoing findings, the Board hereby approves the request substantively as stated in the February 24, 2016 Board Consideration Memorandum prepared in support of the application.

This resolution shall take effect immediately.

DATED THIS 24th Day of February, 2016

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Brent LaValley  
Chair

# BLACK-SMITH, BETHARD & CARLSON, LLC

January 5, 2016

Client: Wells Fargo Bank – RETECHS Dept.  
 2389 Washington Blvd., 2<sup>nd</sup> floor  
 Ogden, UT 84401-1411

**THIS APPRAISAL HAS NOT BEEN REVIEWED BY WELLS  
 FARGO RETECHS AND SHOULD NOT BE RELIED UPON  
 WITHOUT USER'S OWN DUE DILIGENCE**

Attn.: Mr. Landell S. Froerer (SVO) (SLC)

RE: Terraces at Lawson Creek Apartments – Phase II  
 A Proposed 35-Unit Rent Restricted Housing Project  
 Located on the west side of Vista Drive, in Juneau, Alaska

RETECHS #: WF-SLC-15-028646-01-1

Dear Mr. Froerer:

In fulfillment of our agreement as outlined in the letter of engagement dated November 30, 2015, we submit our *appraisal report* of the estimated market value of the fee simple estate in the above referenced property. As instructed, we have appraised the property "As Complete" and "At Stabilized Occupancy". The appraisal process includes an appraisal of the property "At Stabilized Occupancy" by each relevant approach. An analysis and conclusion of value for the subject "As Complete" and "As Is" is included at the end of the report.

Based on an inspection of the property and the investigation and analyses undertaken, we have formed the opinion, subject to the definitions, certifications, and limiting conditions set forth in the attached report, that the property appraised has the following market values:

Prospective Market Value	Date of Value	Value	Conclusion
Prospective Market Value "At Market Rent" <sup>1</sup> "At Stabilized Occupancy"	January 1, 2018	\$5,100,000	
Prospective Market Value "At Completion"	July 1, 2017	\$4,947,000	
Market Value "As Is" <sup>2</sup> 'As Is'	December 21, 2015	\$495,000	
Prospective Market Value "Encumbered by LIHTC Restrictions" Total Market Value "At Stabilized Occupancy"	January 1, 2018	\$2,900,000	
Prospective Market Value "Encumbered by LIHTC Restrictions" Total Market Value "At Completion"	July 1, 2017	\$2,795,000	

<sup>1</sup> Based on the Hypothetical Condition that the property is unencumbered and at market rent.

<sup>2</sup> As instructed by the RFP, we are to estimate the market value of the site, as if vacant, fee simple (if different than the as-is). The as-is market value and the market value of the site, as if vacant, fee simple, are both the same.

<u>Restricted Value "At Stabilized Occupancy" Plus the Tax Credits</u>		
At Stabilized Occupancy + Tax Credits	January 1, 2018	\$11,052,000
<u>Restricted Value "As Complete" Plus the Tax Credits</u>		
Restricted Value "At Completion" + Tax Credits	July 1, 2017	\$10,947,000
<u>Value of the Tax Credits</u>		
Value of the Tax Credits	December 21, 2015	\$8,472,000
<u>Insurable Replacement Cost</u>		
Insurable Replacement Cost	December 21, 2015	\$4,712,000

This report was prepared for and our professional fee was billed to Wells Fargo Bank – RETECHS Department. It is intended for use by your internal management, your auditor and appropriate regulatory authorities. In addition to Wells Fargo Bank, Alaska Housing Finance Corporation (AHFC), was also noted as an intended user of the report.

There are several extraordinary assumptions and limiting conditions that may impact the value conclusions in this appraisal. We specifically call your attention to Page 15 in this report.

The narrative appraisal report that follows sets forth the identification of the property, the assumptions and limiting conditions, pertinent facts about the area and the subject property, comparable data, the results of the investigation and analyses, and the reasoning leading to the conclusions reached. This report was prepared in accordance with the standards and regulations as set forth in USPAP AND FIRREA.

Sincerely,  
BLACK-SMITH, BETHARD & CARLSON, LLC.



Brian Z. Bethard, MAI  
General Real Estate Appraiser (Cert #281)



Michael A. Forsland, Appraiser

JUNEAU II VOA LLC  
35 UNITS - PROPOSED DEVELOPMENT COSTS

**TOTAL DEVELOPMENT COSTS:**

Land Acquisition*	\$ -0-
Construction Costs	\$ 7,811,648
Construction Financing	\$ 352,383
Term Loan Closing Costs	\$ 112,278
Interest Rate Buydown Fee	\$ 23,823
Related Soft Costs	\$ 691,999
Syndication Costs	\$ 45,000
Developer Fees	\$ 1,315,000
Operating Reserve	\$ 188,000
Replacement Reserve	\$ 35,000
Rent-up Reserve**	<u>\$ -0-</u>
<b>Total Costs</b>	<b>\$ 10,575,131</b>

\*The land is being provided under a long term lease so no value was given for land acquisition.

\*\* A rent-up reserve is not being collected because the tax credit investor requires the property to be stabilized before the funding of AHFC's term loan. See page 5 for more detail.

**Volunteers of America National Services**

**RESUME**

In order to understand the history of the developer and owner entity, **Volunteers of America National Services (VOANS)**, it is important to have some knowledge of the 119-year history of its parent corporation, **Volunteers of America, Inc. (VOA)**.

***About Volunteers of America, the parent entity***

**Volunteers of America** is a national, nonprofit organization that provides local human service programs and opportunities for individual and community involvement. For more than 119 years, from rural America to inner city neighborhoods, **Volunteers of America** has been serving the needs of the nation's homeless individuals and families, abused and neglected children, youth at risk, the elderly, the disabled, and many others – over 2 million people annually. **Volunteers of America** is one of the nation's largest nonprofit providers of quality affordable housing for families, the elderly, and people with disabilities, and a major provider of skilled long-term nursing care and health services. **Volunteers of America** ranks consistently as one of the nation's most efficient nonprofits, with a high proportion of revenues going directly to program services.

**HISTORY & PURPOSE**

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**Volunteers of America** was formed by the philosophies of its founders, Maud and Ballington Booth, whose work was an active expression of a commitment to helping. Although **Volunteers of America's** initial efforts were devoted solely to mission evangelism, the Booths soon realized that those who came to **Volunteers of America** were in need of material assistance as well as spiritual comfort and guidance. Thus was born the foundation of social welfare programming, which today extends to virtually every area of need.

*Volunteers of America is one of the nation's largest and most comprehensive charitable nonprofit human services organizations.*

Throughout its history **Volunteers of America** has developed programs in response to both the timely and timeless needs of the American people. By the early 1900's, **Volunteers of America** services included fresh air camps, rescue homes for young women, day nurseries, homes for unemployed men, hospitals, and transient shelters; in short, whatever was most needed in a particular community.

While **Volunteers of America** is a national organization it is proud of the fact that its human service programs continue to be locally created, managed and delivered. Services are provided through a network of local offices that partner paid professional staff with volunteers.

Through wartime, depression, natural disaster, and manmade calamities **Volunteers of America** has been there to respond to the nation's immediate and long-term needs. **Volunteers of America** has expanded its services, reaching out to form partnerships with other human care agencies, government agencies, corporations, and community groups. By the early 1960's, the organization had built strong relationships with other federal, state and local groups working for social reform, and strengthened its base of combined resources. Those relationships have continued and expanded over the years.

*Volunteers of America was founded by Ballington and Maud Booth on March 8, 1896.*

**Volunteers of America** is now recognized as one of the nation's largest nonprofit, faith-based, providers of affordable, safe housing for low-income families, elderly, and people with disabilities. The organization is also a major provider of skilled long-term nursing care and health services operating nursing facilities, residential assisted-living complexes and retirement communities. Continuing its founders' legacy of meeting community needs the organization now has more than 125 different types of services offered in more than 400 communities nationwide.

## **CURRENT ACTIVITIES**

Since its founding in 1896, **Volunteers of America** has grown from the operation of a single program in a single city to operating hundreds of programs in more than 400 communities across the country. There are thirty-three (33) local affiliates or branches of **Volunteers of America** located in cities across the nation.

The strength of the **Volunteers of America** family emanates from its local affiliates that represent the people and respond to the needs of the communities in which they exist. These local affiliates begin as branches of the national organization and graduate into chartered corporations. Each of the local affiliates has its own Board of Directors comprised of persons who live and work in the community. The Board determines the policy for the programs and operations of the affiliate and fosters relationships with the community resources. Because of this, no two **Volunteers of America** branches are alike since each responds on an individual basis to community needs and available community resources.

*Volunteers of America is a national organization but in each community it is governed by a local board of directors.*

The funding levels of **Volunteers of America** and its local affiliates have grown steadily since 1896. In fiscal year 2014, annual gross receipts of **VOA** were over \$1 billion, and the combined assets of all **VOA** affiliates and subordinate organizations total nearly \$1.5 billion.

In 2014, these revenues were comprised of:

<i>Total revenues for</i>	\$155,887,930	From Public Support
<i>fiscal year 2014</i>	\$4,226,847	From United Way & CFC
<i>were over \$1</i>	\$732,367,322	From State, Local & Federal Government
<i>billion, and about</i>	\$176,840,077	From Program Service Fee
<i>88 cents of every</i>	\$2,871,408	From Rental Income
<i>dollar spent went</i>	\$31,123,240	From Services
<i>directly to services</i>	\$21,664,293	From Investment Income
<i>for individuals,</i>	\$56,349,541	From Other
<i>families and</i>	\$1,181,330,658	<b>Total Revenue</b>
<i>communities.</i>		

Like its parent corporation **Volunteers of America National Services** is strong financially in addition to being strong programmatically. The 2014 financial statements reflect the following:

**Statement of Operations:**

Revenue	\$178,895,000
Expenses	\$(191,965,000)
Net Equity & Other	\$28,021,000
Change in Net Assets	\$14,951,000
Operating Cash Adjustments	\$(6,254,000)
Net Cash Provided by Operating Activities	\$8,697,000

**Balance Sheet:**

Cash and Investments, unrestricted	\$45,683,000
Total Assets	\$621,421,000
Total Liabilities	\$470,487,000
Net Assets	\$150,934,000

***About Volunteers of America National Services, the Developer/Owner***

**Volunteers of America's** housing and health services roles have been consolidated into one nonprofit corporation, **Volunteers of America National Services (VOANS)** to improve, expand, and enhance the quality of services to the customer. In fact, the issue of providing services in senior housing served as the catalyst for this merger of housing and health care activities. As **VOA** embarked upon the development of affordable assisted living, it became clear that economies of scale could be achieved and program effectiveness could be enhanced if **VOA** brought together its sponsorship, development, and operation of housing and healthcare facilities under common leadership.

## **HISTORY & PURPOSE**

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VOA began providing housing and health care services in the 1960's. VOA sponsored its first federally funded housing project in 1964 and created an affiliated entity, VOA National Housing Corporation, in 1968 to provide property management services. In 1970, VOA created VOA Health Services for the purpose of sponsoring and operating long-term care facilities.

In 1997, VOA restructured its organization to merge all housing and healthcare activities into one corporation, renamed **Volunteers of America National Services (VOANS)**. Today **Volunteers of America National Services** serves as the housing and healthcare affiliate for VOA, with responsibilities for the development and acquisition of new facilities and management and asset oversight for all existing properties. This includes housing and healthcare activities that may be co-sponsored by VOA's locally chartered affiliates.

*Volunteers of America Elderly Service programs assisted about 209,184 seniors nationwide in 2014*

## **CURRENT ACTIVITIES**

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Believing that everyone – man, woman, and child – should have a secure and attractive place to call home, **Volunteers of America** has sponsored government-assisted housing since the 1960's. That sponsorship is predicated on the view that residents of subsidized housing have unique and pressing needs.

*We provide affordable housing to more than 19,000 people, including families, the elderly and people with disabilities.*

VOANS serves as the initiator of new programs and facilities for VOA and its local affiliates and provides day-to-day oversight and operation for the housing and residential care facilities. It also provides asset management for the entire housing and health facility portfolio. Currently, VOANS and the VOA family of affiliates own and operate over 480 affordable housing properties consisting of over 19,400 units.

- **Affordable Housing for Elderly**  
Since 1968, VOA has sponsored nearly one hundred and fifty (150) projects funded under the HUD Section 202 program. VOANS is currently is developing senior housing using the Low Income Housing Tax Credit (LIHTC) program and is responsible for the oversight, development, and management of the elderly targeted projects.
- **Affordable Supportive Housing for Persons with Disabilities and Special Needs**  
Housing for persons with disabilities has been developed by local VOA affiliates using local and state funding programs, as well as jointly with VOA and VOANS using HUD's Section 811, 202 and LIHTC programs. Today, VOANS is currently responsible for the oversight, development and/or management of over one hundred (100) Section 811 projects for the disabled, that have been sponsored in the past by VOA or that are currently sponsored by VOANS. A recent focus has been developing permanent supportive housing for veterans.

➤ **Affordable Housing for Low-Income Families**

Affordable housing for families has been developed and/or acquired using HUD's 236 and 221(d)(3) programs, LIHTC, Low Income Housing Preservation and Resident Homeownership Act (LIHPRHA), and tax-exempt bond financing. **VOANS** is responsible for the oversight, development, and management (through **VOA National Housing Corporation**) of the current portfolio of affordable housing, which includes over fifty (50) projects, all in operation.

In all of these housing operations, **VOANS** ensures that attention is given to resident services. Throughout its fifty years of involvement in assisted housing, **VOANS** has sought to serve the most needy in its housing operations. As a result of this focus, services in facilities developed, owned and managed by **VOANS** are directed towards programs which encourage and assist self-improvement and self-reliance, such as transportation, meals on wheels, employment counseling, day care, and Medicaid/Medicare referrals. The services offered or coordinated by **VOANS** span a wide range of programs including:

- ⇒ congregate meal programs
- ⇒ health screening
- ⇒ transportation
- ⇒ personal and financial counseling
- ⇒ day care centers
- ⇒ employment training and referral
- ⇒ recreation activities
- ⇒ rehabilitation programs
- ⇒ educational programs
- ⇒ computer learning center

➤ **Health Care Facilities**

**VOANS** owns and operates 25 healthcare facilities and serves 2,400 – 2,500 people every day. In several situations, these healthcare facilities are co-located with HUD Section 202 senior developments with Section 202 residents able to avail themselves of the nursing services to allow them to “age in place” in their 202 units. Programs and properties owned and operated by **VOANS** include nursing homes, assisted living, Program for All Inclusive Care for the Elderly (PACE), continuum of care retirement communities, and home health programs.

Several of the facilities owned by **VOANS** have been singled out as models for the nursing home industry by federal, state, and local officials.

## **DEVELOPMENT CAPABILITY**

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**VOA** began developing multifamily housing in 1964. Today **VOANS** is one of the nation's largest nonprofit developers of affordable housing for seniors and disabled persons, having developed over 200 facilities under HUD's Section 202 and 811 programs, as well as assisted living facilities, nursing homes and low-income family and supportive housing facilities. **VOANS** develops facilities using a variety of financing methods, including Low Income Housing Tax Credits, bond financing,

conventional financing, HUD 236, 221(d)(4) and LIHPRHA programs. **VOANS'** development department has also been successful in obtaining numerous grants and loans through foundations and the HOME, CDBG and FLHB programs.

The **VOANS** development staff is actively involved in all phases of the development process. The process begins with strategic planning regarding selecting locations around the country where a need is determined to exist for the persons to be served. The development staff is involved in site selection, selection of design and construction professionals, project design, construction oversight, financing and accounting. Additionally, **VOANS'** development staff serves as the project consultant for the 202, 811, 515, permanent supportive housing, and LIHTC applications.

## **MANAGEMENT CAPABILITY**

As one of the nation's foremost nonprofit developers and operators of housing for the elderly and special needs individuals, Volunteers of America has the expertise to address affordable housing's many facets – from development and ownership to management and support services. Our model combines the strengths of our national headquarters and our network of locally chartered affiliates. It pairs strong local relationships and expertise in service delivery with national experience in building design, construction, finance and accounting and allows us to leverage the best from both worlds, suiting the needs of each project.

**VOA's** capacity to own and operate a HUD Section 202, 811, Rural Development Section 515, or LIHTC housing development is evidenced most strongly in its success as a sponsor of over 380 housing complexes through the country.

Volunteers of America provides centralized asset management for a housing portfolio valued at almost \$900 million. We actively minimize risk through the continuous assessment and analysis of the physical, financial, compliance and mission performance of each asset. Additionally we have a long history of providing property management services and currently manage over 16,300 units. Our core operating principle is a resident centered housing approach reflected through our commitment to quality. Our local offices provide property management in their geographic areas while our national division's management arm National Housing Corporation provides property management in other areas.

**VOA National Housing Corporation** is directed by a staff with extensive experience in supervisory and on-site management.

**VOA National Housing Corporation's** overall organizational structure relies heavily upon professional on-site managers, central office staff, and advanced technology. Community Administrators handle the day-to-day operations of the development, including collections and maintenance requests, and often help develop and implement a project's budget. Central office management plays a supervisory role and approves expenditures and disbursements.

*Volunteers of America National Services is one of the largest nonprofit health and housing organizations in the United States.*

**VOA's** management team brings to each of our communities a strong marketing program. We enjoy exceptionally high occupancy numbers and usually operate our affordable senior housing programs at 100% or with an

occasional vacancy. We aggressively manage our waiting lists to make certain that we have pre-qualified and ready prospective residents. The senior management team of VOANS is actively involved with the Institute of Real Estate Management (IREM), the National Apartment Association, LeadingAge, and the National Affordable Housing Management Association (NAHMA).

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## **Volunteers of America Housing Leadership Team**

### **Executive**

**Michael ("Mike") King** is currently the national president and chief executive officer of Volunteers of America, providing leadership to one of America's largest and most comprehensive charitable nonprofit human service organizations. Prior to this, Mr. King served as CEO of Volunteers of America Texas, based in the Dallas/Ft. Worth area. Previously he was held executive positions with United Way of Metropolitan Dallas, the Volunteer Center of Dallas, ChildCareGroup and Volunteer-The National Center. King has served as a facilitator of leadership training for Hewlett Packard, and has also served on the faculty of both the University of Colorado and the Institute for Advanced Volunteer Management in the United Kingdom. He is a graduate of Texas Christian University and earned a Masters degree in civic affairs from the University of Dallas. Mike is also a minister with the Disciples of Christ, Christian Church.

**Thomas D. Turnbull**, Chief Operating Officer, joined the Volunteers of America Texas affiliate in 1978 in various financial roles including chief financial officer. In 1989, he moved to the national office as the Controller, and subsequently has held positions as Associate Vice President Finance, Vice President Financial Services and Senior Vice President Housing Finance and Executive Vice President and Chief Financial Officer. As Chief Operating Officer, his responsibilities include oversight of the housing and healthcare divisions. This role includes coordinated strategic planning and tactical execution of development and operations among Health Services, Housing Operations, Development and the Aging with Options Strategic Initiative and our affiliates. He has a Bachelor's Degree in Business Administration from the University of Wisconsin and earned his CPA in 1990, finishing first in Louisiana and among the top 100 nationally. He is a member of the American Institute of Certified Public Accountants and the Greater Washington Society of Certified Public Accountants. Prior to coming to Volunteers of America, Tom served as a missionary in Spain.

**Patrick Sheridan**, Executive Vice President, Housing, joined Volunteers of America in 2003. Mr. Sheridan is responsible for the overall strategy and administration of senior, multi-family, special needs housing and other real estate projects for the organization's national portfolio. Previously, Mr. Sheridan held the position of Assistant Deputy Administrator for Multi-Family Housing for the Rural Housing Service (RHS), an agency of the U. S. Department of Agriculture, where he was responsible for the implementation and management of the affordable multi-family housing programs administered by the Agency. He has also held the positions of Director of Housing Management with the Maryland Community Development Administration of the Maryland Department of Housing and Community Development, along with private sector positions as Director of Loan Servicing for a national real estate advisory firm, and Director of Development for a multi-state apartment development company. He is a member of the boards of the National

Affordable Housing Trust, Stewards for Affordable Housing for the Future, the National Housing Conference, the National Housing and Rehabilitation Association, an advisory board member to the Valued Advisor Fund, a new markets tax credit fund, and an editorial advisor to Affordable Housing Finance magazine.

### **Other Key Senior Staff**

**Wayne Olson**, Senior Vice President Healthcare Operations, joined Volunteers of America in 1997. Previously, Mr. Olson served as Regional Director assigned to new development with The Evangelical Lutheran Good Samaritan Society, with experience in researching due diligence and placing new projects in operation. Prior to that, he served as District Manager with another nonprofit long-term care provider, and served six years as a nursing facility administrator.

**Margaret Ratcliff**, Executive Vice President, Affiliate Relations, began working with Volunteers of America in 1980 as executive staff to a local affiliate. She joined the national headquarters staff in 1988. Currently, she supports the growth and successful performance of affiliates organization-wide. Prior to coming to Volunteers of America, she served as Executive Director of an Area Agency on Aging. Ms. Ratcliff holds a B.A. Cum Laude degree from the University of Georgia and a M.S.W. degree from Tulane University.

**Robert Gibson**, Senior Vice President, Capital and Innovation, joined Volunteers of America in 2002. Mr. Gibson's primary objective is to ensure the vitality of Volunteers of America mission to provide high quality affordable housing in a way that effectively invests the organization's resources to maximize profitable growth in a sustainable manner. This is achieved through leadership and integration in the areas of development underwriting, housing management, asset management and housing services. Mr. Gibson and his team operate Volunteers of America's housing portfolio ensuring that each property is operating at an optimal physical, financial, service, compliance and mission level. Prior to Volunteers of America, he worked in international development, focusing on community business and credit development in southern Africa. Mr. Gibson has Bachelors and Masters degrees in Applied Economics from the University of Wisconsin Madison.

### **KEY HOUSING DEVELOPMENT STAFF**

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**Robin Keller**, Vice President of Real Estate Development, joined Volunteers of America in 1993 and has extensive experience in both housing management and development. In her capacity as Vice President, Ms. Keller directs Volunteers of America's day-to-day development activities of the department's national staff of project directors who are responsible for seeking opportunities for acquisition/rehab and construction of new housing for seniors, families, veterans and persons with disabilities. Prior to being employed by Volunteers of America, Ms. Keller was a Senior Loan Specialist at the Knoxville, Tennessee HUD office and worked in the private sector for TESCO Management Company. She is a graduate of East Tennessee State University and holds the designation of Certified Property Manager from the Institute of Real Estate Management in Chicago. Ms. Keller received an honorable discharge from the U.S. Navy after serving six years.

**Deborah Cary**, Development Director, has been with Volunteers of America since 1992, and currently serves as Housing Originations Director. Ms. Cary is responsible for the oversight of Section 202 projects, multi-family housing facilities for low-income elderly residents. Ms. Cary is responsible for managing these projects from the predevelopment stage through completion of construction. Her responsibilities include identifying and securing sites for development; preparation and submission of application to the U. S. Department of Housing and Urban Development (HUD) for funding; determining financial feasibility of the projects; coordinating the efforts of all development team members, including the contractor, architect, cost analyst and attorney; coordination of the preparation of all documentation, and submission of a Firm Commitment application to HUD as well as applications for gap funding; coordination of documentation required for HUD closing; oversight during construction and resolution of any unforeseen issues that arise.

**Jack Gordon**, Development Director, joined Volunteers of America in early 2010. With over 20 years experience in the real estate industry, his experience includes valuation and feasibility analysis, acquisitions and dispositions, residential and commercial development, project management, construction and asset management. Mr. Gordon recently served as Vice President, Development for a large developer/owner of affordable housing where he completed 1,400 seniors and multifamily units in three states. For a three-year period, he also served as Vice President, Asset Management, administering a portfolio of 170 properties comprising almost 10,000 units. He holds a B.S. in Business Management from Old Dominion University in Norfolk, Virginia.

**Doug Snyder**, Development Director, joined Volunteers of America in 2012. In this role Mr. Snyder is responsible for all aspects of new development, acquisition rehab, and financing for projects in Colorado, Washington, and Alaska. Most recently, Mr. Snyder had his own company which pursued infill, TOD, multi-family projects and provided consulting services to non-profits and affordable housing developers. Prior experience includes work as Vice President of Development and Development Management for multiple private developers of commercial and multi-family properties. Doug serves as board member and Treasurer for Housing Colorado and as a member of the CHFA Tax Advisory Group. Mr. Snyder graduated from University of Pittsburgh and holds a Masters of Science in Real Estate & Construction Management from the University of Denver.

**Neal Lydon**, Development Director, joined Volunteers of America in 2014. His responsibility is to source projects in the New England region. Mr. Lydon has over 20-years of experience within the multifamily sector that has included asset management, underwriting, tax credit syndication, public financing, affordable housing policy, consulting, as well as a licensed real estate broker. Mr. Lydon holds a BA from Villanova University.

**Ron Wallace**, Development Director, joined Volunteers of America in 2014. His responsibilities include all aspects of housing development with a current focus on Texas and Oklahoma. Mr. Wallace joined VOA with over 23 years of experience in affordable housing, recently serving as a Director of the Processing and Underwriting Division at the U.S. Department of Housing and Urban Development. He holds a BS in Public Administration from Phillips University.

**MJ Gravel**, Development Director, joined Volunteers of America, Inc. (VOA) in 2015 bringing with her years of experience in the affordable housing arena. Ms. Gravel's role at VOA involves collaboration with VOA's California affiliates to increase affordable housing in CA and NV. She is

responsible for all aspects of housing development, financing, acquisition rehab, and new construction. Prior to joining VOA, Ms. Gravel was Principal at MJ Enterprises, LLC, where clients included the National Affordable Housing Trust (NAHT), Ohio Housing Finance Agency (OHFA), and the Ohio Department of Development (ODOD). Ms. Gravel was previously Executive Director at the Ohio Housing Council, where she was an active voice for those in need, as well as affordable housing programs and policies for the state. Her years of experience in the multi-family housing arena include in-house positions at NAHT, the OHFA, ODOD, and the Iowa Coalition for Housing and the Homeless. She holds a Master of Arts in Urban and Regional Planning, concentration: Housing, Community, and Economic Development, from the University of Iowa and a Bachelor of Arts in Religion, concentration: Ethics, from the University of Iowa.

**Richard (Rick) Della**, Construction and Facilities Management Director, began working with Volunteers of America in 2009. He is responsible for the myriad of construction and engineering related analyses associated with new and existing projects. Directly prior to joining Volunteers of America, he was the Owner of Plan B Development Group, LLC, a development consulting company that had previously provided consulting services to Volunteers of America and other non profits in the Maryland and Virginia corridor for several years. Prior to starting his own company, he served for six years as Vice President of a Maryland based private development company that developed affordable and market rate housing. His experience includes twelve years as Administrator for Construction Management with the Maryland Department of Housing and Community Development. In that capacity, he managed from conception to completion an annual portfolio of approximately \$220,000,000 of construction activity. The value of the projects reviewed under his tenure with DHCD was in excess of 1 billion dollars, He is a graduate of the University of Baltimore, has attended the Graduate School of Architecture of the University of Maryland and also studied at the Maryland Institute of Art.

**John Lederer**, Manager, Construction/Facilities Management, joined Volunteers of America in 2009. As a Licensed Architect, he has practiced as a Partner and Principal Architect for over twenty years, and worked with nationally recognized Architects. In addition, he has worked in-house as a development consultant with Trammel Crow and Goldman & Sachs. As a UNESCO staff member he had direct projects in Africa and Saudi Arabia. He is a long time volunteer for the Arlington Street People Network (ASPAN) serving the homeless of his community. Mr. Lederer is a graduate of the University of Virginia in Architecture and holds a Masters in Architecture and Urban Studies at MIT.

## Personal Profile

Married to Wendy with two Children, Carlie (17) and Molly (15)

Born and Raised in Alaska

## Education

MIDDLEBURY COLLEGE – Middlebury, Vermont, BA, 1986

UNIVERSITY OF OREGON – Eugene, Oregon, MBA, 1990

## Development Experience

### **Multi-family Housing**

- Creekside at Alyeska, Girdwood, Alaska: 30 family units, \$3 million, completed 2001
- Ridgcrest Park, Wasilla, Alaska: 42 family units, \$6 million, completed 2003
- The Birches at Haley Hills, Wasilla, Alaska: 32 senior units, \$4 million, completed 2003
- River Point Village, Fairbanks, Alaska: 26 family units, \$4 million, completed 2004
- Aurora Vista Apartments, Kenai, Alaska: 48 family units, R.D. rehab, \$6.5 million, completed 2005
- Timber Ridge Condominiums, Mat-Su Borough, Alaska: 20 units, \$3.8 million, completed 2006
- Creekwood Park, Mat-Su Borough, Alaska: 48 family units, \$7 million, completed 2007
- The Birches II, Wasilla, Alaska: 28 senior units, \$4 million, completed 2008
- Weeks Field Estates, Fairbanks, Alaska: 74 family units, \$16 million, completed 2009
- Raven Landing, Fairbanks, Alaska: 20 senior units, \$5.5 million, completed 2010
- Weeks Field Estates II, Fairbanks, Alaska: 56 family units, \$14.5 million, completed 2011
- The Terraces at Northpointe Bluff, Anchorage Alaska: 12 units, \$4 million, completed 2011
- Lumen Park, Anchorage, Alaska: 20 senior units, \$5.5 million, completed 2011
- Raven Landing Phase II, Fairbanks, Alaska: 20 senior units, \$6 million, completed 2012
- Trailside Heights, Anchorage, Alaska: 66 family units, \$19 million, completed 2013
- Raven Landing Phase III, Fairbanks, Alaska: 20 senior units, \$6 million, completed 2013
- Trailside Heights II, Anchorage, Alaska: 20 family units, \$6 million, completed 2014
- Vista Drive, Juneau, Alaska: 40 family units, \$11 million, under construction
- Trailside Heights III, Anchorage, Alaska: 35 units, \$11 million, completed 2015
- Ridgeline Terrace, Anchorage, Alaska: 70 units, \$24 million, under construction
- Susitna Square, Anchorage, Alaska: 18 units, \$5.5 million, completed 2015

# **Glenn P. Gellert**

## **Multi-Family Housing Continued**

- Barrow Extended Stay, Barrow, Alaska: 15 units, \$6 million, under construction
- Raven Landing Phase 4, Fairbanks, Alaska: 35 units, \$9 million, under construction
- Thomas Building Rehab, Anchorage, Alaska: 20 units, \$7 million, under construction

## **Land**

- W.A. Long Subdivision, Girdwood, Alaska: 5 lots, completed 2000
- Larkspur Subdivision, Mat-Su Borough, Alaska: 10 lots, completed 2003
- Aspen Ridge Subdivision, Mat-Su Borough, Alaska: 70 lots, completed 2005
- Timber Ridge Subdivision, Mat-Su Borough, Alaska: 5 lots, completed 2010
- Lumen Park Subdivision, Anchorage, Alaska: 3 lots, completed 2010

## **Commercial**

- 4<sup>th</sup> Avenue Theater Remodel, Anchorage, Alaska, completed 1992
- Alaska Railroad Building, Anchorage, Alaska completed 1992
- Chevron Building, Anchorage, Alaska, rehab, completed 2012
- Raven Landing Community Center, Fairbanks, completed 2013
- Petco Building, Soldotna, Alaska, completed 2013
- West Marine Addition, Anchorage, Alaska, completed 2013

## **Finance Experience**

- Buy Notes and Deeds of Trust and manage a \$3 million portfolio
- Raised more than \$130 million in equity from the sale of Low Income Housing Tax Credits
- Controller for Iditarod Properties 1992-1995
- Credit Officer for Key Bank, 1986-1988

## **Real Estate Investment/Property Management Experience**

- Licensed Real Estate Broker in Alaska, 1990 to present
- Own and Manage 75 residential rental units
- Own and Manage a Kenai Warehouse
- Own and Manage ACS Building on Dimond D Circle, Anchorage

## **Recent Civic Work**

- Governors Housing Steering Committee Member
- Anchorage Housing and Neighborhood Development Commissioner
- Alaska Ski Education Foundation Board Member
- Youth Alpine Ski Coach.

## **John J. McGrew**

9831 Main Tree Drive, Anchorage, Alaska 99507

Cell (907) 331-8882; Fax (907) 346-8060

E-mail: john.j.mcgrew@gmail.com

Resident of Alaska since 1969; Married to Emilia Rusu and have three children: Jake, Victor, and Gema.

### **EDUCATION**

**Westmont College**, Santa Barbara, California

Bachelor of Arts, Economics, 1978

### **PROFESSIONAL EXPERIENCE**

**2014 to Current: Onsite Alaska, LLC.** Member. Newly formed company to focus on portable building solutions and portable storage.

**2013 to Current: Orcas Capital Group, LLC.** Member. Owner of an Anchorage Building leased to ACS.

**2012 to Current: Trigger, LLC.** Member. Trigger LLC developed a new building for Petco, Inc. in Soldotna and remains the owner of the building.

**2011 to Current: Gellert McGrew, LLC.** Member. A limited partner in Weeks Field II, an affordable housing development Fairbanks, AK.

**2007 to Current: V2, LLC.** Member. A real estate development company used to develop affordable housing. My development experience is in the range of 1,300 units. Current projects under construction for 2014 will be 35-units in Juneau, AK, and 115-units in Anchorage, AK.

**2006 to Current: Weeks Field Development Group, LLC.** Founder/ Member. The project involves the redevelopment of a 12-acre site in downtown Fairbanks to include senior rental housing, affordable housing, assisted living, and a community center. The scope of the overall project will be approximately \$50-million. The development is 80% complete.

**2002 to Current: Delta Leasing, LLC.** Founder/Member. The company has established itself as a leading firm providing leasing of equipment for construction and oil related companies. The company has offices in Anchorage and on the North Slope. Currently over 800 pieces of equipment are leased with assets over 30 million.

**2000 to Current: Capital Holding Company, LLC.** Founder/Member. Developed Sentry Park Apartments, a 16-unit apartment building in Anchorage, Alaska. Sentry apartments are the only asset.

**2000 to Current: Redstone, LLC.** A family investment partnership that primarily focuses on purchasing and managing its real estate rentals, residential and commercial.

**2008 to 2011: Delta Development Group, LLC.** Founder/Member. This was a construction company, which focused on construction services for the oil sector. Projects include a \$22-million construction contract for the Liberty Project, a \$9-million Atigun Camp project, 80-man camp/hotel in Deadhorse, 80 man camp Barrow, and a \$5- million hangar in Barrow. Clients include Exxon, BP, Alyeska Pipeline, Conoco and other oil and mining related firms. Sold to other member.

**2006 to 2011: Aurora Square, LLC.** Member. Developed 20 market rate condominium units located in Anchorage, AK.

**1995 to 2006: Venture Development Group, LLC.** I was part of the development team. I worked with Mark Pfeffer of Koonce Pfeffer Bettis and Jerry Neeser of Neeser Construction to concentrate on design-build real estate developments. The following are a list of the projects I was involved in: Bristol Bay Building; Alutiiq Center Building; Renal Care Group; Anchorage; Scammon Bay Teacher Housing, Hooper Bay Teacher Housing, Togiak Teacher Housing Projects, 2006; Manokotak View Apartments, 2005; Strawberry Village Apartments, 2002; First American Title Building; Tyonek Terrace Senior Housing, 2003; Brighton Park Apartment, 1999; Historic City Hall renovation, Anchorage; Ernie Turner Center; Anchorage Native Primary Care Center; APIA Office Building; Teamster Renovation; AHFC relocation; Creekside Town Center; VDG OPA Building.

**1993 to 1996: TC Developers, LLC.** Founder/Member. Developed several real estate low-income tax credit apartment buildings for non-profit organizations. Access Apartments was developed to supply accessible housing. Hillpoint Park was developed to serve tenants with mental disabilities.

**1990 to 2000: KKM Properties, LLC.** Member. A partnership formed to purchase and manage its residential rental properties; reached 28 properties in Anchorage, AK.

**1990 to 1993: Security National Trust and Alaska Southern Partners.** Vice-President, concurrent. Both firms were formed to purchase loan portfolios from the Resolution Trust Corporation. Both companies were start-ups that went on to purchase over one billion dollars in value of real estate loan portfolios.

**1982 to 1990: First National Bank Anchorage.** I started as a loan officer and advanced to Vice-President for the Office of the President. My banking career focused on finance, real estate development, mortgage lending, real estate asset management, and construction lending. I also was involved in special credits, purchasing failed loan portfolios and REO liquidation.

**1978 to 1982: Landmark Homes.** Site selection coordinator and real estate sales. A small residential development firm that built high-end homes and estates in Santa Barbara, CA.

## JUNEAU, ALASKA<sup>16</sup>

Located on the mainland of Southeast Alaska, Douglas Island, the City of Juneau was built at the heart of the Inside Passage along the Gastineau Channel. It lies 900 air miles northwest of Seattle and 577 air miles southeast of Anchorage. The area encompasses 2,716.7 sq. miles of land and 538.3 sq. miles of water. It is in the mildest climate zone in Alaska. Temperatures range 25 to 65 °F.



Juneau is accessible only by air and sea. Scheduled jet flights and air taxis are available at the municipally-owned Juneau International Airport. Marine facilities offer a seaplane landing area at Juneau Harbor, two deep draft docks, five small boat harbors, and a state ferry terminal. The Alaska Marine Highway System and cargo barges provide year-round services.

The City of Juneau was formed in 1900 and was originally comprised of a 160 acre parcel assembled by Joe Juneau and Richard Harris (the area formerly called "Harrisburg"). The state capital was transferred from Sitka to Juneau in 1906 while Alaska was a U.S. territory. Gold mining, fishing, canneries, a sawmill, transportation and trading services, contributed to Juneau's growth through the early 1900s. In 1970, the City of Juneau, the City of Douglas, and the Greater Juneau Borough were unified into the City & Borough of Juneau.

As the state capital, Juneau is supported largely by state and federal employment and by tourists cruising the Inside Passage. It is the third largest community in Alaska. About one-third of residents live downtown or on Douglas Island; the remaining two-thirds live elsewhere along the roaded area.

Current Population:	33,026 (2014 Alaska Department of Labor Estimate)
Incorporation Type:	Unified Home Rule Municipality
Taxes:	Sales: 5%, Property: 10.66 mills (median rate), Special: 3% Liquor Tax; 7% Bed Tax; \$1 per pack Tobacco

State, local, and federal agencies provide most of the local jobs. Juneau is home to state legislators and their staff during the legislative session between January and April. In 2011, 259 Coast Guard personnel was stationed in Juneau. Tourism is a significant contributor to the private sector economy during the summer months. Most cruise ship make it a port of call. The Mendenhall Glacier, Juneau Icefield air tours, Tracy Arm Fjord Glacier, state museum, and Mount Roberts Tramway are local attractions. Support services for fish processing contribute to the Juneau economy. In 2011, 357 residents held commercial fishing permits. DIPAC, a private non-profit organization, operates a fish

<sup>16</sup> Source: Alaska Department of Commerce Community Information Database.

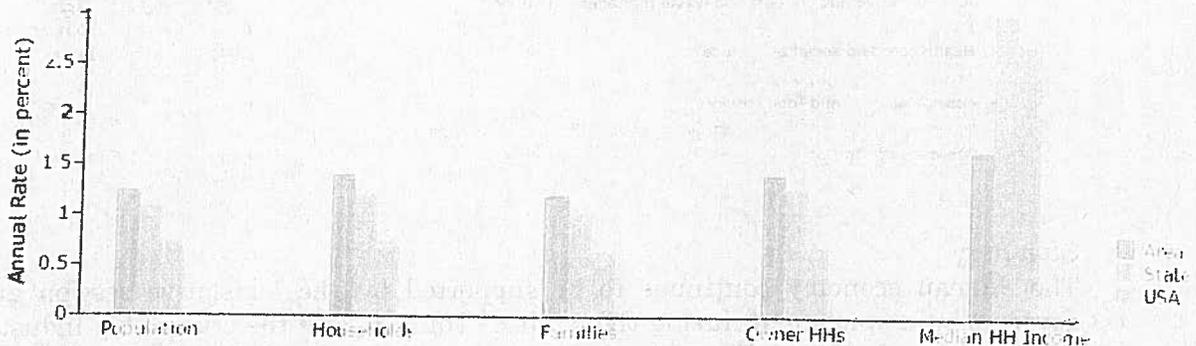
hatchery that increases the local salmon population. The close-by Kennecott Green's Creek Mine produces gold, silver, lead, and zinc and is the largest silver mine in North America

The most recent population and median income levels for the area are summarized in the following tables.<sup>17</sup>

Summary	Census 2010	2014	2019
Population	31,213	33,053	35,154
Households	12,164	13,028	13,964
Families	7,730	8,171	8,672
Average Household Size	2.49	2.47	2.45
Owner Occupied Housing Units	7,577	7,996	8,574
Renter Occupied Housing Units	4,587	5,032	5,390
Median Age	37.9	38.3	38.2
<b>Trends: 2014 - 2019 Annual Rate</b>	<b>Area</b>	<b>State</b>	<b>National</b>
Population	1.24%	1.07%	0.73%
Household	1.40%	1.20%	0.75%
Families	1.20%	1.02%	0.66%
Owner HHs	1.41%	1.27%	0.69%
Median Household Income	1.66%	3.02%	2.74%

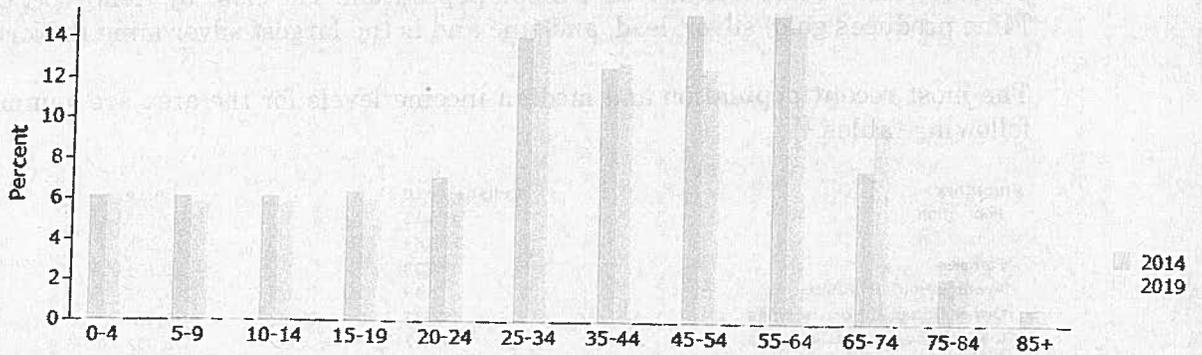
Households by Income	2014		2019	
	Number	Percent	Number	Percent
< \$15,000	811	6.2%	820	5.9%
\$15,000 - \$24,999	452	3.5%	388	2.8%
\$25,000 - \$34,999	501	5.0%	523	3.7%
\$35,000 - \$49,999	1,868	14.3%	1,756	12.6%
\$50,000 - \$74,999	2,315	17.8%	2,272	16.3%
\$75,000 - \$99,999	2,475	19.0%	2,642	18.9%
\$100,000 - \$149,999	2,800	21.6%	2,281	16.4%
\$150,000 - \$199,999	1,011	7.8%	1,438	10.3%
\$200,000+	604	4.6%	864	6.0%
Median Household Income	\$77,800		\$84,519	
Average Household Income	\$80,800		\$98,723	
Per Capita Income	\$35,300		\$50,515	

Trends 2014-2019



<sup>17</sup> Source: Site to Do Business (STBD) Online Market Statistics, Juneau CBD / CBJ, March 31, 2015.

**Population by Age**



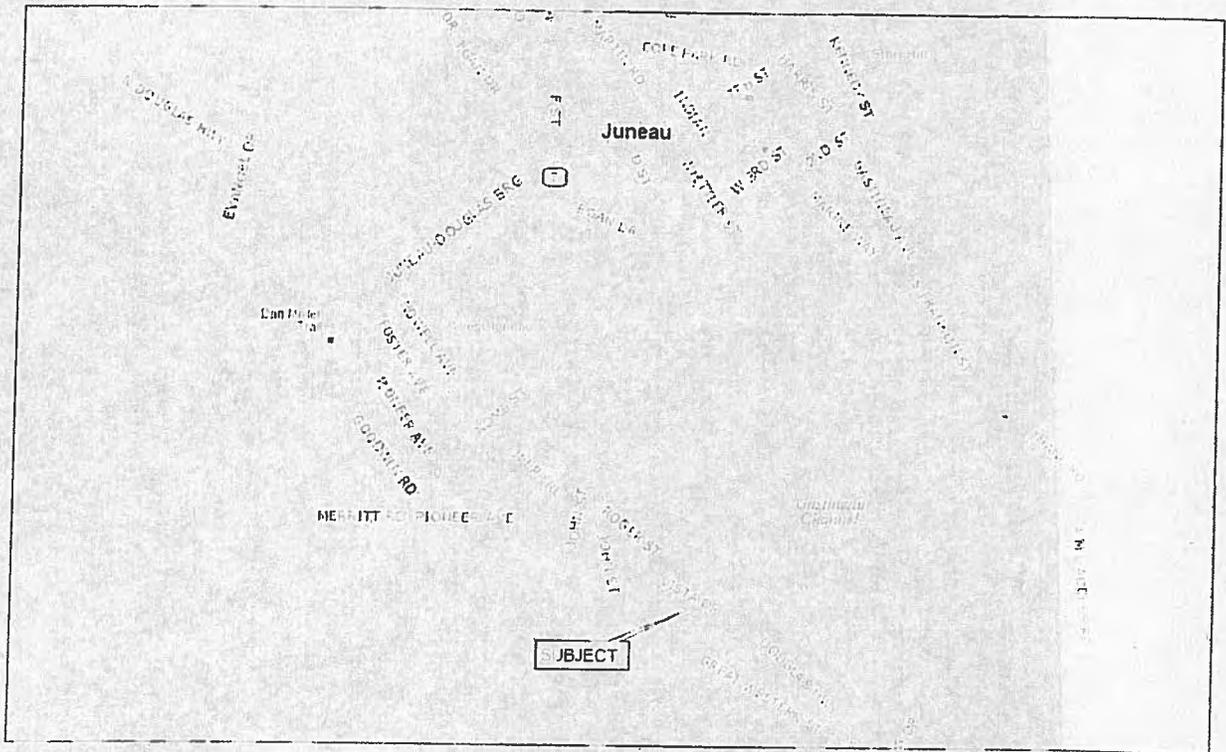
Employment trends in the immediate and general market area of the subject are summarized as follows:

CIVILIAN EMPLOYED POPULATION AGE 16+ YEARS BY INDUSTRY	2008 - 2012		MOE(±)
	ACS Estimate	Percent	
<b>Total</b>	<b>17,146</b>	<b>100.0%</b>	<b>878</b>
Agriculture, forestry, fishing and hunting	1	0.0%	1
Mining, quarrying, and oil and gas extraction	336	2.0	117
Construction	1,111	6.5%	377
Manufacturing	221	1.3	71
Wholesale trade	161	1.0%	53
Retail trade	1,579	9.2%	516
Transportation and warehousing	1,111	6.5%	377
Utilities	111	0.6%	37
Information	111	0.6%	37
Finance and insurance	111	0.6%	37
Real estate and rental and leasing	111	0.6%	37
Professional, scientific, and technical services	937	5.4%	312
Management of companies and enterprises	44	0.3%	15
Administrative and support and waste management services	1,049	6.1%	350
Educational services	1,049	6.1%	350
Health care and social assistance	1,948	11.4%	645
Arts, entertainment, and recreation	44	0.3%	15
Accommodation and food services	1,049	6.1%	350
Other services, except public administration	1,049	6.1%	350
Public administration	4,149	24.2%	1,385

**Summary**

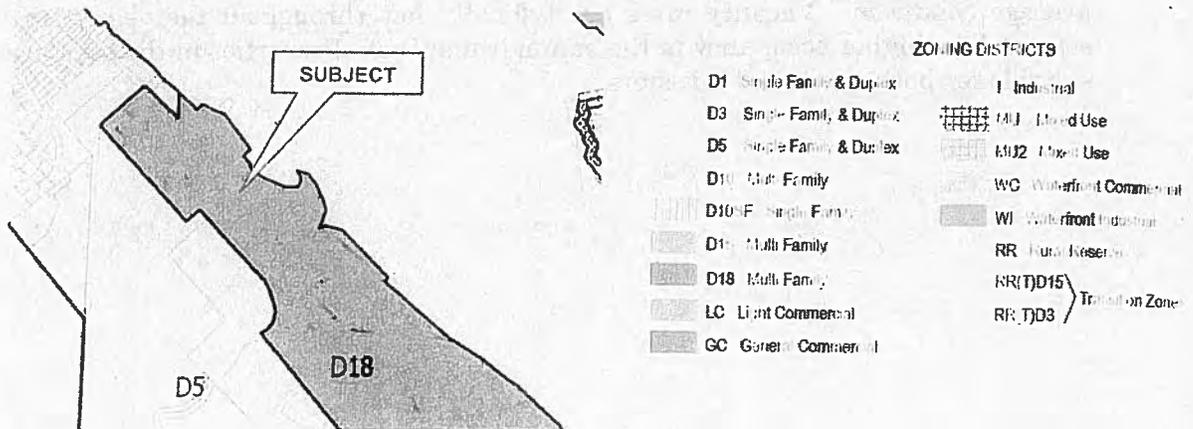
The Juneau economy continues to be supported by the legislative session and related government employment during the winter. Tourism and the cruise ship industry sustain the summer economy. There is always some concern regarding the moving of the state capital, but real estate values remain stable. The outlook is for little change.

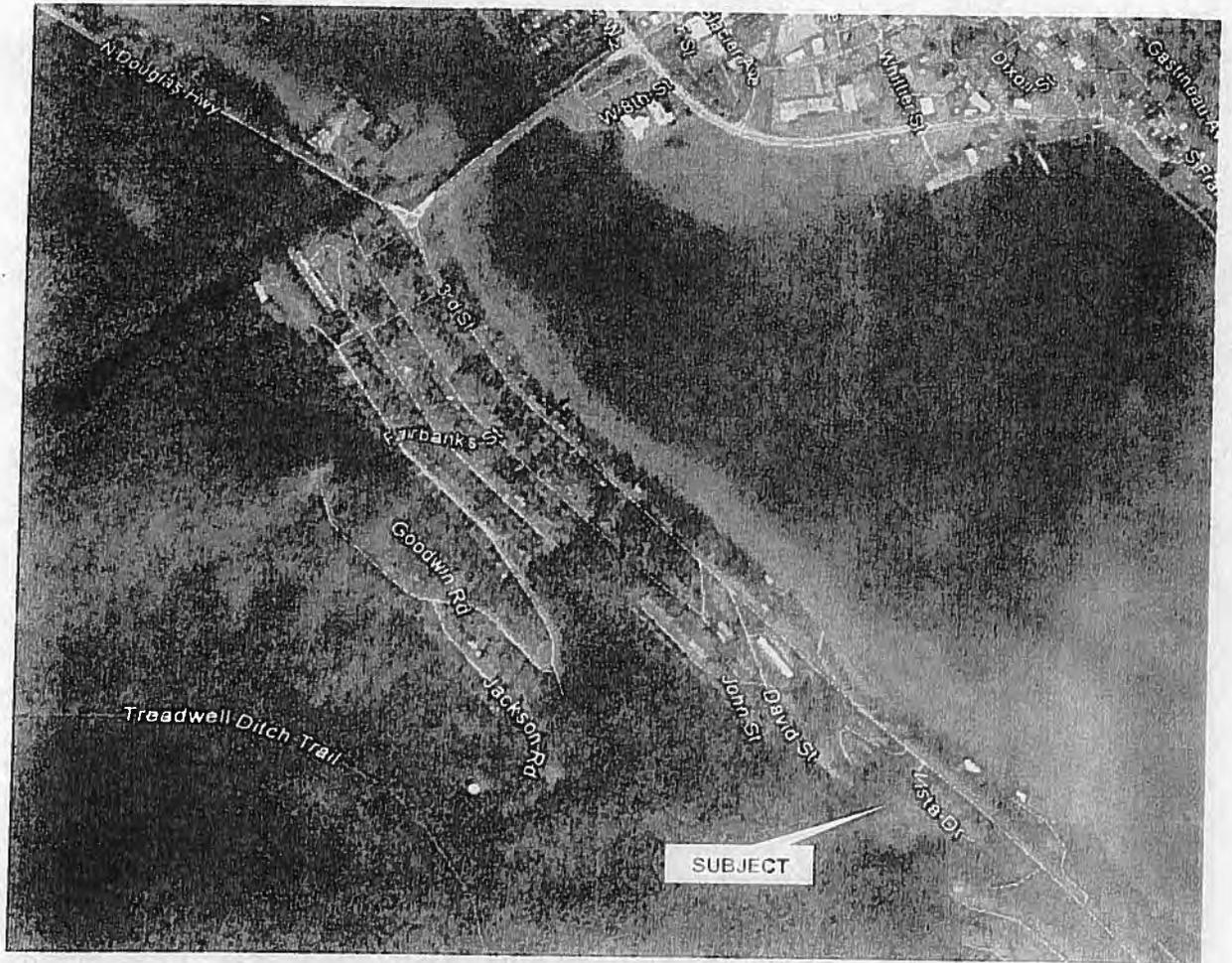
## NEIGHBORHOOD DESCRIPTION



The subject property is located on Douglas Island which is an area situated just west of the City of Juneau, accessed from the Douglas Bridge leading from downtown Juneau. This is in a residential area with primarily multi-family residential in the immediate vicinity surrounded by single-family residential developments.

The subject is located on Vista Drive, a paved residential street from 3<sup>rd</sup> Street. Surrounding uses to the north include The Crest at Lawson Creek (condo development) and Douglas Highway. South, east, and west of the subject is wooded vacant land.





Utilities available in the City of Douglas are electricity, telephone and internet service, cable TV, sewer, water, and garbage collection. All utilities are available in the subject's general neighborhood.

Overall, the subject's neighborhood is well developed with most of the buildings being in average condition. Vacancy rates are typically low throughout the year with very little seasonality (higher occupancy in the summer months). Properties in the area are generally suitable for both users and investors.

## SITE DESCRIPTION

### Location

The subject property consists one (1) lot totaling 152,253 SF ( $\pm$ 3.5 acres), located on the west side of Vista Drive, in Juneau, Alaska.

### Site Area and Dimensions

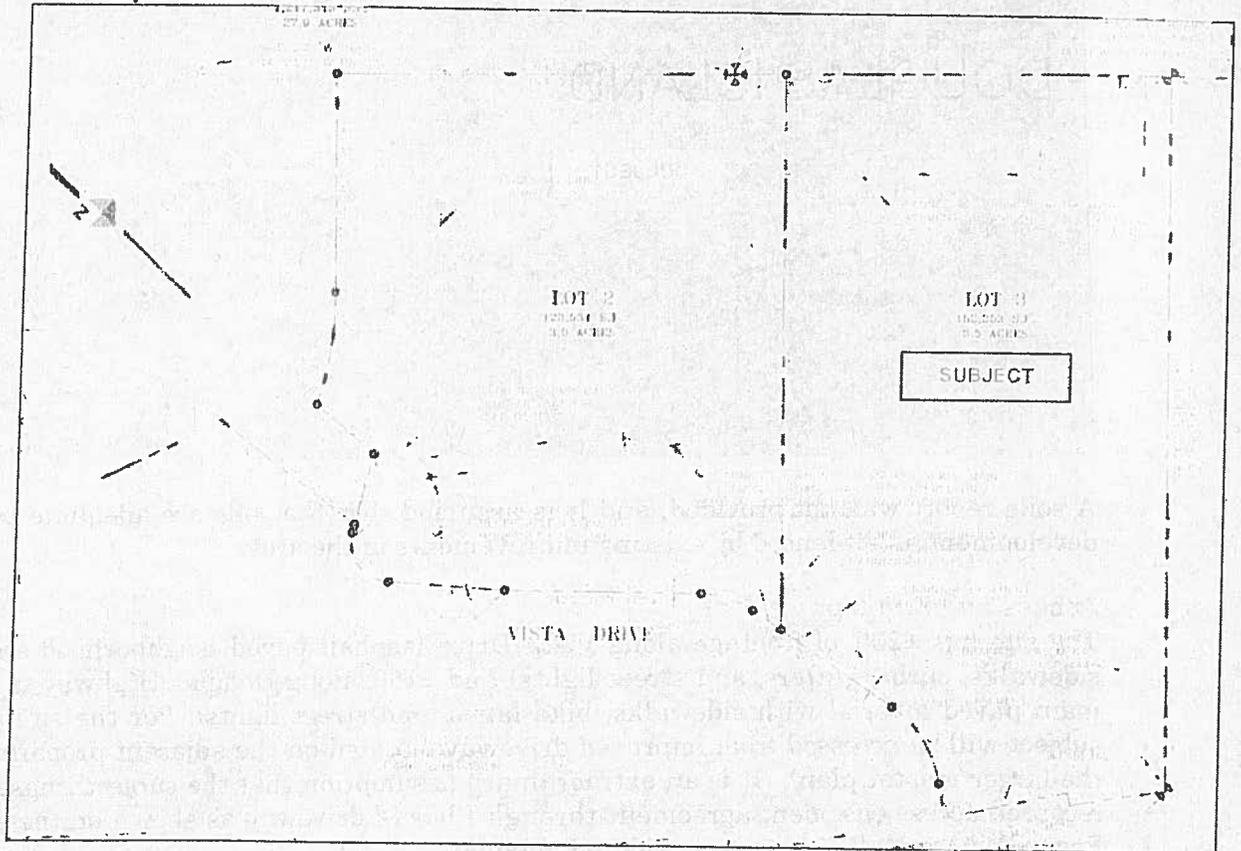
The parcel is identified as follows:

Legal Description	Address	Tax ID No.	Owner	SF	AC
Lot 3 Emerald 3 Subdivision, Plat 2014-21	NSN Vista Drive	2D040C050073	Intrepid LLC	152,253	3.5

### Shape

The subject lot is irregular in shape.

### Plat Map No. 2014-21



### Utilities

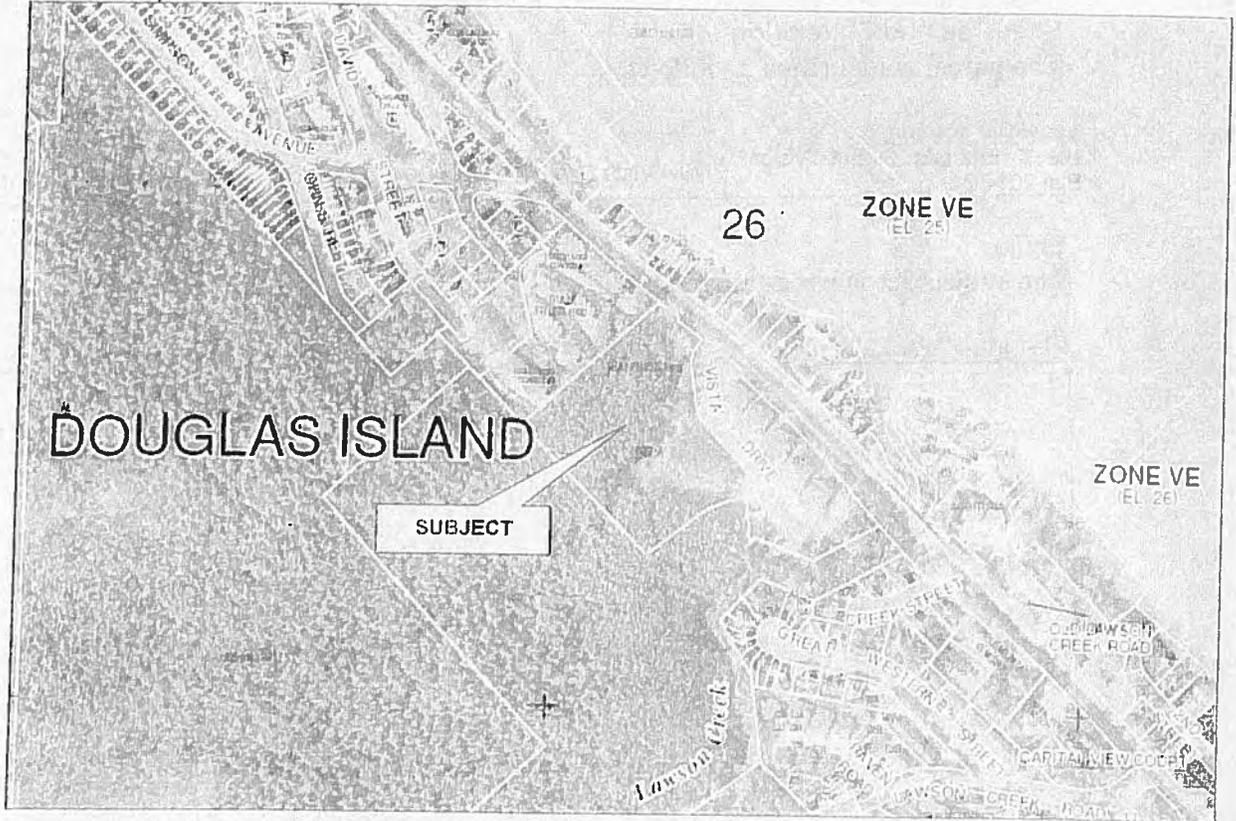
All public utilities are available, including electric, water and sewer. Oil or electric is used for heating in the area.

### Topography and Soils

The site is treed, terraced and sloping to the northeast and near grade of Vista Drive, but above grade of the Douglas Highway.

The property is located outside designated wetlands and flood zone areas.<sup>18</sup>

### Flood Map



A soils report was not provided, and it is assumed that the soils are adequate to support development as evidenced by existing improvements in the area.

### Access and Frontage

The site has  $\pm 200'$  of frontage along Vista Drive (asphalt paved neighborhood street with sidewalks, curbs, gutters, and street lights) and  $\pm 160'$  along Douglas Highway (a two-lane main paved arterial with sidewalks, bike lanes, and street lights). Per the site plan, the subject will be accessed from improved driveways located on the adjacent property (part of the larger master plan). It is an extraordinary assumption that the subject Phase II has a recorded access easement agreement through Phase I driveway as shown on the site plan. Regardless, overall, access is considered adequate.

<sup>18</sup> 2013 FEMA Flood Overlay Map – Downtown Douglas and Rock Dump area.

### Environmental

We were not provided with an environmental report. We developed our opinion of value according to the extraordinary assumption that the site is not affected by environmental issues and is considered to be clean.

### Easements

A title report was not provided. The plat map reports the following easements:

- A private access, utility and drainage easement located at the north corner along Douglas Highway;
- A 20' wide water main easement bisects the northern portion of the lot;
- A slope/drainage easement and a 5' wide drainage easement is located along the northeast corner on Vista Drive.

The easements are contained to the peripheral of the site. Based on the site plan 'as proposed', the existing easements can be incorporated into a site plan without limiting utility.

### Zoning

The property is zoned D-18 (*Multi-Family Residential District*) which is "intended to accommodate primarily multifamily development at a density of 18 dwelling units per acre. This is a high density multifamily zoning district intended to accommodate midrise-type development."

The proposed use is a conforming, permitted use in regards to the current zoning regulations.

### Suitability of the Site

The subject contains a total site area of 3.5 acres (152,253 SF). It is treed, terraced and sloping to the northeast and near grade of Vista Drive. Access is adequate and all utilities are available. Overall, the subject site and neighborhood is suited for multi-family residential development.

**IMPROVEMENT DESCRIPTION**

**As-Proposed**

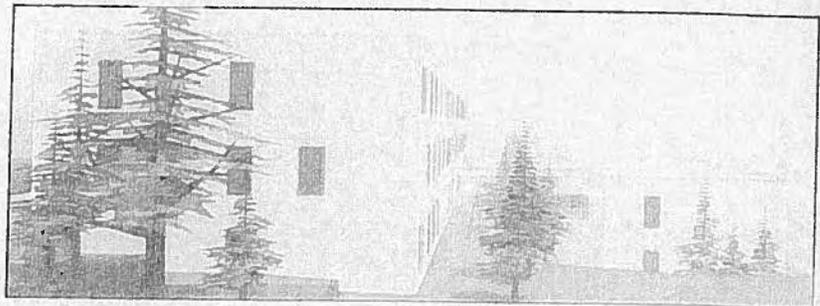
As proposed, the subject will be constructed as two apartment buildings (one two-story and one three-story) consisting of 35 units: (6) one-bedroom units, (15) two-bedroom units, and (14) three-bedroom units, with a gross building area (GBA) of 35,924 SF.<sup>19</sup> The net rentable area (NRA) is reported at 30,276 SF.<sup>20</sup>

A set of building plans was provided. The area calculations are presented as follows:

Component	No. Units	Unit Summary	Other Rooms	GBA
<b>Building No. 4</b>				
1 <sup>st</sup> Floor	5	(2) 1BR/1BA (1) 2BR/1BA (2) 3BR/2BA	Common walls, mechanical, storage units	7,462 SF
2 <sup>nd</sup> Floor	9	(3) 2BR/1BA (6) 3BR/2BA	Common walls, stairs	9,158 SF
3 <sup>rd</sup> Floor	9	(3) 2BR/1BA (6) 3BR/2BA	Common walls, stairs	9,158 SF
<b>Building No. 5</b>				
1 <sup>st</sup> Floor	5	(5) 2BR/1BA	Common walls, mechanical, storage units	5,073 SF
2 <sup>nd</sup> Floor	7	(4) 1BR/1BA (3) 2BR/1BA	Common walls, stairs	5,073 SF
<b>TOTAL GBA</b>	<b>35</b>			<b>35,924 SF</b>
<b>Unit Mix</b>	<b>Units</b>	<b>SF / Unit</b>		<b>NRA</b>
1BR/1BA	2	693		1,386 SF
1BR/1BA	4	580		3,706 SF
2BR/1BA	7	795		5,565 SF
2BR/1BA	1	797		797 SF
2BR/1BA	5	804		4,020 SF
2BR/1BA	2	821		1,642 SF
3BR/2BA	2	1,033		2,066 SF
3BR/2BA	12	1,040		12,480 SF
<b>TOTAL NRA</b>	<b>35</b>			<b>30,276 SF</b>
<b>TOTAL Common Area</b>			<b>Total GBA – Total NRA</b>	<b>5,648 SF</b>

**Construction Features**

The following building description is based on building plans and information provided by the developer. The building description is presented as an overview of the basic construction features.



<sup>19</sup> Per Statistics from Lumen Design

<sup>20</sup> Unit rentable areas (excludes common areas).

### **Foundation**

The foundation will be concrete.

### **Framing**

The subject will consist of (1) two-story and (1) three-story, exterior walk-up, wood-framed buildings totaling 35 units. The ground floor of Building No. 4 will be connected by (2) covered walk-ways to the second floor of Building No. 5. Exterior walls will be covered with durable sustainable materials, designed to withstand the wet Juneau climate. Interior ceilings are  $\pm 9$  feet. Windows are double panel, vinyl.

### **Floors**

Floors are wood joist, which will be finished with plywood sheeting and average grade carpeting and pad, with tile or vinyl in wet areas.

### **Roof**

Roofs will be a flat, membrane type.

### **Interior Finish**

Walls and ceilings are to be sheet rocked, taped, textured and painted. Flooring will be carpet and vinyl/tile, with wood or rubber base. In general, the interiors will be average-plus to good-quality finishes with quality workmanship.

### **Insulation**

All insulation is assumed to be adequate.

### **Mechanical, Plumbing, and Electrical**

Each unit will be heated by electric radiant heaters. The buildings will utilize a geothermal system with a heat pump to provide hot water. The building will also feature a solar PV (photovoltaic) array for additional energy production, to offset common electric use. Electrical and plumbing are assumed to be adequate and commensurate with the overall quality and condition of the project. Kitchens consist of a double sink, refrigerator, dishwasher, and oven. All bathrooms consist of a sink and vanity, shower/tub, and toilet. The buildings will be sprinklered.

### **Appliances**

The units will have full sized refrigerators, four burner stoves, and dishwashers. All units have in-unit stacked washer and dryers.

### **Amenities**

All units have interior dedicated storage units (ground floor of Building No. 4). All units have good views overlooking Gastineau Channel. The subject will have access to the Community Building and playground located on the adjacent lot. The Community Building has a community room, kitchen, and laundry room.

### **Site Improvements**

The site will be improved with asphalt paving/concrete area striped for 68 spaces. Current CBJ standards are 1.0 space per 1-bedroom unit, 1.5 spaces per 2-bedroom unit, and 2.0

spaces per 3-bedroom unit, totaling 56.5 spaces, required.<sup>21</sup> On-site parking is considered adequate.

Typical landscaping, paved walks, signage and building mounted exterior lighting throughout.

**Americans with Disabilities Amendment**

The subject will be constructed to current building code and will have (14) ADA compliant units.

**Condition and Effective Age**

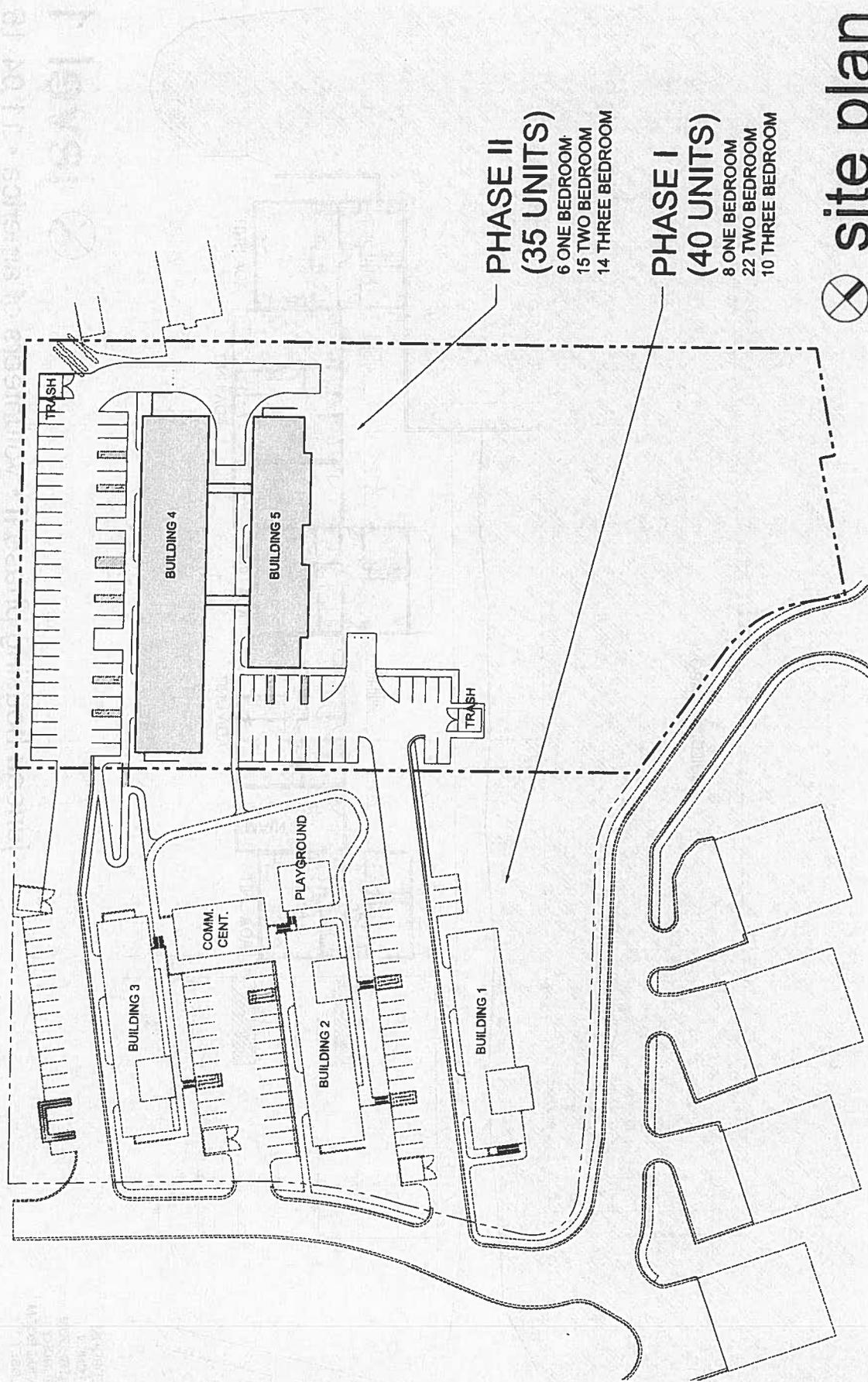
The subject will be in new condition when complete, with an effective age of zero. The estimated economic life is 50 years.

**Overall Suitability**

As proposed, the subject will be superior in quality and condition to the existing inventory of market rate and low-income housing alternatives in the immediate area. The near term trend is for stable occupancies and the subject should be well positioned to capture at least, its prorated share of demand.

SWOT ANALYSIS	
Strengths	<ul style="list-style-type: none"> <li>Proposed buildings are well designed for the site;</li> <li>Location is near local communities, employment, and major arterials;</li> <li>The project has several amenities and the design of the units and building is attractive for the market in which they will compete.</li> </ul>
Weakness	<ul style="list-style-type: none"> <li>None</li> </ul>
Opportunity	<ul style="list-style-type: none"> <li>Construction costs are substantially higher than market value of the project due to additional costs associated with LIHTC construction and external obsolescence. The project is only feasible through the use of tax credits, grants, and specialized financing.</li> </ul>
Threats	<ul style="list-style-type: none"> <li>Uncertainties related to the drop in oil prices and the State's fiscal crisis;</li> <li>Fear of capital move would account for lost jobs, property value diminish, and population decrease;</li> <li>However, the market remains stable and the outlook is for little change.</li> </ul>

<sup>21</sup> Juneau, AK Code of Ordinances: 49.40.210 Minimum space and dimensional standards for parking and off-street loading: Subject units = (6) 1BR x 1 space, (15) 2BR x 1.5 spaces, and (14) 3BR x 2 spaces = 56.5spaces required.



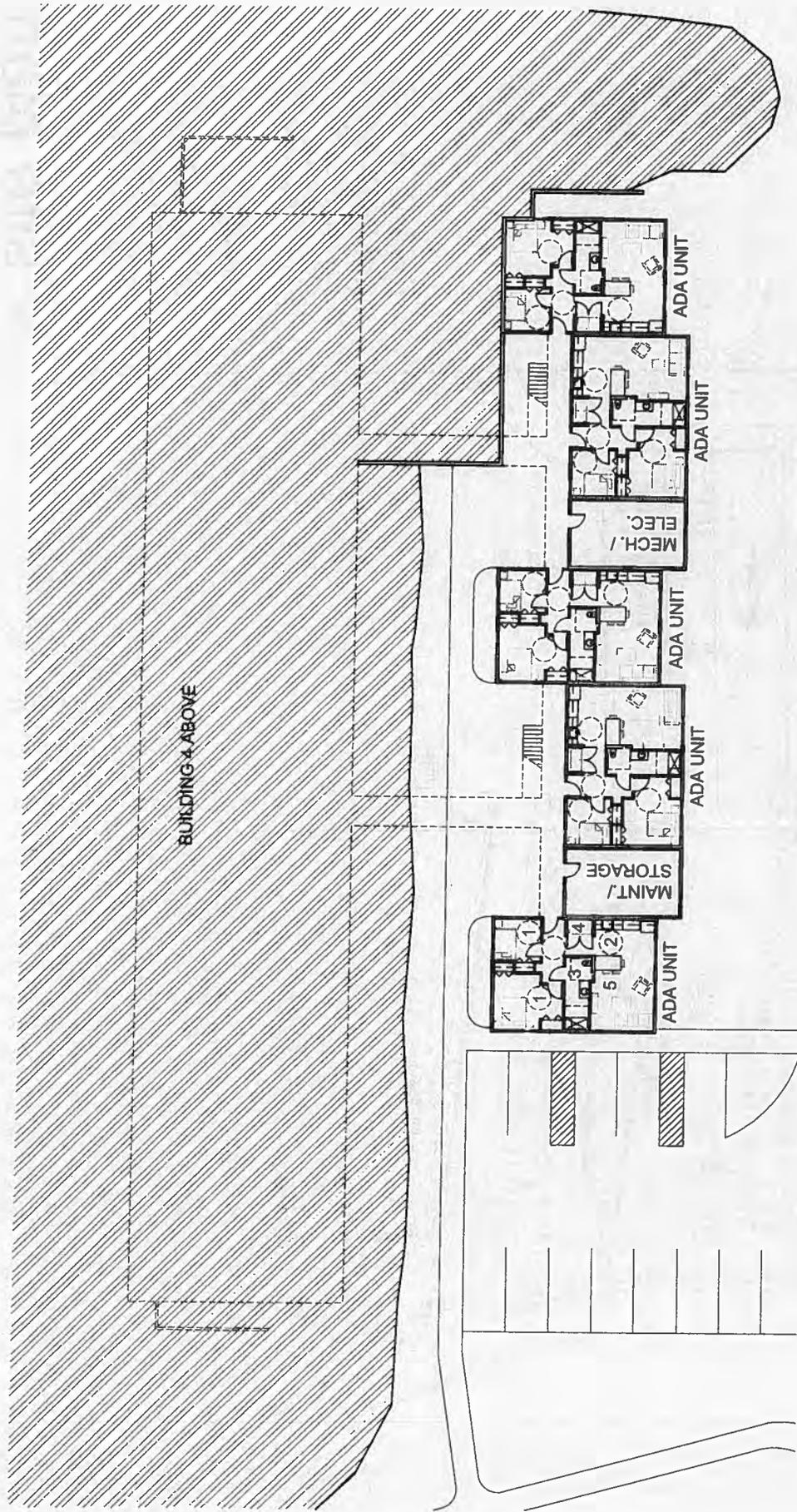
**PHASE II  
(35 UNITS)**  
 6 ONE BEDROOM  
 15 TWO BEDROOM  
 14 THREE BEDROOM

**PHASE I  
(40 UNITS)**  
 8 ONE BEDROOM  
 22 TWO BEDROOM  
 10 THREE BEDROOM

 **site plan**

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UNIVERSITY OF ALABAMA SYSTEM  
SCHOOL OF ARCHITECTURE

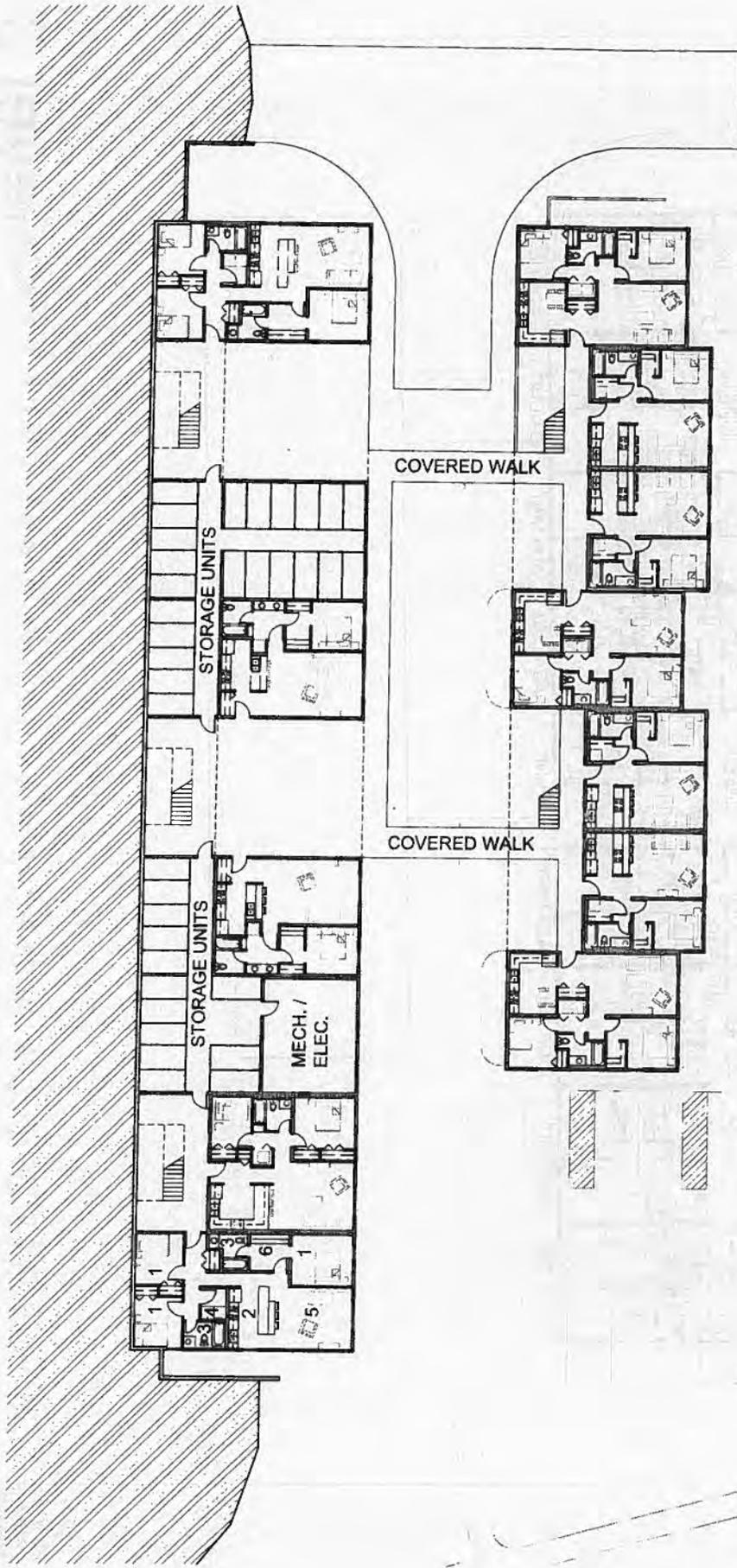


- 1 BEDROOM
- 2 KITCHEN
- 3 BATHROOM
- 4 LAUNDRY
- 5 LIVING ROOM
- 6 CLOSET

# ⊗ level 1

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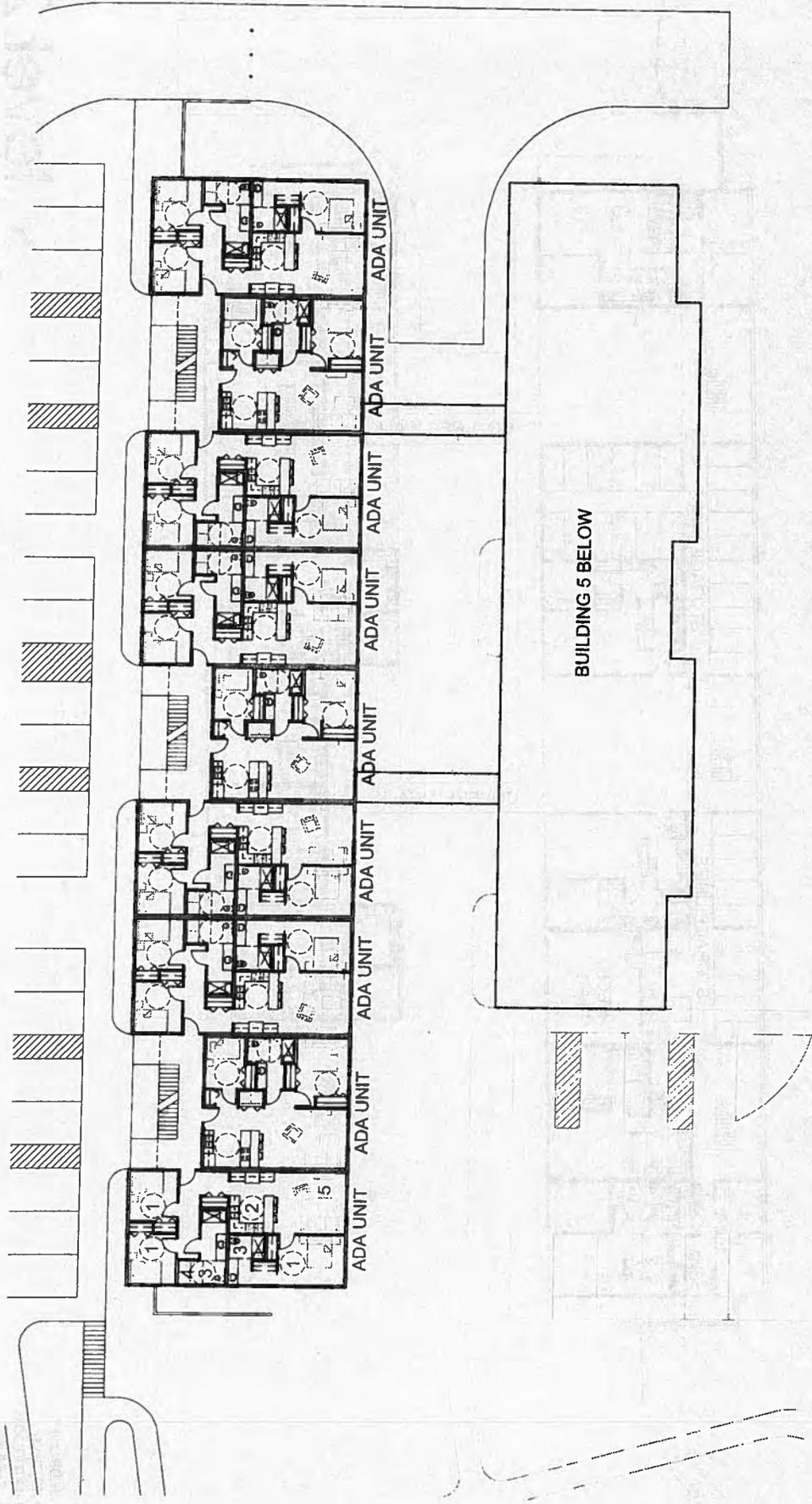
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- 1 BEDROOM
- 2 KITCHEN
- 3 BATHROOM
- 4 LAUNDRY
- 5 LIVING ROOM
- 6 CLOSET

⊗ level 2

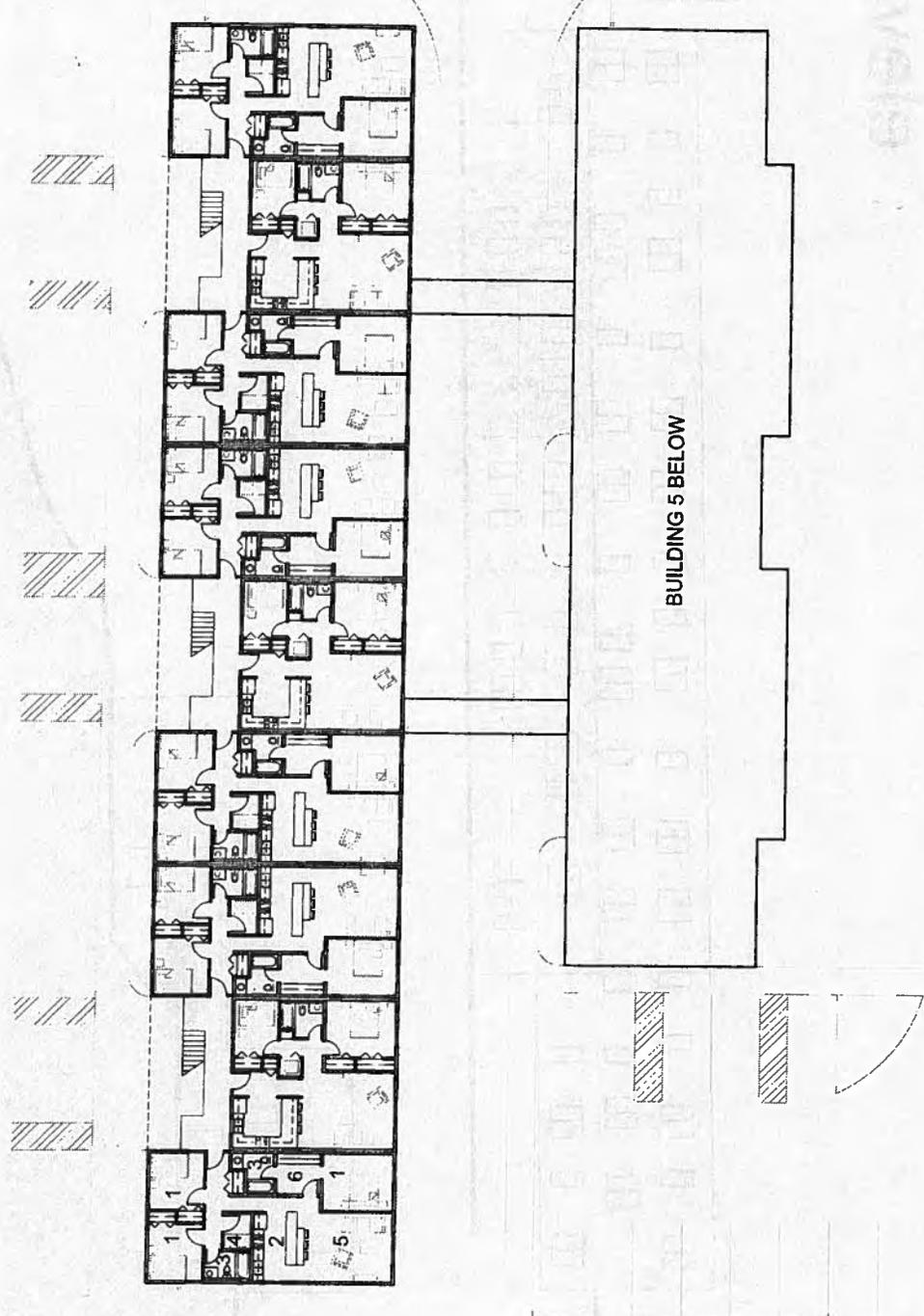
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- 1 BEDROOM
- 2 KITCHEN
- 3 BATHROOM
- 4 LAUNDRY
- 5 LIVING ROOM
- 6 CLOSET

⊗ level 3

juneau housing phase II • volunteers of america • 11 04 15



- 1 BEDROOM
- 2 KITCHEN
- 3 BATHROOM
- 4 LAUNDRY
- 5 LIVING ROOM
- 6 CLOSET

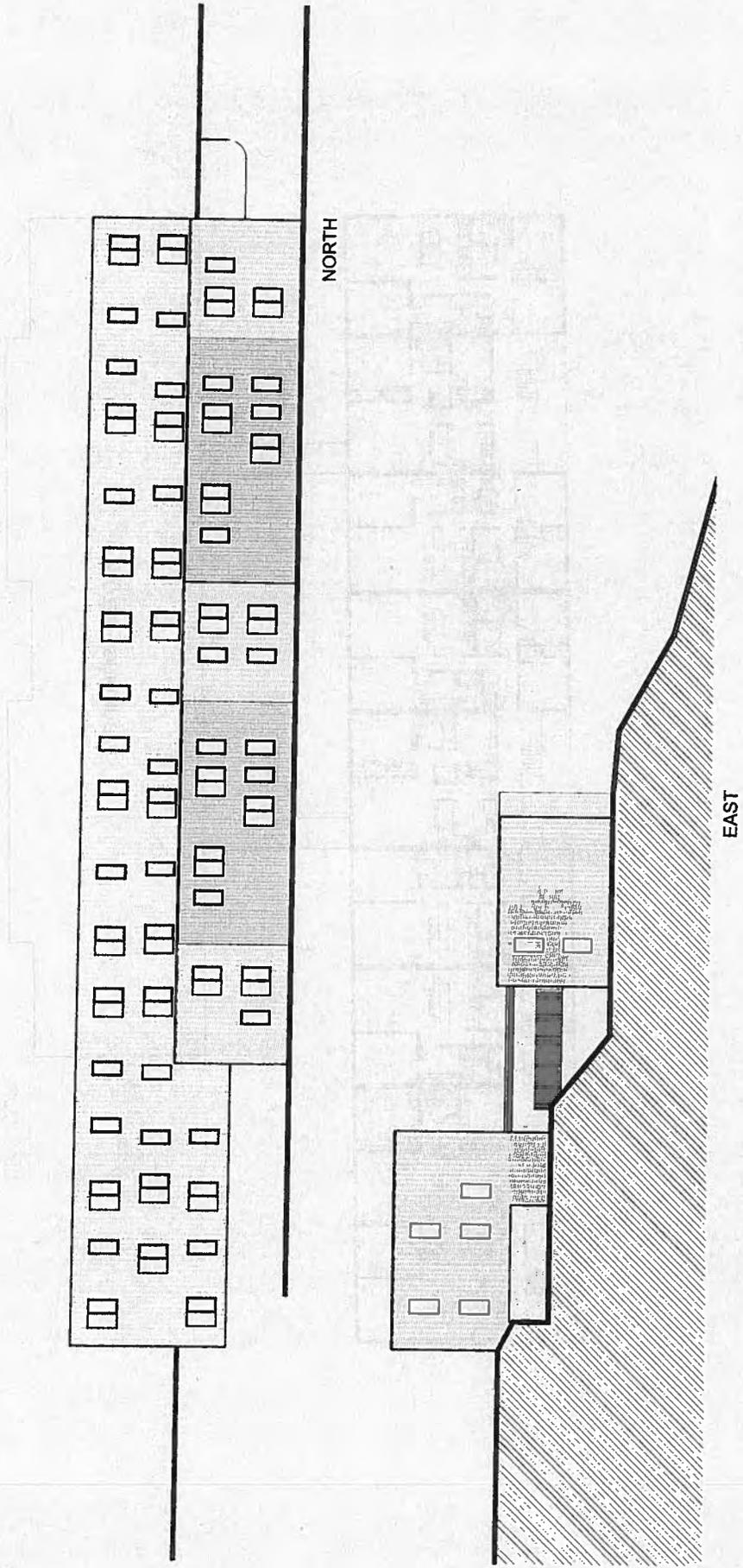
⊗ level 4

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PROJECT: JUNEAU HOUSING PHASE II • VOLUNTEERS OF AMERICA • 11 04 15

# juneau housing phase II • volunteers of america • 11 04 15

## elevations



Lawson Creek II  
Pro Forma

<u>Rental In.</u>	<u>From</u>	<u>Sq.Ft.</u>	<u># of Units</u>	<u>Unit Rent</u>	<u>Gross Annual</u>
	<u>Bedrooms</u>		<u>Units</u>		
30% MFI	1	600	3	\$500.00	\$ 18,000.00
50% MFI	1	600	3	\$864.00	\$ 31,104.00
50% MFI	2	800	10	\$1,036.00	\$ 124,320.00
60% MFI	2	800	5	\$1,253.00	\$ 75,180.00
50% MFI	3	1100	5	\$1,194.00	\$ 71,640.00
60% MFI	3	1100	9	\$1,445.00	\$ 156,060.00
		31000			\$ -
<b>Total Rental Income</b>			<b>35</b>		<b>\$ 476,304.00</b>
<b>Other Income</b>					
<b>Gross Potential Income</b>					<b>\$ 476,304.00</b>
			7.0%		\$ 33,341.00
<b>Less Vacancy &amp; Credit Loss</b>					<b>\$ 442,963.00</b>
<b>Effective Gross Income</b>					<b>\$ 442,963.00</b>
<b>Total Adjusted Income</b>					

**EXPENSES**

Management	\$78,300	17.68%	%EGI
Administration	\$21,000	4.74%	% EGI
Insurance	\$14,000	\$ 400	per unit
Taxes	\$12,250		
Utilities	\$45,437	\$ 1.47	per square foot
Maintenance & Repairs	\$45,500	10.27%	%EGI
Replacement/Reserves	<u>\$10,500</u>	\$ 300.00	per unit
<b>Total Expenses</b>	<b>\$226,987</b>		
% of EGI	51.24%	\$ 6,485	per unit
<b>Net Operating Income</b>	<b>\$215,976</b>		
Mortgage	\$154,401	\$2,117,600 @ 6.125% for 30 years	

**DSCR** 1.40

Net Cash Flow \$61,575

Income Decrease= 13.90%

Expense Increase= 27.13%

Vacancy Increase= 19.93%

**PROPERTY SUMMARY OF SUBJECT**

Juneau VOA Housing Phase II is a proposed 35-unit apartment community restricted to households earning 30, 50, and 60 percent of Area Median Income (AMI) or less. The property will offer seven, unrestricted market rate units. The Subject will be located on the west side of Vista Drive in Juneau, Borough of Juneau, Alaska. The Subject will consist of two, three-story garden-style buildings. The Subject will share community amenities with the adjacent Juneau VOA Housing Phase I, which is under construction. Community amenities will include a business center/computer lab, community room, a courtyard, an exercise facility, central laundry, non-shelter services, on-site management, a picnic area, a playground, and service coordination. Additionally, the Subject will feature 54 off-street parking spaces. The adjacent Phase I received a tax credit allocation in 2013 and will consist of 40 one, two, and three-bedroom units, including 24 LIHTC units targeting 30 and 50 percent AMI, 15 unrestricted units, and one employee unit. Phase I, which began construction in early 2014, is anticipated to be completed by September 2015.

**Subject Sponsor and Date of Contact:**

The applicant is the Volunteers of America National Services. We made first contact with the developer on July 16, 2015. Contact was made on our first attempt.

**Proposed Rents and Unit Mix:**

The following table details the Subject’s proposed rents and unit mix. The rents are set at the maximum allowable levels. Note that the developer’s proposed utility allowance is based on the March 2014 AHFC Juneau Borough utility allowance; although the October 2015 AFHC Juneau Borough utility allowance was released in August 2015. Therefore, the developer’s utility allowance estimates no longer match the AHFC updated estimates. However; only the developer’s utility allowance estimates for the Subject’s three-bedroom units changed. The developer’s utility allowance estimates for this unit types are now \$1 more than the AHFC published utility allowance.

**PROPOSED RENTS**

Unit Type	Unit Size (SF)	Number of Units	Asking Rent	Utility Allowance (1)	Gross Rent	LIHTC Maximum Allowable Gross Rent	HUD Fair Market Rents
				<i>30% AMI</i>			
1BR/1BA	600	6	\$500	\$44	\$544	\$544	\$933
2BR/1BA	800	1	\$600	\$54	\$654	\$654	\$1,262
				<i>50% AMI</i>			
2BR/1BA	800	9	\$1,036	\$54	\$1,090	\$1,090	\$1,262
3BR/2BA	1,100	5	\$1,194	\$64	\$1,258	\$1,258	\$1,652
				<i>60% AMI</i>			
2BR/1BA	800	5	\$1,254	\$54	\$1,308	\$1,308	\$1,262
3BR/2BA	1,100	2	\$1,446	\$64	\$1,510	\$1,510	\$1,652
				<i>Unrestricted</i>			
3BR/2BA	1,100	2	\$1,588	N/A	N/A	N/A	\$1,652
<b>Total</b>		<b>35</b>					

Notes (1) Source of Utility Allowance provided by the Developer.

As illustrated in the table above, the proposed LIHTC rents are set at the maximum allowable levels.

**PROPERTY DESCRIPTION**

Our description of the improvements is based on a site inspection as well as a review of information provided by Alaska Housing Finance Corporation and Volunteers of America National Services.

Juneau VOA Housing II	
<b>Location</b>	2560 Vista Drive Juneau, AK 99801 Juneau County
<b>Units</b>	35
<b>Type</b>	Garden (3 stories)
<b>Year Built / Renovated</b>	Proposed 2016



Utilities			
<b>A/C</b>	not included – none	<b>Other Electric</b>	not included
<b>Cooking</b>	not included – electric	<b>Water</b>	included
<b>Water Heat</b>	included – electric	<b>Sewer</b>	included
<b>Heat</b>	included – electric	<b>Trash Collection</b>	included

Unit Mix (face rent)											
Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max rent?
1	1	Garden (3 stories)	6	600	\$500	\$0	@30%	n/a	N/A	N/A	yes
2	1	Garden (3 stories)	1	800	\$600	\$0	@30%	n/a	N/A	N/A	yes
2	1	Garden (3 stories)	9	800	\$1,036	\$0	@50%	n/a	N/A	N/A	yes
2	1	Garden (3 stories)	5	800	\$1,254	\$0	@60%	n/a	N/A	N/A	yes
3	2	Garden (3 stories)	5	1,100	\$1,194	\$0	@50%	n/a	N/A	N/A	yes
3	2	Garden (3 stories)	2	1,100	\$1,446	\$0	@60%	n/a	N/A	N/A	yes
3	2	Garden (3 stories)	7	1,100	\$1,588	\$0	Market	n/a	N/A	N/A	N/A

Amenities			
<b>In-Unit</b>	Blinds	<b>Property</b>	Parking spaces: 53
	Carpeting		Business Center/Computer Lab
	Coat Closet		Clubhouse/Meeting Room/Community Room
	Dishwasher		Courtyard
	Exterior Storage		Exercise Facility
	Microwave		Central Laundry
	Oven		Non-shelter Services
	Refrigerator		Off-Street Parking
	Washer/Dryer hook-ups		On-Site Management
			Picnic Area
			Playground
			Service Coordination

**Date of Construction:** The Subject is proposed construction. Construction is anticipated to commence on June 1, 2016 and be completed by the summer of 2017.

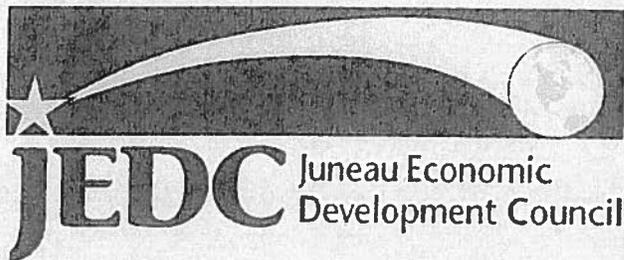
**Occupancy Type:** Family.

**Special Needs Set-Aside:** According to the pre-application narrative, the Subject will offer three units targeting a special-needs tenancy. Two units will be equipped for tenants with physical disabilities and one unit will have sensory equipment. Additional Americans with Disability Act (ADA) units will be set aside for disabled tenants. The property will also have a preference for homeless or formerly homeless tenants but no units will be set-aside specifically for these tenants.

**Existing or Proposed Project Based Rental Assistance:** The Subject is planned construction and will not receive project-based rental assistance in addition to low-income housing tax credits.

**Solar Orientation:** According to the Subject sponsor, there will not be a solar component as part of the Subject development. Hypothetically, if the Subject were to consider a solar component as part of the Subject development, we believe that there is sufficient exposure to provide sunlight to the solar panels. Nonetheless, further analysis by a solar professional would be necessary to determine feasibility.

**Conclusion:** The Subject is proposed construction and will exhibit excellent condition when complete. Overall, the Subject's extensive common area amenities package and its new construction will be attractive to local area residents.



JEDC.org  
612 West Willoughby Ave. Suite A  
Juneau, AK 99801  
Phone 907-523-2300  
Fax 907-463-3929

**From: Brian Holst, Executive Director  
Juneau Economic Development Council  
612 W. Willoughby Ave. Ste. A  
Juneau, AK 99801**

**To: Elaine M. Dahlgreen, President/CEO  
Volunteers of America Alaska  
Via email: [emdahlgren@voaak.org](mailto:emdahlgren@voaak.org) ; 907-279-9650**

**October 30, 2015**

**To Whom It May Concern:**

**On behalf of the Juneau Economic Development Council, I am writing this letter in support of the housing application from Volunteers of America Alaska and their local partners. Juneau is in great need of affordable housing to serve homeless families, families with one or more persons with a disability and others needing safe and affordable housing. Agencies in Juneau will be able to refer families and others to these housing units.**

**We are excited that the Volunteers of America Alaska will, in collaboration with their National organization, build more safe and affordable housing in Juneau. Volunteers of America provides outstanding housing opportunities for individuals and families throughout the lower 48 states. As one of the largest providers of affordable housing in the United States we welcome them in their effort to provide suitable and necessary housing for Alaskans.**

**Again I would like to express the Juneau Economic Development Council support of their application to fund housing which will benefit those families in our community who are suffering from inadequate housing for one reason or another. The plan to build 40 additional units of housing in Juneau, to compliment the 40 units completed in Phase 1, would make available additional units which are badly needed by individuals and families in our community.**

**Thank you for consideration of their application.**

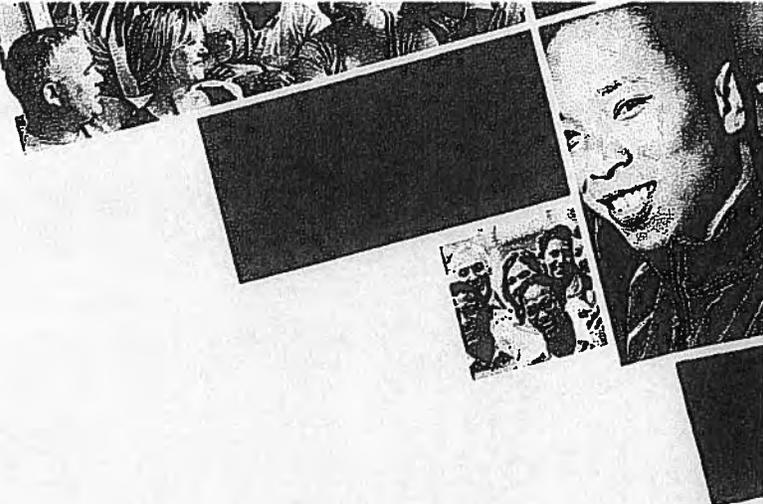
**Sincerely,**

A handwritten signature in black ink, appearing to read "Brian Holst", enclosed within a hand-drawn oval.



# FOUR A's

ALASKAN AIDS ASSISTANCE ASSOCIATION



October 20, 2015

1057 West Fireweed Lane  
Suite 102  
Anchorage, Alaska 99503  
907-263-2050  
alaskanids.org

Elaine Dahlgren  
President/CEO  
Volunteers of America Alaska  
509 West 3<sup>rd</sup> Avenue, Suite 103  
Anchorage, AK 99501

Dear Ms. Dahlgren,

**BOARD OF DIRECTORS**

- Mark Rhodes | *President*
- Katie McKay Bryson  
| *Vice President*
- Nick Whitmore | *Treasurer*
- Steven Rampke | *Secretary*
- Candace Bell
- Albert Fogle
- Melissa Griffiths
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- John Traesche
- William Wilks

**Southeast Advisory Board**

- Carolyn V Brown
- Nicholas DeHart
- Melissa Griffiths
- Vicki Wilcox
- Tonda Wolfe

This letter is written in support of Volunteer of America Alaska's application to the Alaska Housing Finance Corporation (AHFC) as they apply for funding for Phase 2 of the Terraces at Lawson Creek Housing in Juneau. The Alaskan AIDS Assistance Association (Four A's) recognizes that Phase 2 of AHFC funding will allow for the much needed additional housing for individuals living in the City and Borough of Juneau with a focus on the homeless population and those individuals with disabilities.

Four A's is the lead HIV/AIDS organization in the Alaska, serving 91% of the state with offices in Anchorage and Juneau. The primary focus of the organization is to provide supportive services to individuals living with HIV and their families. The majority of individuals served by Four A's are low-income, have difficulty with housing, and often experience disabilities. Four A's provides an array of services to clients in Juneau and often times we are seeking housing for those clients.

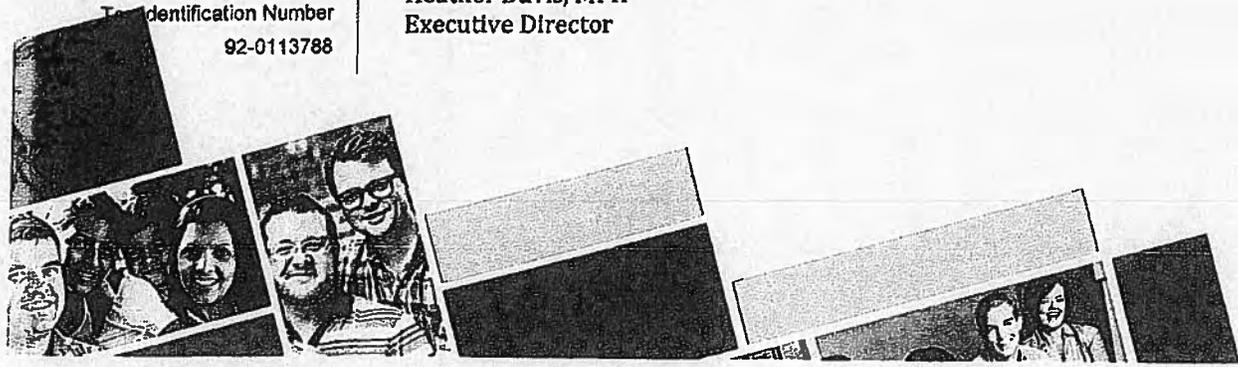
With over 65% of clients having experienced homelessness or on the verge of homelessness, housing has become one of the core supportive services provided by Four A's. If an HIV positive individual is homeless, their focus is on survival versus managing their disease to maintain good health and prevent further HIV transmission. To address this change, Four A's is dependent on supportive housing options for clients. That said, for those of us working with homeless individuals and families, we are faced with a critical shortage of transitional and permanent housing units. We are happy to support new housing as it is much needed for our clients and all others in the City and Borough of Juneau.

Again, Four A's strongly encourages AHFC to provide funding for Phase 2 of the Terraces at Lawson Creek. This funding is vital to help maintain and improve the housing stock in Juneau for those most in need.

Sincerely,

Heather Davis, MPH  
Executive Director

Identification Number  
92-0113788



***Provide the Management Plan for the proposed project:***

**Management Plan**

Project will be managed by a professional management firm?  Yes  No

If yes, name of professional management firm (if known): Quantum Management Services

Attach a copy of the management firm's corporate resume.

Will the Management of the Project include an on-site Resident Manager?  Yes  No

This resident manager is shared with Phase I. The resident manager will live in Phase I

**Staffing** (a full staffing plan may be required for projects which require a high degree of management and/or staffing):

Days/hours staff will be available for general tenant/homeowner questions?

5 days/40 hours/week.

Days/hours staff will be available for maintenance issues?

5 days/40 hours/week

Describe Your Maintenance and Repair Plan (i.e., maintenance/inspection schedules, budgeting, etc.):

**Plans for an Effective Maintenance, Repair, and Replacement Program.**

- A. The objective for preventive maintenance is to perform maintenance in such a way as to avoid the development of the unexpected deferred maintenance conditions. The preventive maintenance plan, cash flow allowing, is to repaint, re-roof, re-carpet, and respond to other typical wear cycles so as to avoid unexpected peak expenses.
- B. The as-built plans will be kept on-site. The Property will attempt to keep as-built files up-to-date in the event of modifications.
- C. The general maintenance procedures and schedules will be performed as follows:
  1. The on-Site Manager will typically be responsible for checking and servicing appliance and mechanical equipment. Any repairs beyond the Site Manager's level of expertise will be performed by independent repairmen/servicemen.
  2. In terms of life/safety/security provisions, all units will be equipped at the tenant's move-in with a working smoke detector. Fire extinguishers will be provided in the common areas and checked annually per fire code. The outside lighting will be checked regularly to make sure bulbs are replaced as needed. De-icer will be bought early in the fall so that an adequate supply is on hand. Walks are cleared as soon as possible and practical after a snow. If icy conditions prevail despite these efforts, a caution sign will be posted.

3. The Site Manager will typically be responsible for performing maintenance related to tenant move-ins and move-outs.
  4. Interior painting and decorating will be done on an as needed basis. Exterior painting will be done as needed and as reserve balances allow.
  5. Major repairs will be handled by obtaining competitive bids from reliable contractors. The Property Manager and the Managing Member will review these bids and select a vendor based on cost and ability to perform the work. If possible, at least three (3) bids will be obtained for work over \$2,000. Grounds upkeep will either be performed by the Site Manager or by a landscape contractor, whichever is the most cost effective and capable.
  6. Garbage and trash removal will be paid by the Owner. Pick up will be at least twice weekly.
  7. All halls, entries and common areas will be checked as needed. Litter, fire hazards and any other necessary cleaning will be done immediately during the walk through. Carpets will be vacuumed as often as necessary depending on weather conditions and any other conditions which affect the carpet and entries, but the work will be done at least once a week. The property will establish a schedule for a professional cleaning of the common area carpets.
- D. Tenants are instructed to use the Maintenance Request Form to report any major and/or minor repairs. Emergency repairs will be reported immediately.
- E. The Property Manager, in conjunction with the Managing Member, will do an analysis of the major capital replacements. The life expectancy of each capital item is estimated as well as the cost of replacement.

# Introduction

## HISTORY

Quantum Management Services, Inc. was founded in 1995 to provide full service property management in the Pacific Northwest. Today, Quantum fee manages commercial, market rate and affordable housing communities in the States of Washington, Alaska and Montana.

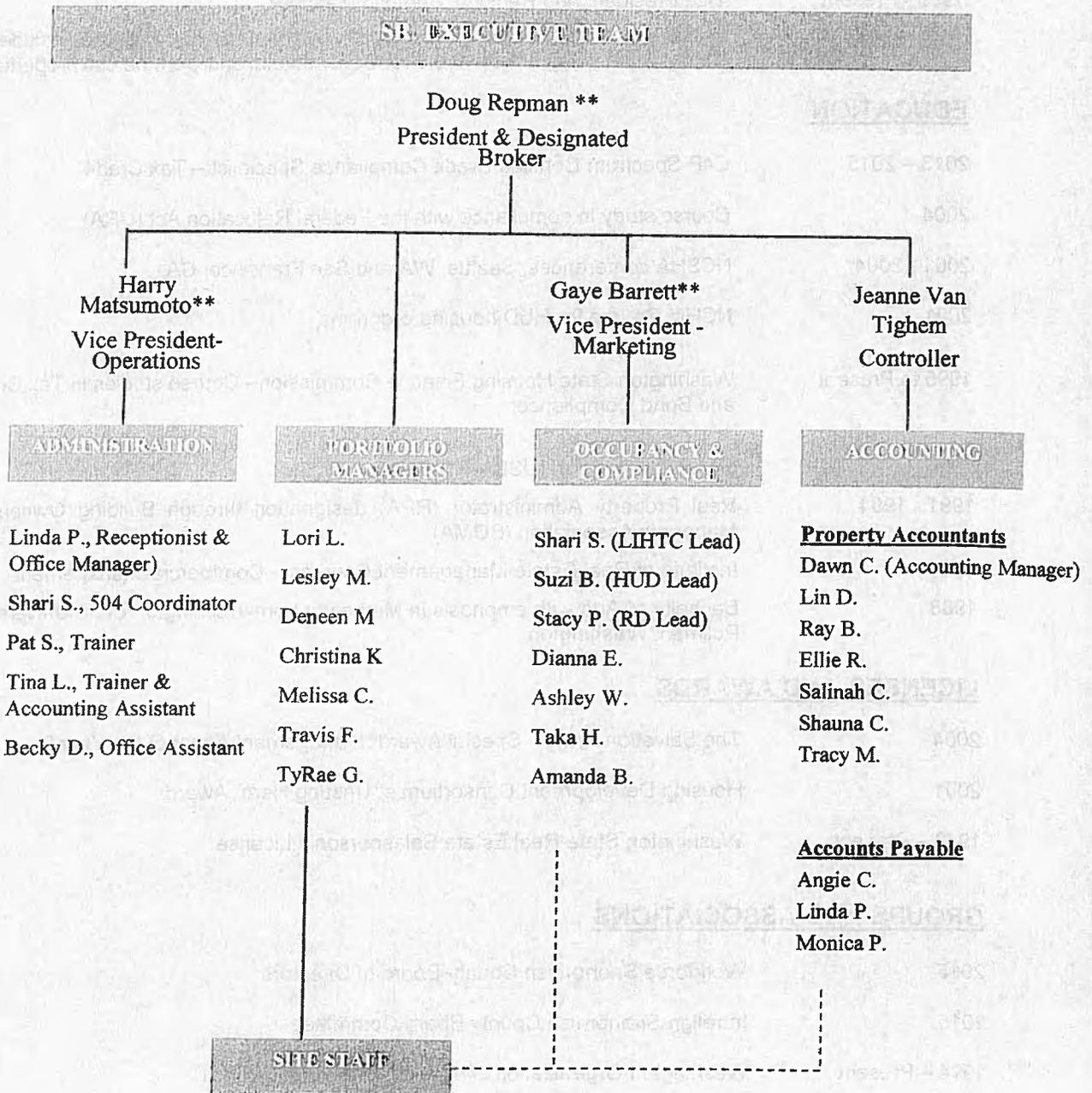
Our clients include individual and institutional investors, as well as non-profit and semi governmental agencies including housing authorities dedicated to creating and maintaining viable and affordable housing communities.

## PHILOSOPHY

We are committed to providing professional and results-oriented property management services focused on creating and maintaining the investment value and client directed mission of each property under management.

Quantum's results-oriented management practices have contributed to revitalizing small and large communities. Quantum has played key management roles in most of the major HOPE VI redevelopments in the Puget Sound area. Quantum's housing communities offer well managed and maintained housing choices for residents while focusing on client goals and community objectives.

# Organization



\*\* Director & Co-Founder

----- Technical Support Relationship

———— Supervisory Relationship

# Gaye Barrett, Vice President, RPA

## Quantum Management Services

---

### **PROFESSIONAL EXPERIENCE**

1995 - Present            Vice President and Regional Portfolio Manager  
1988 - 1995            Property Manager - Dujardin Property Management. Portfolio included Tax Credit, Bond, HUD, USDA-RD 515, Conventional and Commercial properties.

### **EDUCATION**

2013 – 2015            C4P Spectrum Certified Credit Compliance Specialist – Tax Credit  
2004                    Course study in compliance with the Federal Relocation Act (URA).  
2001 - 2004            NCSHA conferences; Seattle, WA and San Francisco, CA.  
2001                    NCHM Course for HUD housing programs  
  
1995 to Present        Washington State Housing Finance Commission - Course studies in Tax Credit and Bond Compliance.  
  
1994                    STAR Designation (USDA-RD 515).  
1991 - 1994            Real Property Administrator (RPA) designation through Building Owners and Managers Association (BOMA).  
1989                    Institute of Real Estate Management Courses – Commercial Management.  
1988                    Bachelor of Arts with emphasis in Marketing from Washington State University, Pullman, Washington.

### **LICENSES AND AWARDS**

2004                    The Salvation Army – Special Award "Management Agent of the Year."  
2001                    Housing Development Consortium's "Unsung Hero" Award.  
1988 – Present        Washington State Real Estate Salesperson's License.

### **GROUPS AND ASSOCIATIONS**

2015                    Workforce Snohomish County Board of Directors  
2015                    Infralign Snohomish County Board Committee  
1994 – Present        Washington Organization of Women Investors, Director

# SHARI SMALL QUANTUM MANAGEMENT SERVICES

## EXPERIENCE

- 1995 - Present      Lead Occupancy Specialist (LIHTC), *Quantum Management Services*
- Oversee all compliance functions for LIHTC properties and multi-funded properties including HOME, PHA, HAP, Commerce, COS, WCRA funding
  - Review regulatory agreements to outline most restrictive compliance requirements
  - Lease up / Acquisition Rehab compliance specialist for over 5,000 units
  - Section 504 Coordinator: Completed over 400 Transitions Plans in WA; OR and MT
- 1992 - 1995      Section 504 Coordinator, *Dujardin Property Management*
- 1989 - 1991      Interior Designer, *Architectural Alliance Inc.*
- Residential and Commercial space planning; BOMA as-built

## EDUCATION

- 2013 - 2014      •      C4P Spectrum Certified Credit Compliance Specialist – Tax Credit
- Specialist in Housing Credit Management (SHCM) certified – Tax Credit
- 2011 - Present      •      Annual Trainings at Washington State Housing Finance Commission (WSHFC)  
Low Income Housing Tax Credit Compliance
- C4P Spectrum Certified Credit Compliance Professional – Tax Credit Program
- Spectrum – Section 504 Compliance
- Annual Trainings at ANBA Conference – Tax Credit Program and PM Housing
- WSDFC Bond Program Training
- HUD Public Housing Training
- HomeStart Lease up Compliance Training
- 1989                      Washington State University; Bachelor of Arts Interior Design; also studied in London, England and Avignon, France.

### **Job Training Program**

The job training program must target low and moderate income families during the construction or rehabilitation of the planned project. The trainees must be prepared for meaningful employment opportunities after the program is completed. Apprenticeship training in a recognized trade union is one example.

**No points** will be awarded under this criteria **without written commitments, a Memorandum of Understanding, and a detailed program summary** 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.

AHFC will recapture any reservation or funding commitment made from GOAL funds if the applicant fails to implement and complete the proposed training program.

1. Generally, please describe the Job Training Program you propose. Also, please specifically identify the skills that will be learned during the program and the future employment opportunities that will be available to trainees.

The Juneau II VOA Job Training program is tentatively planning to be run by Bicknell Construction. They are providing construction pricing for the project, although no contractor has been officially selected yet to build the project. The general contractor that eventually gets selected will adhere to the Juneau II VOA job training program memorandum of agreement. Ultimate responsibility for the program will rest with Volunteers of America National Services. The Juneau II VOA Housing job training program will train at least 4 unskilled persons in either general carpentry, electrical, or plumbing work. Trainees will work 8 hours a day during Juneau II VOA Housing construction. Most of the training will be in the field although each trainee will receive at least 20 hours of classroom education. The training will focus on basic job safety, math, construction drawing interpretation, and the proper use of common tools and materials. Trainees will earn 40% of journeyman carpenter or electrician wages. After completion of the training it is hoped that trainees will continue working at full journeyman wages at companies working on the Juneau II VOA Housing project or comparable projects.

2. Please identify the duration and concisely describe the specific outcomes for the program:  
Duration: The Juneau II VOA Housing job training program will take place throughout the 12 month construction period of the project.  
Outcomes: Turn unskilled low wage workers into skilled higher paid workers that have significant construction knowledge, job security, and a bright future in an economically vibrant state.

3. Identify the names and relationships of all participating training partners, including who will be doing the actual training:

Name: Volunteers of America      Relationship: Owner Rep      Will they be doing the actual Training? No

Name: Bicknell Construction      Relationship: GC designate      Will they be doing the actual Training? Yes

Name: Alaska Craftsman Home Program      Relationship: Class Instructor      Will they be doing the actual Training? Yes

Name:      Relationship:      Will they be doing the actual Training?

4. Identify how the program will be funded (include costs as separate line in Project Development Cost Table): ): \$10,000 has been included in the development budget to pay for the Juneau II VOA Housing Training Program

<b>5. Identify the number of training positions and the target group of people who will be trained:</b>		
Number of positions: 2 graduates or holders of a GED	Position Type: carpentry	Target Group to be Trained: unskilled high school
Number of positions: 1 graduates or holders of a GED	Position Type: electrician	Target Group to be Trained: unskilled high school
Number of positions: 1 graduates or holders of a GED	Position Type: plumber	Target Group to be Trained: unskilled high school
<b>6. Identify the number of hours that classroom training will be provided under this plan</b>		
Number of classroom training hours: Minimum 20	Number of persons receiving classroom training: 4	
Target Group to be Trained: unskilled high school graduates or holders of a GED		

Once this page has been completed, please include a printed copy of this form with the rest of the documents scanned into the system in response to the documentation requirements under this category.

## BOARD CONSIDERATION MEMORANDUM

**Date: February 24, 2016**

**Staff: Eric A. Havelock**

**Item: Multi-family Loan Request**

\*\*\*\*\*

**BACKGROUND:** The Alaska Energy Efficiency Revolving Loan Fund Program provides financing for permanent energy efficient improvements to buildings owned by regional educational attendance areas, by the University of Alaska, by the state, or by municipalities in the state. Borrowers obtain an energy audit as the basis for making cost-effective energy improvements, selecting from the list of energy upgrades included with the initial audit.

**BORROWER:** City of Galena

**FACILITY:** City Central Boiler Plant and the associated district heat loop (See Appendix I)

### **PROPOSAL OVERVIEW:**

Loan Amount: \$ 2,445,000

Loan Terms: One year interest only commensurate to draw amounts converting to a 15 year amortizing loan with fixed monthly payments.

Interest Rate: 3.625%\*

\*Rate is determined at the time of underwriting based on what AHFC believes would be the cost of a sixteen (16) year taxable bond plus administrative and anticipated servicing costs, if it sold bonds at that time.

### Debt Service Coverage Ratio:

In consideration of the nature and the sources of income for this borrower, it is felt that it is more practical to view the analysis from an ability to pay basis, versus a debt service ratio or payment to income ratio policy. Staff's analysis of the projected savings anticipated from the energy efficiency improvements when compared to the monthly debt service for the loan indicates that the borrower will be able to pay the debt service as agreed.

Recourse to Borrower: **No**

While the loan will be made to the City of Galena, a first class city organized under the laws of the state of Alaska, the city does not have the authority to issue certificates of stock or distribute any part of its net assets to, or for the benefit of, its members, officers, or any other private person.

There are no principal stockholders to act as personal guarantors for the loan. Recourse is therefore limited to the performance bond provided by the construction contractor. Further assurance is provided in authorizing statutes that allows AHFC intercept rights for future state funding for the city of Galena.

Sources and Uses of Funds:

Sources:

First Loan Amount:	\$ 2,445,000
Total Sources:	\$ 2,445,000

Uses:

Facility Improvement Measures:	\$ 2,142,204 (See appendix II)
Contingency and soft costs:	\$ 287,796 (Implementation & guaranty costs)
Closing Costs:	\$ 15,000
Total Uses:	\$ 2,445,000

Note: Total funding will not exceed the cost of the project if the actual project costs are less than projected.

Note: In addition to the proposed hydronic heating system replacement, the city is installing a biomass fueled hot water boiler system funded by an AEA grant and is replacing the domestic water distribution system through the Alaska Clean Water Fund as a part of this retrofit project.

**BORROWER DESCRIPTION:**

The City of Galena:

Galena was established in 1918 near an Athabascan fish camp called Henry's Point on the north bank of the Yukon River 45 miles east of Nulato and 350 miles north of Anchorage. It became a supply point for nearby lead ore mines that opened in 1918 and 1919. In 1941 and 1942, during World War II, a military air field was built adjacent to the civilian airport, and the two facilities shared the runway and flight line facilities. Galena was incorporated as a first class city in 1971. In 1993, operation of Galena Air Force Station was turned over to a contractor, and all military personnel were withdrawn with only small groups of active personnel visiting the base on an as-needed basis. The base is now totally controlled by the City of Galena, the Galena School District and the Alaska Department of Transportation. Galena is governed by a six member city council and Galena's mayor is Jon Korta. The city manager is Shanda Huntington.

Financial:

Audited financial statements dated June 30, 2013 reflect total assets of \$47,896,569; total liabilities of \$2,704,572; for a net position of \$45,191,997. City budget documents obtained from the Department of Commerce, Community and Economic Development indicate 2014 income of \$2,799,664 with expenses of \$2,574,857 for a net income of \$224,807. The 2015 operating

budget adopted by the city council on June 14, 2014 projects income of \$3,146,838 with projected expenses of \$3,085,271 for a projected net income of \$61,567.

Credit:

The City of Galena does not have any loans with AHFC.

**FACILITY CHARACTERISTICS:**

Location and Site Description:

City Central Boiler Plant – the central boiler plant, a 6,920 square foot building located on Burbot Street, is within the city limits of Galena and provides steam heat to the Galena City School District and twelve other city owned buildings located on the Galena Air Base site. The Galena School District's city owned buildings are comprised of the Sidney C. Huntington School and the Galena Interior Learning Academy (GILA).

Energy Efficiency Improvement Overview:

A Conceptual Design Report and Cost Estimates energy audit was completed by Dalson Energy, Inc; Efour, PLLC; and, Gray Stassel Engineering, Inc in October, 2014, and subsequently approved by AHFC's Research and Rural Development Department. The report covers the proposed scope of work to be completed in order to achieve the energy efficiency upgrades to modernize the district heat distribution system. The original analysis done in 2014 reflected a fuel price of \$4.21 per gallon which was adjusted by the city's contractor (Efour, PLLC) to \$2.79 per gallon to reflect the city's last bulk fuel purchase cost. An Energy Efficiency and Renewable Energy Site Assessment completed by FEMA May, 2014 indicated that 56% of the heat output from the oil boilers was being supplied to buildings and that the existing steam system was likely to experience a major system failure within ten years. The city elected to move forward to replace the steam system with a hot water boiler system and to abandon the existing utilidor in order to provide optimum efficiency and economy.

Note: The projected annual energy savings in the first year of operation is \$211,644, and the proposed annual financing payment is \$211,552 indicating the projected annual energy savings supports the amount of debt service being incurred over the life of the loan. A heat sales agreement is to be executed between the city of Galena and the GILA School that provides for utility rate adjustments so energy costs in excess of savings are paid by the end use consumer.

Soil Conditions:

An inspection of the property by the energy rater did not indicate any apparent structural problems. The subject sites, as developed, are therefore considered adequate to support the existing improvements.

Environmental Assessments:

Typically, when real property is taken as collateral, an environmental assessment report is considered to be an appropriate form of due diligence to assure that the property is free from any

contamination. The subject loan does not propose that real estate be taken as collateral, and therefore; staff determined that the environmental report and the associated expense is not warranted.

Health and Safety Inspection Report:

Typically, when real property is taken as collateral, a health and safety inspection report is considered to be an appropriate form of due diligence to assure that the property is free of any health and safety items that may restrict tenancy. The subject loan does not propose that real estate be taken as collateral, and therefore; staff determined that the health and safety inspection report and the associated expense is not warranted.

**FACILITY OPERATIONS:**

Staff concurs that the City of Galena's staff has the necessary experience to successfully operate the city utility in order to realize the cost savings associated with the proposed energy efficiency improvements. Further consideration is given to the proposed commissioning process which provides staff training and operational expertise to ensure system performance.

**STRUCTURING OF PROJECT FUNDING:**

AHFC will remit capital advances commensurate to work performed for the first twelve months after the loan is closed. The loan will accrue interest at the stated rate from the date of the first disbursement, with the borrower remitting interest installments quarterly until loan proceeds are fully drawn. Anticipated draws are scheduled for the summer of 2016.

**RECOMMENDATION:**

The City of Galena has presented the corporation with a unique opportunity to assist in the energy retrofitting of the city owned utility building as authorized by AS 18.56.855. The request falls within the parameters of the Alaska Energy Efficiency Revolving Loan Program; it is reasonable to expect that the loan will be repaid; and it is considered to be an acceptable risk; therefore, Staff recommends approval of the request subject to the conditions noted below.

**COMMITMENT CONDITIONS:**

1. Borrower to be City of Galena;
2. Alaska Housing Finance Corporation (AHFC) to provide long term financing in an amount not to exceed \$2,445,000, distributed as follows:
  - a. Funding draws commensurate to work performed up to \$2,445,000 for the first twelve months, or the date of the last draw, with quarterly payments of outstanding interest commensurate to principal advanced; and

- b. The final draw amount with an aggregate not to exceed \$2,445,000 amortized over fifteen (15) years from the final draw date with fixed monthly payments starting one year from loan closing. Interest to be 3.625% at AHFC's sixteen (16) year cost of funds including administrative and servicing costs.
3. AHFC may fund the loan from working capital or from its selection of a bond market placement or other sources which are the most attractive to it. The committed interest rate is a fixed rate and not subject to adjustment in the event AHFC elects to fund the loan from a source of funds that has an effective rate, as computed by AHFC, that varies from the committed rate;
4. Commitment to expire December 31, 2016 and an extension may be considered by staff, subject to extension guideline criteria and applicable extension fees;
5. If the energy efficiency improvement costs, (as determined and certified by a qualified preparer), are less than projected, at the discretion of AHFC, the reduction in costs will be applied to reduce the financing. The qualified preparer and the form of the cost certification must be acceptable to AHFC;
6. A security position will be taken with an assignment of the performance bond provided by the construction contractor;
7. Receipt and acceptance by AHFC of the following:
  - a. the general contractor's warranty which at a minimum is for one (1) year for all work performed and materials provided as part of the construction contract;
  - b. an accountant's (or another source acceptable to AHFC) written certification verifying the final total development cost of the project;
  - c. all required certificates and/or binders of insurance;
  - d. a copy of the heat sales agreement between the City of Galena and the GILA School; and,
  - e. a letter of opinion from the Borrower's legal counsel verifying such matters as their legal entity, ability to enter into closing documentation, zoning compliance, permitting and licensing requirements, etc.;
8. Monthly loan payment to include funds, as determined by AHFC, for principal and interest;
9. Borrower to sign all necessary closing documentation, or provide any additional data, as determined necessary by AHFC, to effect the loan closing;

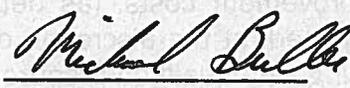
10. Borrower to pay appropriate costs associated with the loan, including but not limited to, the loan fee and legal fee for documentation preparation and review;
11. The payment of a \$12,225 loan fee;
12. A commitment fee of \$6,125 will be required upon acceptance of the commitment with said amount being credited against the loan fee at the time of closing. Payment of the commitment fee must be made within 30 days from the date of the commitment letter; and
13. Other conditions that may arise as determined by AHFC.

Reviewed and accepted by Senior Staff as substantively stated in this loan consideration memorandum, subject to Board approval:



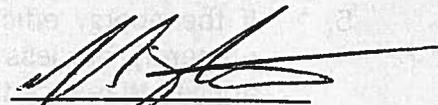
Bryan D. Butcher  
CEO, Executive Director

Date: 2-11-16



Michael Buller  
Deputy Executive Director

Date: 2/11/16



Michael Strand  
CFO/Finance Director

Date: 2/11/16

**ALASKA HOUSING FINANCE CORPORATION  
RESOLUTION NO. 2016-02**

**RESOLUTION APPROVING INTERIM AND TERM  
FINANCING FOR AN ENERGY EFFICIENCY  
IMPROVEMENT PROJECT FOR THE CITY OF  
GALENA**

BE IT RESOLVED by the Board of Directors of the Alaska Housing Finance Corporation as follows:

I. Findings:

- A. There is need to provide financing for energy efficiency improvements to public buildings in Alaska;
- B. The City of Galena applied to Alaska Housing Finance Corporation to receive funds under its Alaska Energy Efficiency Revolving Loan Program for the acquisition and installation of energy efficiency measures to various public buildings owned by the city of Galena, Alaska;
- C. The purpose of the proposed financing is to implement energy efficiency measures in city owned buildings and the associated district heat loop for the long term reduction of energy use in public buildings;
- D. The proposed financing falls within the established program regulations; and,
- E. The proposed financing is found to be an acceptable risk to the Alaska Housing Finance Corporation.

II. Conclusion:

Pursuant to the foregoing findings, the Board hereby approves the request substantively as stated in the February 24, 2016 Board Consideration Memorandum prepared in support of the application.

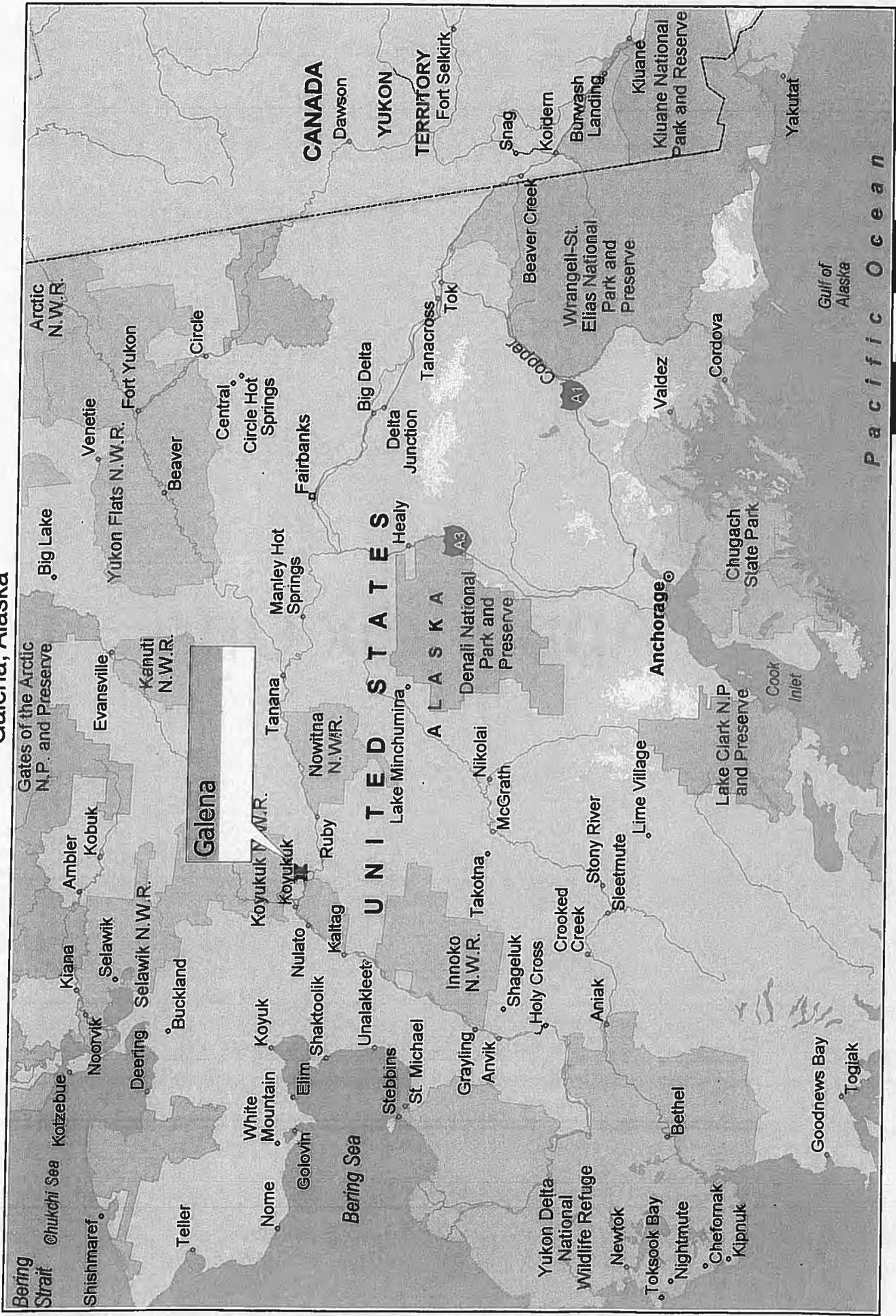
This resolution shall take effect immediately.

DATED THIS 24<sup>th</sup> Day of February, 2016

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Brent LeValley  
Chair

# Galena, Alaska



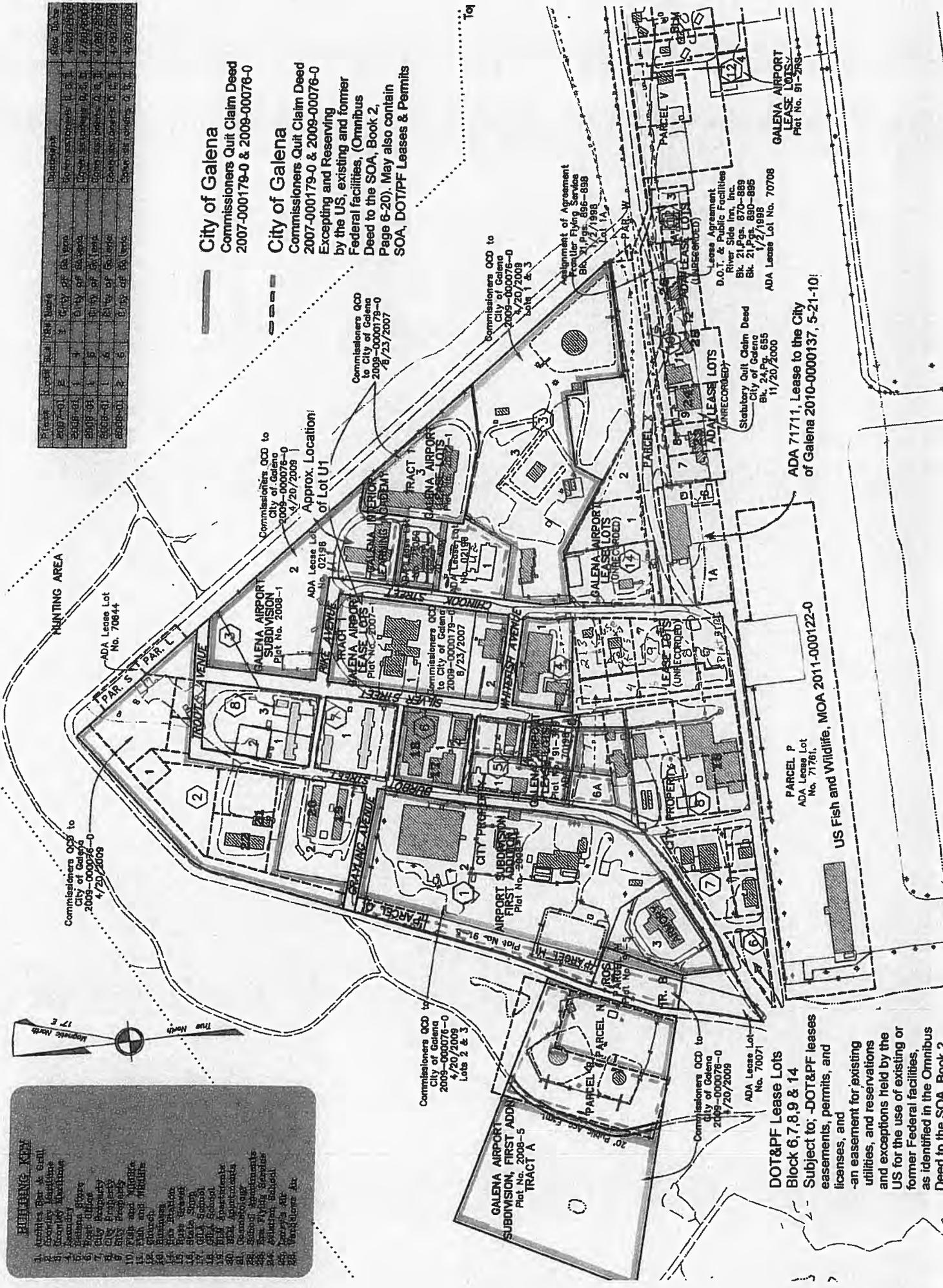
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Parcel No.	City of Galena								
2007-01	1	2	3	4	5	6	7	8	9
2007-02	1	2	3	4	5	6	7	8	9
2007-03	1	2	3	4	5	6	7	8	9
2007-04	1	2	3	4	5	6	7	8	9
2007-05	1	2	3	4	5	6	7	8	9
2007-06	1	2	3	4	5	6	7	8	9
2007-07	1	2	3	4	5	6	7	8	9
2007-08	1	2	3	4	5	6	7	8	9
2007-09	1	2	3	4	5	6	7	8	9
2007-10	1	2	3	4	5	6	7	8	9

- BUILDING KEY**
1. Aerobics Bar & Grill
  2. Grocery Store
  3. Grocery Store
  4. Grocery Store
  5. Grocery Store
  6. Grocery Store
  7. City Property
  8. City Property
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**City of Galena**  
Commissioners Quit Claim Deed  
2007-000179-0 & 2009-00076-0

**City of Galena**  
Commissioners Quit Claim Deed  
2007-000179-0 & 2009-00076-0  
Excepting and Reserving  
by the US, existing and former  
Federal facilities, (Omnibus  
Deed to the SOA, Book 2,  
Page 6-20). May also contain  
SOA, DOT/PF Leases & Permits



**DOT&PF Lease Lots**  
Block 6, 7, 8, 9 & 14  
Subject to: DOT&PF leases  
easements, permits, and  
licenses, and  
-an easement for existing  
utilities, and reservations  
and exceptions held by the  
US for the use of existing or  
former Federal facilities,  
as identified in the Omnibus  
Deed to the SOA Book 2

Parcel P  
ADA Lease Lot  
No. 71761  
US Fish and Wildlife, MOA 2011-000122-0

ADA 71711, Lease to the City  
of Galena 2010-0000137, 5-21-10;

Stabbery Quit Claim Deed  
City of Galena  
Bk. 21, Pgs. 890-895  
11/20/2009

Lease Agreement  
D.O.T. & Public Facilities  
River Side Inn, Inc.  
Bk. 21, Pgs. 870-889  
Bk. 21, Pgs. 890-895  
11/2/1993  
ADA Lease Lot No. 70708

Commissioners OCD to  
City of Galena  
2009-000076-0  
4/20/2009  
Lots 1 & 3

Commissioners OCD  
to City of Galena  
2009-000076-0  
7/8/23/2007

Commissioners OCD to  
City of Galena  
2009-000076-0  
4/20/2009  
Approx. Location  
of Lot U1

Commissioners OCD to  
City of Galena  
2009-000076-0  
4/20/2009

Commissioners OCD to  
City of Galena  
2009-000076-0  
4/20/2009  
Lots 2 & 3

Commissioners OCD to  
City of Galena  
2009-000076-0  
4/20/2009

ADA Lease Lot  
No. 70071

GALENA AIRPORT  
SUBDIVISION, FIRST ADDN  
TRACT A  
Plat No. 2008-5

AIRPORT SUBDIVISION  
FIRST ADDITION  
Plat No. 38833

Commissioners OCD  
to City of Galena  
2009-000076-0  
8/23/2007

Commissioners OCD to  
City of Galena  
2009-000076-0  
4/20/2009  
Lots 1 & 3

Commissioners OCD to  
City of Galena  
2009-000076-0  
4/20/2009  
Lots 1 & 3

Assignment of Agreement  
Pentair Flying Service  
Bk. 21, Pgs. 896-898  
12/7/1996  
Lot 1A

GALENA AIRPORT  
LEASE LOTS  
Plat No. 91-2RS



## Appendix B: GILA Heating Project Budget

Milestones	Reimbursable Tasks	Budget	Start Date	End Date	Deliverables
1) Renewable Energy Fund Grant is in place, 65% design accepted.					
AEA Award & City match		\$3,144,200	Feb-16	Dec-16	
	Coffman 65% design closeout	\$178,000	Feb-16	Feb-16	65% Design
	RFP & Bid Selction	\$33,000	Feb-16	Mar-16	Bid Selected
	95% Design & Envir Eng.	\$80,000	Feb-16	Mar-16	Stamped Drawings
	Purchase long lead items	\$550,000	Feb-16	May-16	Schedule of procurement
2) 95% design accepted, business/operating plan accepted, site control in place, funding plan accepted, permits in place					Stamped drawings and reports
AHFC Loan Award	New Distric Heating Loop	\$2,500,000	Mar-16	Dec-16	
ADEC - ACWF Loan Award	New Domestic & Fire Water Line	\$1,500,000	Jul-16	Dec-16	
	Coffman Design Completion & Closeout	\$240,000	Mar-16	Apr-16	AEA Accepted Drawing Package
	Wood Boiler Constr Admin	\$28,000	May-16	Sep-16	
	Wood Boiler Site Work & Building Modifications	\$486,000	Mar-16	Jul-16	Monthly reports
	Wood Boiler Mechanical Work	\$1,615,000	May-16	Dec-16	Monthly reports
	Wood Boiler Electrical Work	\$467,000	May-16	Dec-16	Monthly reports
	Wood Boiler Substantial Comp Insp	\$10,000	Sep-16	Dec-16	Punchlist
	Wood Boiler Punch List Completion	\$10,000	Oct-16	Dec-16	Completed Report
	Wood Boiler Startup, Commissioning	\$20,000	Oct-16	Dec-16	Provide AEA with commissioning report
	Wood Boiler Contingency	\$294,000	Aug-16	Dec-16	
	Distict Heating & Water Constr Admin	\$32,000	May-16	Sep-16	
	Distict Heating & Water Site Work	\$230,000	May-16	Sep-16	Monthly reports
	Distict Heating & Water Line Mechanical	\$1,530,000	May-16	Sep-16	Monthly reports
	Distict Heating & Water Line Electrical	\$36,000	May-16	Sep-16	Monthly reports
	Heating & Water Building Mechanical	\$948,000	May-16	Sep-16	Monthly reports
	Heating & Water Building Electrical	\$34,000	May-16	Sep-16	Monthly reports
	Heating & Water Substantial Comp Insp	\$10,000	Aug-16	Sep-16	Punchlist
	District Heating Punch List Completion	\$10,000	Aug-16	Sep-16	Completed Report
	District Heating Startup, Commissioning	\$20,000	Aug-16	Sep-16	Provide AEA with commissioning report
	District Heating Contingency	\$283,000	Aug-16	Oct-16	
	Close-out			Jan-17	Final Project Report
<b>Total allocated budget</b>		<b>\$7,144,000</b>			
<b>Total allocated Funding</b>		<b>\$7,144,200</b>			

#### **4.2.2 Central Steam Plant Modifications**

**The Scope of Work within the existing boiler plant will be limited to modifications to the existing boilers, boiler controls, and piping connections to the new wood boiler and hot water district heating system. Each of the existing Cleaver Brooks steam boilers is rated at over 13 million Btu/hour output, and has more than double the heating capacity needed to serve the GILA heating load. Two of the boilers will be converted to hot water service and the third to a hot water storage buffer tank for the district heating system.**

**The wood boiler will be installed in the Old Blue generator building. The existing building roofing, siding and insulation will be removed. The concrete floor and steel building structure will be inspected, cleaned and recoated. New foam core panel siding and standing seam roofing panels will be installed. Hot water supply and return piping will be routed from the wood boiler and connected to the converted oil boilers, hot water buffer tank and district heating system.**

**The following items are included in the boiler plant scope of work:**

- **Convert two of the three existing steam boilers to hot water boilers, and modify the boiler controls to provide automatic back-up / peaking capacity to augment the wood boiler.**
- **Convert one of the three boilers to a hot water storage buffer tank to provide district heating system thermal storage capacity.**
- **Remove existing siding/roofing and interior fiberglass batt insulation. Replace with new insulated sandwich panels on walls and roof.**
- **Replace existing ventilation equipment with sound-insulated air intake and exhaust fan ducting.**
- **Install the wood boiler, chip feed system, and controls. The wood boiler controls will modulate the chip feed rate to maintain the required hot water supply temperature.**
- **Install new hot water supply and return headers to connect the wood boiler to the oil boiler piping manifold.**
- **Install new hot water distribution pumps with variable frequency drives. The pump speed/flow rate will automatically adjust to meet the end-user heating demand and to reduce pumping energy consumption when the heat load is low.**
- **Install hot water plant controls**

#### **4.3 District Heating System**

##### **4.3.1 Implications of Hot Water Distribution**

**There are three significant implications of converting from steam to hot water distribution that need to be addressed:**

1. The heat exchange system in each end-user mechanical room will need to be converted from steam to hot water. Each building is currently equipped with a shell and tube steam heat exchanger and associated steam controls. These will be removed and replaced with new hot water plate heat exchangers and associated hot water heating controls.
2. The GILA domestic water system is routed in the utilidors with the steam and condensate piping. The heat from the steam/condensate piping keeps the domestic water lines from freezing in the winter. Modifications to the domestic water system are needed to provide freeze protection since the steam system will be shut down and abandoned.
3. The kitchen in the Dining Hall uses steam kettles for cooking. These will need to be replaced with hot water kettles, or steam will need to be generated at the Dining Hall.

Several methods have been discussed to prevent the domestic water piping in the utilidors from freezing once the steam piping is abandoned. Since the new hot water heat distribution piping will be routed alongside the utilidor, one potential method of providing freeze protection is to install hot water unit heaters in some of the utilidor manholes. The unit heaters would be thermostatically controlled to add heat to the utilidor. There is currently one section of the existing utilidor without steam piping that is heated using a unit heater, so this method of freeze protection appears to be viable.

Another option is to add heat to the domestic water system via heat exchangers located in the steam utilidor manholes. However, for this to be a viable method, the domestic water system would need to circulate so the water would flow through the heat exchangers to add heat. Currently, the existing water system does not circulate, and it is not yet known what renovations would be required to implement this option.

Although the preferred freeze protection solution is not known, an allocation for the energy (heat) needed for to provide freeze protection is included in the project modeling. The final means of preventing freeze-up, and the implementation cost, will be determined prior to final design.

#### 4.3.2 Hot Water Distribution

The hot water distribution piping scope of work includes the following:

Install hot water supply and return piping and connections to each building. The piping will be pre-insulated Pex arctic pipe. Figure 1 shows the existing utilidor manholes and buildings connected to the existing steam system. Blue lines / shading represent steam lines and buildings that are either currently out of service or will be in the future. These blue lines will not be replicated with hot water piping.

The preliminary district heating mains pipe sizing is shown in Figure 4; refer to Figure 6 for routing and piping segments:

1. Route new hot water supply and return piping to each building mechanical room
2. Demolish existing steam shell & tube heat exchanger.
3. Install new hot water plate heat exchanger and connect to the district heating hot water supply and return piping.
4. Connect the existing building heating glycol supply and return piping to the new heat exchanger.
5. In buildings in which the steam also produces the domestic hot water (DHW), install new tank-type DHW tank.
6. Install a hot water BTU meter to monitor and record energy usage.
7. Install new controls to control building heating (glycol) setpoint and DHW setpoint, as required.
8. Demolish the remaining steam/condensate infrastructure within the mechanical room.

GILA DISTRICT HEATING PROJECT  
FORCE ACCOUNT CONSTRUCTION COST ESTIMATE

ITEM	QUAN	UNIT	UNIT COST	MATL COST	UNIT HRS	LAB HRS	LAB RATE	LABOR COST	CONTR COST	FREIGHT COST	TOTAL COST	UNIT WT	TOTAL WT(#)
<b>SITE &amp; EXTERIOR WORK</b>													
PEX - 1" Arctic Pipe	0	lin.ft.	\$10.00	\$0	0.15	0	\$95	\$0			\$0	0.80	0
PEX - 1-1/4" Arctic Pipe	0	lin.ft.	\$12.00	\$0	0.10	0	\$95	\$0			\$0	0.90	0
PEX - 1-1/2" Arctic Pipe	500	lin.ft.	\$13.50	\$6,750	0.10	50	\$95	\$4,750			\$11,500	1.30	650
PEX - 2" Arctic Pipe	800	lin.ft.	\$17.00	\$13,600	0.15	120	\$95	\$11,400			\$25,000	1.50	1200
PEX - 63mm Arctic Pipe	1200	lin.ft.	\$20.00	\$24,000	0.15	180	\$95	\$17,100			\$41,100	1.80	2160
PEX - 75mm Arctic Pipe	1200	lin.ft.	\$27.00	\$32,400	0.10	120	\$95	\$11,400			\$43,800	2.30	2760
PEX - 90mm Arctic Pipe	300	lin.ft.	\$32.00	\$9,600	0.10	30	\$95	\$2,850			\$12,450	3.10	930
PEX - 110mm Arctic Pipe	4600	lin.ft.	\$35.00	\$161,000	0.1	460	\$95	\$43,700			\$204,700	3.88	17848
PEX - 140mm Arctic Pipe	1100	lin.ft.	\$50.00	\$55,000	0.1	110	\$95	\$10,450			\$65,450	5.63	6193
PEX Pipe Fittings	9700	1/ft	\$5.00	\$48,500		0	\$95	\$0			\$48,500	1.0	9700
2" SCH40 Artic Pipe-PP	0	lin.ft.	\$41.60	\$0	0.15	0	\$95	\$0			\$0	4.36	0
Rigid Insulation (2"x24"x96")	606	ea.	\$35.00	\$21,219	0.1	61	\$95	\$5,759			\$26,978	1.0	606
misc 6x6 Heavy Timber	160	lin.ft.	\$5.00	\$800	0.10	16	\$95	\$1,520			\$2,320	10.00	1600
Trenching / Grading	4000	lin.ft.	\$0.00	\$0	0	0	\$95	\$0	\$45,000		\$45,000		0
<b>END-USER MECH RM CONNECTION</b>													
Plate HXR, (<95 MBh @ 30F)	1	ea.	\$1,000	\$1,000	10	10	\$95	\$950			\$1,950	50.0	50
Plate HXR, ( 95 - 150 MBh @ 30F)	3	ea.	\$2,000	\$6,000	10	30	\$95	\$2,850			\$8,850	100.0	300
Plate HXR, ( 200 - 350 MBh @ 30F)	5	ea.	\$2,500	\$12,500	10	50	\$95	\$4,750			\$17,250	200.0	1000
Plate HXR, ( 400 - 550 MBh @ 30F)	3	ea.	\$3,000	\$9,000	10	30	\$95	\$2,850			\$11,850	300.0	900
Heat Exchanger (600MBh)	1	ea.	\$3,500	\$3,500	10	10	\$95	\$950			\$4,450	450.0	450
Heat Exchanger (950MBh)	1	ea.	\$4,000	\$4,000	10	10	\$95	\$950			\$4,950	500.0	500
BTU meter	14	ea.	\$2,500	\$35,000	20	280	\$95	\$26,600			\$61,600	50.0	700
Electrical (Misc)	14	ea.	\$2,000	\$28,000	10	140	\$95	\$13,300			\$41,300	200.0	2800
Temp Control Device	14	ea.	\$1,500	\$21,000	10	140	\$95	\$13,300			\$34,300	25.0	350
Pipe/Valves/Figs/Gauges	14	ea	\$10,000	\$140,000	100	1400	\$95	\$133,000			\$273,000	500.0	7000
End-user building piping insulation	14	ea	\$500	\$7,000	7	98	\$95	\$9,310			\$16,310	50.0	700
Indirect Hot Water Heaters (Amtrol)	14	ea	\$1,500	\$21,000	20	280	\$95	\$26,600			\$47,600	200.0	2800
Misc Strut / Pipe Hangers/ Hardware	1	lump	\$8,000	\$8,000	80	80	\$95	\$7,600			\$15,600	500.0	500
<b>CENTRAL PLANT CONNECTION</b>													
Expansion Tank (2000L)	1	ea.	\$10,000	\$10,000	20	20	\$95	\$1,900			\$11,900	1500.0	1500
Main DH Circ Pump (15 HP)	2	ea.	\$15,000	\$30,000	40	80	\$95	\$7,600			\$37,600	400.0	800
Hydronic Piping	1	lump	\$20,000	\$20,000	200	200	\$95	\$19,000			\$39,000	3,500	3,500
<b>MISC WORK</b>													
35 MBh Cabinet Heating Unit	6	ea.	\$1,600	\$9,600	10	60	\$95	\$5,700			\$15,300	100.0	600
Misc. Controls	1	lump	\$10,000	\$10,000	100	100	\$95	\$9,500			\$19,500	200.0	200
Misc Strut & Pipe Hangers	1	lump	\$5,000	\$5,000	20	20	\$95	\$1,900			\$6,900	200.0	200
Demolish Existing Steam HXRs, etc	14	ea.	\$200	\$2,800	10	140	\$95	\$13,300			\$16,100		0
Misc End-User Heating Modifications	8	ea.	\$1,000	\$8,000	20	160	\$95	\$15,200			\$23,200	500.0	4000

GILA DISTRICT HEATING PROJECT  
FORCE ACCOUNT CONSTRUCTION COST ESTIMATE

10/28/14

ITEM	QUAN	UNIT	UNIT COST	MATL COST	UNIT HRS	LAB HRS	LAB RATE	LABOR COST	CONTR COST	FREIGHT COST	TOTAL COST	UNIT WT	TOTAL WT(#)
<b>MISCELLANEOUS</b>													
Misc Hardware	1	lump	\$10,000	\$10,000	0	0	\$95	\$0			\$10,000	499.0	499
Signs & Valve Tags	1	lump	\$5,000	\$5,000	0	0	\$95	\$0			\$5,000	500.0	500
Misc Tools & Safety Gear	1	lump	\$5,000	\$5,000	0	0	\$95	\$0			\$5,000	1500.0	1500
Consumables, Gases, Etc.	1	lump	\$5,000	\$5,000	0	0	\$95	\$0			\$5,000	1500.0	1500
<b>OVERHEAD</b>													
ROW Legal Work	1	lump							\$2,000		\$2,000		0
Rent Heavy Equip	1	lump							\$20,000		\$20,000		0
Misc Tool Rent	1	lump							\$10,000		\$10,000		0
Commission System & Training	50	hr			1	50	\$95	\$4,750			\$4,750		0
Superintendent Overhd Off-Site	100	hr			1	100	\$95	\$9,500			\$9,500		0
Superintendent Overhd On-Site	100	hr			1	100	\$95	\$9,500			\$9,500		0
Crew Travel Time	100	hr			1	100	\$95	\$9,500			\$9,500		0
Crew Airfares	10	trips	\$1,000						\$10,000		\$10,000		0
Crew Per Diem	121	mn.dy.	\$60						\$7,252		\$7,252		0
Housing Rent	4	mo.	\$1,500						\$6,043		\$6,043		0
<b>FREIGHT</b>													
Freight	76496	lb.	\$1.00							\$76,496			76,496
Air Freight Tool Mob & Demob	5	lump	\$2,500							\$12,500			
Misc Small Freight & Gold Streaks	2	lump	\$5,000							\$10,000			
<b>CONSTRUCTION SUB-TOTAL</b>													
Engineering (Design & CCA)	1	lump		\$789,269		4,835		\$459,289	\$100,295	\$98,996	\$1,447,850		
Construction Management	1	lump							\$100,000				
<b>PROJECT SUB-TOTAL</b>				\$789,269				\$459,289	\$300,295	\$98,996	\$1,647,850		
Contingency	30	%									\$494,355		
<b>CONSTRUCTION TOTAL</b>													
											\$2,142,204		



# GALENA CITY SCHOOL DISTRICT

GALENA, ALASKA 99741  
PHONE (907) 656-1205  
FAX (907) 656-2238

**SUPERINTENDENT**  
Chris Reitan

February 3, 2016

Re: Purchase Heat Commitment from Galena City School District

Dear AHFC Alaska Energy Efficiency Revolving Loan Fund Program:

Galena City School District is an enthusiastic supporter and collaborator with the City of Galena's hydronic heating system project. The City of Galena has been working with the school district to develop a more efficient and sustainable alternative to the existing steam heating system.

As the City of Galena's primary steam customer on the former Galena Air Force Base campus, the Galena City School District plans to continue supplying fuel to and purchasing heat from the new hydronic system. The new system is expected to significantly reduce fuel consumption and will also allow the school district to supply a significant portion of the fuel in the form of woody biomass. The sustainability of Alaska's second largest and second longest operating high school boarding school is dependent on the community partnering together and taking the necessary steps to reduce heating fuel consumption on the GILA campus.

Galena City School District and the City of Galena expect to negotiate a new heat sales agreement as soon as the final project costs are determined as part of finalizing our respective FY17 budgets.

This partnership is positioned to improve the quality of life in our region and serve as a model for other communities actively engaged in alternative energy uses.

Sincerely,

Chris Reitan, GCSD Superintendent  
Email: [chris.reitan@galenanet.com](mailto:chris.reitan@galenanet.com)

## LOAN CONSIDERATION MEMORANDUM

**Date: February 24, 2016**

**Staff: Melanie Smith**

**Item: Multi-family Loan Request**

\*\*\*\*\*

**INTRODUCTION:** The United States Department of Agriculture – Rural Development’s (USDA-RD) Section 515 program offers an annual project operating subsidy in order to provide housing that does not exceed 30% of the tenant’s annual income. AHFC has partnered with USDA-RD under their Section 515 loan program on seven prior transactions where AHFC’s loan was secured in second lien position behind the USDA-RD loan. Under this lending partnership, substantial rehabilitation as defined by USDA-RD’s Capital Needs Assessment is completed with a combination of low income housing tax credits and term loan financing to extend the economic life of the project and in the process, extend the availability of the federal operating subsidy thus preserving the affordable housing that may otherwise expire. In 2011, AHFC required a first lien position due to loan to value considerations. This is the fifth proposal where AHFC has been offered a first lien position.

**BORROWER:** AK Preservation Spruce Limited Partnership

**PURPOSE:** Term loan financing for the acquisition and substantial rehabilitation of a 24 unit affordable multi-family housing development known as “Sleepy Spruce Apartments” and located at 1050 Salmon Creek Lane in Juneau, Alaska.

**PROPOSAL OVERVIEW:**

Loan Amount:

First Deed of Trust: \$1,430,000

Project’s Market Value:

\$2,600,000 “At Stabilized Occupancy:

Appraised by:

Michael Forsland and Brian Z. Bethard, MAI of Black-Smith, Bethard & Carlson. **See Appendix I**

Loan-to-Value Ratio:

First Deed of Trust: 55%

Loan Terms:

First Deed of Trust: 30 years amortizing fixed monthly payments.

Interest Rate:

First Deed of Trust: 1.50%



Debt Service Coverage Ratio:  
First Deed of Trust 1.65

(A debt service coverage ratio is the net income available after paying expenses divided by the loan payment and is used as a profitability indicator for the project)

Development Costs: **See Appendix II for a detailed breakdown.**

Total Cost: \$5,444,700

Sources:

Tax Credit equity (cash):	\$3,424,473
AHFC's First DOT	\$1,430,000
USDA's Second DOT:	\$ 492,477
Solar Credit Equity:	\$ 20,638
Replacement Reserve Funds:	\$ 30,000
Deferred Developer Fee (3 <sup>rd</sup> DOT):	<u>\$ 47,112</u>
Total	\$5,444,700

**STRUCTURING OF PROJECT FUNDING:**

First National Bank Alaska is the construction lender and is providing construction financing and an affiliate of WNC Housing, L.P. as the tax credit investor will provide \$3,434,473 from the purchase of Low Income Housing Tax Credits based on an anticipated price of .86 cents on the dollar. USDA-RD is providing \$492,477 in term financing. The project is expected to receive the benefit of \$20,638 in solar credit equity, and the developer is deferring \$47,112 of their developer fee. Existing replacement reserves in the amount of \$30,000 will be transferred to the borrower at the time of the property sale and will be used for rehabilitation expenses.

Recourse to General or Limited Partner: No

**Non-recourse to the limited partnership is requested in consideration of the following:**

For an investor the attractiveness of investing/purchasing tax credits is twofold; they receive benefits over a ten-year period from tax credit deductions against their tax liability, and they also receive benefit of taxable losses in excess of their actual investment. If a loan is non-recourse, the investor is allowed to deduct taxable losses in excess of their actual investment. On the other hand, a taxable loss to a partner, which is attributable to recourse financing, will not be allowed unless that partner is obligated to contribute additional capital. To an investor the tax credit is obviously much more attractive and beneficial to them, if the transaction is without recourse, as they receive additional taxable losses without being obligated to make capital contributions. If any of the partners of the limited partnership are obligated on a recourse basis, it could potentially cause a reallocation of taxable losses and the tax credits. Non-recourse financing provides the

degree of certainty that is necessary to satisfy the concerns of prospective tax credit investors regarding partnership allocations. With this in mind, tax credit investors are particular in selecting the tax credits they purchase. Historically, permanent financing has been available on a non-recourse basis.

#### **CORPORATE STRUCTURE:**

An entity that owns a project that has been funded, all or in part, by tax credit proceeds is generally structured as a limited partnership where two entities complement each other in achieving their objective. The partnership consists of a limited partner and a general partner. The limited partner's role is limited to the purchase of the tax credits, which provide cash for the project. The general partner, on the other hand, is usually the facilitator of the project and oversees the project's daily activities on behalf of the partnership. Additionally, the general partner, if qualified, may function as the developer during the project's development.

**Principals:** The tax credit limited partnership is AK Preservation Spruce Limited Partnership. AK GMD Spruce, LLC is the general partner, WNC & Associates as the tax credit investor and limited partner.

**General Partner:** AK GMD Spruce, LLC is a for-profit limited liability company formed on August 28, 2015 for the development, ownership and operation of the project, with Gregory Dunfield as the sole member. **See Appendix III.**

#### **Limited Partner:**

WNC & Associates has been investing in affordable housing for over forty years. WNC has developed more than 1,200 affordable housing units nationwide.

#### **Developer:**

GMD Development, LLC, (GMD) is the developer and has been active in the development of affordable housing since 2011 and has developed over thirty-three affordable housing projects in Alaska, Arizona, California, Georgia, Idaho, Indiana, Montana, Nevada, Oregon, and Washington. The projects consists of new construction and preservation, utilizing a combination of low income housing and energy tax credits, tax exempt bonds, HOME, weatherization and other grant programs. Emily Breidenbach will be the Senior Project Manager. The Development team for this project includes: Dawson Construction Inc., as the General Contractor; and Northwind Architects. Staff determined that the development team has the necessary experience to successfully complete the project. **See Appendix III.**

#### **Financial:**

The tax credit limited partnership's purpose is to own and operate the apartments. As such, the primary asset is the project. The project is valued at \$2,600,000 and will have approximately \$1,969,589 in debt against it, which consists of AHFC's first deed of trust, USDA-RD's second deed of trust, and the deferred developer fee.

Credit:

As a newly formed limited partnership with a newly formed general partner, there is, as of yet, no record of credit. Neither the borrower nor the general partner have loans with AHFC.

**PROJECT CHARACTERISTICS:**

Location and Site Description:

The subject is located at 1050 Salmon Creek Lane in Juneau, Alaska just north of the Bartlett Regional Hospital campus approximately three miles northwest of the downtown Juneau central business district. The immediate area is primarily a commercial/industrial neighborhood, mixed with commercial-medical office and multi-family and residential uses. The subject site contains 1.231 acres or 53,662 square feet. The site is served by all available public utilities which include; water, sewer, oil, electric, telephone, cable and garbage collection. See Appendix IV.

Project Overview:

Built in 1983, "Sleepy Spruce Apartments" consists of two, two-story wood frame garden style apartment buildings containing 24 units. The improvements each sit on a concrete foundation, are covered with T1-11 siding and a metal roof. Units are accessed from six common interior hallways which lead to the individual units. Amenities include a manager's office and a laundry area in each building and small storage closets. All units are finished with textured, painted sheetrock and have carpet/vinyl floor coverings. Heat is provided by electric baseboard heat. Individual hot-water heaters are in each unit and units are individually metered. Each unit contains the normal assortment of appliances. The unit configuration consists of five, one-bedroom, one-bath units containing between 630 and 650 square feet, renting for between \$715 and \$895 per month; fifteen, two-bedroom, one bath units each containing 735 square feet renting for between \$845 and \$1,065 per month; and four, three-bedroom, one bath units each containing 900 square feet renting for between \$960 and \$1,500 per month. Actual rents are based on 50% and 60% of the tenant median income with the remaining rents above 30% of the tenant's income paid through USDA-RD rental assistance. There are a total of 31 paved parking spaces and which considered adequate for a project of this size. Proposed project improvements as summarized by the appraiser is included in Appendix V. The project, as rehabilitated, will be considered to be a legal conforming use of the site. The remaining economic life of the project, once rehabilitated, is estimated by the appraiser to be 50 years. See Appendix V

Soil Conditions:

An inspection of the property by the appraiser, the market analyst and USDA-RD inspectors did not indicate any apparent structural problems. The subject site, as developed, is therefore considered adequate to support the existing improvements.

Environmental Assessments:

A preliminary environmental review was completed as part of the GOAL application process that resulted in the award of the low income housing tax credits. A Phase I Environmental Report acceptable to AHFC has been received which states there is "no evidence of recognized environmental conditions." Staff concurs with the lender that further investigation is not warranted.

Health and Safety Inspection:

After the rehabilitation of the project has been completed, an unconditional certificate of occupancy issued by the City and Borough of Juneau will be required and is being made a condition of this commitment. The subject project will continue to be monitored annually by AHFC's internal audit as a tax credit project.

**PROJECT OPERATIONS:**

Staff reviewed the application, historic operating history, the market study, and the appraisal in developing the pro-forma operating budget and believes it fairly depicts the expected performance of this project. Based on data provided by the appraiser and the borrower, it is anticipated that, once rehabilitated, this property will maintain a high occupancy rate due to it being a good quality project with rents below the existing inventory and supported by the availability of USDA-RD rental assistance. Staff concurs with this assessment noting the property manager's professional property management experience with affordable housing. **See Appendix VI**

Debt Service Coverage Ratio:

The 1.65 debt service coverage ratio on the repayment of the first loan indicates that in addition to the 5% vacancy factor, income could fall by 14% or expenses could increase by 22% or some combination of both and there would still be sufficient funds to continue to pay the first mortgage. Stated another way, the project would break-even at an 18% vacancy rate. The ratio, by industry standards, is considered to be an excellent ratio.

Unit Set-Asides:

Borrower will continue to set aside 15 of the 24 one-bedroom units for residents earning 50% of median income or less, 8 of the 24 one-bedroom units for residents earning 60% of median income or less and the remaining unit is reserved for the onsite manager.

Market Study Report:

A market study report compiled by Novogradac & Company on August 21, 2014 provides evidence that the project, once rehabilitated, will maintain a high occupancy rate due to the property being in like new condition. Staff concurs with this assessment noting the limited supply of affordable housing opportunities in the Juneau area and the availability of project base rental assistance. **See Appendix VII.**

Tenant Relocation, Operating and Rent-up Reserve:

Tenant displacement is not anticipated for longer than three weeks as the scope of unit interior work is projected to be completed within this time frame. Regardless, temporary tenant relocation will be completed subject to federal guidelines. The rehabilitation budget provided \$72,000 in potential tenant relocation costs, should the relocation of existing tenants be deemed necessary by the borrower. At the time of loan closing the borrower is funding an operating reserve in the amount of \$127,856 that is also available for tenant relocation expenses.

**COMMUNITY SUPPORT:**

Letters of support are included in Appendix VIII

**COMMUNITY OPPOSITION:**

The borrower and staff are not aware of any community opposition.

**PROPERTY MANAGEMENT:**

Nationwide Property Management, Inc. will manage the subject property. They have been in business since the early 1990's. Since that time, Nationwide has managed USDA Rural Development 515 properties and LIHTC programs they currently manage seven properties in Alaska. Staff determined that they have the experience to successfully manage the subject project, noting their experience with projects that rely on rental assistance and are under the LIHTC program requirements. See Appendix IX

**JOB TRAINING:**

The developer has maintained the memorandum of agreement with the contractor to provide job training opportunities through an apprenticeship training program. See Appendix X

**RECOMMENDATION:**

AK Preservation Spruce Limited Partnership has presented the corporation with an opportunity to assist in a unique multi-layered financed development for the purpose of preserving safe, accessible, and affordable rental housing in Juneau.

The request falls within the parameters of the Multi-Family Loan Program; it is reasonable to expect that the loans will be repaid; and it is considered to be an acceptable risk; therefore, staff recommends approval of the request subject to the conditions noted below.

**COMMITMENT CONDITIONS:**

1. Alaska Housing Finance Corporation (AHFC) to provide long term financing in an amount not to exceed \$1,430,000, distributed as follows:
  - a. First deed of trust in the amount of \$1,430,000 amortized over thirty (30) years with monthly payments. Interest to be 1.50%;
2. A security position in the appropriate personal property, fixtures, furniture, and contracts, etc. will be taken;

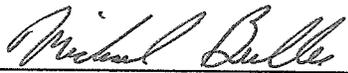
3. If the costs, (as determined and certified by a qualified preparer), including the tenant relocation expenses, are less than projected, at the discretion of AHFC, the reduction in costs will be applied to either increased development costs, provide additional funding to the operating reserve, to lower the loan amount, or a combination of the aforementioned. The qualified preparer and the form of the cost certification must be acceptable to AHFC;
4. The committed interest rate on the first deed of trust loan is a fixed rate and not subject to adjustment in the event AHFC elects to fund the first deed of trust loan from a source of funds that has an effective rate, as computed by AHFC, that varies from the committed rate;
5. Borrower: AK Preservation Spruce Limited Partnership;
6. Commitment to expire February 24, 2018. If necessary, an extension may be considered by staff subject to extension guideline criteria and extension fees;
7. A loan prepayment limitation will be imposed in accordance with AHFC's financing requirements;
8. Loan Agreement to include covenants which require the borrower, at a minimum, to restrict the rental of 15 of the 24 units for residents earning 50% of median income or less as determined by the Department of Housing and Urban Development; and to restrict the rental of 8 of the 24 units for residents earning 60% of median income or less as determined by the Department of Housing and Urban Development;
9. Acceptance by AHFC of the following:
  - a. the project developer;
  - b. the project general contractor;
  - c. the project architect;
  - d. the project engineer; and
  - e. the property management entity.
10. Receipt and acceptance by AHFC of the following:
  - a. a copy of the final plans and specifications;
  - b. the general contractor's warranty which at a minimum is for one (1) year for all work performed and materials provided as part of the construction contract;

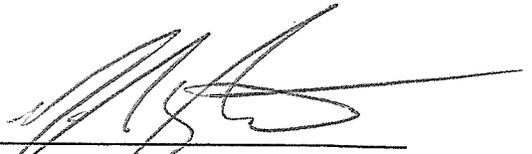
- c. an unconditional certificate of occupancy from the City & Borough of Juneau, unless otherwise approved by AHFC;
  - d. a final appraisal inspection and certification that the project was rehabilitated substantially in accordance with the accepted plans and specifications as identified in the original appraisal report, subject to any AHFC approved change orders;
  - e. a certification by the project architect which states that:
    - (i) the project was rehabilitated substantially in accordance with the accepted plans, specifications and approved change orders;
    - (ii) the project was rehabilitated in accordance with applicable building codes and regulations; and
    - (iii) the project is suitable for occupancy;
  - f. a detailed breakdown of final development costs as adjusted by change orders;
  - g. an accountant's (or another source acceptable to AHFC) written certification verifying the final total development cost of the project;
  - h. ALTA title policy with applicable endorsements;
  - i. an As-Built Survey;
  - j. all required certificates and/or binders of insurance;
  - k. a letter of opinion from the borrower's legal counsel verifying such matters as their legal entity, ability to enter into closing documentation, zoning compliance, permitting and licensing requirements, etc.;
  - l. Subordination Agreement acceptable to AHFC subordinating USDA-RD's existing deed of trust; and
  - m. USDA-RD's approval for the transaction.
11. Monthly loan payment to include funds, as determined by AHFC, for (i) principal and interest;
12. The establishment of a \$127,856 operating reserve, funds to be collected at closing;

13. Borrower to sign all necessary closing documentation, or provide any additional data, as determined necessary by AHFC, to affect the loan closing;
14. Borrower to pay appropriate costs associated with the loan, including but not limited to recording, title insurance, escrow closing fee, loan fee, and legal fee for documentation preparation and review;
15. The payment of a \$13,225 loan fee;
16. A commitment fee of \$6,612.50 will be required upon acceptance of the commitment with said amount being credited against the loan fee at the time of closing. Payment of the commitment fee must be made within 30 days from the date of the commitment letter; and
17. Other conditions that may arise as determined by AHFC.

Reviewed and accepted by Senior staff as substantively stated in this memorandum, subject to Board Approval.

  
\_\_\_\_\_  
Bryan D. Butcher  
Chief Executive Officer

  
\_\_\_\_\_  
Michael Buller  
Deputy Executive Director

  
\_\_\_\_\_  
Michael S. Strand  
Chief Financial Officer

Date: 2-11-16

Date: 2/11/16

Date: 2/11/16

**ALASKA HOUSING FINANCE CORPORATION  
RESOLUTION NO. 2016-03**

RESOLUTION APPROVING TERM FINANCING FOR A  
MULTI-FAMILY HOUSING PROJECT TO  
AK PRESERVATION SPRUCE LIMITED PARTNERSHIP

BE IT RESOLVED by the Board of Directors of the Alaska Housing Finance Corporation as follows:

I. Findings:

- A. There is need to provide affordable, safe, quality and accessible housing;
- B. AK Preservation Spruce Limited Partnership, through AK GMD Spruce, LLC an Alaska limited liability company has applied to Alaska Housing Finance Corporation to receive funds under its Multi-Family Housing Loan Program for term financing of a multi-family project, located in Juneau, Alaska.
- C. The purpose of the financing is to provide additional affordable housing opportunities for persons of lower income;
- D. The proposed financing falls within the established program regulations; and,
- E. The proposed financing is found to be an acceptable risk to the Alaska Housing Finance Corporation.

II. Conclusion:

Pursuant to the foregoing findings, the Board hereby approves the request substantively as stated in the February 24, 2016 Board Consideration Memorandum prepared in support of the application.

This resolution shall take effect immediately.

DATED THIS 24th Day of February, 2016

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Brent LaValley  
Chair

# BLACK-SMITH, BETHARD & CARLSON, LLC



January 11, 2016

Client: First National Bank Alaska  
 101 W 36<sup>th</sup> Avenue, Suite 216  
 P.O. Box 100720  
 Anchorage, AK 99510-0720

Attn: Mr. Anson Renshaw

RE: Appraisal  
 Update Letter for "Sleepy Spruce"  
 A 24-Unit Rent Restricted Housing Project  
 Located at 1050 Salmon Creek Lane, in Juneau, Alaska

Dear Mr. Renshaw:

As requested, we have updated the appraisal for the Sleepy Spruce Apartment Project. This is a supplement to B-SBC File # 15-064 and is not intended as a stand-alone report. The prior report is included by reference.

Per prior agreement, the scope of this analysis was limited to addressing changes in market conditions, rent, vacancy, capitalization rates, expenses and construction costs, if applicable. There are no proposed physical changes to the project. The intended use, number of units, unit mix and building areas are the same.

The following market values are the same, as indicated in the original appraisal (B-SBC File #15-064):

<b>Typical Value Conclusions Requested by First National Bank Alaska</b>		
<b>Unencumbered Fee Simple Market Values (At Market Rent<sup>1</sup>)</b>	<b>Date</b>	<b>Value</b>
Prospective Market Value, "At Market Rent - At Stabilized Occupancy"	7-1-17	\$2,600,000
Prospective Market Value, "At Market Rent - At Completion"	3-1-17	\$2,546,000
Fee Simple Market Value "As Is"	12-21-15	\$1,682,000
Insurable Replacement Cost	12-21-15	\$3,559,000
<b>Restricted Rent Market Values</b>	<b>Date</b>	<b>Value</b>
Prospective Market Value, "Encumbered by LIHTC Restrictions - At Stabilized Occupancy"	7-1-17	\$1,111,000
Prospective Market Value, "Encumbered by LIHTC Restrictions - At Completion"	3-1-17	\$1,075,000

<sup>1</sup> Based on the Hypothetical Condition that the property is unencumbered and at market rent.

<b>Value Conclusions Requested by Alaska Housing Finance Corporation (AHFC)</b>		
<b>Unencumbered Fee Simple Market Values (At Market Rent<sup>2</sup>)</b>	<b>Date</b>	<b>Value</b>
Prospective Market Value, "At Market Rent - At Stabilized Occupancy"	7-1-17	<b>\$2,600,000</b>
Prospective Market Value, "At Market Rent - At Completion"	3-1-17	<b>\$2,546,000</b>
<b>Restricted Rent Market Values</b>	<b>Date</b>	<b>Value</b>
Market Value "As Is – Restricted - 515 Program"	12-21-15	<b>\$1,634,000</b>
Market Value "As Is – Restricted Land Value"	12-21-15	<b>\$323,000</b>
Prospective Market Value, "Encumbered by LIHTC Restrictions - At Stabilized Occupancy"	7-1-17	<b>\$1,111,000</b>
Prospective Market Value, "Encumbered by LIHTC Restrictions - At Completion"	3-1-17	<b>\$1,075,000</b>

<b>Value Conclusions Requested by USDA-RD</b>		
<b>Market Values</b>	<b>Date</b>	<b>Value</b>
Market Value, Subject to Restricted Rents within 7 CFR Part 3560.752(b)(1)(i)	12-21-15	<b>\$1,634,000</b>
Market Value, within 7 CFR Part 3560.752(b)(1)(ii)	12-21-15	<b>\$1,634,000</b>
"Prospective Market Value, Subject to Restricted Rents within 7 CFR Part 560.752(b)(1)(i) – At Stabilized Occupancy"	7-1-16	<b>\$1,799,000</b>
"Prospective Market Value, Subject to Restricted Rents within 7 CFR Part 560.752(b)(1)(i) – At Completion"	3-1-16	<b>\$1,753,000</b>
Value of the Tax Credits	12-21-15	<b>\$3,425,000</b>

The only quantifiable change since the appraisal was originally completed is the value of the interest credit subsidy since the current loan balance is less than what was reported in the original report. As such, the value of the credit subsidy is updated:

Value of the Interest Credit Subsidy "515 " Loans	12-21-15	<b>\$1,187,689</b>
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Please call if you require further analysis or have any questions.

Sincerely,

**BLACK-SMITH, BETHARD & CARLSON, LLC**



Brian Z. Bethard, MAI  
General Real Estate Appraiser (Cert. No. 281)



Michael A. Forsland  
Appraiser

<sup>2</sup> Based on the Hypothetical Condition that the property is unencumbered and at market rent.

AK Preservation Sleepy Limited Partnership. - 24 UNITS  
Sleepy Spruce Apartments  
PROPOSED DEVELOPMENT COSTS

**TOTAL DEVELOPMENT COSTS:**

Acquisition Cost	\$1,120,000
Land Costs	\$ 250,000
Rehabilitation Costs	\$2,801,543
Construction Financing	\$ 45,000
Term Loan Closing Costs	\$ 43,075
Construction Interest	\$ 60,000
Tax Credit Fee	\$ 43,000
Third Party Reports	\$ 34,650
Related Soft Costs	\$ 214,198
Relocation Costs	\$ 72,000
Developer Fees	\$ 584,178
Operating Reserve	\$ 127,856
Replacement reserve from seller	\$ 30,000
Replacement Reserves	<u>\$ 19,200</u>
 TOTAL COSTS:	 \$5,444,700



**GMD Development LLC**  
*Sustainable Affordable Housing For Change*

**Mission**

To create eco-conscious affordable housing solutions in underserved markets by combining appropriate green and sustainable features with cost effective building techniques to produce a positive lasting impact on the communities we serve.

**Goal**

To create development fee and stabilized long term cash flow income from the acquisition/development of two to three new projects per year.

**Experience**

Gregory Dunfield, the Key Principal brings to the company over 17 years of affordable housing development experience with direct management over 33 properties and 3,300 units in AK, AZ, CA, GA, ID, IN, MT, NE, NV, OR and WA. These development transactions represent over \$350 million in total development costs. Of this total, 1,300 units were new construction and 1,900 units of preservation, all utilizing a combination of the low income housing, historic and energy tax credits, tax exempt bonds, HOME, weatherization and other grant programs. Loan programs include HUD, RD, Freddie Mac, FNMA and private conventional sources.

**Strategy**

Acting as owner/developer, to develop new and rehabilitate existing affordable housing utilizing low income housing tax credits, energy tax credits, tax exempt bonds, weatherization and other government financing available for GMD Development's mission. By leveraging GMD Development's Key Principal finance, development and program experience in the affordable housing industry the company will seek opportunities by combining the programs available to create new financing, development and ownership plans for each acquisition. Effort is focused equally on acquisition of existing affordable housing with rental assistance (a preservation transaction) and new construction of affordable housing.

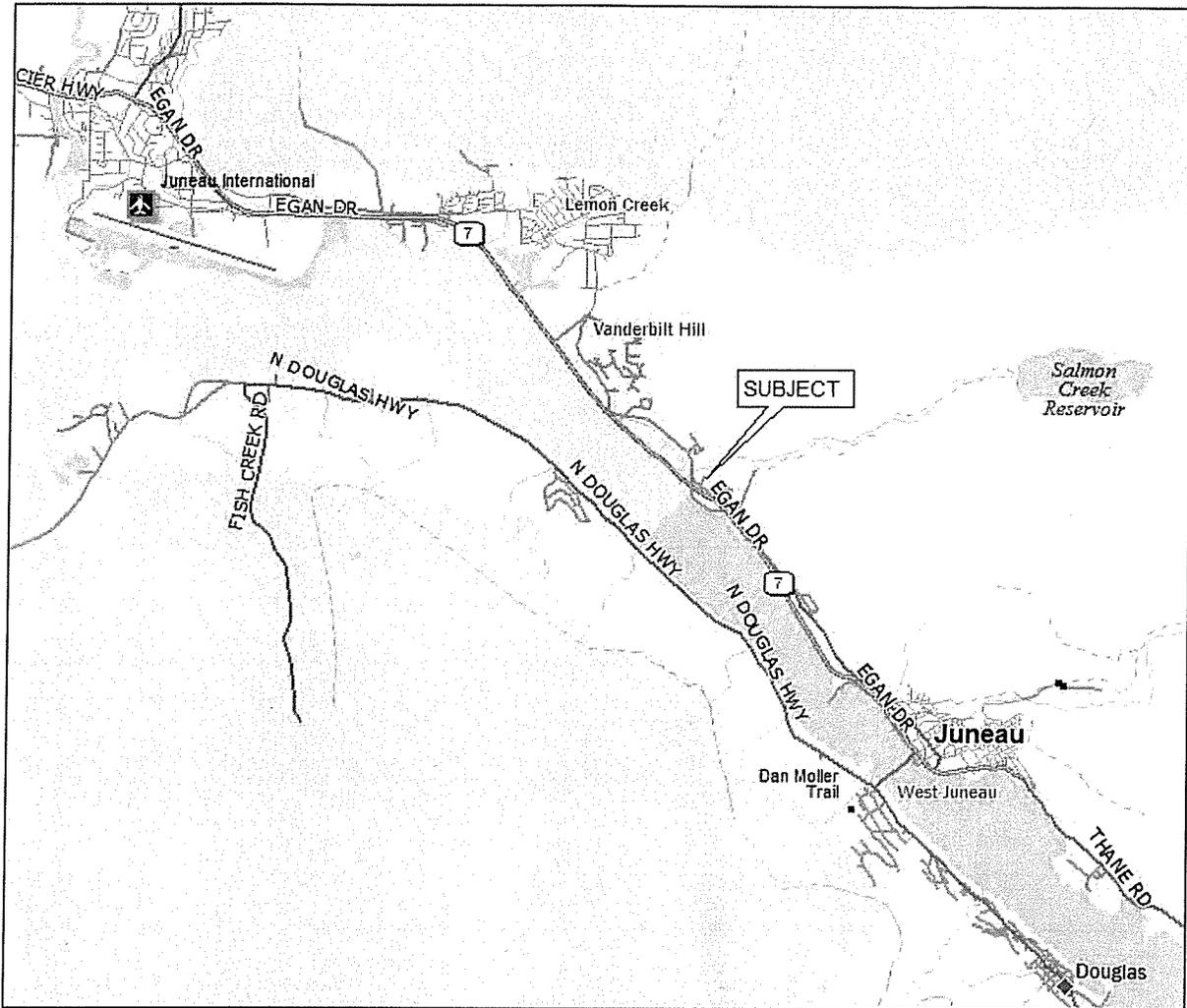
**Target Markets**

Company is headquartered in Seattle, WA with primary focus of developing properties in the western US, including AK, CA, ID, MT, OR, WA and WY. Opportunities in other locations will be considered on a case by case basis but will be dependent upon size, profile and strong market for affordable housing.

**Team**

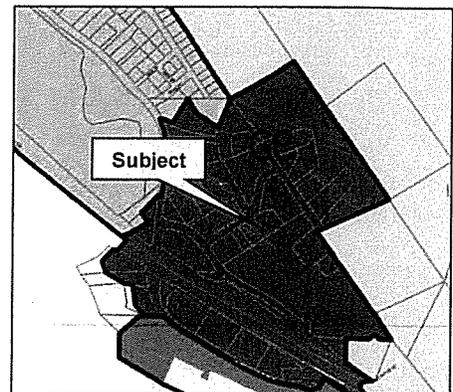
At this time, in addition to Mr. Dunfield, GMD Development employs three development staff and an administrative support staffperson. Capacity is expected to grow to meet the needs of new projects along with leveraging strategic relationships. A local CPA firm provides also provides financial accounting services to the Company, which are supplemented by CohenReznick Group.

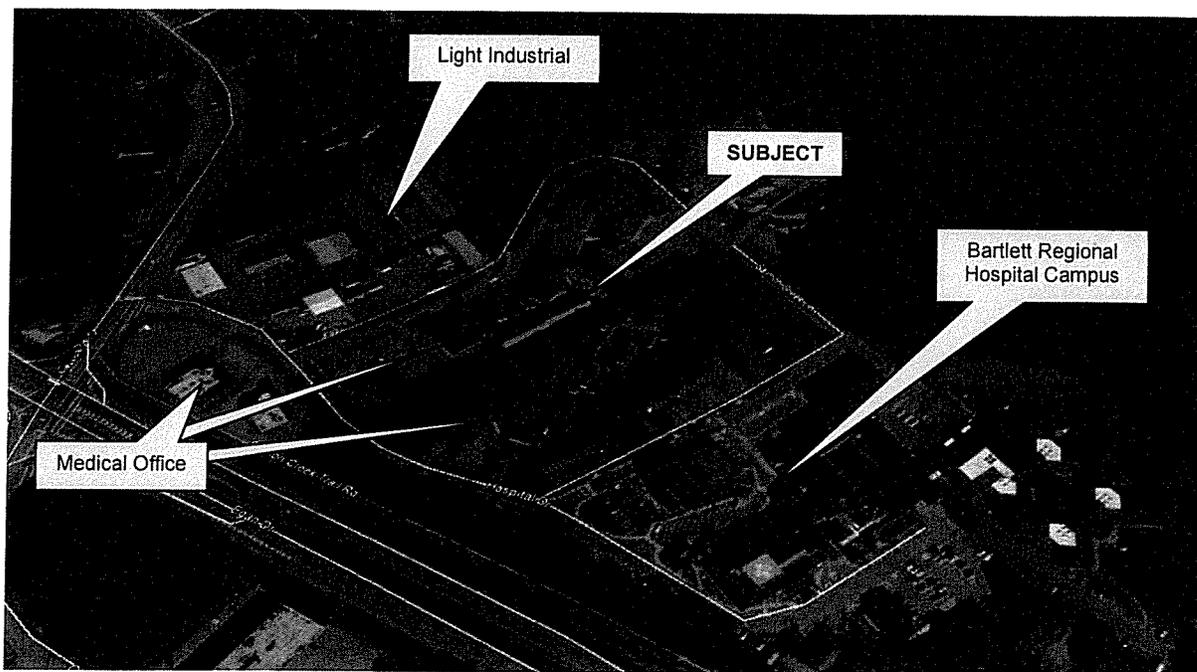
## NEIGHBORHOOD DESCRIPTION



The *general neighborhood* is the hospital district of Juneau, situated between downtown Juneau and Lemon Creek area along Egan Drive.

The site is located just north of the Bartlett Regional Hospital Campus on Salmon Creek Lane, in a primarily commercial / industrial neighborhood, mixed with commercial-medical office / and multi-family residential uses. Salmon Creek Lane is a minor roadway leading from Hospital Drive and containing primarily the subject and medical-office buildings on the southerly side of the street and commercial / industrial uses on the northerly side of the street.



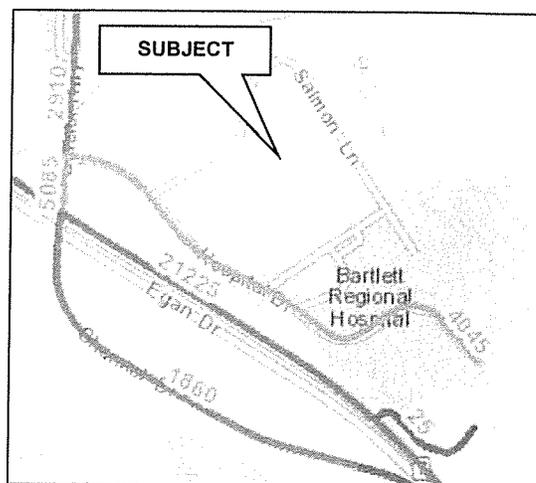


The area is accessed via minor roadways (Salmon Creek Lane and Hospital Drive), off of the Glacier Highway near Egan Drive intersection. Egan Drive is a major 4-lane highway that provides access to the Juneau International Airport and Mendenhall Valley to the north and downtown Juneau / Douglas Island to the south.

All areas of Juneau are accessible from Glacier Highway / Egan Drive and access to the subject is considered adequate for intended uses. Access is adequate.

Utilities include water, sewer, electricity, and telephone.

The Alaska Department of Transportation reported the 2013 average daily traffic (ADT) count to be 4,045 along Hospital Drive and 21,225 along Egan Drive in the immediate area of the subject.



This is the hospital district of the city of Juneau. The area is situated approximately 3 miles northwest of the downtown Juneau CBD, State Capitol building, Cruise Ships and tourist areas and is accessible from Auke Bay, Mendenhall Valley, Lemon Creek and other areas of Juneau.

Properties in the area are generally suitable for both users and investors.

**SITE DESCRIPTION**

**Location**

The subject property consists of one (1) lot totaling 1.231 acres (53,622 SF) located on the southeast side of Salmon Creek Lane, in Juneau, Alaska.

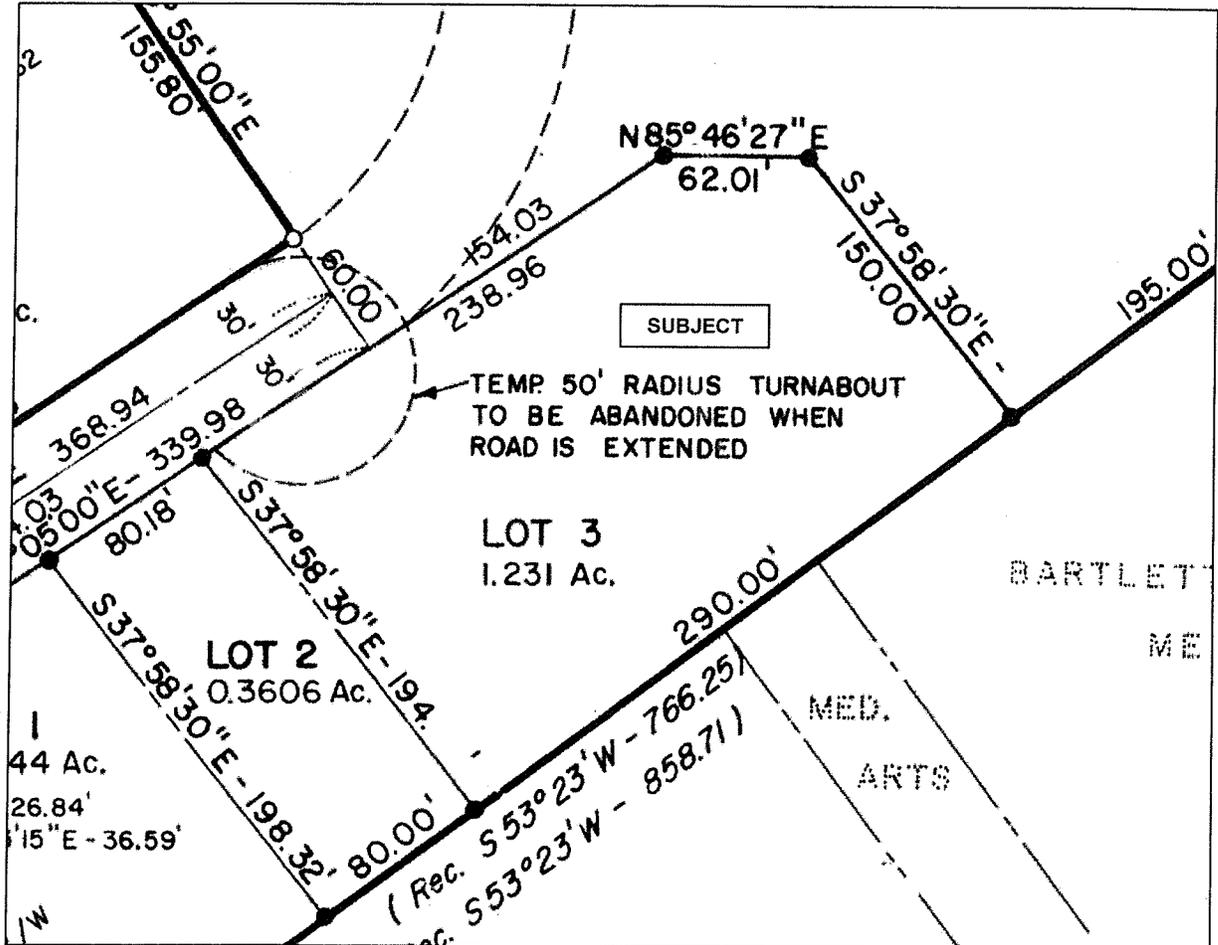
**Site Area and Dimensions**

Legal Description	Address	Tax ID No.	SF	AC
Lot 3, Blk 2, Salmon Creek Subdivision (U.S.S #1075) Plat 82-18, Juneau	1050 Salmon Creek Lane, Juneau, AK	7B0901040070	53,622	1.231

**Shape**

The subject lot is approximately rectangular in shape.

**Plat Map No. 82-18**





**IMPROVEMENT DESCRIPTION**

**AS-IS**

The subject consists of (2) two-story, wood-framed, apartment buildings consisting of an 9-plex and a 16-plex, built in 1983. The project has a total of 25 units: (1) efficiency<sup>18</sup>, (5) one-bedroom units, (15) two-bedroom units and (4) three-bedroom units, with a gross building area (GBA) of 20,436 SF.<sup>19</sup> The net rentable area (NRA) is reported at 18,205 SF.<sup>20</sup>

A set of building plans was provided. The area calculations are presented as follows:

Component	No. Units	Unit Summary	Other Rooms	GBA
Building A-B	9	(4) 1BR (4) 3BR (1) Eff.	Common area entrances/ hallways/stairs, laundry, office, and locker storage	6,836 SF
Building C-D-E-F	16	(1) 1BR (15) 2BR	Common area entrances/ hallways/stairs, laundry	13,600 SF
<b>TOTAL GBA</b>	<b>25</b>			<b>20,436 SF</b>

Unit Mix	Units	SF / Unit	NRA
1BR / 1BA	4	650	2,600 SF
1BR / 1BA (ADA)	1	630	630 SF
2BR / 1BA	15 *	735	11,025 SF
3BR / 1BA	4	900	3,600 SF
Efficiency	1	350	350 SF
	<b>25</b>	---	<b>18,205 SF</b>

<b>TOTAL Common Area</b>	Total GBA – Total NRA	<b>2,231 SF</b>
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\* (1-2BR) unit is ADA compliant.

**Construction Features**

The following building description is based on building plans and information provided by the developer. The building description is presented as an overview of the basic construction features.

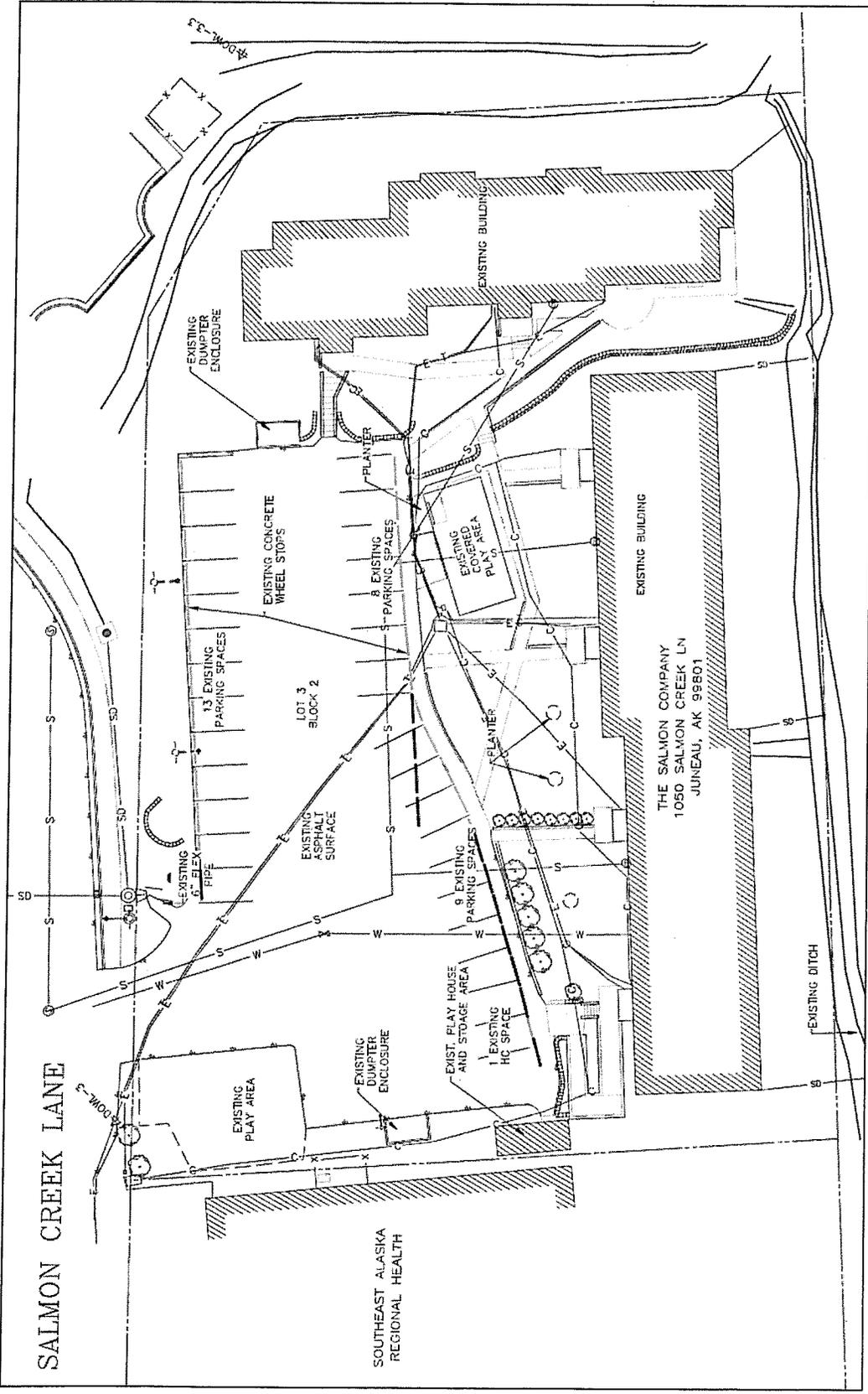
<sup>18</sup> The efficiency unit is not included as an RD unit and will be eliminated "as proposed".

<sup>19</sup> Per Statistics from Northwind Architects, LLC.

<sup>20</sup> Unit rentable areas are per Novogradac report, confirmed by information provided by the developer. Unit and building areas are unchanged after improvements completed. As proposed, the NRA is 17,855 as the 350 SF efficiency unit is eliminated and converted to locker storage.

A detailed set of building plans is located in the addenda. A site plan is as follows:

**As-Is Site Plan**



**Foundation**

Foundations are concrete.

**Framing**

The subject is made up of (2) individual buildings consisting of an 9-plex and a 16-plex. Each building is a 2-story wood-framed, garden style structure. Exterior walls are covered with T-111 wood siding. The exterior of the buildings were painted ±3 years ago per the property manager. The units have ±8' interior ceiling heights.

**Floors**

Sub-floors are assumed to be plywood decking.

**Roofs**

Wood trusses covered with plywood decking and metal roofing. Roofs were replaced 5-10 years ago per the property manager. No leaks and/or roof problems were noted or reported. The appraisal is developed according to the extraordinary assumption that the roofs are in good, functional condition.

**Interior Finish**

Walls and ceilings are sheet-rocked, taped, textured, and painted. Floor covering in the units are average quality carpet with laminate in the kitchens and baths. Carpet trim is wood; laminate trim is rubber base. Interior hallways consist of average, commercial grade carpet. One unit is reserved for the on-site resident-manager (Unit B-102). All kitchens and some bathrooms have original formica countertops and wood cabinets, and are in average condition. Some bathrooms have been updated with new bath fixtures. The majority of the units have updated floor coverings (laminate) with new trim. Light fixtures are incandescent and fluorescent. The manager's unit has upgraded light fixtures and a ceiling fan; the bathroom is currently under renovation (new floor coverings and fixtures). Overall, the units are in average + condition for their age with above average maintenance and upkeep noted.

**Insulation**

All insulation is assumed to be adequate.

**Doors and Windows**

There are wood-frame, metal, foam-filled, secured doors at the building entries. Interior unit doors are solid-core wood doors in wood frames at the entrance to each unit and hollow-core wood within each unit. Unit windows are double glaze glass set in vinyl frames. All doors (interior and exterior entry) and windows were reportedly replaced in 2010+. Overall, the doors and windows are in average + condition.

**Mechanical, Plumbing, and Electrical**

The units are metered individually for electricity and have electric baseboard heat and individual hot-water heaters (which were replaced 2010+). Electrical and plumbing are assumed to be installed to code and commensurate with the overall quality of the project. Kitchens consist of a double sink, refrigerator, and oven. Each unit has a single, three-fixture restroom with a sink, shower/tub, and toilet (the manager's unit has an additional ½ bathroom). The project is not sprinklered.

**Appliances**

Appliances in each unit include a range/oven, fan hood, and refrigerator, and are in average condition. There are no dishwashers or garbage disposal. Each building has a laundry room (one is ADA accessible) with small storage closets in the common areas. All appliances including washer/dryers were reportedly replaced in 2010+.

**Site Improvements**

The site has paved parking areas, concrete walks, landscaping, and exterior lighting (building mounted and light poles) where appropriate. Pavement, striping, concrete sidewalks, and lighting were reportedly replaced in 2010+. There is a covered picnic / play area situated near the middle of the site. There is another play area and play house / storage area located on the southern portion of the site. There are a total of 31 surface parking spaces on site for the residents. This equates to 1.29 spaces per unit and is considered adequate.

**Age / Condition**

The Marshall Valuation Service estimates the life expectancy at 50 years  $\pm$ . The actual age is  $\pm$ 32 years. Despite the dated siding and some original interior finishes (cabinets, countertops, etc.), the buildings appear to have been well maintained. The overall condition (as-is) is average +; the effective age is  $\pm$ 25 years.

The buildings and site plan are functional and the use is compatible with the neighborhood. Prudent management and proper maintenance of the improvements can significantly extend the life expectancy. Given the current condition, we estimate the remaining economic life at 25 years.

**Functional Utility**

Overall, functional utility is adequate for the intended use. The buildings are well situated to allow adequate ingress/egress. Room sizes and layouts are also functional. The subject represents a substantial improvement with a long-term economic life expectancy. The improvements represent a conforming, compatible use, and are in average + condition for their age.

**AS-PROPOSED**

The subject will consist of (2) two-story, wood-framed, apartment buildings consisting of an 8-plex and a 16-plex. The project will have a total of 24 units: (5) one-bedroom units, (15) two-bedroom units and (4) three-bedroom units, with a gross building area (GBA) of 20,756 SF.<sup>21</sup> The net rentable area (NRA) is reported at 17,855 SF.<sup>22</sup>

A set of building plans was provided. The area calculations are presented as follows:

Component	No. Units	Unit Summary	Other Rooms	GBA
Building A-B	8	(4) 1BR (4) 3BR	Common area entrances/ hallways/stairs, laundry, office, and locker storage	6,836 SF
Building C-D-E-F	16	(1) 1BR (15) 2BR	Common area entrances/ hallways/stairs, laundry	13,600 SF
Office (free standing)	-	-	Restroom, office storage	320 SF
<b>TOTAL GBA</b>	<b>24</b>			<b>20,756 SF</b>

Unit Mix	Units	SF / Unit	NRA
1BR / 1BA	4	650	2,600 SF
1BR / 1BA (ADA)	1	630	630 SF
2BR / 1BA	15 *	735	11,025 SF
3BR / 1BA	4	900	3,600 SF
	<b>24</b>	---	<b>17,855 SF</b>

<b>TOTAL Common Area</b>	Total GBA – Total NRA	<b>2,901 SF</b>
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\* (1-2BR) unit is ADA compliant.

The subject “as proposed” is based on discussions with the developer. A detailed renovation cost break down was provided (Project Development Cost as disclosed in the subject LIHTC application – see Addenda). Information regarding the acquisition / renovation of the project is as follows:

Acquisition of Land & Buildings*	\$1,400,000
Construction / Rehabilitation (hard costs)	\$2,801,543
Construction / Rehabilitation (soft costs)	\$658,979
Developer's Fee	\$584,178
<b>Total Project Costs</b>	<b>\$5,444,700</b>

\*Includes replacement reserves.

As proposed, the existing improvements will receive significant renovation, new construction, and rehabilitation. A review of plans and renovation list provide by the developer, reveals the following:

<sup>21</sup> Per Statistics from Northwind Architects, LLC. – a new 320 SF freestanding office building will be constructed.

<sup>22</sup> Unit rentable areas are per Novogradac report, confirmed by information provided by the developer. Unit and building areas are unchanged after improvements completed. As proposed, the NRA is 17,855 as the 350 SF efficiency unit is eliminated and converted to locker storage.

## **Site Work**

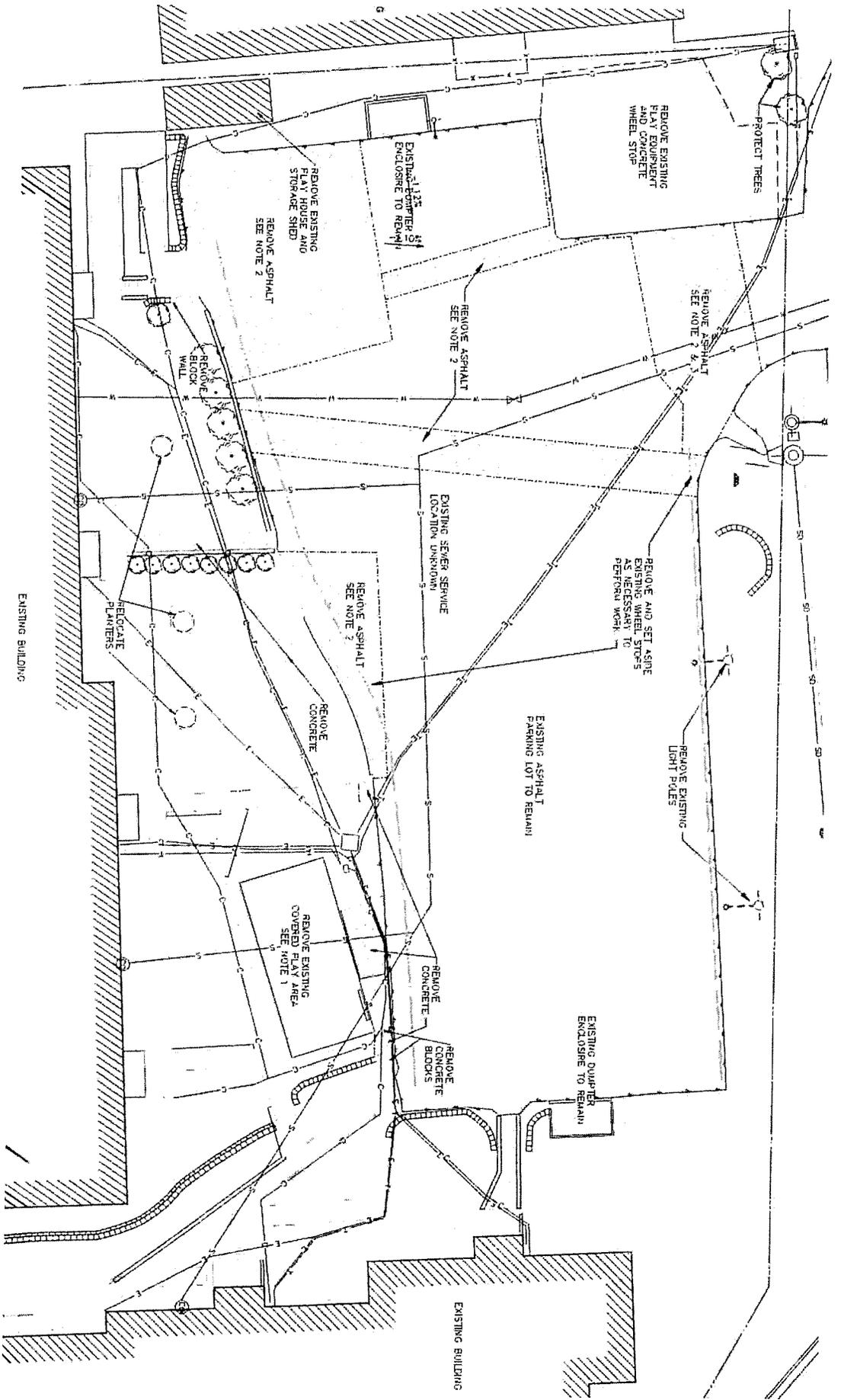
- a. Replace parking lot and concrete walkways to reduce slopes to less than 1:20 and cross slopes to less than 2% along path of travel from ramp at Building F to office, play areas, dumpster, designated parking and mail boxes.
- b. Provide underground drainage as needed at low end of the site near F Building.
- c. Restripe parking and install signs to indicate location of accessible spaces.
- d. Replace site lighting with new poles and fixtures.
- e. Replace existing covered play area with accessible play area. Install new playground equipment and bench
- f. Provide new site and directional signage.
- g. Paint dumpster enclosures.
- h. Install monument sign.
- i. Demolish shed/tot playhouse
- j. New office building with leasing office, storage for combustible materials and covered mailboxes
- k. Provide bike rack in accessible location near play area
- l. Restore landscaping areas disrupted by construction

As proposed, there will be (36) on-site parking spaces; three of which are handicap designated.

## **Exterior**

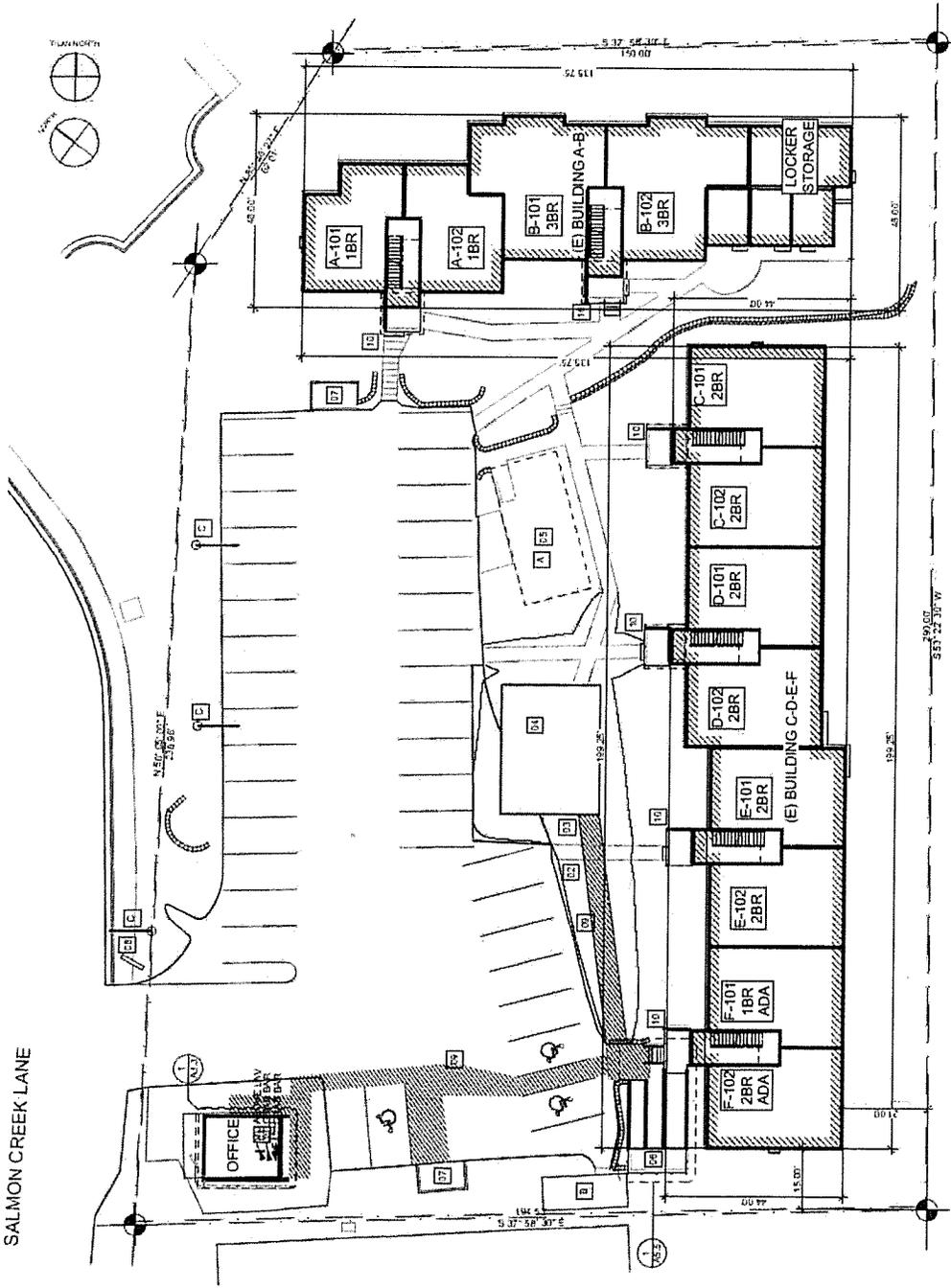
- a. Walls – Install breathable waterproof membrane on existing plywood siding, 1" rigid insulation, high end vinyl siding such as Celest. Minimum r value 25.
- b. Attic – replace access panels with insulated access panels;
- c. Windows – new exterior trim and sill to match siding, new windows in common area location where original.
- d. Doors – Replace all doors, frames and hardware with fiberglass doors and frames and lever handles.
- e. Crawl Space – Replace vents; replace four sump pumps in the crawl space of the F building.

**Demolition Plan**



# Architectural Site Plan

SALMON CREEK LANE



## KEY NOTES

- 01 (N) OFFICE
- 02 (N) BIKE RACK
- 03 (N) BENCHES
- 04 (N) PLAY AREA & PLAY EQUIPMENT
- 05 LANDSCAPE IMPROVEMENTS AT DEMOLISHED PLAY STRUCTURE
- 06 RAMP IMPROVEMENTS, REMOVE WOOD HANDRAIL, REPLACE W/PIPE METAL HANDRAIL
- 07 DUMPSTER IMPROVEMENTS
- 08 (N) MONUMENT SIGN
- 09 ADA COMPLIANT PATHWAYS
- 10 REMOVE W/RAILING AS NECESSARY TO COMPLETE ENVELOPE CLADDING WORK, REINSTALL RAILING, PNT.

## DEMOLITION KEY NOTES

- A DEMOLISH EXISTING COVERED PLAY AREA
- B DEMOLISH EXISTING PLAYHOUSE AND STORAGE
- C DEMOLISH EXISTING LIGHT POLES (3)

## **Interior**

### **Interior construction – Support Spaces**

- a. Stairs and Corridors
  - i. Replace existing flooring with carpet tile and rubber base.
  - ii. Replace stair tread, risers with rubber coverings.
  - iii. Install new handrail on opposite side of stair
  - iv. Paint with low VOC paint.
- b. Paint with low VOC Paint.
- c. Install new signage for each building and unit.
- d. Install storage lockers for each non-ADA 2 bedroom unit in location previous studio apartment.
- e. Demolish interior of studio apartment space

### **Interior Construction - Units**

- a. Flooring
  - i. Replace flooring with sheet vinyl and rubber base in all bathrooms, hallways and kitchens.
  - ii. Replace carpet and rubber base in living, dining and bed rooms in A101, A202, B101, B102, B201, C102, E102, E201, E202, F202.
- b. Walls
  - i. Paint kitchens and bathrooms with low VOC paint.
- c. Doors and hardware
  - i. Replace all doors and hardware with solid wood; hardware in accessible units to be levers.
  - ii. Relocate (one) door within accessible unit.
- d. Casework
  - i. Replace all countertops – plastic laminate with vinyl nosing; cultured marble with integral bowl as an alternate in the bathrooms
  - ii. Cabinets – AWI custom construction as standard; Match channel terrace submittal. New kitchen casework in all units EXCEPT B102. ( managers)

## **Fixtures / Equipment**

### **Fixtures/Specialties**

- a. All units - replace all bathroom accessories including toilet paper dispenser, robe hook, towel bar, mirror, towel ring locking medicine cabinet and tub surround.
- b. All units – replace vinyl blinds

### **Equipment**

- a. Install stacking washer and dryer in all non-accessible 2 and 3 bedroom units (18 total).
- b. Install new range and hood in all units EXCEPT F101, F102, B102. (ADA plus managers)
- c. Equip accessible units plus one additional unit for the sensory impaired.
- d. Equip accessible units for the mobility impaired.
- e. Install side by side refrigerator in accessible units.

### **Life Safety**

- a. Replace or install fire extinguishers in all units and common areas.
- b. Provide fire and smoke detection in all bedrooms and unit hallways
- c. Provide CO2 detectors in unit hallways
- d. Install horn and strobe fire notification in bedrooms of three units (accessible units plus another to be determined later).
- e. Install horn and strobe connected to doorbell in three units (accessible units plus another to be determined later).

### **Mechanical**

- a. Replace all toilets and sinks EXCEPT F101, F102, (ADA). Replace all bathroom exhaust fan with new units controlled with humidity sensor.
- b. Install plumbing to accommodate new dishwashers in all units except F101, F102, B102 (ADA and manager's unit)
- c. Install new plumbing and exhaust to accommodate a new stacking washer and dryer in all non-accessible 2 and 3 bedroom units (18 total).
- d. Install new hood in all units EXCEPT F101, F102, B102. (ADA plus managers)
- e. Install new toilet exhaust
- f. Add seismic strapping to water heaters in all units.

### **Electrical**

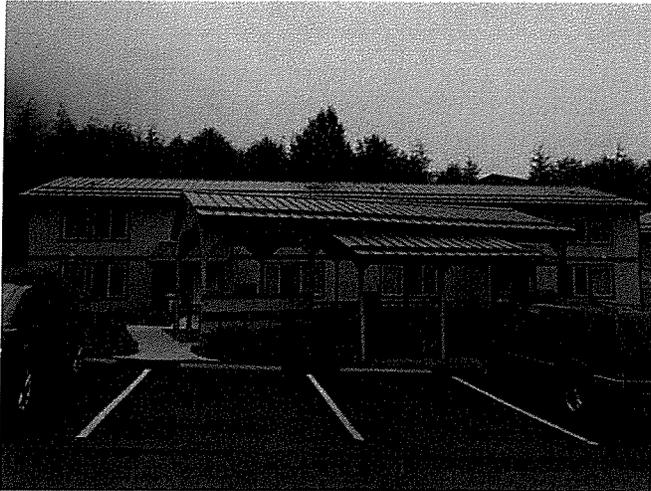
- a. Exterior
  - i. Replace light poles and site lighting
  - ii. Replace lights on buildings with LED lights except porch lights; note no conduit can be exposed on building exterior
  - iii. Provide system to support array of roof mounted solar panels.
- b. Label all electrical panels
- c. Units
  - i. Replace GFCI circuits in all kitchen and bathrooms
  - ii. Install AFCI circuits in all bedrooms.
  - iii. Clean all electric baseboard heaters; replace with wall heaters in accessible bathrooms and add wall heaters in bathrooms on an exterior wall
  - iv. Add programmable thermostats for new baseboard heaters.
  - v. Replace light fixtures in the office and laundry room in building A.
  - vi. Provide new dedicated outlet for washers and dryers, and hard wired connection for new dishwashers.

The building will also feature a 120 KW solar panel array for additional energy production, to offset common electric use:

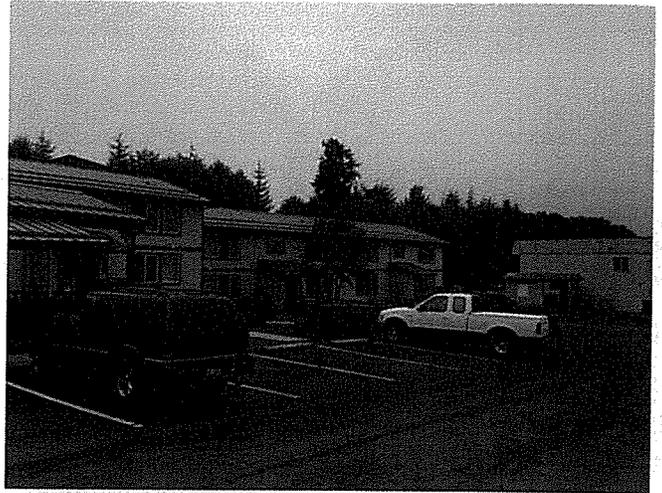
The estimated start date of renovation is August 1, 2015 with a completion date set for March 1, 2016.

After renovations, the subject will be in 'like new' condition for its age. The estimated age will be ±5 years as proposed, with an estimated remaining life of 45 years +.

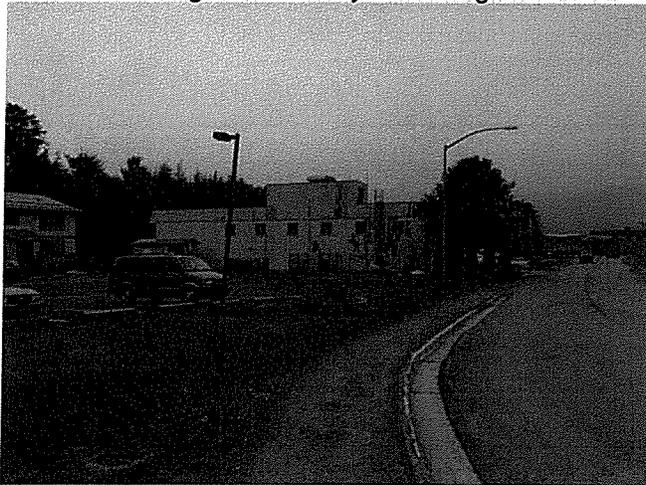
Photos taken by Brian Bethard (July 8, 2015)



Looking southeasterly at Building C/D.



Looking south at Building E/F.



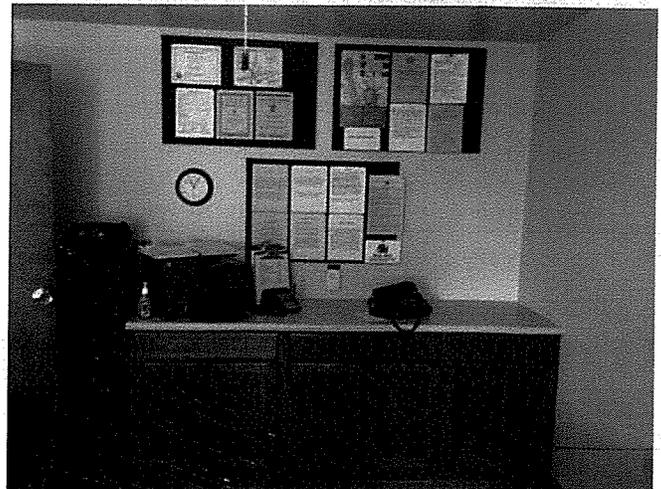
Looking southwesterly along Salmon Creek Lane; subject is on the left.



Looking southeasterly at Building A/B.



Looking southeasterly at rear of Building A/B.

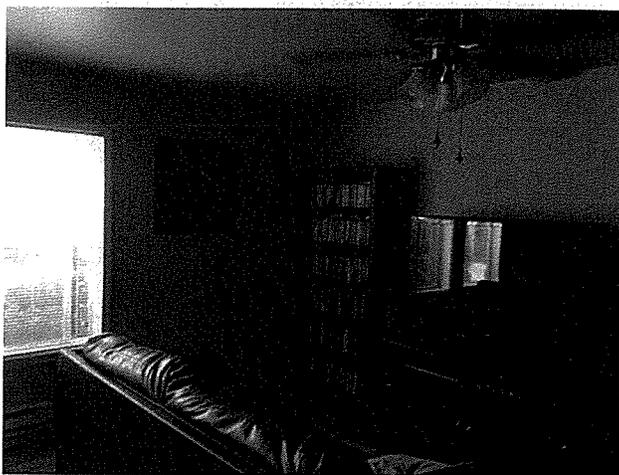


Manager's office, located in Building B.

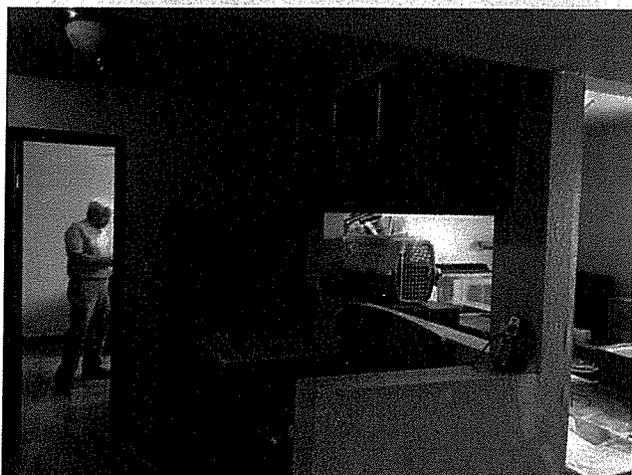
**SUBJECT PHOTOGRAPHS CONT.**  
Photos taken by Brian Bethard (July 8, 2015)



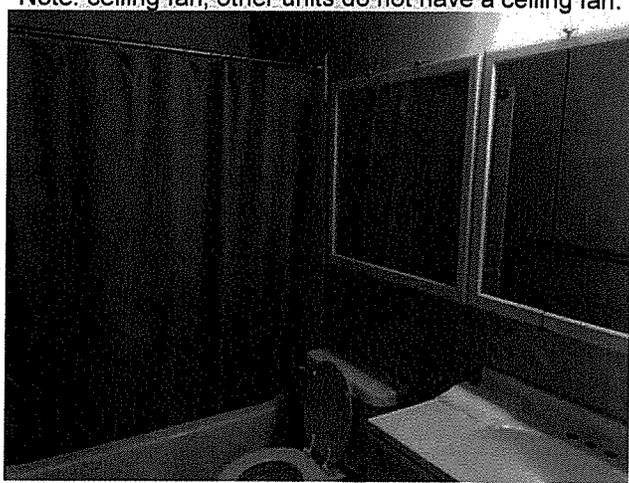
Manager's office.



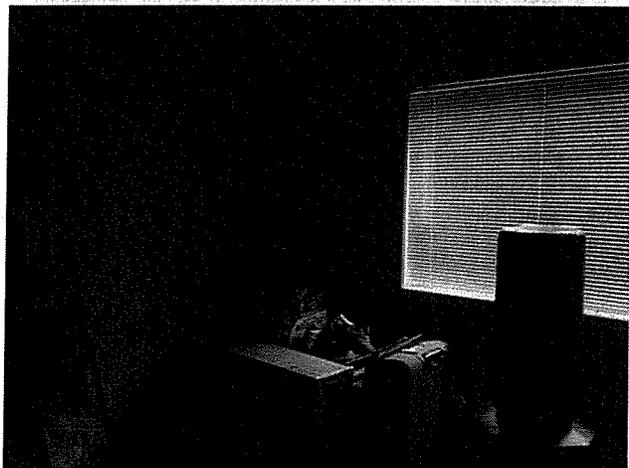
Unit B-102; manager's unit – typical 3BR unit living room.  
Note: ceiling fan; other units do not have a ceiling fan.



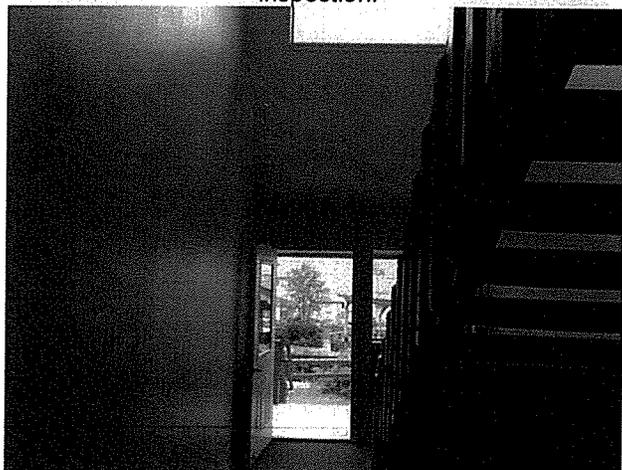
Unit B-102; manager's unit – typical 3BR unit kitchen. This 3-BR unit is attached to a small ±150 SF manager's office.



Unit B-102; manager's unit – typical 3BR unit bathroom.  
This bathroom was currently under renovation at the time of inspection.



Unit B-102; manager's unit – typical 3BR unit bedroom.



Typical common hallways.

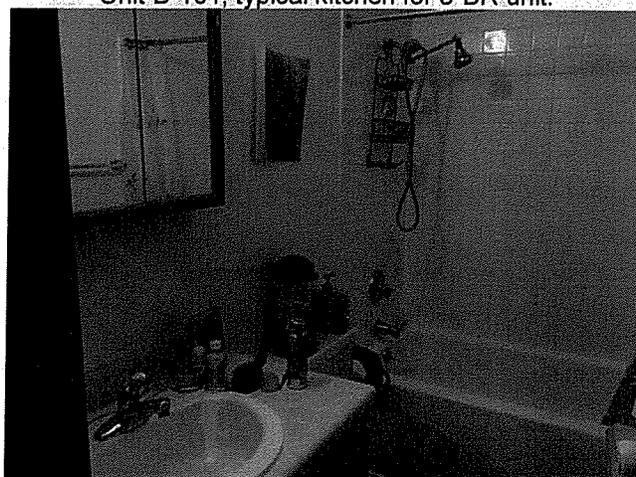
**SUBJECT PHOTOGRAPHS CONT.**  
Photos taken by Brian Bethard (July 8, 2015)



Unit B-101; typical kitchen for 3-BR unit.



Unit B-101; typical bedroom for 3-BR unit.



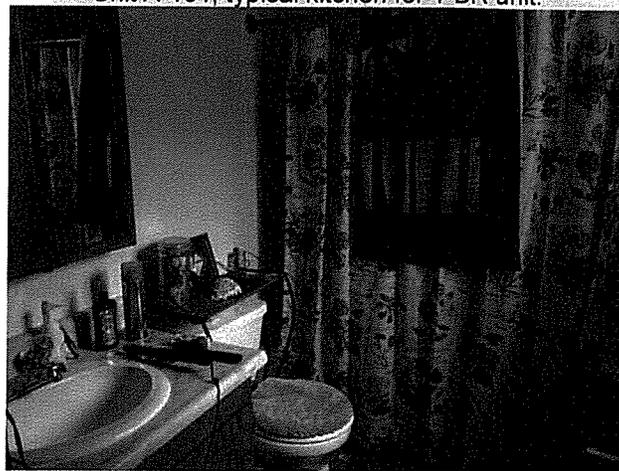
Unit B-101; typical bathroom for 3-BR unit.



Unit A-101; typical kitchen for 1-BR unit.



Unit A-101; typical bedroom for 1-BR unit.

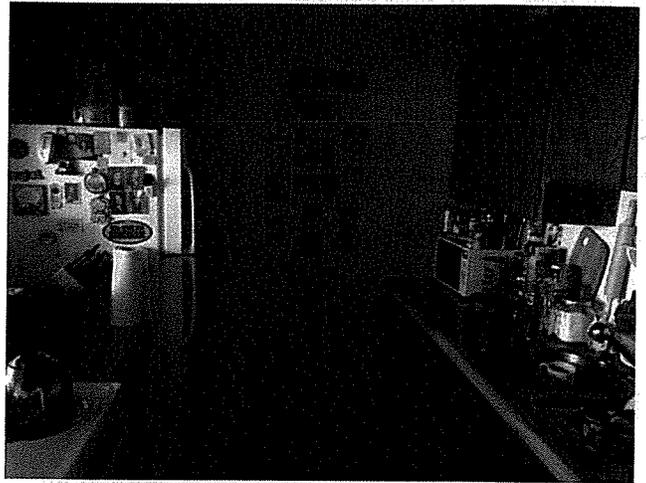


Unit A-101; typical bathroom for 1-BR unit.

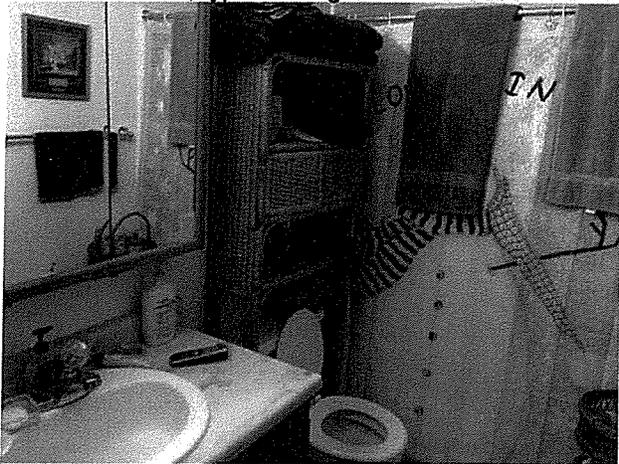
**SUBJECT PHOTOGRAPHS CONT.**  
Photos taken by Brian Bethard (July 8, 2015)



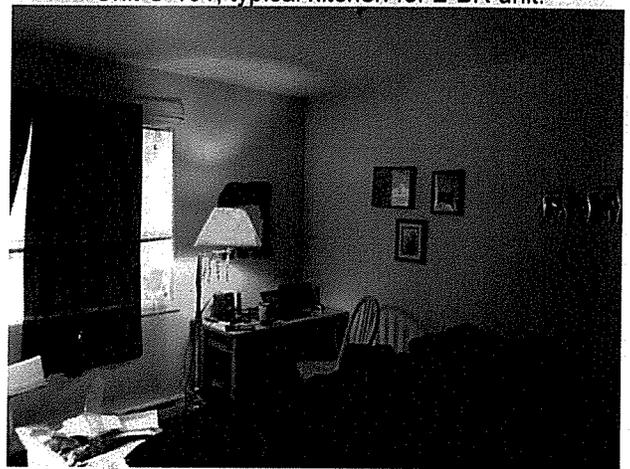
Unit A-101; typical living room for 1-BR unit.



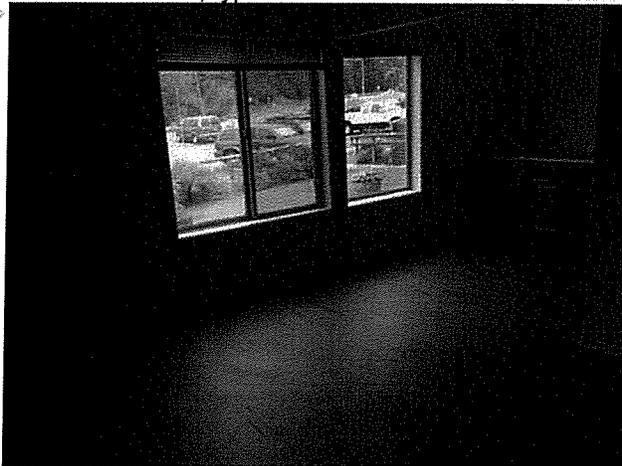
Unit C-101; typical kitchen for 2-BR unit.



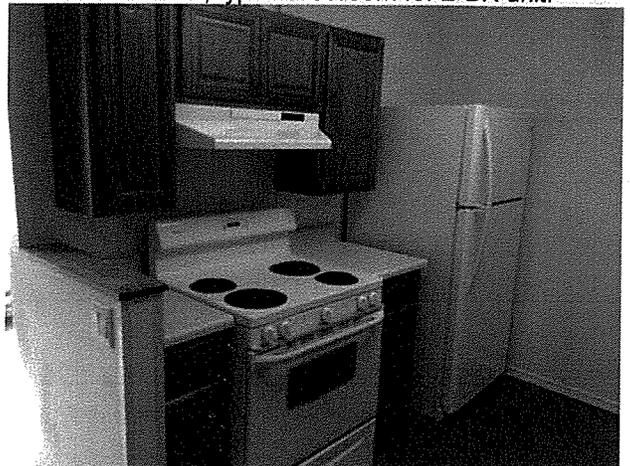
Unit C-101; typical bathroom for 2-BR unit.



Unit C-101; typical bedroom for 2-BR unit.



Unit F-101 (ADA unit); typical living room for 1-BR ADA unit.

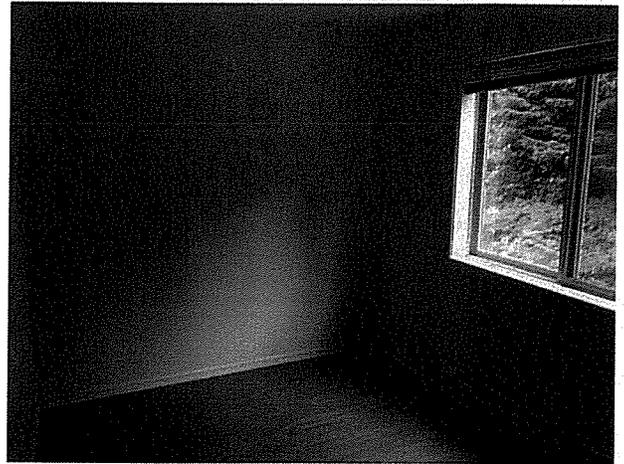


Unit F-101 (ADA unit); typical kitchen for 1-BR ADA unit.

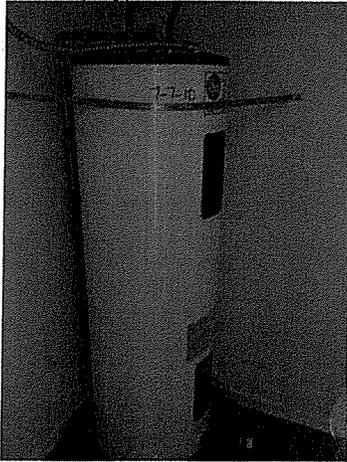
**SUBJECT PHOTOGRAPHS CONT.**  
Photos taken by Brian Bethard (July 8, 2015)



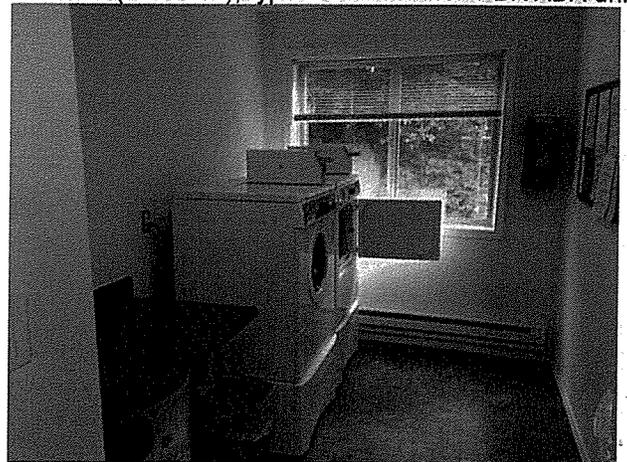
Unit F-101 (ADA unit); typical bathroom for 1-BR ADA unit.



Unit F-101 (ADA unit); typical bedroom for 1-BR ADA unit.



Typical electric water heater located in each unit.



Common laundry room (ADA).



Common laundry room.



Unit B-001; efficiency unit (not part of RD; and will no longer be available, as proposed).

# AK Preservation Sleepy Spruce

Loan #273473

<u>Rental In.</u>	<u>From</u>		<u># of Units</u>			
	Bedrooms	Sq.Ft.	Units	Unit Rent	Gross Annual	
50% MFI	1	650	3	\$715.00	\$	25,740.00
60% MFI	1	650	1	\$895.00	\$	10,740.00
60% MFI	1	630	1	\$895.00	\$	10,740.00
50% MFI	2	735	10	\$845.00	\$	101,400.00
60% MFI	2	735	5	\$1,065.00	\$	63,900.00
50% MFI	3	900	2	\$960.00	\$	23,040.00
60% MFI	3	900	1	\$1,215.00	\$	14,580.00
Managers	3	900	1	\$1,500.00	\$	18,000.00
					\$	-

Total Rental Income	17,855	<b>24</b>		\$	<u>268,140.00</u>
Other Income: USDA Rental Assistance				\$	22,871.00
				\$	<u>291,011.00</u>
Less Vacancy & Credit Loss		5.0%		\$	<u>14,550.55</u>
Effective Gross Income				\$	276,460.45
Total Adjusted Income				\$	276,460.45

## EXPENSES

Management	\$35,664	12.90%	%EGI
Administrative	\$22,800	8.25%	%EGI
Insurance	\$9,840	\$410.00	per unit
Taxes	\$10,104		
Utilities	\$37,296	\$2.09	per square foot
Payroll	\$40,800		
Maintenance & Repairs	\$12,000	4.34%	%EGI
Replacement/Reserves	<u>\$9,960</u>	\$	415.00 per unit
Total Expenses	\$178,464	\$7,436.00	per unit
% of EGI	64.55%		
<b>Net Operating Income</b>	<b>\$97,996</b>		
Mortgage	\$59,223	\$1,430,000 @ 1.50%	over 30 years

**DSCR** **1.65**

Net Cash Flow \$38,774

Income Decrease= 14.03%

Expense Increase= 21.73%

Vacancy Increase= 18.32%

## EXECUTIVE SUMMARY

### PROPERTY SUMMARY OF SUBJECT

Sleepy Spruce Apartments is an existing 24-unit apartment community that operates under the USDA Rural Development program. All units receive rental assistance and tenants pay 30 percent of monthly income as rent. Following the planned renovation, the Subject will also operate under the LIHTC program with tenant incomes restricted to families earning 50 and 60 percent of the Area Median Income (AMI) or less, while all units will continue to operate with rental assistance.

The Subject is located at 1050 Salmon Creek Lane in Juneau, Alaska. The Subject consists of two, two-story garden-style buildings. The project includes a central laundry, on-site management, picnic area, recreation area, and playground. Additionally, the Subject features surface parking with a total of 33 parking spaces. According to the sponsor, the renovation will be considered extensive and will have an estimated hard cost of \$2,100,000, or approximately \$87,500 per unit. The Subject's scope of renovations will include, but not be limited to, new exterior siding, new windows, new kitchen and bath cabinetry and countertops, new kitchen and bath plumbing fixtures, new flooring in units, the installation of a washer/dryer in each unit, and the installation of a solar system.

#### Subject Property Overview:

The Subject is an existing 24-unit apartment property that was completed in 1993. It will be renovated with tax credits and restricted to households earning 50 and 60 percent of the Area Median Income (AMI) or less. The Subject offers five, one-bedroom, 15 two-bedroom, and four, three-bedroom units. All of the units will continue to operate with rental assistance, where tenants pay 30 percent of their income towards rent. One, three-bedroom unit is reserved for the manager.

The Subject's occupancy history was not available. Currently, the Subject is fully occupied.

#### Proposed Rents and Unit Mix:

The following table details the Subject's proposed rents and unit mix. The projected rents are the current basic rents under the USDA Rural Development program. These rents generally exceed the maximum allowable levels under the LIHTC program.

**PROPOSED RENTS**

Unit Type	Unit Size (SF)	Number of Units	Contract (Basic) Rent	Utility Allowance (1)	Gross Contract Rent	Maximum Allowable Gross Rent	HUD Fair Market Rents
<i>50% AMI / RD</i>							
1BR/1BA	650	3	\$870	\$74	\$944	\$891	\$900
2BR/1BA	880	10	\$1,168	\$89	\$1,257	\$1,070	\$1,218
3BR/1BA	1,050	1	\$1,425	\$126	\$1,551	\$1,236	\$1,594
<i>60% AMI / RD</i>							
1BR/1BA	650	2	\$870	\$74	\$944	\$1,070	\$900
2BR/1BA	880	5	\$1,168	\$89	\$1,257	\$1,284	\$1,218
3BR/1BA	1,050	2	\$1,425	\$126	\$1,551	\$1,484	\$1,594
<i>Manager's Unit</i>							
3BR/1BA	1,050	1	N/A	N/A	N/A	N/A	N/A
<b>Total</b>		<b>24</b>					

Notes (1) Source of Utility Allowance provided by the Developer.

**Sponsor Contact:** We made first contact with the sponsor and developer, GMD Development, on July 22, 2014. Contact was made on our first attempt.

**Primary Market Area:** The Primary Market Area (PMA) is defined as follows: the west central section of the Borough of Juneau which includes the city of Juneau. Areas surrounding the city of Juneau are low density and the city serves as a service, retail, healthcare, employment center for borough of Juneau. The PMA was developed based on conversations with several property managers throughout Juneau, who report that most tenants are from the immediate Juneau area. This includes the Subject's current manager who also reported that a majority of tenants are from the immediate Juneau area, while most of the rest relocate here from out of state. We believe that the Subject will have leakage of approximately 10 percent of the residents originating from outside the PMA.

**LIHTC Vacancy**

The following table summarizes the overall vacancy rate for the comparable LIHTC properties.

**LIHTC VACANCY**

Property name	Rent Structure	Total Units	Vacant Units	Vacancy Rate
Glacier Village	@50%, @60%, Market	66	1	1.5%
Hillview Apartments	@50%, @60%	15	0	0.0%
Mackinnon Apartments	@50%, @60%	23	0	0.0%
Orca Point Apartments	@50%, @60%	47	0	0.0%
Strasbaugh Place	@50%, @60%	7	0	0.0%
<b>Total</b>		<b>158</b>	<b>1</b>	<b>0.6%</b>

The LIHTC comparables reported vacancy ranging from zero to 1.5 percent, with an overall weighted vacancy rate of 0.6 percent. This is indicative of a supply-constrained market. Based on the low overall LIHTC vacancy in the market, we believe the Subject will operate with vacancy of 5.0 percent or less as a LIHTC property.

**Market Rate Vacancy**

The following table summarizes the overall vacancy rates for the comparable market rate properties.

**MARKET RATE VACANCY**

Property name	Rent Structure	Total Units	Vacant Units	Vacancy Rate
Airport Apartments	Market	31	0	0.0%
Island Hills Apartments	Market	28	1	3.6%
Marine View Center	Market	66	0	0.0%
Mendenhall Apartments	Market	127	3	2.4%
Northwood Apartments	Market	20	0	0.0%
<b>Total</b>		<b>272</b>	<b>4</b>	<b>1.5%</b>

As seen in the previous table, all market rate comparables reported a low number of vacancies. We believe this is indicative of a supply-constrained market, further evidenced by the presence of waiting lists of unspecified length at Mendenhall Apartments. Based on the lack of vacancies in the market, we believe the Subject would operate with vacancy of 5.0 percent, or less.

**Historical Vacancy Rates**

The following table illustrates historical vacancy information that we have available for the comparable properties.

**HISTORICAL VACANCY**

Property name	Total Units	3rd Quarter 2008	3rd Quarter 2009	3rd Quarter 2011	3rd Quarter 2013	3rd Quarter 2014
Glacier Village	66	0.0%	0.0%	--	0.0%	1.5%
Hiltview Apartments	15	6.7%	0.0%	0.0%	0.0%	0.0%
Mackinnon Apartments	23	--	4.3%	4.3%	8.7%	0.0%
Orca Point Apartments	47	0.0%	4.3%	--	2.1%	0.0%
Strasbaugh Place	7	0.0%	0.0%	0.0%	0.0%	0.0%
Airport Apartments	31	0.0%	0.0%	--	6.5%	0.0%
Island Hills Apartments	28	--	--	--	--	3.6%
Marine View Center	66	0.0%	1.5%	--	3.0%	0.0%
Mendenhall Apartments	127	0.0%	0.0%	3.3%	0.8%	2.4%
Northwood Apartments	20	0.0%	0.0%	0.0%	0.0%	0.0%

As seen in the previous table, vacancy rates at the comparables have historically remained low since the third quarter of 2008. The Juneau apartment market has historically experienced low vacancy rates. We believe that the Subject will operate with vacancy of 5.0 percent, or less.

**Capture Rate**

The demand analysis illustrates demand for the Subject based on capture rates of income-eligible renter households. When viewing total income-eligible renter households the calculation illustrates overall capture rates of 0.58 and 0.30 percent at the 50 and 60 percent of AMI levels in the subsidized scenario, respectively. In the unsubsidized scenario, the overall capture rates are 1.09 and 0.58 percent at the 50 and 60 percent of AMI levels, respectively. These calculations are considered reasonable, especially since the current rental supply in the Subject's market is exhibiting low vacancy rates and waiting lists.

To provide another level of analysis, we removed the households from the income-eligible renter demand pool that are currently suitably housed elsewhere in the PMA. We conducted an *annual demand analysis*, which is based on new income-eligible renter households moving into the area (in the Subject's first year of operation only) and those income-eligible renter households that are rent-overburdened (paying over 35 percent of income to living costs). This is a subset of the income-eligible renter households used previously and yields a far more conservative annual capture rate. This annual capture rate is 2.3 percent for the first year of operation in the subsidized scenario and 3.9 percent for the first year of operation in the unsubsidized scenario. This suggests that the Subject will need to capture only a fraction of the available demand in its first year of operation in order to stabilize in either scenario. This implies that no demand will be accommodated that is currently suitably housed elsewhere.

**Penetration Rate**

After deductions for existing and proposed, subsidized and LIHTC units in the PMA, the resulting penetration rate is 0.88 percent in the subsidized scenario. If the additional subsidy were lost, the resulting penetration rate is 1.41 percent.

### Seasonal Demand

A number of market rate properties reported that it is typically difficult to fill units in the winter months. Demand is generally higher during the summer months, when tourism is at its peak. Some LIHTC comparables reported that seasonal demand does not typically affect occupancy levels; however, units are more difficult to lease in the winter months. Overall, we do not believe that seasonal demand will negatively affect the Subject's affordable units.

### Absorption Rate

Island Hills Apartments, Glacier Village, Orca Point were able to report absorption information. The second phase of Island Hills Apartments, a market rate property, consists of a 28-unit building completed in the spring of 2014. The building owner could not reveal specific absorption information but did indicate that units leased quickly and only one vacant unit remains. We estimate a three month absorption period for an absorption pace of approximately eight units per month. Glacier Village is an affordable LIHTC development managed by Tlingit-Haida Regional Housing Authority. It was constructed between 2003 and 2005. Glacier Village is located approximately 12 miles from the Subject, consisting of three phases. Phase I consists of 25 units and was absorbed within 10 days; Phase II consists of 25 units and was also absorbed within approximately 10 days; and Phase III consists of 16 units and was absorbed within approximately 20 days. Glacier Village is currently 98.5 percent occupied with a waiting list of 200 households. Orca Point, a mixed-income LIHTC and market rate development, experienced an absorption rate of 13 units per month. However, due to this property opening in 1997, we do not believe this data can be relied upon for a current estimate.

Due to the age of the reported absorption data at Glacier Village and Orca Point, we have not relied extensively on this information for our determination of likely absorption. Island Hills Apartments is market rate and not directly competitive with the to-be-renovated Subject. Therefore, we have considered the demand calculations presented within this report, along with additional anecdotal indices of demand as reported by area property managers. Based on this information, we believe the Subject could absorb approximately 15 units per month as if it were vacant. It should be noted that this assumes the Subject would open during the spring and summer months, when area managers reported leasing activity to be strongest. Due to the reported slowdown in leasing activity during fall and winter months, we believe the Subject would absorb a lesser 10 units per month if opening during this time period.

The Subject has an existing tenant base and all pay 30 percent of their income as rent. It is expected that most, if not all, existing tenants will remain at the Subject post renovation. Therefore, few, if any, units will need to be absorbed once the proposed renovation is completed.

### Proposed New Supply

According to the AHFC's 2009 through 2014 LIHTC Reservation lists, two properties have received LIHTC allocations in Juneau over this time. The first is Phase I of Juneau VOA Housing, which is under construction. We have removed the 40 units from this property from our annual demand analysis. The second project is the 22-unit Channel Terrace, which is an existing Rural Development property that will undergo a renovation. Since this is an existing property with all units receiving rental assistance, it is not removed from our annual demand analysis.

We spoke with Ed Quinto, permit specialist for the Community Development Department of the City of Juneau. Mr. Quinto indicated that there are two multifamily properties under construction at this time. The first is the 40-unit Juneau VOA Housing Phase I, which is located approximately four miles to the south. The second is a 24-unit phase of Island Hills Apartments, a market rate property with 28 existing units. These additional 24 units are scheduled to be completed by the end of 2014. Island Hills Apartments is located approximately 3.6 miles south of the Subject and is included in our rent comparable survey. Two, six-plex buildings were recently completed near the Nugget Mall, approximately five miles north of the Subject, although these units are being marketed as for-sale condominiums. There are also preliminary plans to construct an apartment building on a city-owned parking lot in downtown Juneau, at 2<sup>nd</sup> and Franklin Streets. This project is in the early stages of planning and the number of units has not been determined. Mr. Quinto also mentioned that there are approved single-family and duplex permits for 22 housing units in the borough in the first six months of 2014.

#### **Market Conclusions**

The average overall vacancy in the market is low at 1.1 percent, which is indicative of a supply-constrained market. Management at the comparable LIHTC properties reported a low number of vacancies and one of the properties reports a long waiting list. Overall, the Subject is similar to superior to all of the comparables based on in-unit amenities and common area amenities. Post-renovation, the Subject will be superior in age and condition to all of the comparables, although its unit sizes are smaller. The Subject will preserve affordable housing units in this market. We believe that setting rents at the maximum allowable levels for the 50 percent of AMI level is achievable. Our estimated achievable rents at the 60 percent of AMI level are slightly below the maximum allowable. In general, we believe that the proposed renovation of the Subject will maintain its position as a good quality, affordable property. The demand calculations for the Subject's units indicate ample demand for all unit types at all AMI levels. In general, we believe that the to-be-renovated Subject property will continue to offer value in the market.

#### **Long Term Impact on Existing LIHTC Properties in PMA**

We do not believe the Subject will negatively affect the existing affordable housing supply based on the following:

- 1) The comparable LIHTC properties reported strong occupancy rates, and several maintain waiting list.
- 2) The Subject is an existing affordable property and post-renovation, the Subject will continue to operate with rental assistance and will not be adding additional units to the affordable housing supply. Utilizing the current and future rent subsidy, no tenant rents will be affected by the proposed rents and we expect no greater turnover than normal.

The renovated Subject is not expected to have a negative impact on the affordable housing market. The LIHTC properties are experiencing high occupancy rates and waiting lists. The renovation of the Subject in addition to the current supply should not affect the ability of other comparable affordable properties in the market to maintain high levels of occupancy.

CITY/BOROUGH OF JUNEAU  
★ ALASKA'S CAPITAL CITY

**OFFICE OF THE MANAGER**

Telephone: (907) 586-5240; Fax: (907) 586-5385

[Kim.Kiefer@juneau.org](mailto:Kim.Kiefer@juneau.org)

October 22, 2014

Daniel Delfino  
Alaska Housing Finance Corporation  
P.O. Box 101020  
Anchorage, Alaska 99510  
907-330-8273  
907-338-2585 FAX  
[ddelfino@ahfc.us](mailto:ddelfino@ahfc.us)

Dear Mr. Delfino,

The City and Borough of Juneau is pleased to continue its support of St. Vincent de Paul and its effort to offer safe and affordable housing projects. The GOAL application is for the acquisition/rehabilitation of Sleepy Spruce Apartments which will provide 24 newly renovated affordable rental units. The property will offer units affordable to households qualifying at 60%, 50% and 30% of area median income-seniors, the disabled, the working poor, single-parent families, and sorely needed workforce housing.

With the needs of housing in Juneau holding at a critical level, particularly for the increasing demographic of seniors, this project is well designed and situated to provide housing for some of our city's most vulnerable.

The City and Borough of Juneau fully supports St. Vincent de Paul and GMD's joint Sleepy Spruce Apartments acquisition/rehab project.

Sincerely,



Kimberly A. Kiefer  
City Manager  
City and Borough of Juneau



October 23, 2014

Daniel Delfino  
Planning & Program Development  
Alaska Housing Finance Corporation  
PO Box 101020  
Anchorage, Alaska 99510

Dear Mr. Delfino,

This letter is in support of the collaborative effort of St. Vincent de Paul Society and GMD Development to acquire and rehabilitate Sleepy Spruce Terrace apartments, an affordable housing project in Juneau, currently applying for AHFC's GOAL program funding. Sleepy Spruce Terrace serves low-income families and individuals. The project has a total of twenty-four (24) units located adjacent to the hospital in Juneau. The property was developed in 1982 with a USDA Rural Development 515 loan and benefits from a project based rental assistance contract that covers all units.

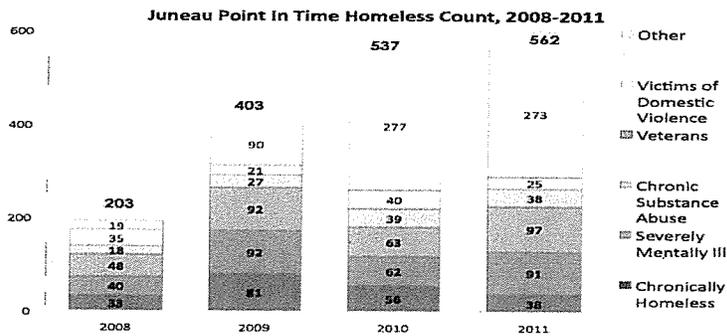
The Juneau Coalition on Housing and Homelessness is well acquainted with the work of St. Vincent de Paul. For 15 years SVDP has focused on local homeless issues. In that time they have built 15 transitional housing units for families with children, 11 housing units for single homeless disabled, 29 housing units for low income families and individuals, and 24 housing units for low income seniors. In 2013 they acquired through merger another 22 units for low income families preventing a loss to the affordable housing stock of Juneau. More than 120 households are housed or kept from eviction by the Society.

The Juneau Coalition on Housing and Homelessness knows well the issues homelessness brings to individuals and their surrounding community here in Alaska's Capital City. We have seen the improved lives of residents in our own client populations when permanent and affordable housing is the first step to stability and productive participation in one's community.

For many years, the Juneau Coalition on Housing and Homelessness has recognized that there is a shortage of housing in the community – in both the low-income supportive housing category *and* the fair market rental and single-family home market – that adversely affects the communities poor and most vulnerable. The 2012 Juneau Housing Needs Assessment<sup>1</sup> calculated unmet housing need between 611 and 671 housing rental units and the 2011 Point-In-Time Homeless Count shows that 562 residents were homeless at the time of the survey. Both reports suggest a need to encourage the development of more housing units in our community.

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<sup>1</sup> Juneau Economic Development Council, "City and Borough of Juneau Housing Needs Assessment", November 2012.



The Coalition is pleased to offer this letter of support for the Sleepy Spruce development, which will address the documented need for housing in our city.

The Juneau Coalition on Housing and Homelessness is a group of committed social service providers, non-profit housing agencies, state and local planners, and concerned citizens that further the goals of ending homelessness in our community. If you have any questions, feel free to contact members of the Coalition's steering committee. More information on Coalition activities can be found online at <http://www.homelessinjuneau.org/>.

Sincerely,

Scott Ciambor, JCHH Steering Committee



247 S. Franklin Street  
Open 24 Hours a day  
365 days a year  
**Food  
Shelter  
Hospitality**

Daniel Delfino  
Alaska Housing Finance Corporation  
P.O. Box 101020  
Anchorage, Alaska 99510  
907-330-8273  
907-338-2585 FAX  
[ddelfino@ahfc.us](mailto:ddelfino@ahfc.us)

Dear Mr. Delfino,

The Glory Hole is pleased to continue its support of St. Vincent de Paul in its effort to offer safe and affordable housing projects. Their current GOAL application for the acquisition/rehabilitation of Sleepy Spruce Apartments, a joint venture with GMD Development, will provide 24 newly renovated affordable rental units. The property will preserve units affordable to households qualifying below 60% of area median income which include seniors, the disabled, the working poor, and families, as well as workforce housing.

The Glory Hole and St. Vincent de Paul Society have a long history of collaboration and commitment to ending homelessness by providing opportunities for safe, decent, affordable housing in our community. Both organizations are co-founders of the Juneau Coalition on Housing and Homelessness.

The St. Vincent de Paul Society has for more than 15 years demonstrated its skill and leadership in developing, building and managing quality affordable housing for low-income and special needs households.

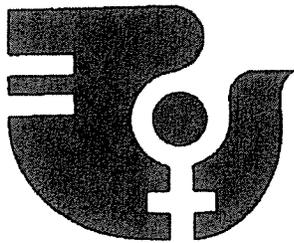
With the needs of housing in Juneau holding at a critical level this project is well designed and situated to continue provide housing for some of our city's low income residents.

The Glory Hole fully supports St. Vincent de Paul and GMD's joint Sleepy Spruce Apartments acquisition/rehab project.

Sincerely,

Mariya Lovishchuk

Executive Director, TGH



DOVE COTTAGE  
A Place of Peace  
SHAA-KA UT-YATX-NÓOW

## Aiding Women in Abuse and Rape Emergencies

"Serving Juneau and Nine Southeastern Communities"

P.O. Box 20809 • Juneau, Alaska 99802-0809

(907) 586-6623 (business)

(907) 586-2479 (fax)

(907) 586-1090 (crisis)

1-800-478-1090 (toll free in state)

E-mail: [aware@alaska.com](mailto:aware@alaska.com)

Daniel Delfino  
Alaska Housing Finance Corporation  
P.O. Box 101020  
Anchorage, Alaska 99510  
907-330-8273  
[ddelfino@ahfc.us](mailto:ddelfino@ahfc.us)

November 5, 2014

Dear Mr. Delfino,

Aiding Women in Abuse and Rape Emergencies (AWARE), is pleased to continue its support of St. Vincent de Paul in its effort to offer safe and affordable housing projects. Their current GOAL application for the acquisition/rehabilitation of Sleepy Spruce Apartments, a joint venture with GMD Development, will provide 24 newly renovated affordable rental units. The property will preserve units affordable to households qualifying below 60% of area median income which include seniors, the disabled, the working poor, and families, as well as workforce housing.

AWARE was incorporated in 1978, and since that time, has worked with community, regional and statewide partners to provide comprehensive services for victims of domestic violence, sexual assault, child abuse and stalking. Our work with local partners has been, and continues to be, instrumental to ensuring survivors of violence receive the services they need to heal from their victimization and establish safety for themselves and their families. AWARE and St. Vincent de Paul Society have a long history of collaboration and commitment to ending homelessness by providing opportunities for safe, decent, affordable housing in our community. Both organizations are co-founders of the Juneau Coalition on Housing and Homelessness.

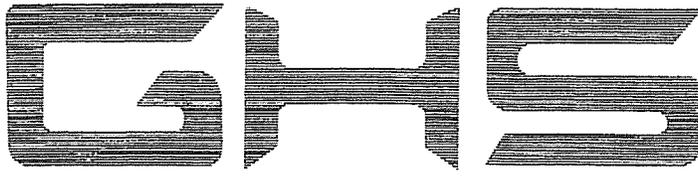
The St. Vincent de Paul Society has for more than 15 years demonstrated its skill and leadership in developing, building and managing quality affordable housing for low-income and special needs households. With the needs of housing in Juneau holding at a critical level, this project is well designed to continue providing housing for some of our city's low income residents.

AWARE fully supports St. Vincent de Paul and GMD's joint Sleepy Spruce Apartments acquisition/rehabilitation project.

Sincerely,

Mandy O'Neal Cole  
Acting Executive Director





GASTINEAU HUMAN SERVICES CORPORATION • 5597 AISEK STREET • JUNEAU, ALASKA 99801  
*Behavioral Health Services • Community Corrections • Transitional Housing • (907) 780-4338 • Fax (907) 780-4098*

---

November 6, 2014

Daniel Delfino  
Alaska Housing Finance Corporation  
P.O. Box 101020  
Anchorage, Alaska 99510

Dear Mr. Delfino,

Gastineau Human Services (GHS) offers its unequivocal support for St. Vincent de Paul's (SVdP) GOAL application for the acquisition and rehabilitation of Sleepy Spruce Apartments. This joint venture with GMD Development will provide twenty-four newly renovated affordable rental units for qualifying households below 60% of area median income which include seniors, the disabled, the working poor, and families, as well as workforce housing.

As the past and current recipient of the AHFC BHAP grant on behalf of the Juneau Coalition on Housing and Homelessness, we are well aware of the contributions of the St. Vincent de Paul Society to the struggle against homelessness. SVdP is one of our first "go to" agencies to which we refer our clients. Adding more affordable housing units to their management will help stabilize the inventory and ensure added housing opportunities for low-income and homeless households.

GHS and SVdP enjoy a long collaborative relationship with a mission to end homelessness and expand the possibility for positive change in people's lives. Decent, affordable housing is a critical part of that mission. We urge you to favorably consider St. Vincent's application.

Sincerely,

A handwritten signature in black ink, appearing to read 'Michael Pellerin', written over a horizontal line.

Michael Pellerin  
Executive Director



*"We help adults with mental illness live their own best lives"*

Quality Community Behavioral Health Services Since 1985

October 27, 2014

Daniel Delfino  
Alaska Housing Finance Corporation  
P.O. Box 101020  
Anchorage, Alaska 99510  
907-330-8273  
907-338-2585 FAX  
[ddelfino@ahfc.us](mailto:ddelfino@ahfc.us)

Dear Mr. Delfino,

Juneau Alliance for Mental Health, Inc. (JAMHI) is pleased to continue its support of St. Vincent de Paul in its effort to offer safe and affordable housing projects. Their current GOAL application for the acquisition/rehabilitation of Sleepy Spruce Apartments, a joint venture with GMD Development, will provide 24 newly renovated affordable rental units. The property will preserve units affordable to households qualifying below 60% of area median income which include seniors, the disabled, the working poor, and families, as well as workforce housing.

JAMHI and St. Vincent de Paul Society have a long history of collaboration and commitment to ending homelessness by providing opportunities for safe, decent, affordable housing in our community. Both organizations are co-founders of the Juneau Coalition on Housing and Homelessness.

The St. Vincent de Paul Society has for more than 15 years demonstrated its skill and leadership in developing, building and managing quality affordable housing for low-income and special needs households.

With the needs of housing in Juneau holding at a critical level this project is well designed and situated to continue provide housing for some of our city's low income residents.

JAMHI fully supports St. Vincent de Paul and GMD's joint Sleepy Spruce Apartments acquisition/rehab project.

Sincerely,

Pamela Watts  
Executive Director

3406 Glacier Hwy  
Juneau, Alaska 99801

Tel. (907) 463-3303  
Fax (907) 463-6858  
[www.jamhi.org](http://www.jamhi.org)  
[info@jamhi.org](mailto:info@jamhi.org)

# *Juneau Youth Services, Inc.*

907.789.7610  
907.789.2106 Fax

P.O. Box 32839  
Juneau, AK 99803

November 5, 2014

Daniel Delfino  
Alaska Housing Finance Corporation  
P.O. Box 101020  
Anchorage, Alaska 99510  
907-330-8273  
907-338-2585 FAX  
[ddelfino@ahfc.us](mailto:ddelfino@ahfc.us)

Dear Mr. Delfino,

Juneau Youth Services is pleased to continue its support of St. Vincent de Paul in its effort to offer safe and affordable housing projects. Their current GOAL application for the acquisition/rehabilitation of Sleepy Spruce Apartments, a joint venture with GMD Development, will provide 24 newly-renovated, affordable rental units. The property will preserve units affordable to households qualifying below 60% of area median income, which include seniors, the disabled, the working poor, and families, as well as workforce housing.

Juneau Youth Services and St. Vincent de Paul Society have a long history of collaboration and commitment to ending homelessness by providing opportunities for safe, decent, affordable housing in our community. Both organizations are co-founders of the Juneau Coalition on Housing and Homelessness.

The St. Vincent de Paul Society has, for more than 15 years, demonstrated its skill and leadership in developing, building, and managing quality, affordable housing for low-income and special-needs households. With the needs of housing in Juneau holding at a critical level, this project is well designed and situated to continue provide housing for some of our city's low income residents.

Juneau Youth Services fully supports St. Vincent de Paul and GMD's joint Sleepy Spruce Apartments acquisition/rehab project.

Sincerely,

  
Walter Majoros  
Executive Director

## NATIONWIDE PROPERTY MANAGEMENT

Human Resources Investment dba Nationwide Property Management, Inc. has been in business since the early 1990's. Since that time, Nationwide has been a successful management agent for USDA Rural Development 515 properties and LIHTC programs.

Currently, we manage seven properties in Alaska, three in Idaho, five in Utah, and one in Montana. Nationwide enjoys a positive partnership relationship with seven Rural Development servicing offices, four state housing authorities, and three tax credit syndicators. We take pride in our ability to meet the variety of needs these organizations have in order to fulfill their individual program requirements

Our company office is located in Boise, Idaho. Three employees work in this office, an administrator, a property manager, and a compliance specialist. Most of our properties are staffed with a site manager and maintenance person. Two of our properties are staffed with one person performing both the site management and maintenance duties. We visit each property a minimum of two times a year.

Nationwide recognizes that managing our remote locations from a distance is the most challenging part of our work. It starts by hiring qualified candidates and continues as we train these new hires. All on-site managers are brought to our office in Boise for training as soon as they are hired. In addition we send all of our site managers to training provided by a nationally recognized training organization to teach them the basics of the Rural Development program. We are committed to providing our on site staff with the necessary training and support to give them the tools to perform their job effectively.

All properties have high speed internet connections and up-to-date computer hardware to give us the capability to use email and a variety of other on-line tools to increase our effectiveness. We believe that this contributes to our ability to indirectly supervise our properties located many miles from our Boise office. We plan to increase our use of computer technology to make our organization more efficient and effective in operating our properties.

Nationwide Property Management is committed to a high standard of compliance in administering the USDA Rural Development and LIHTC programs. It is our objective to know and faithfully follow all regulatory requirements of these programs. It is also our objective to hire, train, and supervise our site personnel so that they have the tools to perform the job. This objective is the foundation of our company values and standards of performance. We do this in conjunction with our commitment to provide safe, clean and decent housing to our customers.

# NATIONWIDE PROPERTY MANAGEMENT

## Statement of Qualifications for Nationwide Property Management

### **Company Overview**

Nationwide Property Management was incorporated in 1989. The corporation name was changed to Human Resource Property Management in 1993. Even though officially the corporation name was changed, we continue to do business as Nationwide Property Management. Nationwide is owned by Marty Frantz. Mr. Frantz is also the general partner of fourteen of the sixteen properties Nationwide currently manages. In Identity of Interest does exist and has been properly reported to USDA – Rural Development.

Nationwide has thirty-one employees. There are five employees in the corporate office located in Boise, Idaho and twenty-six employees staffing our eighteen properties located in Alaska, Idaho, Montana, and Utah. Typically, each property has a site manager and a site maintenance person.

### **Company Location**

The corporate office is located in Boise, Idaho. There are no other office locations other than individual properties. Contact information for the corporate office is noted below:

Nationwide Property Management  
210 W. Mallard Dr., Suite D  
Boise, Idaho 83706  
Telephone: 208-375-2810  
Fax: 208-373-7822  
General Manager Email: [jbelle@nationwidepm.org](mailto:jbelle@nationwidepm.org)

**Job Training Program**

The job training program must target low and moderate income families during the construction or rehabilitation of the planned project. The trainees must be prepared for meaningful employment opportunities after the program is completed. Apprenticeship training in a recognized trade union is one example.

**No points will be awarded under this criteria without written commitments, a Memorandum of Understanding, and a detailed program summary** 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.

AHFC will recapture any reservation or funding commitment made from GOAL funds if the applicant fails to implement and complete the proposed training program.

**1. Generally, please describe the Job Training Program you propose. Also, please specifically identify the skills that will be learned during the program and the future employment opportunities that will be available to trainees.**

The job training program to be used during the renovation of the Sleepy Spruce Apartments will be implemented by the General Contractor, Dawson Construction. Through its sub-contractors, Dawson will provide instruction in construction techniques and materials. The sub-contractors will have a core crew of experience and trained personnel who will provide the actual on-the-job instruction for the trainees.

**2. Please identify the duration and concisely describe the specific outcomes for the program:**

Duration: The duration will be about equal to the job duration, 7 months

Outcomes: The goal of the program is to train unskilled low income moderate income individuals in the construction fields and provide hands on experience on multifamily construction. Four trainees will participate in this program and the experience will include significant progress towards obtaining journeyman status, and be able to find and sustain employment in the construction trades following the renovation of Sleepy Spruce. Trainees will be taught specific on the job skills that will help them to become valuable, successful and qualified employees in the fields in which they were trained.

**3. Identify the names and relationships of all participating training partners, including who will be doing the actual training:**

Name: Schmolck Mechanical Relationship: mechanical sub-contractor Will they be doing the actual Training? Yes, plus associated union class room training

Name: Ever Electric Relationship: electrical sub-contractor Will they be doing the actual Training? Yes, plus associated union class room training

Name: n/a Relationship: Will they be doing the actual Training?

Name: n/a Relationship: Will they be doing the actual Training?

**4. Identify how the program will be funded (include costs as separate line in Project Development Cost Table):**

On-the-job and class room training will be covered through the respective union training program. The Owner will pay for the cost of program administration and reporting.

**5. Identify the number of training positions and the target group of people who will be trained:**

Number of positions: 2 Position Type: mechanical trainee Target Group to be Trained: apprentices with the mechanical union working for the mechanical sub-contractor

Number of positions: 2 Position Type: electrical trainee Target Group to be Trained: apprentices with the mechanical union working for the electrical sub-contractor

Number of positions: Position Type: Target Group to be Trained:

**LOAN COMMITTEE CONSIDERATION MEMORANDUM  
MULTI-FAMILY LOAN PURCHASE PROGRAM**

**Date: February 24, 2016**  
**Lender: Northrim Bank**

**Staff: Michelle Graves**

\*\*\*\*\*

**BORROWER:** JYG Investment Group, LLC  
**CO-BORROWER:** Alexis M. Gevorgian  
**CO-BORROWER:** Cameron J. Johnson  
**CO-BORROWER:** Robert D. Yundt, II

**PROPOSAL OVERVIEW:** Term financing for a newly constructed 24 unit multi-family apartment complex located at East Kinzi Circle in Wasilla, Alaska.

Loan Amount: \$3,016,000

Project Value: \$3,770,000 "At Stabilized Occupancy"

Appraised By: Gregory S. Wing, MAI, of North Pacific Advisors, LLC  
See Appendix I

Loan to Value Ratio: 80%

Loan Terms: Fixed monthly payments based on a 30 year amortization.

Interest Rate: 5.500% (Seven year balloon amortized over 30 years)\*

Principal Balance: \$2,678,687.13 (after seven years of payments)

\* Rate is determined at the time of underwriting based on what AHFC believes would be the cost of a seven (7) year taxable bond plus administrative and anticipated servicing costs, if it sold bonds at that time.

Debt Service Coverage Ratio: 1.42

(A debt service coverage ratio is the net income available after paying expenses divided by the loan payment and is used as an indication of profitability.)

Sources and Uses of Funds:

Total Costs:                   \$3,788,385    See Appendix II

Uses:

Loan Amount                   \$3,016,000  
Borrower's Funds             \$ 772,385  
Total Sources                   \$3,788,385

**BORROWER ORGANIZATION:**

JYG Investment Group, LLC

JYG Investment Group, LLC is a limited liability company owned by Alex M. Gevorgian, Cameron J. Johnson, and Robert D. Yundt, II (each owning 33.33%). Mr. Johnson is the managing member. The LLC was formed in December of 2013 to acquire, develop and manage multi-family properties in Alaska.

Alexis M. Gevorgian

Mr. Gevorgian has over 20 years of experience in land development and real estate finance. He has a Bachelor of Science in Urban and Regional Planning from California Polytechnic University, Pomona and a Master's Degree from New York University in Real Estate Development and Investment. Mr. Gevorgian is also a licensed general contractor.

Cameron J. Johnson

Mr. Johnson has over 12 years of experience in real estate finance, acquisitions, land planning and development. He presently oversees properties in California, Utah and Alaska.

Robert D. Yundt, II

Mr. Yundt has been a general contractor since 2004 and has built and sold over 50 homes during this time frame. He has also built over 60 rental properties for himself that he has kept as rentals. Mr. Yundt will be the builder of the proposed subject property. See Appendix III

Financial Information:

JYG Investment Group, LLC was formed for the acquisition and development of the Bella Vista West Development, and the subject property is the final Phase of this development. The multi-family application submitted on November 23, 2015 reflects total assets of \$6,907,935; total liabilities of \$5,128,000; for a net worth of \$1,779,935.

Alexis M. Gevorgian submitted a multi-family application dated November 23, 2015 that reflects total assets of \$51,568,375; total liabilities of \$3,031,112; for a net worth of \$48,537,263. Mr.

Gevorgian's adjusted gross income over the last three years, according to his federal tax returns, was \$241,489.

Cameron J. Johnson submitted a multi-family application dated November 23, 2015 that reflects total assets of \$10,144,357; total liabilities of \$6,185,767; for a net worth of \$3,958,590. Mr. Johnson's adjusted gross income over the last three years, according to his federal tax returns, was \$62,429.

Robert D. Yundt, II submitted a multi-family application dated November 23, 2015 that reflects total assets of \$11,451,444; total liabilities of \$7,051,421; for a net worth of \$4,400,023. Mr. Yundt's adjusted gross income over the last three years, according to his federal tax returns, was \$157,759.

Credit History:

Recent credit reports reflect an acceptable credit history for JYG Investment Group, LLC; Alexis M. Gevorgian; Cameron J. Johnson; and Robert D. Yundt, II.

JYG Investment Group, LLC does not have a current loan with AHFC. However, all three individuals are co-borrowers on two other multi-family loans with a total outstanding principal balance of \$1,202,138 and these loans are being paid as agreed.

**PROJECT CHARACTERISTICS:**

Description and Location:

The site is located southeast of downtown Wasilla, at the end of East Old Matanuska Road on East Kinzi Circle. The general neighborhood is residential, multi-family and some commercial use along the major arterials. The subject project has six lots containing a total of 83,744 square feet. The subject site is generally level and at grade with surrounding properties. Water, sewer, electricity, natural gas and telephone utilities are on site. See Appendix IV

Project Overview:

The subject property is a proposed 24 unit townhouse style apartment complex comprised of six, two-story, four-unit buildings on six separate lots to be known as Bella Vista West III. The buildings will be wood framed and covered with vinyl lap siding with wood shake siding along the front of the second story. The interior walls will be textured, painted sheetrock and the floor coverings will be carpet and vinyl. Each unit will be finished with granite countertops, stainless steel appliances, a gas fireplace, and a washer and dryer. Heat will be provided by a gas fired forced air heating system, with each unit having its own gas water heater and gas furnace located in the garage area. Each unit will be individually metered for electricity and gas, making them both a tenant expense. There will be six units with two bedrooms and two bathrooms that will be 1,164 square feet and will rent for \$1,345 per unit, per month. Eight units will be three bedrooms, two bathrooms with 1,336 square feet and will rent for \$ 1,450 per unit, per month. Four units will be three bedrooms, two bathrooms with 1,448 square feet and will rent for \$1,520 per unit, per month. Six units will be four

bedrooms, two bathrooms with 1,519 square feet and will rent for \$1,695 per unit, per month. All of the units have the normal assortment of appliances, including dishwashers, and garbage disposals. Parking is considered to be adequate for a property of this size with each unit having an attached one car garage and paved parking space in the driveway. The completed improvement will be a legal conforming use of the site. The economic life of the improvement is estimated by the appraiser to be 45 years. See Appendix V

Soil Conditions:

A soil report, and evidence that the project was built to accommodate any identified soil deficiencies, is being made a condition of this commitment.

Environmental Assessment:

A Phase I Environmental Site Assessment report dated April 15, 2014 by PARA-1 Engineering indicated that the property was free of any contamination and that no known reports of contamination are within a 1/8 mile of the subject property. An environment assessment questionnaire completed by JYG Investment Group, LLC dated November 23, 2015, states there are no environmental concerns with the subject property. Staff concurs with the lender that no further investigation is warranted.

Health and Safety Inspection Report:

A health & safety inspection report was not completed on the subject property as it is new construction. A requirement to provide the PUR-101 (BEES) and PUR-102 (construction inspections) is a condition of this commitment.

**PROJECT OPERATIONS:**

Property Income and Expense Statement:

The pro-forma operating statement, as prepared by the appraiser, is believed to reasonably depict the expected performance of the subject property. Rents are based on market rent comparables as chosen by the appraiser. A 5% vacancy and credit loss factor was used by the appraiser based on market data. A property management fee equal to 7% of the gross potential rents was included, since the apartments will be professionally managed. The replacement reserves of \$341.67 per unit, per year, are considered to be average for property of this age, type, location, and condition and will facilitate ongoing property improvements. See Appendix VI

Debt Service Coverage Ratio:

The debt service ratio has been established at 1.42, which allows for flexibility with regards to income, expenses, and vacancies. In addition to the 5% vacancy and credit loss factor, income could fall by 21%, or expenses could increase by 74% or some combination of both and there would still be sufficient funds to continue to pay the mortgage. Stated another way, the project could break even at a 25% vacancy rate. The ratio, by industry standards, is considered to be an excellent ratio.

Property Management:

The property will be professionally managed by Tracy Billington of Jack White Real Estate. Ms. Billington already manages the other two phases of Bella Vista West along with other rental properties owned by the co-borrowers. Additional assurance is provided in the deed of trust, which allows AHFC to take action in order to place a property manager if circumstances warrant. Staff concurs with the lender that Ms. Billington has the necessary experience to successfully manage the project.

SUMMARY:

The loan is believed to be an acceptable risk in consideration of the following:

1. The excellent debt service coverage ratio of 1.42;
2. The loan to value of 80% at stabilized occupancy; and
3. The project will be professionally managed.

RECOMMENDATION:

The request comes from Northrim Bank on behalf of the borrowers. Staff recommends approval of this loan subject to the conditions noted below:

1. Alaska Housing Finance Corporation (AHFC) to provide long-term financing in an amount not to exceed \$3,016,000;
2. First deed of trust in the amount of \$3,016,000 to be amortized over thirty years, with a seven year balloon payment. Interest rate to be 5.50% fixed;
3. Borrower: JYG Investment Group, LLC;  
Co-Borrower: Alexis M. Gevorgian;  
Co-Borrower: Cameron J. Johnson; and  
Co-Borrower: Robert D. Yundt, II
4. A security position in the appropriate personal property, fixtures, furniture, and contracts, etc. will be taken;
5. Commitment to expire February 24, 2017 and an extension may be considered by staff, subject to extension guideline criteria and applicable extension fees;
6. A loan prepayment limitation to be imposed in accordance with AHFC's financing requirements;

7. Receipt and acceptance by AHFC of the following:
  - a. the project developer;
  - b. the project general contractor;
  - c. the project architect;
  - d. the project engineer; and
  - e. the property management entity.
  
8. Receipt and acceptance by AHFC of the following:
  - a. a copy of the plans and specifications;
  - b. evidence that the soils are suitable for the project and/or that the project was properly constructed to compensate for any soil deficiencies;
  - c. the general contractor's warranty which at a minimum is for one (1) year for all work performed and materials provided as part of the construction contract;
  - d. an executed "Summary of Building Inspection" (AHFC Form PUR-102) or an unconditional Certificate of Occupancy unless otherwise approved by AHFC;
  - e. evidence that the construction of the project was in compliance with the thermal and lighting energy standards as required by AS 46.11.040 and the building and energy efficiency standards of AHFC's regulations delineated in 15 AAC 155.010 - 155.030; in the form of a duly completed Building Energy Efficiency Standards (BEES) Certification (AHFC Form PUR-101);
  - f. a final appraisal inspection and certification that the project was built substantially in accordance with the accepted plans and specifications as identified in the original appraisal report, subject to any AHFC approved change orders;
  - g. a certification by the project architect which states that:
    - (i) the project was constructed substantially in accordance with the accepted plans, specifications and approved change orders;
    - (ii) that the project was constructed in accordance with applicable building codes and regulations; and
    - (iii) the project is suitable for occupancy.

- h. a detailed breakdown of final development costs as adjusted by change orders;
  - i. an accountant's (or another source acceptable to AHFC) written certification verifying the final total development cost of the project;
  - j. ALTA title policy with applicable endorsements;
  - k. a final As-Built Survey;
  - l. all required certificates and/or binders of insurance to be no less than \$2,000,000 aggregate liability coverage; and
  - m. Tax returns to be signed by co-borrowers.
9. Monthly loan payment to include funds, as determined by AHFC, for (i) principal and interest, and (ii) reserve for taxes, insurance, and property replacement reserves of \$683.33 per month or \$8,200 annually;
  10. A sustaining occupancy (1.25 DSCR) must be attained prior to AHFC funding the loan, or an escrow set up at closing to cover operational expenses. The amount of the operating deficit must be calculated on a month-to-month basis until sustaining occupancy (1.25 DSCR) is reached. The amount of the escrow must be at least 150% of any projected operating deficit. An analysis of the deficit must be provided by the appraiser if there is a request for term funding prior to the project attaining a sustaining occupancy (1.25 DSCR);
  11. Borrower to pay appropriate costs associated with the loan, including but not limited to recording, title insurance, escrow closing fee, loan fee, and legal fee for documentation preparation and review;
  12. Borrower to provide evidence of fidelity insurance for the management company at the time of funding;
  13. The payment of a \$15,080 commitment fee; the review fee of \$1,000 will be applied to the payment of this fee, with no refund to the borrowers in the event the loan does not close. The commitment fee becomes due and payable when the loan is purchased by AHFC, or upon the expiration of this commitment contract, whichever is later; and
  14. Other conditions that may arise as determined by AHFC.

Reviewed and accepted by senior staff as stated in this loan committee memorandum, subject to board approval.

  
Bryan D. Butcher  
CEO/Executive Director  
Date: 2-11-16

  
Michael Buller  
Deputy Executive Director  
Date: 2/11/16

  
Michael Strand  
Chief Financial Officer  
Date: 2/11/16

**ALASKA HOUSING FINANCE CORPORATION  
RESOLUTION NO. 2016-04**

**RESOLUTION APPROVING FUNDS FOR THE TERM  
FINANCING FOR A MULTI-FAMILY HOUSING  
PROJECT TO JYG INVESTMENT GROUP, LLC**

BE IT RESOLVED by the Board of Directors of the Alaska Housing Finance Corporation as follows:

I. Findings:

- A. There is need to provide safe, quality and accessible housing;
- B. JYG Investment Group, LLC, through Northrim Bank has applied to Alaska Housing Finance Corporation to receive funds under its Multi-Family Loan Purchase Program for term financing for the acquisition of a 24 unit multi-family project in Wasilla, Alaska to be known as Bella Vista West III;
- C. The proposed financing falls within the established program regulations; and,
- D. The proposed financing is found to be an acceptable risk to the Alaska Housing Finance Corporation.

II. Conclusion:

Pursuant to the foregoing findings, the Board hereby approves the request substantively as stated in the February 24, 2016 Board Consideration Memorandum prepared in support of the application.

This resolution shall take effect immediately.

DATED THIS 24<sup>th</sup> Day of February, 2016

---

Brent LeValley  
Chair

**Market Value Summary:**

"As Is" Land Value (including site improvements)	\$300,000
Prospective Value:	
Cost Approach "At Completion"	\$3,650,000
Sales Comparison Approach "At Stabilized Occupancy"	\$3,580,000 to \$3,910,000
Income Approach "At Stabilization"	\$3,770,000
Income Approach "At Completion"	\$3,640,000

<b>Final Value Conclusion:</b>	<b>\$3,770,000 "At Stabilization"</b>
<b>Final Value Conclusion:</b>	<b>\$3,640,000 "At Completion"</b>

This analysis shows that the proposed improvements appear to be economically feasible from a rent-driven standpoint "at completion" for this developer. Of note, this project is Phase 3 (final phase) of the development and there are some cost savings, in addition to the owner working as a self contractor. The cost estimates through Marshal & Swift came in above the developers estimates, which is not surprising given their experience in this marketplace and for the previously discussed reasons. Based on the owners cost estimates (and land value), they are achieving a developers margin of about 9.5% [ $\$3,640,000$  (at completion value -  $\$3,324,258$  (developers cost) =  $\$315,742$ .]  $\$315,742/\$3,324,258 = 9.5\%$ . Note, for a typical investor/developer they might not be able to achieve this margin because their costs would likely be higher.

We considered several land sale comparisons to determine the subject's "as is" market value. These properties are the most recent and applicable sales for the subject. Based on our analysis, the site value "as is" is estimated at \$240,000. We recognize that some of the foundations are completed and significant capital improvements have been spent. The developers have budgeted \$225,000 for site work. Due to external obsolescence in the marketplace, most of this cost would not be recouped if sold off "as is". In theory, most of these costs are accounted for in the land value conclusion. However, a potential buyer (for the property "as is") would most likely give some credit for the foundations that have been completed - in addition to the infrastructure that is already in place. Overall, we allocate an additional \$60,000 to the "as is" value conclusion. Adding the "as is" land value of \$240,000 to the allocated above ground improvement costs (three complete foundations, one partial foundation and building plans) conclusion of \$60,000, indicates an "as is" market value conclusion of \$300,000.

Based on our research and analysis, we are of the opinion that market value of the fee simple interest in the subject real estate, as of October 1, 2015 is as follows:

"As Is" (10/1/2015)	Three Hundred Thousand Dollars	\$300,000
"At Stabilization" (9/1/2016)	Three Million Seven Hundred Seventy Thousand Dollars	\$3,770,000
"At Completion" (6/1/2016)	Three Million Six Hundred Forty Thousand Dollars	\$3,640,000

The market value conclusion is based on a marketing period of up to twelve months assuming diligent efforts. Your attention is directed to the Certification and Assumptions & Limiting Conditions for explanations of restrictions and limitations of this appraisal.

Respectfully Submitted,



Gregory S. Wing, MAI  
State Certified General Real Estate Appraiser AK #204



Michael L. Gibson  
Staff Appraiser

JYG Investment Group, LLC – 24 Units  
Bella Vista West III  
Proposed Development Costs

Total Development Costs:

Uses:

Land Costs	\$ 250,000
Hard Costs	2,947,164
Contingency	81,392
Builder's Fee	379,829
Const./Term Loan Fee	40,000
Const. Loan Interest	<u>90,000</u>
Total	\$3,788,385

## **Alexis Gevorgian - Responsibilities and Experience**

Alexis Gevorgian is responsible for all partner and local agency relationships from the acquisition of land through the completion of the project.

Alexis has over 20 years of land development and real estate finance experience. Prior to forming AMG, Alexis was the Director of Land Acquisitions for Kaufman & Broad's multi-housing land development division where he was responsible for all land acquisitions for development as well as joint ventures. Preceding Kaufman & Broad, Alexis worked at Bank One (JP Morgan/Chase) where he underwrote and closed over \$1 billion in major construction and land development loans. Prior to Bank One, Alexis worked for Bank of California, Grubb & Ellis Realty Advisors, Lehman Brothers and the Goldman Sachs / JER Venture.

Alexis's educational background includes a Bachelor of Science in Urban and Regional Planning from California Polytechnic University, Pomona, and a Masters Degree from New York University in Real Estate Development and Investment. Alexis is a licensed general contractor, holds a degree in architecture and has attended the Masters in Real Estate Development program at Columbia University.

## *Cameron Johnson*

Cameron Johnson is the Managing Member of CJ Land Consultants, LLC. He has 12 years of experience in all aspects of real estate finance, acquisitions, land planning and development.

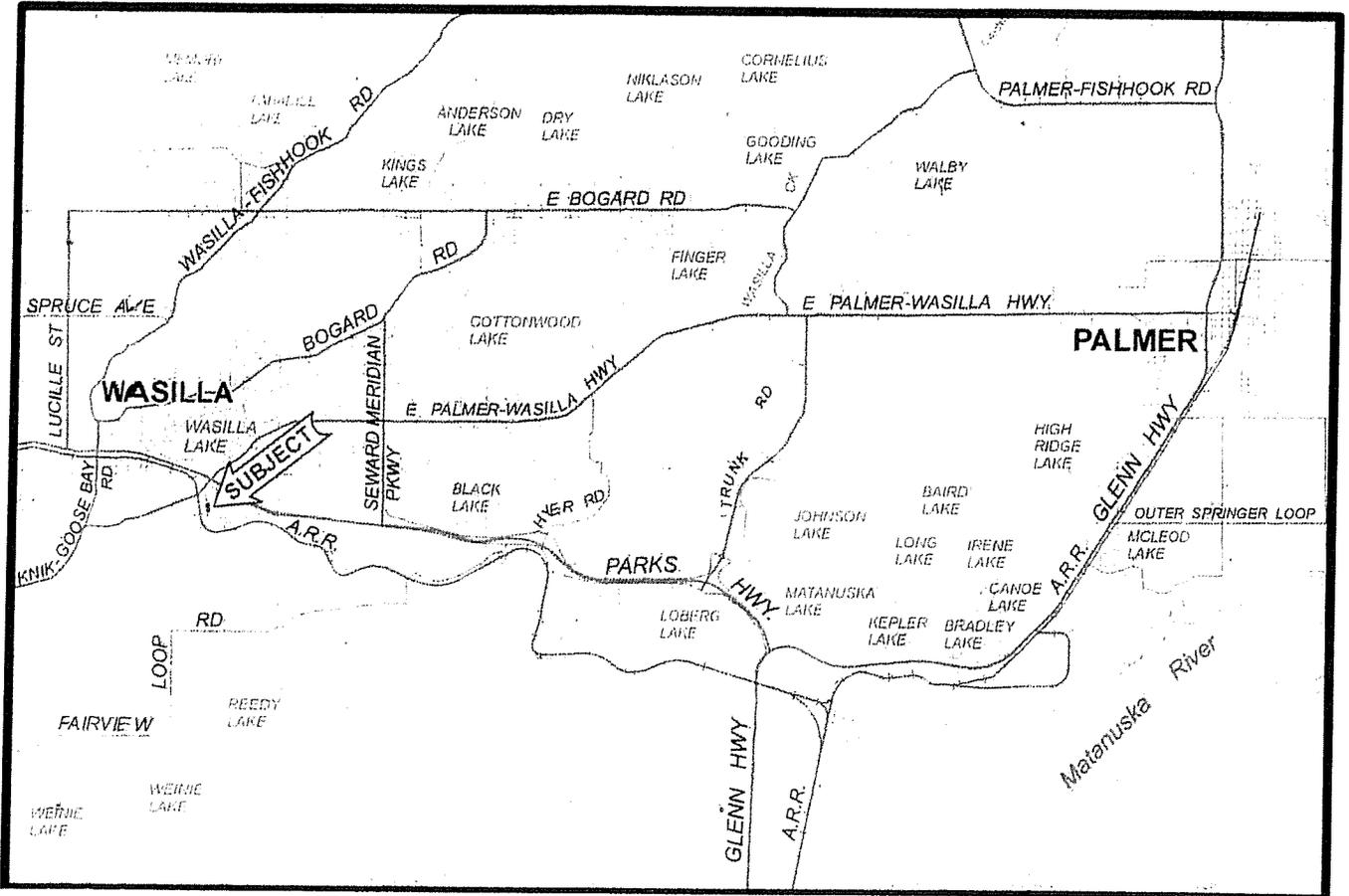
Cameron entered the real estate industry as a real estate agent for Century 21 Homes in St. George, Utah at the age of 21 where he specialized in assisting investors in the acquisition of rental income properties. 3 years later he moved to Los Angeles and joined AMG & Associates as a Land Acquisition Manager, where he was responsible for the acquisition and development of over 2500 apartment units throughout California. He formed CJ Land Consultants, LLC in 2005 to focus on his own developments along with assisting other apartment developers throughout California with their acquisition, land planning and development needs. Over the past 12 years Cameron has bought, sold and owned investment properties and vacant land in California, Utah and Alaska. He bought his first investment property at the age of 21 when he purchased a condo in St. George, Utah that he later sold for a 75% profit. Current developments consist of a 32 unit senior apartment project in Greenfield, Ca, 8 unit apartment project in Wasilla, Ak and a 15 lot single-family subdivision in Wasilla.

To whom it may concern,

I have been involved in the Real-Estate industry since I graduated high school. Upon graduating I bought my first two residential lots. Within 4 years I had built my first home 100% debt free as well as sold my first Spec house. In 2004, I started my business as a General Contractor to which I still own and operate today. Along the way I have built and sold over 50 homes as well as built and kept my 4-plex, 2 single family rentals, and a Duplex. In 2011 I was part of a 3 member team that purchased a 12 unit apartment building. In 2012 we built an 8 unit apartment building. Both of those buildings are 100% occupied. Since that time we've built another 60 units (15 4-plexes) that we currently own and rent. In 2013 I won two Golden Spikes awards from Mat-Su Homebuilders Association for highest quality in my price range. In 2013 I built 11 single family homes and a four plex and duplex, all of which have been sold. I'm also the current secretary of the Mat-Su Homebuilders Association.

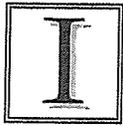
Regards,  
Robert Yundt II

Location of the Subject Property





# NEIGHBORHOOD DESCRIPTION



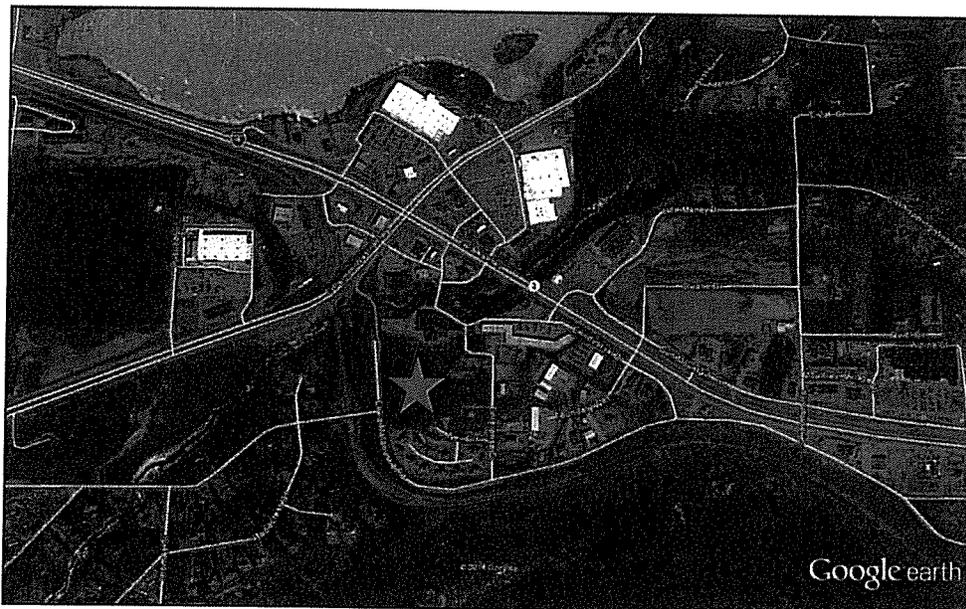
In this chapter, we describe and analyze the neighborhood and how the subject relates to surrounding properties. This analysis discusses neighborhood boundaries, surrounding developments and trends. Also, the conclusion discusses neighborhood homogeneity and linkages that may detract from or add to the subject's property value.

## BOUNDARIES

The subject is located in a mixed use commercial/residential pocket, located southeast of Downtown Wasilla. The subject's proposed development is located at the end of East Old Matanuska Road on the proposed East Kinzi Circle.

Neighborhood boundaries are set by the Parks Highway to the north. East Fairview Loop forms the eastern border. The Palmer-Wasilla Highway forms the western boundary

The reader is referred to the aerial photograph near the beginning of this report for a view of the neighboring developments. Also, photographs of some of the neighboring developments are included at the end of this section.



South of the subject is primary residential development and to the north is commercial development. to the west of the subject lots is Phase 1 of the Bella Vista

West PUD and to the south and east is Phase 3 of the Bella Vista West PUD. Across the street (East Old Matanuska Road) is another small-scale 4-plex development To the subject's north is the Alaska Club, Auto Zone, Johnsons Tire Service, Arby's and several other small commercial developments. Further east down East Old Matanuska Road is a newer movie theater and the under construction Valley Fun Center, that has received a large investment from AEDIA. south is undeveloped land, to the adjacent west is a movie theater. Additionally to the east is a Walmart and a strip retail center. Directly north across the Parks Highway is a Target shopping center and a Fred Meyers Shopping center in addition to numerous other retail developments.

## Streets

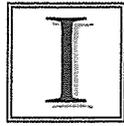
Notable streets in the area are the Palmer-Wasilla Highway, which serves as a popular alternative route between Wasilla and Palmer. This highway has some four-lane and some two-lane sections. Much of the new office and small retail construction is found along the Palmer-Wasilla Highway. A new interchange was added several years ago to extend the P-W Highway to Knik-Goose Bay Road, which may ultimately lead to a Knik Arm Bridge.

The Seward Meridian Parkway is a north-south arterial that links residential districts to the main highways. Wal-Mart, Sears and Lithia Chevrolet are found on the Meridian Parkway near the Parks Highway.

The George Parks Highway is the only route from Anchorage to the Valley. As such, it carries a tremendous amount of traffic and can be quite congested. Most of the major retail development fronts the Parks Highway.

The P-W Highway is a less-congested alternate route.

# SITE DESCRIPTION AND ANALYSIS



In this chapter we describe the site and the issues that influence the subject's market value. This section provides the basis for determining the property's highest and best use and helps in identifying and selecting comparables suitable for land valuation analysis. The following information is based on our review of the subject's plat, utility maps, flood hazard maps, Matanuska Susitna Borough records, information provided by the developer and our observations of the property.

The reader's attention is directed to the plat map on the facing page. A description and analysis of the subject site follows.

## SITE DESCRIPTION

### Size and Shape

The subject site is comprised of six lots containing a total area of 83,744 SF or 1.92 acres according to the plat map. The individual lots are generally irregular in shape, with lot sizes ranging from 12,059 SF to 17,638 SF. The individual lot sizes are as follows:

Individual Lot Sizes	
Lot 1	14,725 SF
Lot 2	13,676 SF
Lot 3	17,638 SF
Lot 4	12,059 SF
Lot 5	12,830 SF
Lot 6	12,816 SF
<b>Total Size</b>	<b>83,744 SF</b>

### Streets / Exposure / Access

The site is accessed via East Kinzi Circle, which is east of East Old Matanuska Road, which is south of the Parks Highway near downtown Wasilla. The subject lots will have access from East Kinzi Circle, which was built during Phase II of the subdivision development. Overall, the subject's exposure and access is typical of residentially developed sites in the area. However, the subject is located a short distance away from Wasilla's commercial districts (located directly behind the Alaska Club), with good linkages throughout the area.

### Topography

The subject site is generally level and at grade with surrounding properties. The site has mostly been cleared and graded, for 4-plex buildings on each of the

lots. Drainage appears to be adequate. Notably, the lots are generally ready for development.

### Soil Conditions

A soils report was not provided to the appraisers. The onsite superintendent reported that soil conditions are adequate for development. *It is an express assumption of this appraisal that soil conditions are adequate to support typical development without any extraordinary corrective measures.*

### Utilities

Water, sewer, electricity, natural gas and telephone utilities are onsite. The developer paid for these utilities to be brought onsite.

### Easements

As shown on the plat map, the front sides of the lots (facing East Kinzi Circle) have a 15' utility easement. The back side of the lots have a 15' screening easement. Such easements along property lines are common throughout Alaska and typically do not interfere with development to a significant degree. As such, we have not deducted any easement areas from the total site size – the entire site is deemed usable.

### Flood Plain

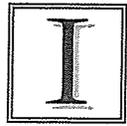
According to Federal Emergency Management Agency map number 02170C8085E, revised March 17, 2011, the site is rated as Flood Zone X, described as "areas of minimal flooding". The property is not in a recognized flood hazard area.

### Hazardous Materials

We performed the property inspection with the due diligence required of professional real estate appraisers. Our inspection of the property yielded no indication of hazardous material contamination on the site.

Please note that the competency of an appraiser should not be presumed to include the knowledge or experience of a professional engineer, surveyor, architect, or other specialist. No environmental reports were available for our review. *It is an express assumption of this appraisal that the subject is not materially affected by environmental contamination or hazardous substances.* The value conclusions of this appraisal are not adjusted for the presence of any hazardous materials.

# IMPROVEMENTS DESCRIPTION



In this chapter, we describe the improvements planned for the appraised site. This section aids in the consideration of feasibility, as well as in identifying and selecting comparables suitable for analysis. The following information is based on a review of the proposed building drawings and discussions with Cameron Johnson and Robert Yundt, developers of the subdivision. The reader is referred to sample pages of the floor plans at the end of this chapter. Also of note, we inspected several of the completed units during a previous analysis of the subject and use these as a reference for the subject's completed buildings.

**Proposed Development**

Proposed improvements include six 2-story residential 4-plex buildings. The gross living area (GLA) for the buildings range between approximately 5,344 SF, and 5,792 SF. The total GLA is 32,578 SF. The unit count including GLA is shown below in the following table.

4-Plex Area Summary			
Bed/Bath	No. of Units	GLA/Unit	Total GLA
2/2	6	1,164 SF	6,984 SF
3/2	8	1,336 SF	10,688 SF
3/2	4	1,448 SF	5,792 SF
4/2	6	1,519 SF	9,114 SF
<b>Total</b>	<b>24</b>	<b>- - -</b>	<b>32,578 SF</b>

The gross building area (GBA) is between 6,540 SF and 7,052 SF or a total of 40,010 SF.

The buildings will be wood frame over a 4" reinforced slab concrete foundations. The front exterior walls will be lap siding throughout most of the exterior, plus wood shake siding along the front of the second story portion of the subject. Units range between two bedrooms to four bedrooms and all have two bathrooms. All units have a living room, dining room and kitchens. The garages are between 273 SF to 357 SF in size. The developer will be using these buildings for rentals rather than selling them off. *It is an express assumption of this appraisal that, at minimum, the improvements will be built in a workmanlike manner to the construction standards outlined in this report.*

**Building Types**

The improvements will consist of three basic 4-plex designs. Two of the buildings will be "Design A", which are three bedroom, 2 bathroom units. One building will be "Design B", which are a mix of two bedroom and four bedroom units or three bedrooms and an office. Three buildings will be "Design B1" which has 2 two bedroom/two bathroom units and 2 four bedroom and two bathroom units. In total, there are 24 total units. Each building will two-stories with wood frame construction type on concrete slab/partial basement foundations.

**Effective Age and Remaining Economic Life**

The subject buildings have an estimated "at completion" date of June 1, 2016 as reported by the owner. Accordingly the actual age is zero. Buildings of this type and quality typically have economic lives of 45 years, according to Marshall & Swift Valuation Service. Economic life can be extended with timely maintenance, periodic upgrades and occasional replacement of building components.

**Interior Finish**

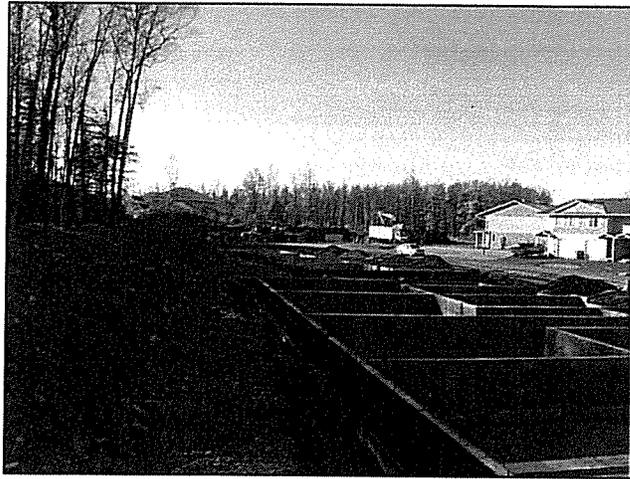
The reader is directed to the subject photographs at the end of this section for examples of the various building interiors. The finish generally consists of painted and textured gypsum wallboard on the walls and ceilings. The bedroom floors of the units will be carpeted while the entries, living rooms and kitchens have high end vinyl flooring and bathrooms will have sheet vinyl flooring. The living rooms will all feature gas fireplaces.

The kitchen will have average grade wood cabinets, stainless steel sinks and granite countertops. The bathrooms include three fixtures (sink, toilet and bathtub). Some units also have a half bath (sink and toilet).

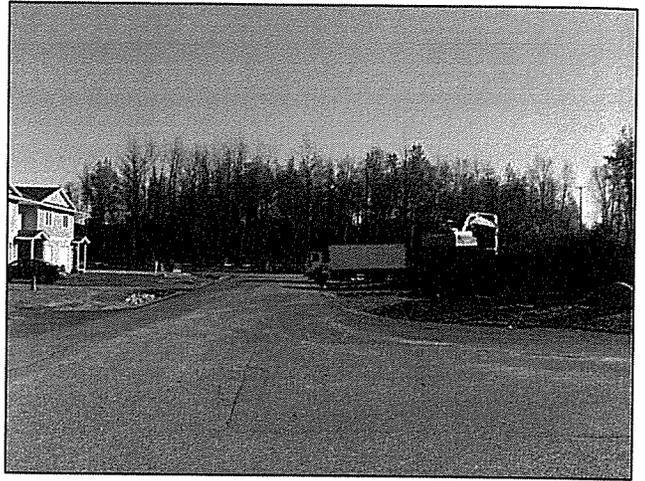
Windows will be double pane in vinyl casements. Exterior entry doors are metal with window casements and a keyed entry system, while the interior unit doors are hollow core six-panel wood. Overall, the subject's finish is typical of good quality newer construction properties. Note, we inspected units within Phase 1 of the project for reference of what the finished units will look like at the end of this chapter.



**SUBJECT PHOTOS**



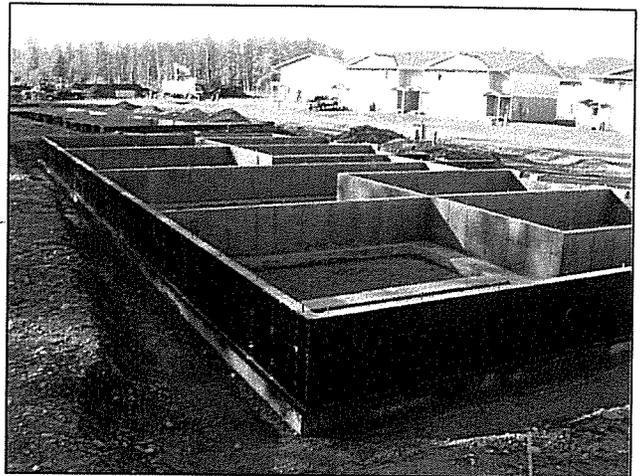
Looking north at subject development (Lot 13 is nearest)



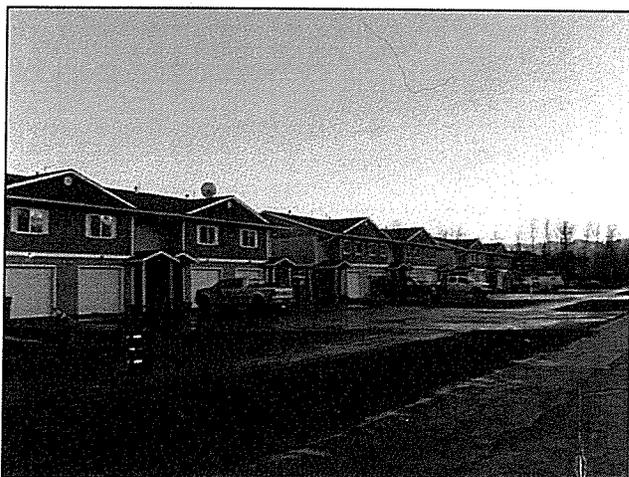
Looking at East Kinzi Circle from East Old Matanuska Road



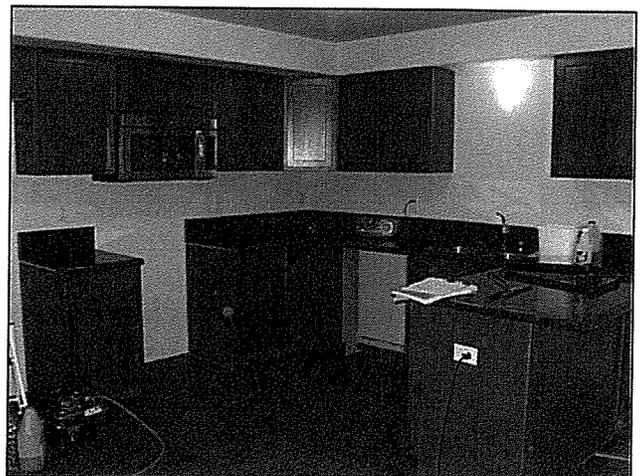
Looking east across Lots 1-3



Looking at subject foundations

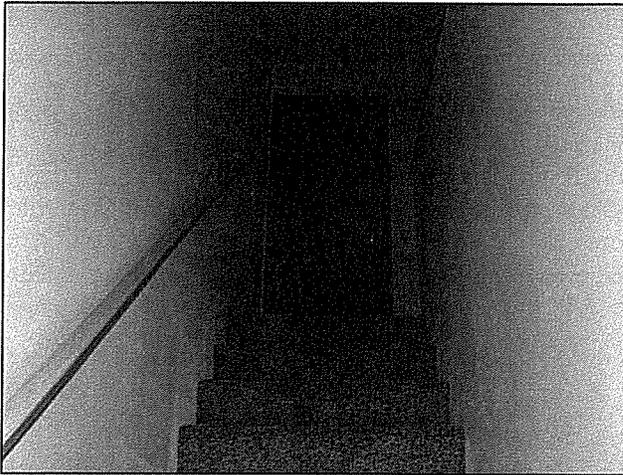


Phase 1 (similar to subject improvements "at completion")

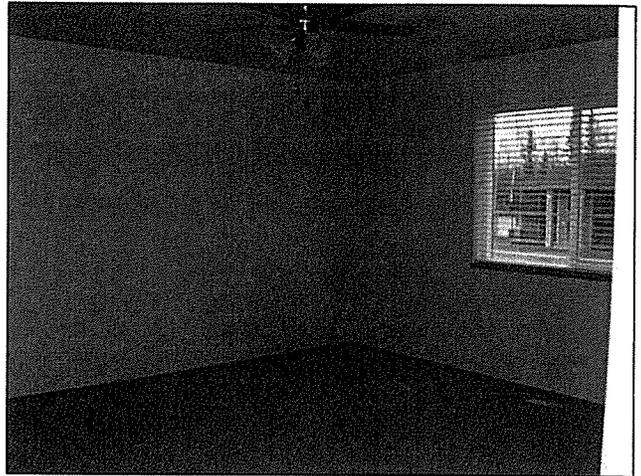


Phase 1 kitchen (similar to subject improvements "at completion")

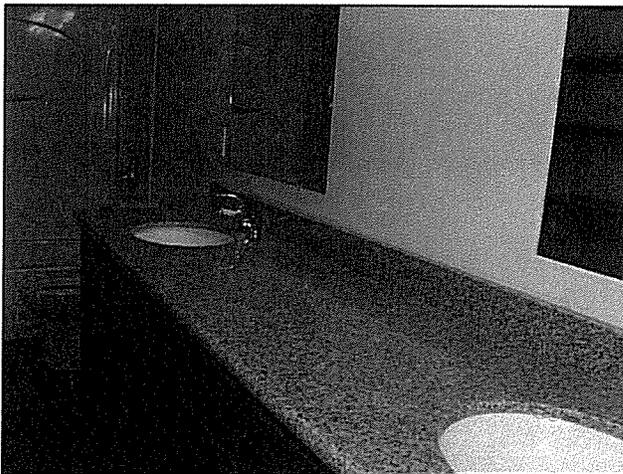
**SUBJECT PHOTOS**



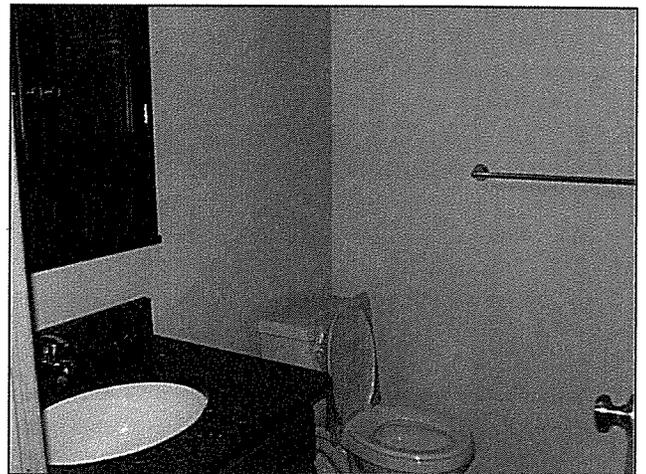
Phase 1 interior stairwell (Similar to subject "at completion")



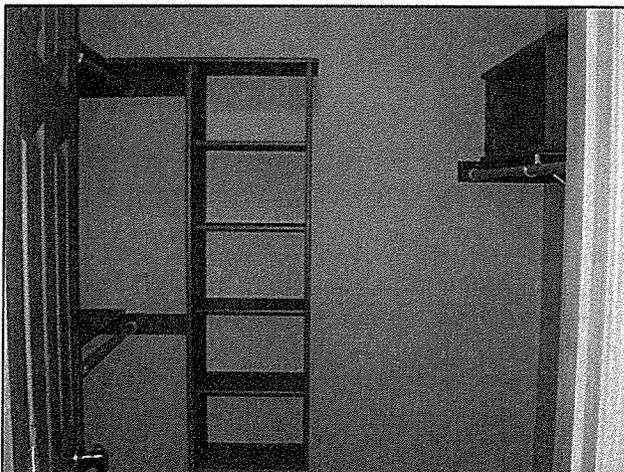
Typical bedroom (Phase 1)



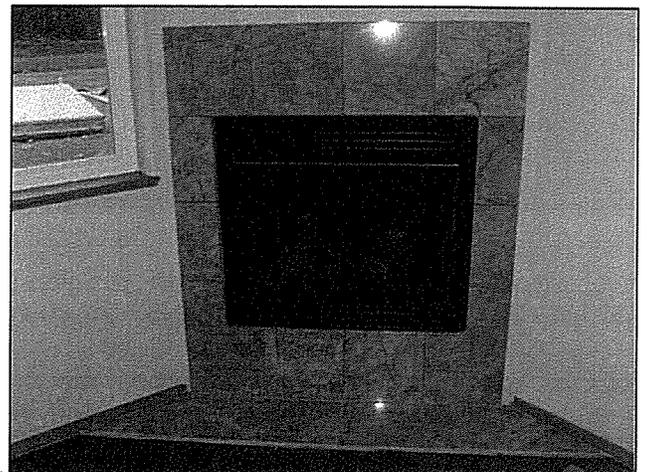
Typical bathroom (Phase 1)



Half bathroom (Phase 1)



Master bedroom closet (Phase 1)



Typical gas fireplace (Phase 1)

AHFC #275818 JYG Investment Group, LLC

Pro Forma

<u>Rental In.</u>	<u>From</u>		<u># of Units</u>		
	Bedrooms	Sq.Ft.	Units	Unit Rent	Gross Annual
market	2	1,164	6	\$1,345.00	\$ 96,840.00
market	3	1,336	8	\$1,450.00	\$ 139,200.00
market	3	1,448	4	\$1,520.00	\$ 72,960.00
market	4	1,519	6	\$1,695.00	\$ 122,040.00

Common Area	0				
Total Square Footage	32,578				
Total Rental Income			24		<u>\$ 431,040.00</u>
					<u>\$ 431,040.00</u>
Less Vacancy & Credit Loss			5.0%		<u>\$ 21,552.00</u>
Effective Gross Income					\$ 409,488.00
Total Adjusted Income					\$ 409,488.00

EXPENSES

Management/Admin	\$28,664	7.00%	%EGI	
Insurance	\$12,000	\$ 500.00	per unit	
Taxes	\$33,860			
Utilities	\$18,000	\$1	per square foot	
Maintenance & Repairs	\$16,289	3.97%	%EGI	
Replacement Reserves	<u>\$8,200</u>	\$ 341.67	per unit	
Total Expenses	\$117,013	\$4,875.54	per unit	
% of EGI	28.58%			
Net Operating Income	\$292,475			
Mortgage	\$205,494	\$3,016,000 @ 5.500% over 30 years		

DSCR 1.42

Net Cash Flow \$86,981

Income Decrease= 21.24%

Expense Increase= 74.33%

Vacancy Increase= 25.18%

## ALASKA HOUSING FINANCE CORPORATION BOARD CONSIDERATION MEMORANDUM

Date: February 24, 2016

Staff: John Anderson, Scott Waterman

Item: Final adoption of amendments to 15 AAC 150.035, Adoption of residential building code and amendments.

---

### **Background:**

AS 18.56.300 precludes AHFC from making or purchasing a housing loan for residential housing if the unit was built after June 30, 1992 and it does not meet certain construction standards. In order for AHFC to make or purchase a housing loan the unit must meet the following requirements:

1. It must be located in a municipality that has adopted and enforces construction codes and the unit must be in compliance with these codes. These codes, however, must meet or exceed the standards for housing set out in the state building code; and
2. If the unit is (i) in a municipality with codes that fail to meet the state building code, (ii) in a municipality that does not enforce construction codes, or (iii) outside a municipality, then the unit will qualify for an AHFC loan if it is in compliance with the state building code.

AS 18.56.300(e)(3) defines “state building code” As follows: “For building standards, it will be the standards set out in the Uniform Building Code that are adopted by the Department of Public Safety, under AS 18.70.050 [i.e. the State Fire Marshal’s Office], including the provisions of that code that are applicable to buildings used for residential purposes containing fewer than four dwelling units. . . .”

In 2000 the International Code Council split the Uniform Building Code into the International Building Code (IBC) and the International Residential Code (IRC). The state Fire Marshal’s Office is authorized to adopt regulations that apply to commercial, industrial or other public buildings and residential buildings that contain four or more dwelling units. The state Fire Marshal’s Office has elected to not adopt building code regulations that address residential buildings that contain fewer than four dwelling units.

### **Issue:**

In 2010 AHFC adopted the 2009 IRC to meet the above concerns. In 2013, AHFC adopted the 2012 International Energy Conservation Code (IECC) with amendments as the Building Energy Efficiency Standard (BEES), verified through the use of the PUR-101 form.

Chapter 11 in the 2012 IRC incorporates the 2012 IECC. Under the proposed revised regulation, AHFC would replace chapter 11 of the IRC with the 2012 Building Energy Efficiency Standard (BEES), with Alaska-specific amendments. This action provides clarity and cohesion between the minimum construction code and the minimum energy code.

Under the proposed Alaska specific amendments, certification of the mandatory measures of the 2012 BEES would be shared between ICC inspectors and AHFC authorized energy raters; certification of compliance with the 2012 BEES would be documented through submission by an official, passing BEES AkWarm Energy Rating and a completed form PUR-102

A public hearing was held on September 23, 2015 and a supplementary hearing on October 1, 2015. A few members of the public provided testimony and the transcripts from the hearings are attached (Appendix A).

Sign in sheets from the public hearings are attached (Appendix C).

Public meetings were held during September in Anchorage, Juneau, Fairbanks, and Palmer; the four meetings were attended by a total of twenty-two members of the industry. The meetings provided additional information and open discussion concerning the proposed changes.

Information received through public meetings, comment period, and public hearings did not result in findings contrary to the expected impact of the proposed revision of 15 AAC 150.035.

The items listed below provide documentation of the review, amendment, and functionality of the proposed administrative code revisions; the document title is followed by a summary of the document contents:

- 15 AAC 150.035 2012 IRC Adoption
  - This document contains the existing and the proposed revised language for 15 AAC 150.035 *Adoption of residential building code and amendments.*
- 2012 IRC Significant Changes
  - This document outlines the significant changes made from the 2009 to the 2012 edition of the International Residential Code.
- 2012 IRC Proposed Amendments
  - This document outlines the proposed Amendments to the 2012 International Residential Code. The document also contains a notes column describing the impetus for the amendment.
- Public Comments and Responses
  - This document contains the public comments, either written or from public hearing, and the Research and Rural Development Division's responses.
- Recorded document changes
  - These documents are the updated versions of the Form PUR-101 and PUR-102.

**Board Action Requested:**

Staff recommends the Board's adoption of the attached resolution amending the regulation.

**ALASKA HOUSING FINANCE CORPORATION**

**RESOLUTION 16-05**

**RESOLUTION ADOPTING AMENDMENTS TO THE MINIMUM CONSTRUCTION STANDARDS PER 15 AAC 150.035 FROM 2009 IRC TO THE 2012 IRC WITH ALASKA-SPECIFIC AMENDMENTS**

WHEREAS, on August 26, 2015 Staff presented to the Board of Directors a draft of the proposed amendments to 15 ACC 150.035;

WHEREAS, the Board of Directors authorized staff to conduct a public hearing for obtaining public comment on the proposed changes to the regulation and staff did conduct a public hearing on September 23, 2015, and October 1, 2015;

WHEREAS, public comments were solicited from September 1, 2015 through November 20, 2015; and

WHEREAS, staff presents to the Board of Directors the proposed regulations and Alaska specific amendments to the 2012 IRC;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Alaska Housing Finance Corporation as follows:

A. Staff did solicit public comment by public hearing on September 1, 2015 and October 1, 2015, on the adoption of changes to the regulation dealing with the Minimum Construction Standards per 15 AAC 150.035 from 2009 IRC to 2012 IRC with Alaska Specific Amendments;

B. Staff did solicit public comment in writing from September 1, 2015, through November 20, 2015, , and staff brings the 15 AAC 150.035 amendments to the Board of Directors in the form as modified through the public comment process;

C. Staff has recommended that the amendments to 15 AAC 150.035 apply to residential units whose construction begins on or after April 1, 2016, as determined by the date the foundation began installation

D. Pursuant to the provisions of AS 18.56.088, the AHFC Board of Directors shall adopt these amendments to 15 AAC 150.035 as prepared and attached in support of this resolution; and

E. This resolution shall take effect on or after April 1, 2016, as determined by the date the foundation began installation.

**DATED THIS 24<sup>th</sup> day of February, 2016.**

---

Brent LeValley  
Chairman

15 AAC 150.035 is amended to read:

**15 AAC 150.035. Adoption of residential building code and amendments.** The **2012** [2009] International Residential Code, with Alaska-specific amendments dated **February 24, 2016** [MARCH 9, 2011], which are adopted by reference, shall constitute the residential building code for buildings used for residential purposes containing **four or** fewer [THAN THREE] dwelling units. This residential building code is applicable to a residential unit that is not located within a municipality that has an approved municipal building code as described in 15 AAC 150.030. **The 2012 International Residential Code, with Alaska-specific amendments dated February 24, 2016, shall apply to residential units whose construction began on or after April 1, 2016, as determined by the date the foundation began installation.** (Eff. 3/9/2011, Register 204, am \_\_\_/\_\_\_/2016, Register \_\_\_\_\_)

**Authority:** AS 18.56.088 AS 18.56.300

**Editor's note:** Even though the adoption of 15 AAC 155.035 was effective 3/9/2011, it was not published until Register 204, January 2013.

2012 International Residential Code  
Proposed Alaska-specific Amendments

Designation	Title	Original 2012 IRC Text	Action	Alaska-Specific Amendment	Notes
R101.1	Title	These provisions shall be known as the Residential Code for one- and two-family dwellings of [NAME OF JURISDICTION], and shall be cited as such and will be referred to herein as "this code."	Replace Text.	This code shall be known as the 2012 International Residential Code (IRC) with Alaska-Specific Amendments and shall be cited as such. It is referred to herein as 'the code'.	Adapted from amendments to the 2009 IRC.
R101.2	Scope	The provisions of the International Residential Code for One-and Two-family Dwellings shall apply to the construction, alteration, movement, enlargement, removal and demolition of detached one- and two-family dwellings and townhouses not more than three stories above grade plane in height with a separate means of egress and their accessory structures. <b>Exceptions:</b> 1. Live/work units complying with the requirements of section 419 of the International Building Code shall be permitted to be built as one- and two-family dwellings or townhouses. Fire suppression required by Section 419.5 of the International Building Code when constructed under the International Residential Code for One- and Two-family Dwellings shall conform to Section P2904. 2. Owner-occupied lodging houses with five or fewer guestrooms shall be permitted to be constructed in accordance with the International Residential Code for One- and Two-family Dwellings when equipped with a fire sprinkler system in accordance with Section P2904.	Replace Text.	The 2012 IRC with Alaska-Specific Amendments shall be the referenced code for residential structures containing four or fewer dwellings and townhouses not more than three stories above grade plane in height and their accessory structures for the Alaska Housing Finance Corporation.	Adapted from amendments to the 2009 IRC.
R102.7	Existing Structures	The legal occupancy of any structure existing on the date of adoption of this code shall be permitted to continue without change, except as is specifically covered in this code, the International Property Maintenance Code or the International Fire Code, or as is deemed necessary by the building official for the general safety and welfare of the occupants and the public.	Delete.	[section deleted]	Adapted from amendments to the 2009 IRC; code is adopted for new construction only.
R102.7.1	Additions, Alterations and Repairs	Additions, alterations or repairs to any structure shall conform to the requirements for a new structure without requiring the existing structure to comply with all of the requirements of this code, unless otherwise stated. Additions, alterations or repairs shall not cause an existing structure to become unsafe or adversely affect the performance of the building.	Delete.	[section deleted]	Adapted from amendments to the 2009 IRC; code is adopted for new construction only.
Part 2	Administration and Enforcement		Delete.	[section deleted]	Adapted from amendments to the 2009 IRC; enforcement is per the ICC inspection process.
R302.2	Townhouses	Each townhouse shall be considered a separate building and shall be separated by fire-resistance-rated wall assemblies meeting the requirements of Section R302.1 for exterior walls. <b>Exception:</b> A common 1-hour fire-resistance-rated wall assembly tested in accordance with ASTM E 119 or UL 263 is permitted for townhouses if such walls do not contain plumbing or mechanical equipment, ducts or vents in the cavity of the common wall. The wall shall be rated for fire exposure from both sides and shall extend to and be tight against exterior walls and the underside of the roof sheathing. Electrical installations shall be installed in accordance with Chapters 34 through 43. Penetrations of electrical outlet boxes shall be in accordance with Section R302.4.	Add.	in the exception, add to the beginning of the paragraph: <i>If the building is not constructed utilizing a fire-suppression system, a common 2 hour fire-resistance-rated wall shall be used. If it is constructed with an approved fire-suppression system'</i>	Clarification resulting from modification of Section R313 Automatic Fire Sprinkler Systems; 2009 IRC was amended to remove requirement for sprinkler systems.
R303.3	Bathrooms	Bathrooms, water closet compartments and other similar rooms shall be provided with aggregate glazing area in windows of not less than 3 square feet (0.3 m <sup>2</sup> ), one-half of which must be operable. <b>Exception:</b> The glazed areas shall not be required where artificial light and a local exhaust system are provided. The minimum local exhaust rates shall be determined in accordance with Section M1507. Exhaust air from the space shall be exhausted directly to the outdoors.	Replace Text and delete the exception.	Modify this section to read: <i>Bathrooms, water closet compartments and other similar rooms shall be provided with exhaust ventilation in accordance with the requirements of ANSI/ASHRAE 62.2-2010 as amended in R403.5 of the 2012 Building Energy Efficiency Standard and per manufacturer requirements.</i> Delete the exception.	For code consistency, all ventilation shall be per the amended ANSI/ASHRAE 62.2-2010 to align with the 2012 Building Energy Efficiency Standard [BEES]; spot ventilation is required for all bathrooms, water closet compartments, and other similar rooms which contain one or more appliance in the bathroom family, regardless of the existence of an operable window.
R303.4	Mechanical Ventilation	Where the air infiltration rate of a dwelling unit is less than 5 air changes per hour when tested with a blower door at a pressure of 0.2 inch w.c. (50 PA) in accordance with Section N1102.4.1.2, the dwelling unit shall be provided with whole-house mechanical ventilation in accordance with Section M1507.3.	Modify.	Modify this section to read: <i>Whole-house and spot ventilation shall be installed per the requirements of ANSI/ASHRAE 62.2-2010 as amended in R403.5 of the 2012 Building Energy Efficiency Standard (chapter 11 of the code with Alaska-specific amendments).</i>	Ventilation shall be per the amended ANSI/ASHRAE 62.2-2010 to align with the 2012 Building Energy Efficiency Standard [BEES].
R303.5.1	Intake Openings	Mechanical and gravity outdoor air intake openings shall be located a minimum of 10 feet (3048 mm) from any hazardous or noxious contaminant, such as vents, chimneys, plumbing vents, streets, alleys, parking lots and loading docks, except as otherwise specified in this code. Where a source of contaminant is located within 10 feet (3048 mm) of an intake opening, such opening shall be located a minimum of 3 feet (94 mm) below the contaminant source. For the purpose of this section, the exhaust from dwelling unit toilet rooms, bathrooms and kitchens shall not be considered as hazardous or noxious.	Add additional separation requirement and replace the second paragraph to align with BEES.	Add to the last sentence of the first paragraph: <i>and 3 feet horizontally from the contaminant source.</i> Delete the second paragraph and replace it with: <i>All mechanical ventilation shall be in accordance with ANSI/ASHRAE 62.2-2010 as amended in R403.5 of the 2012 Building Energy Efficiency Standard (chapter 11 of the code with Alaska-specific Amendments)</i>	Protection from entrainment of exhaust air from a standard, downward facing hood. Replace the second paragraph to refer to ANSI/ASHRAE 62.2-2010 to align with the 2012 Building Energy Efficiency Standard [BEES].
R309.5	Fire sprinklers (garages and carports)	Private garages shall be protected by fire sprinklers where the garage wall has been designed based on Table R302.1(2). Footnote a. Sprinklers in garages shall be connected to an automatic sprinkler system that complies with Section P2904. Garage sprinklers shall be residential sprinklers or quick-response sprinklers, designed to provide a density of 0.05 gpm/ft <sup>2</sup> . Garage doors shall not be considered obstructions with respect to sprinkler placement.	Modify the First Sentence.	Modify the first two sentences to read: <i>Private garages shall be protected by fire sprinklers where required by the Department of Public Safety and/or where the garage wall has been designed based on Table R302.1(2) Footnote a.'</i>	Modify to include public safety requirements for sprinkler systems in 4-plex structures and to align with the modification of R313 Automatic Fire Sprinkler Systems.
R310.2.2	Window Well Drainage	Window wells shall be designed for proper drainage by connecting to the building's foundation drainage system required by Section R405.1 or by an approved alternative method. <b>Exception:</b> A drainage system for window wells is not required when the foundation is on well-drained soil or sand-gravel mixture soils according to the United Soil Classification System, Group 1 Soils, as detailed in Table R405.1.	Add text.	Add the following sentence prior to the exception: <i>Window wells shall be designed to minimize the potential of the well becoming filled with snow and/or standing water which impedes operation of the egress fenestration.</i>	Climate specific design consideration; a snow filled egress is no egress.
R313	Automatic Fire Sprinkler Systems	<b>R313.1 Townhouse automatic fire sprinkler systems.</b> An automatic residential fire sprinkler system shall be installed in townhouses. <b>Exception:</b> An automatic residential fire sprinkler system shall not be required when additions or alterations are made to existing townhouses that do not have an automatic residential fire sprinkler system installed. <b>R313.1.1 Design and installation.</b> Automatic residential fire sprinkler systems for townhouses shall be designed and installed in accordance with Section P2904. <b>R313.2 One- and two-family dwellings automatic fire systems.</b> An automatic residential fire sprinkler system shall be installed in one- and two-family dwellings. <b>Exception:</b> An automatic residential fire sprinkler system shall not be required for additions or alterations to existing buildings that are not already provided with an automatic residential sprinkler system. <b>R313.2.1 Design and installation.</b> Automatic residential fire sprinklers shall be designed and installed in accordance with Section P2904 or NFPA 13D.	Replace Text for R313.1 and R313.2; delete R313.1.1 and R313.2.1.	Replace this section with the following: <b>R313.1 Townhouse automatic fire sprinkler systems.</b> <i>If installed, automatic residential fire sprinkler systems for townhouses shall be designed and installed in accordance with Section P2904.</i> <b>R313.2 One- and two-family dwellings automatic fire sprinkler systems.</b> <i>If installed, automatic residential fire sprinkler systems for one- and two-family dwelling units shall be designed and installed in accordance with Section P2904 or NFPA 13D.</i>	Adapted from amendments to the 2009 IRC; sprinkler systems are not required, unless by the Department of Public Safety. If installed, sprinkler systems must meet the requirements of Section P2094 Dwelling Unit Fire Sprinkler Systems of the 2012 IRC. NFPA 13D Standard for the Installation of Sprinkler Systems in One- and Two-Family Dwelling and Manufactured Homes may be followed in place of Section P2904 for one- and two-family dwellings. The requirements of R313.1.1 and R313.2.1 remain intact but are moved to R313.1 and R313.2.

2012 International Residential Code  
Proposed Alaska-specific Amendments

Designation	Title	Original 2012 IRC Text	Action	Alaska-Specific Amendment	Notes																				
R317.1	Location Required	<p>Protection of wood and wood based products from decay shall be provided in the following locations by the use of naturally durable wood or wood that is preservative-treated in accordance with AWPA U1 for the species, product, preservative and end use. Preservatives shall be listed in Section 4 of AWPA U1.</p> <ol style="list-style-type: none"> <li>1. Wood joists or the bottom of a wood structural floor when closer than 18 inches (457 mm) or wood girders when closer than 12 inches (305 mm) to the exposed ground in crawl spaces or unexcavated area located within the periphery of the building foundation.</li> <li>2. All wood framing members that rest on concrete or masonry exterior foundation walls and are less than 8 inches (203 mm) from the exposed ground.</li> <li>3. Sills and sleepers on a concrete or masonry slab that is in direct contact with the ground unless separated from such slab by an impervious moisture barrier.</li> <li>4. The ends of wood girders entering exterior masonry or concrete walls having clearances of less than 1/2 inch (12.47 mm) on tops, sides, and ends.</li> <li>5. Wood siding, sheathing and wall framing on the exterior of a building having a clearance of less than 6 inches (152 mm) from the ground or less than 2 inches (51 mm) measured vertically from concrete steps, porch slabs, patio slabs, and similar horizontal surfaces exposed to the weather.</li> <li>6. Wood structural members supporting moisture-permeable floors or roofs that are exposed to the weather, such as concrete or masonry slabs, unless separated from such floors or roofs by an impervious moisture barrier.</li> <li>7. Wood furring strips or other wood framing members attached directly to the interior of exterior masonry walls or concrete walls below grade except where an approved vapor retarder is applied between the wall and the furring strips or framing members.</li> </ol>	Delete reference to 'naturally durable wood'.	delete 'naturally durable wood or' from the first sentence.	<p>Adapted from Anchorage Municipality Amendments to the 2009 IRC; protection of untreated wood components whose location increases the likely hood of contact with bulk moisture, represent a high likelihood of encountering water movement through capillary action (wicking), or are in contact with surfaces which are susceptible to condensation.</p> <p>2012 IRC Definitions: <b>Naturally Durable Wood.</b> The heartwood of the following species with the exception that an occasional piece with corner sapwood is permitted if 90 percent or more of the sidth of each side on which it occurs is heartwood.</p> <p><b>Decay resistant.</b> Redwood, cedar, black locust and black walnut. <b>Termite resistant.</b> Alaska yellow cedar, redwood, Eastern red cedar and Western red cedar including all sapwood of Western red cedar.</p>																				
R501.3	Fire protection of floors	<p>Floor assemblies, not required elsewhere in this code to be fire resistance rated, shall be provided with a 1/2-inch gypsum wallboard membrane, 5/8-inch wood structural panel membrane, or equivalent on the underside of the floor framing member.</p> <p><b>Exceptions:</b></p> <ol style="list-style-type: none"> <li>1. Floor assemblies located directly over a space protected by an automatic sprinkler system in accordance with Section P2904, NFPA13D, or equivalent sprinkler system.</li> <li>2. Floor assemblies located directly over a crawl space not intended for storage or fuel-fired appliances.</li> <li>3. Portions of floor assemblies can be unprotected when complying with the following: <ol style="list-style-type: none"> <li>3.1 The aggregate area of the unprotected portions shall not exceed 80 square feet per story</li> <li>3.2 Fire blocking in accordance with Section R302.11.1 shall be installed along the perimeter of the unprotected portion to separate the unprotected portion from the remainder of the floor assembly.</li> <li>4. Wood floor assemblies using dimension lumber or structural composite lumber equal to or greater than 2-inch by 10-inch nominal dimension, or other approved floor assemblies demonstrating equivalent fire performance.</li> </ol> </li> </ol>	Modify Exception 2.	Modify Exception 2 to read: <i>Floor assemblies located directly over a crawl space containing a direct-vent, sealed combustion appliance with forced draft exhaust; combustion air intake must terminate to the building exterior. Application of this exception requires installation of a smoke alarm in the crawl space in accordance with the requirements of Section R314 Smoke Alarms, with the exception of R314.3 Location, and a carbon monoxide alarm in accordance with the requirements of Section R315 Carbon Monoxide Alarms.</i>	Add exception for sealed combustion appliances located in the crawl, with direct ducted combustion air intake and a smoke alarm and a carbon monoxide alarm in the crawl space.																				
R703.2	Water-resistive barrier	One layer of No. 15 asphalt felt, free from holes and breaks, complying with ASTM D 226 for Type 1 felt or other approved water-resistive barrier shall be applied over studs or sheathing of all exterior walls. Such felt or material shall be applied horizontally, with the upper layer lapped over the lower layer not less than 2 inches (51 mm). Where joints occur, felt shall be lapped not less than 6 inches (152 mm), the felt or other approved material shall be continuous to the top of walls and terminated at penetrations and building appendages in a manner to meet the requirements of the exterior wall envelope as described in Section R703.1.	Add text.	Add 'When installed or required by the manufacturer' to the beginning of the sentence.	Adapted from Anchorage Municipality Amendments to the 2009 IRC; included to avoid restrictions on new exterior cover technologies.																				
R703.3.1	Panel Siding	Joints in wood, hardboard or wood structural panel siding shall be made as follows unless otherwise approved. Vertical joints in panel siding shall occur over framing members, unless wood or wood structural panel sheathing is used, and shall be ship lapped or covered with a batten. Horizontal joints in panel siding shall be lapped a minimum of 1 inch (25 mm) or shall be ship lapped or shall be flashed with Z-flashing and occur over solid blocking, wood or wood structural panel sheathing.	Add text to the end of the paragraph.	Add 'Exterior type plywood siding with a grooved pattern shall not be installed horizontally and used as the weather resistant siding' to the end of the paragraph.	Adapted from Anchorage Municipality Amendments to the 2009 IRC; included to avoid damage as a result of water collecting in horizontal groves without a drainage pathway.																				
R806.1	Ventilation required		Delete text from the first sentence and delete the exception.	Add the words 'When located outside of the building thermal envelope' to the beginning of the first sentence. Delete the exception: Attic ventilation shall not be required when determined not necessary by the code official due to atmospheric or climatic conditions.	Code consistency; all ventilation shall be per the amended ANSI/ASHRAE 62.2-2010 to align with the 2012 Building Energy Efficiency Standard (BEES). All ventilation shall terminate to the exterior of the structure, limiting exhaust from rising into attic spaces.																				
R806.5, 5.3	Invented attic and unvented enclosure rafter assemblies. Air-permeable insulation only.	Air-impermeable insulation and air-permeable insulation. The air-impermeable insulation shall be applied in direct contact with the underside of the structural roof sheathing as specified in Table R806.5 for condensation control. The air-permeable insulation shall be installed directly under the air-impermeable insulation.	Replace Table R806.5 Insulation for Condensation Control with Table R-806.5.	<table border="1"> <thead> <tr> <th colspan="2">Table R-806.5 Insulation for Condensation Control</th> </tr> <tr> <th>Air-Permeable Insulation R-value</th> <th>Minimum Air-Impermeable Insulation R-value<sup>a</sup></th> </tr> </thead> <tbody> <tr> <td>R-15</td> <td>R-30</td> </tr> <tr> <td>R-19</td> <td>R-38</td> </tr> <tr> <td>R-21</td> <td>R-42</td> </tr> <tr> <td>R-25</td> <td>R-50</td> </tr> <tr> <td>R-30</td> <td>R-60</td> </tr> <tr> <td>R-38</td> <td>R-78</td> </tr> <tr> <td>R-N</td> <td>2*(R-N)<sup>b</sup></td> </tr> <tr> <td><sup>a</sup>Installed on the warm-in-winter side</td> <td><sup>b</sup>Installed on the cold-in-winter side</td> </tr> </tbody> </table> <p><sup>a</sup>. Contributes to but does not supersede the requirements in Section N1102. <sup>b</sup>. Air-impermeable Insulation R-Value shall equal, at minimum, twice the R-value of the Air-Permeable Insulation.</p>	Table R-806.5 Insulation for Condensation Control		Air-Permeable Insulation R-value	Minimum Air-Impermeable Insulation R-value <sup>a</sup>	R-15	R-30	R-19	R-38	R-21	R-42	R-25	R-50	R-30	R-60	R-38	R-78	R-N	2*(R-N) <sup>b</sup>	<sup>a</sup> Installed on the warm-in-winter side	<sup>b</sup> Installed on the cold-in-winter side	Inclusion of the 'one-third two-thirds rule' in attic systems containing both air-permeable and air-impermeable insulations.
Table R-806.5 Insulation for Condensation Control																									
Air-Permeable Insulation R-value	Minimum Air-Impermeable Insulation R-value <sup>a</sup>																								
R-15	R-30																								
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2012 International Residential Code  
Proposed Alaska-specific Amendments

Designation	Title	Original 2012 IRC Text	Action	Alaska-Specific Amendment	Notes
R807.1	Attic Access	Buildings with combustible ceiling or roof construction shall have an attic access opening to attic areas that exceed 30 square feet (2.8m <sup>2</sup> ) and have a vertical height of 30 inches (762 mm) or greater. The vertical height shall be measured from the top of the ceiling framing members to the underside of the roof framing members. The rough-framed opening shall not be less than 22 inches by 30 inches (559 mm by 762 mm) and shall be located in a hallway or other readily accessible location. When located in a wall, the opening shall be a minimum of 22 inches wide by 30 inches high (559 mm wide by 762 mm high). When the access is located in a ceiling, minimum unobstructed headroom in the attic space shall be 30 inches (762 mm) at some point above the access measured vertically from the bottom of ceiling framing members. See Section M1305.1.3 for access requirements where mechanical equipment is located in attics.	Add text to the end of the paragraph.	Add to the end of the paragraph: <i>Attic access shall not be located in a room containing one or more fixtures in the Bathroom Group. Access may be located in closets with minimum depth of 23 inches and minimum width of 48 inches.</i>	Decrease potential for moisture entering attics from a bathroom or similar type room; allowance for accesses in closets to allow currently used practice. Note: attic accesses are not common in Fairbanks; this would be a change for most building practices if not deleted by the specific jurisdiction.
Chapter 11	Energy Efficiency		Replace Chapter with the current version of the 2012 Building Energy Efficiency Standard.	<i>The 2012 Building Energy Efficiency Standard (BEES), being comprised of the 2012 IECC with Alaska-Specific Amendments, is the AHFC energy standard for all residential construction projects for compliance under 15 AAC 150.040, per 15 AAC 155.010.</i>	State-Code consistency; Chapter 11 of the 2012 IRC will be replaced with the previously adopted 2012 Building Energy Efficiency Standard [BEES] to align the code with 15 AAC 155.010 Adoption of energy standard and amendments.
Chapter 12	Mechanical Administration		Delete Chapter	[chapter deleted]	Adapted from amendments to the 2009 IRC; Mechanical Administration is currently under the jurisdiction of the Department of Public Safety (per AS 18.70.080); applies to residential four-plex and larger under the Uniform Mechanical Code). As AHFC is not a code administrator, the mechanical requirements of the 2012 IRC apply to one-, two-, and three-family dwellings, but are administered through the International Code Council inspection process.
M1301.2	Identification	Each length of pipe and tubing and each pipe fitting utilized in a mechanical system shall bear the identification of the manufacturer.	Add the word 'uncut'.	<i>Each length of uncut pipe and tubing and each pipe fitting utilized in a mechanical system shall bear the identification of the manufacturer.</i>	adding the word 'uncut' allows small pieces of copper to be used without needing to cut the pipe so that all of the information is included.
M1501.1	Outdoor Discharge, Exception	<b>Exception:</b> Whole-house ventilation-type attic fans that discharge into the attic space of dwelling units having private attics shall be permitted.	Delete the exception.	[exception deleted]	Remove allowance for whole-house ventilation systems to discharge into an attic space for consistency with the requirements of ANSI/ASHRAE 62.2-2010 and amended and adopted in conjunction with the 2012 Building Energy Efficiency Standard [BEES].
M1502.4.2	Duct Installation	Exhaust ducts shall be supported at intervals not to exceed 12 feet (3658 mm) and shall be secured in place. The insert end of the duct shall extend into the adjoining duct or fitting in the direction of the airflow. Exhaust duct joints shall be sealed in accordance with Section M1601.4.1 and shall be mechanically fastened. Ducts shall not be joined with screws or similar fasteners that protrude more than 1/8 inch (3.2 mm) into the inside of the duct.	Modify for consistency.	<i>In the first sentence, replace '12' with '10' to conform with section R1604.1.3 Support. Remove 'and shall be mechanically fastened' from the end of the third sentence and replace it with: 'except where in conflict with the requirements of M1502. Replace the last sentence with the following: 'Dryer exhaust ducts shall not be joined with screws or similar fasteners that protrude into the duct.'</i>	Remove requirement for mechanical connection of dryer venting to avoid fire hazards caused by lint accumulation. Change 12' to 10' to align with the duct requirements of Section R1604.1.3.
M1506.2	Exhaust openings	Air exhaust openings shall terminate not less than 3 feet (914mm) from property lines; 3 feet (914mm) from operable and non operable openings into the building and 10 feet (3048mm) from mechanical air intakes except where the opening is located 3 feet (914 mm) above the air intake. Openings shall comply with Sections R303.5.2 and R303.6.	Add requirement and exceptions.	<i>Add to the end of the first sentence: and 3 feet (914 mm) horizontally from the air intake. Add the exception: Exhaust and intake openings that are part of a system engineered to prevent entrainment of exhaust air are exempt; the exemption applies only to the exhaust and intake that is part of the engineered system only, adjacent exhaust and inlet openings are not exempt. Add the exception: A ventilation system's supply and exhaust vents on the exterior of a building may be separated less than 10 feet as long as they are separated a minimum of 6 feet horizontally.</i>	Protection from entrainment of exhaust air from a standard, downward facing hood. Name engineered terminations in the exemption. Add the last exception to conform with the amended ANSI/ASHRAE62.2-2010 adopted in conjunction with the 2012 Building Energy Efficiency Standard [BEES].
Section M1507	Mechanical Ventilation	M1507.1-M1507.4	Replace sections.	<i>Mechanical Ventilation shall be installed per the requirements of ANSI/ASHRAE 62.2-2010 as amended in R403.5 of the 2012 Building Energy Efficiency Standard and per manufacturer requirements.</i>	For code consistency with the requirements of ANSI/ASHRAE 62.2-2010 as amended and adopted in conjunction with the 2012 Building Energy Efficiency Standard [BEES].
M1602.1	Return Air	Return air shall be taken from inside the dwelling. Dilution of return air with outdoor air shall be permitted.	Add to the end of the sentence.	<i>Add to the end of the second sentence: only if an exhaust fan is installed with automated control such that a positive pressure is not exerted on the structure while the furnace supply air handler is operating. Supply only systems and/or systems designed to induce a positive pressure inside the dwelling with reference to the outdoors are not permitted in Alaska.</i>	Supply only ventilation is not allowed in Alaska; scuttle air intakes are clarified to be a supply ventilation system. This addition requires that homes with scuttle air intakes are designed to avoid positive pressurization of the home through interconnection with an appropriately sized exhaust fan.
M1602.2.1	Prohibited sources	Closer than 10 feet (3048 mm) to an appliance vent outlet, a vent opening from a plumbing drainage system or the discharge outlet of an exhaust fan, unless the outlet is 3feet (914 mm) above the outside air inlet.	Add to the end of the sentence.	<i>Add to the end of the sentence: and at least 3' horizontally from the air intake.</i>	Protection from entrainment of exhaust air from a standard, downward facing hood.
M2301, M2302	Thermal and Photovoltaic Solar Energy Systems		Replace sections.	<i>Per AS 18.60.705 (a)(3); the 1997 edition of the Uniform Solar Energy Code published by the International Association of Plumbing and Mechanical Officials and adopted at the 67th annual conference, September 1996, excluding pages 1-7 of Part I, Administration.</i>	Per AS 18.60.705 (a)(3).
G2412.9	Identification	Each length of pipe and tubing and each pipe fitting, utilized in a fuel gas system, shall bear the identification of the manufacturer.	Add the word 'uncut'.	<i>Each uncut length of pipe and tubing and each pipe fitting, utilized in a fuel gas system, shall bear the identification of the manufacturer.</i>	adding the word 'uncut' allows small pieces of copper to be used without needing to cut the pipe so that all of the information is included.
Chapter 25	Plumbing Administration		Delete	[chapter deleted]	<b>Per AS 18.60.705 (sub sections removed for space):</b> (a) Except as provided otherwise in this section, and unless the department adopts by regulation a later edition of the following publications or a later version of another nationally recognized code approved by the legislature by law, the following publications are adopted as the minimum plumbing code for the state: (1) paragraphs 101.3 - 101.5.6, 103.5.1.1 - 103.5.1.4, 103.5.3.5, 103.5.4.2, 103.5.5.1 - 103.5.5.2, 103.5.6.1 - 103.5.6.3, and 103.8 - 103.8.2 of chapter 1, chapters 2 - 14, and the appendices A through I of the 1997 edition of the Uniform Plumbing Code published by the International Association of Plumbing and Mechanical Officials and adopted at the 67th annual conference, September 1996, excluding Table 4.1 - 4.3, "Minimum Plumbing Facilities"; and adding Appendix Chapter 29, Table A - 29 - A, "Minimum Plumbing Fixtures," of the 1997 edition of the Uniform Building Code published in April 1997 by the International Council of Building Officials, except that for the category identified in Table A - 29 - A as "Assembly places-Auditoriums, convention halls, dance floors, lodge rooms, stadiums and casinos," when the category is applied to auditoriums, convention halls, stadiums, and casinos, the ratios (2) the 1997 edition of the Uniform Swimming Pool, Spa, and Hot Tub Code published by the International Association of Plumbing and Mechanical Officials and adopted at the 67th annual conference, September 1996, excluding pages 1 - 8 of Part I, Administration; and (3) the 1997 edition of the Uniform Solar Energy Code published by the International Association of Plumbing and Mechanical Officials and adopted at the 67th annual conference, September 1996, excluding pages 1 - 7 of Part I, Administration. (b) Notwithstanding (a) of this section, the use of a pipe or pipe fitting containing more than 8.0 percent lead, or of solder or flux containing more than 0.2 percent lead in the installation or repair of a public water system or in the installation or repair of plumbing of a residential or nonresidential facility that provides water for human consumption is prohibited. This subsection does not apply to the use of leaded joints necessary to repair cast iron pipe.
Chapter 26	General Plumbing Requirements		Delete	[chapter deleted]	Per AS 18.60.705
Chapter 27	Plumbing fixtures		Delete	[chapter deleted]	Per AS 18.60.705
Chapter 28	Water Heaters		Delete	[chapter deleted]	Per AS 18.60.705
Chapter 29	Water Supply and Distribution		Delete	[chapter deleted]	Per AS 18.60.705
Chapter 30	Sanitary Drainage		Delete	[chapter deleted]	Per AS 18.60.705
Chapter 31	Vents		Delete	[chapter deleted]	Per AS 18.60.705
Chapter 32	Traps		Delete	[chapter deleted]	Per AS 18.60.705
Chapter 33	Storm Drainage		Delete	[chapter deleted]	Per AS 18.60.705

2012 International Residential Code  
Proposed Alaska-specific Amendments

Designation	Title	Original 2012 IRC Text	Action	Alaska-Specific Amendment	Notes
Chapter 34	General Requirements		Delete	[chapter deleted]	Per AS 18.60.580: 'After the American National Standards Institute approves a new, published edition of the National Electrical Code or a new, published edition of the National Electrical Safety Code, the Department of Labor and Workforce Development may, by regulation, adopt the most recent codes to constitute the minimum electrical safety standards of the state.'
Chapter 35	Electrical Definitions		Delete	[chapter deleted]	Per AS 18.60.580
Chapter 36	Services		Delete	[chapter deleted]	Per AS 18.60.580
Chapter 37	Branch Circuit and Feeder Requirements		Delete	[chapter deleted]	Per AS 18.60.580
Chapter 38	Wiring Methods		Delete	[chapter deleted]	Per AS 18.60.580
Chapter 39	Power and Lighting Distribution		Delete	[chapter deleted]	Per AS 18.60.580
Chapter 40	Devices and Luminaries		Delete	[chapter deleted]	Per AS 18.60.580
Chapter 41	Appliance Installation		Delete	[chapter deleted]	Per AS 18.60.580
Chapter 42	Swimming Pools		Delete	[chapter deleted]	Per AS 18.60.580
Chapter 43	Class 2 Remote-Control Signaling and Power-Limited Circuits		Delete	[chapter deleted]	Per AS 18.60.580

# Home Energy Rating Certificate



The Building Located At:

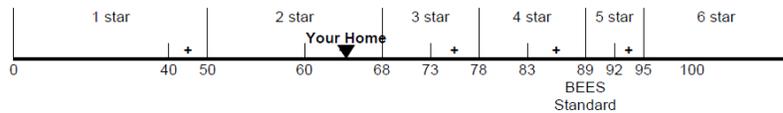
1000 Nowhere Drive  
Anchorage, AK 99517

Has Been Energy-Rated As:

★ ★ ★ ★ ★ ★  
Six Star

## Home Energy Rating Score

97.3 points



## Breakdown of Heating Costs, \$ Per Year



## Amount of CO2 Produced by the Home

27.723 pounds per year

## Projected Annual Energy Costs

\$5,076 per year

**Owner of Record (as listed on the Title):** Little Johnny

**Date Construction Began:** 2/3/2015

## Legal Description:

**Certifying BEES:** 2012

Lot 1 Blk 2 Echo Lk Woods Ph 1

**Energy Rating Date:** 1/2/2016

Plat #2012-85

**Profile ID:** 4723-4

Palmer Recording District

**File:** Sample01.hm2

**Energy Rater:** Supreme Rater

**AkWarm Version:** 2.3.3.1

**AHFC Rater Number:** 59

**Library:** 2/4/2015

I certify that this Energy Rating is true and correct, to the best of my knowledge and belief, and the structure located on the above described property complies with the all the requirements of the building energy efficiency standards as required by Section .04 Part A. of the AHFC New Construction Inspection Guidelines, per the standards adopted by 15 AAC 155.010.

Energy Rater Signature

Date

Return to: \_\_\_\_\_

PUR-101

\_\_\_\_\_

3/1/2016

\_\_\_\_\_



## SUMMARY OF BUILDING INSPECTIONS Site-Built Residential Construction

Owner of Record: \_\_\_\_\_

Owner of Record is:  Owner-Builder  Licensed Residential Contractor

Legal Description: \_\_\_\_\_  
(Include Recording District)

Site Address: \_\_\_\_\_

This certification is issued pursuant to the requirements of AS 18.56.300 and Alaska Housing Finance Corporation (AHFC) regulations 15 AAC 150.030. Use of alternate methods, such as videos, must have prior written approval of AHFC.

By my signature below, I certify I have the current, applicable certifications of authority. I am not personally or financially related to the builder, seller, buyer, real estate agent, or other interested party for this project, other than as a fee inspector. I certify by my signature that all inspections have been completed pursuant to the requirements of 15 AAC 150.035, including Section .04 Part B. of the AHFC New Construction Inspections Guidelines, per the standards adopted by 15 AAC 155.010

### 1. Plan Approval

	<u>Printed Name</u>	<u>Signature</u>	<u>License No.*</u>	<u>Date</u>
--	---------------------	------------------	---------------------	-------------

\_\_\_\_\_

### 2. Completion of Footings & Foundation

	<u>Printed Name</u>	<u>Signature</u>	<u>License No.*</u>	<u>Date</u>
--	---------------------	------------------	---------------------	-------------

Footings \_\_\_\_\_

Foundation \_\_\_\_\_

### 3. Completion Of Framing, Electrical, Plumbing & Mechanical

	<u>Printed Name</u>	<u>Signature</u>	<u>License No.*</u>	<u>Date</u>
--	---------------------	------------------	---------------------	-------------

Framing \_\_\_\_\_

Electrical \_\_\_\_\_

Plumbing \_\_\_\_\_

Mechanical \_\_\_\_\_

Recorder: Index by Legal, Owner and Builder

Return to: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Form PUR-102  
Page 1 of 3  
04/15

Legal Description: \_\_\_\_\_

**4. Completion of Installation of Insulation & Vapor Barrier**

<u>Printed Name</u>	<u>Signature</u>	<u>License No.*</u>	<u>Date</u>
_____	_____	_____	_____

**5. Conditional Approval**

Items to be completed: \_\_\_\_\_  
\_\_\_\_\_ To Be Completed By: \_\_\_\_\_

<u>Printed Name</u>	<u>Signature</u>	<u>License No.*</u>	<u>Date</u>
_____	_____	_____	_____

**6. Final Approval**

<u>Printed Name</u>	<u>Signature</u>	<u>License No.*</u>	<u>Date</u>
_____	_____	_____	_____

\* License No. is the inspector's Registration # under AS 08.18 and 12 AAC 22

**CONTRACTOR'S CERTIFICATION**

Under penalty of perjury, by my signature below, I certify that the required inspections have been completed and the building meets or exceeds standards set forth under AS 18.56.300 and 15 AAC 150.030. I also certify that any/all engineered components are currently listed with the International Code Council (ICC) and to my knowledge there has been no action to rescind ICC approval. I further certify that the information below is true and correct.

Builder's Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Builder's Name: \_\_\_\_\_ License No.: \_\_\_\_\_  
(if applicable)

Residential Endorsement No.: \_\_\_\_\_ Dated: \_\_\_\_\_

Business Name: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ ZIP Code: \_\_\_\_\_

Before me, a Notary Public in and for the State of Alaska, \_\_\_\_\_  
has executed the foregoing document of his/her own free will.

\_\_\_\_\_  
Notary Signature

My Commission Expires: \_\_\_\_\_

Recorder: Index by Legal, Owner and Builder

Legal Description: \_\_\_\_\_

**OWNER-BUILDER'S CERTIFICATION**

Under penalty of perjury, by my signature below, I certify that the required inspections have been completed and to the best of my knowledge the building meets or exceeds standards set forth under AS 18.56.300 and 15 AAC 150.030. I further certify that I qualify as an owner-builder under AS 08.18.161(12), for I have not built a single family building, duplex, triplex, fourplex or commercial building within the prior two years.

Owner's Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Owner-Builder's Name: \_\_\_\_\_

Business Name: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ ZIP Code: \_\_\_\_\_

Before me, a Notary Public in and for the State of Alaska, \_\_\_\_\_  
has executed the foregoing document of his/her own free will.

\_\_\_\_\_  
Notary Signature

My Commission Expires: \_\_\_\_\_

ALASKA HOUSING FINANCE CORPORATION

RESOLUTION NO. 15-25

RESOLUTION AUTHORIZING A PUBLIC  
COMMENT PERIOD AND PUBLIC HEARING  
TO CONSIDER CHANGES TO 15 AAC  
150.035.

WHEREAS, on March 9, 2011, AHFC adopted the 2009 Residential Building Code and Amendments;

WHEREAS, the provisions of AS 18.56.088 mandate that public hearings must be conducted prior to amendment of regulations;

WHEREAS, A public comment period will be held in September 2015 for review and comment on the proposed regulation changes; and

WHEREAS, staff presents to the Board of Directors a draft of the proposed regulation and amendments;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Alaska Housing Finance Corporation as follows:

A. Staff is directed to hold a public comment period and public hearing pursuant to the provisions of AS.18.56.088 for consideration of amendments to 15 AAC 150.035 as prepared and attached in support of this resolution; and

B. This resolution shall take effect immediately.

DATED THIS 26<sup>th</sup> day of August, 2015

  
\_\_\_\_\_  
Frank Roppel  
Chair

## AHFC Board of Directors:

On August 26, 2015, Resolution No. 15-25 authorized a Public Comment Period and Public Hearing to consider changes to 15 AAC 150.035 Adoption of residential building code and amendments.

The proposed changes would update 15 AAC 150.035 to cite the 2012 International Residential Code with Alaska-specific Amendments as the minimum building code for residential buildings containing four or fewer dwelling units; currently, the code cites the 2009 International Residential Code with Alaska-specific Amendments and applies only to one- and two-family dwellings. The Department of Public Safety preserves jurisdiction over dwellings with four or more units, however, their enforcement is limited and does not encompass constructability beyond life safety items; this, coupled with lending requirements which apply to structures containing four or fewer dwellings, allows the amendment of 15 AAC 150.035 to provide consistency and clarity to the certification process required for AHFC to purchase a loan.

The Research and Rural Development Division recommends that the amendment of 15 AAC 150.035 also include an effective date, thereby providing municipalities whose certificate of occupancy is currently accepted in place of the form PUR-102 sufficient time to review, amend, and adopt a code that is equal-to or greater-than the AHFC minimum code and allow the continued acceptance of their certificate of occupancy. This will allow the certification process to continue as it is currently administrated, without imposing a need for an interim process. It will also allow AHFC to assist municipalities in their review and adoption process, and allow the industry to prepare and position their business to experience a smooth transition.

A Public Comment Period was opened from September 1 through September 30, 2015, with a Public Hearing held on September 23, 2015.

During the Public Hearing and initial Public Comment Period, a number of participants requested an extension to the Public Comment Period, stating that the length of time afforded for public comment was insufficient to allow industry the opportunity to review and comment on the proposed changes to the minimum construction standards.

In response to requests for additional time for further review, the Public Comment Period was extended for an additional 51 days, through 5 p.m. November 20, 2015, and a supplementary hearing was held on October 1, 2015.

During the extension, three comments were received; one concerning the continued acceptance of municipal certificates of occupancy while local codes are adapted and adopted, one requesting that AHFC consider moving to a 6-year review cycle (as opposed to the current practice of a 3-year cycle), and one comment that was a resubmission of a comment previously received on September 21, 2015 with additional signatures. During the extended Public Comment Period, no additional comments concerning adoption of the 2012 International Residential Code, proposed Alaska-specific Amendments, or applicability of the code were received.

The following pages contain the comments received during the initial and supplemental Public Comment Periods, followed by responses from AHFC's Research and Rural Development Division.

Thank you for the opportunity to provide these comments and responses regarding the consideration of changes to 15 AAC 150.035 Adoption of residential building code and amendments.

Thank you,

John Anderson  
Director, Research and Rural Development Division

## Public Comment #1

Carol Perkins

It is hard to comment on something as vague as

"will be updated to the 2012 version, with Alaska-specific amendments"

and

"The documentation process for certifying compliance with minimum construction standards will be slightly altered through this process. Mandatory Measures of the Building Energy Efficiency Standard (BEES) which fall outside of Energy Rating testing requirements will be included in the appropriate construction inspection and documented through completion of the form PUR-102; this change in inspection responsibility will allow the Home Energy Rating Certificate to take the place of the form PUR-101, certifying compliance with the performance measures of the BEES."

Is there any documents detailing the Alaska-specific amendments? And is there a copy of the proposed new PUR 102?

Carol Perkins  
Active Inspections & Energy Ratings, Llc  
907-376-0402  
[www.activeinspections.net](http://www.activeinspections.net)

## Response to Public Comment #1

Proposed Alaska-Specific Amendments to the 2012 IRC are available on the AHFC website at: <https://www.ahfc.us/pros/notices/requests-comment/> through the '2012 IRC Draft Amendments' link under the 'Attachments' section. Copies of the documents located on the AHFC website were also provided at the public comment hearings and during information sessions held in Anchorage, Juneau, and Palmer during the public comment period.

The changes to the form PUR-102 are functional by nature; changes are proposed to the certifying code upon which the form PUR-102 is based. Physical changes to the form PUR-102 include the addition of text to the Inspectors certifying statement citing that inspection were completed per the requirements of AS 18.56.300, 15 AAC150.030, 15 AAC155.010, 15 AAC 155.035, and the AHFC Minimum Construction Inspection Guidelines.

Information specific to the party (Energy Rater or ICC Inspector) responsible for individual Mandatory Measures of the Building Energy Efficiency Standard will be provided in an updated version of AHFC's Minimum Construction Inspection Guidelines.

## Public Comment #2

Carol Perkins  
David Meneses  
Troy Bloxom  
Bob Milby

**Corey Rossi**  
**Thomas Ledford**

I am glad Alaska Housing Finance Corporation has decided to be involved in code enforcement. It gives us a platform to rest our enforcement.

These are my concerns with the amendments:

Part 1 – **Administration** No concerns

Part 2 **Administration and Enforcement** No concerns

R302.2 – **Townhouse** No concerns

R302.2.5 - **Common wall insulation.** (townhouses) This new section requires fire blocking at the ceiling and insulation above the blocking to match the attic insulation. However, R302.2.1 requires the common wall to go the underside of the roof sheathing. Putting anything other than fiber glass batts could be difficult. A 2 hour wall could be as narrow as 8” with staggered 2x4’s and double layer of 5/8 rock on both sides. Does a R-30 batt on edge meet the R42 minimum? I suggest fire blocking and insulation the same as the exterior wall.

R302.3.2 - **Common wall insulation** (duplex) Per R302.3 exception 2 - most duplexes are constructed with 5/8 drywall on the ceiling and a draft stop in the attic. Very few have a framed wall going to the underside of the roof sheathing again the difficulties of matching the attic insulation would be the same as the for the townhouses.

R303.3 - **Bathrooms** Would delete the requirement for a window in the bathroom and the exception allowing the use of a light and exhaust fan in place of the window. Why not just say ‘windows may not be used as a source of ventilation.’

R303.4 - **Mechanical Ventilation** Remove the reference to Chapter 11 as it is to be deleted

R313 - **Automatic Fire Sprinkler Systems** No concerns

R317.1-**Location required.** Why remove “naturally durable wood”. Is there a history of cedars, redwood, black locus, and black walnut failing from decay or dry rot in Alaska? Does this affect the energy rating of a house?

R703.2 – **Water-resistive barrier** This appears to give permission to not install a ‘house wrap’ if the contractor does not wish o install or does not read the siding manufactures installation guidelines. However the ‘exception’ refers to table R703.4 which pretty much says everything requires some kind or water resistive barrier.

R 703.3.1 **Panel siding** - No concerns

R806.1- **Ventilation required** No concerns R806.5 **Unvented attic and unvented enclosed rafter assemblies.** specifies how one may be installed.

R807.1 - **Attic Access** - By allowing the access to be installed in a 23 inch closet defeats the first line of the paragraph “. . . . hallway or other readily accessible location.” This access is there for the fireman, the inspector, and the energy rater. A 23 inch closet will have clothing and shelving, some of which will not be movable. Better to say ‘not in a room where a source of water vapor may accumulate i.e. bathrooms, spa rooms and similar areas. Access may not be installed where shelving or a permanent storage system could be installed.’

Chapter 11 - **Energy Efficiency** – No Concerns

Chapter 12 - **Mechanical Administration** No concerns

M1301.2 – **Identification** Why delete this section? It allows inspectors present and future to identify the maker of the product and from that determine if it is installed correctly.

M1501.1 – **Outdoor Discharge** No concerns

M1502.4.2 - **Duct Installation** (dryers) No Concerns

M1507 - **Mechanical Ventilation** I believe this is saying delete this section entirely and add the wording, “Mechanical ventilation shall be installed per the requirements of ASHRAE 62.2 as amended in . . . . 2012 BEES.” Remove the reference Chapter 11 as it is to be deleted

M1901.3 - **Prohibited Location.** This change would allow very large and energy intensive commercial ranges to be installed. Can such a range have an anti tip installed or does it need one? There are commercial style ranges rated for residential installation.

G2412.9 - **Identification.** Why delete this section? It allows inspectors present and future to identify the maker of the product and from that determine if it is installed correctly.

Chapter 25 – **Plumbing Administration.** Should delete Chapters 25 thru 33 as we use the Uniform Plumbing Code not the International Plumbing Code.

Carol J. Perkins  
AK HIN #26  
ICC #-856446.R5  
FHA # E444  
VA # 1009

## Response to Public Comment #2

**R302.2.5 Common Wall Insulation;** Proposed Alaska-specific Amendment has been removed.

**R302.3.2 Common Wall Insulation;** Proposed Alaska-specific Amendment has been removed.

**R303.3 Bathrooms;** modify this section to read: *“Bathrooms, water closet compartments and other similar rooms shall be provided with exhaust ventilation in accordance with the requirements of ANSI/ASHRAE 62.2-2010 as amended in R403.5 of the 2012 Building Energy Efficiency Standard (chapter 11 of the code with Alaska-specific amendments.”* Delete the exception. ASHRAE 62.2-2010 – Section 6.6 Ventilation Opening Area – Other Requirements, as amended by Alaska-specific Amendments to include, after the last sentence: *“Ventilation air through an exterior door or operable window shall not be considered as part of a mechanical ventilation system design and shall not be included in a calculation showing compliance with the required minimum ventilation rate.”* See Chapter 11 amendment response.

**R303.4 - Mechanical Ventilation;** See Chapter 11 amendment response.

**R317.1-Location required;** Amendments to the minimum construction standards for homes participating in AHFC programs and financing is not limited to Energy Efficiency measures, amendments are also included to support AHFC’s mission to provide Alaskans access to safe, quality, affordable housing.

**R703.2 – Water-resistive barrier;** this Amendment is intended to require a water-resistive barrier with products that require such an installation, while allowing new materials and techniques to be applied; local jurisdictions may choose to adopt a more-restrictive code requiring a water-resistive barrier regardless of manufacturer requirements. AHFC interprets the Amendment of R703.2 to supersede the water-resistive barrier requirements of Table R703.4.

**R807.1 - Attic Access;** modify the first sentence of the amendment to read as follows: *‘Attic access shall not be located in a room containing one or more fixtures in the Bathroom Group.’* Attic access installation in a closet is a common practice. ‘Readily accessible’ is determined by the inspector based on the ICC definition; Accessible, Readily: Signifies access without the necessity for removing a panel or similar obstruction. This code is intended to provide compliance based on the home’s condition at the time of completion, not based on potential modification made by the homeowner following completion.

**Chapter 11 – Energy Efficiency;** *‘The 2012 Building Energy Efficiency Standard (BEES), being comprised of the 2012 IECC with Alaska-Specific Amendments, is the AHFC energy standard for all residential construction projects for compliance under 15 AAC 150.040, per 15 AAC 155.010.’* Chapter 11 is proposed to be replaced with the 2012 Building Energy Efficiency Standard to align code and provide consistency between energy efficiency and minimum construction requirements.

**M1301.2 – Identification;** Modify this amendment to read as follows: *‘Each length of uncut pipe and tubing, and each pipe fitting utilized in a mechanical system shall bear the identification of the manufacturer.’* Requiring that each length of pipe and tubing utilized in a mechanical system bear the identification of the manufacturer will increase waste and reduce the ability of HVAC contractors to install systems which are custom-fit to the homes layout and available space. Requiring that all *uncut* lengths of pipe and tubing, and each pipe fitting bear the identification of the manufacturer meets the intent of this section without limiting the installer to pipe and tubing lengths sufficient to bear the required manufacturer identification.

**M1507 - Mechanical Ventilation;** See Chapter 11 amendment response.

**M1901.3 - Prohibited Location;** Proposed Alaska-specific Amendment has been removed.

**G2412.9 – Identification;** Modify this amendment to read as follows: *‘Each length of uncut pipe and tubing, and each pipe fitting utilized in a mechanical system shall bear the identification of the manufacturer.’* Requiring that each length of pipe and tubing utilized in a mechanical system bear the identification of the manufacturer will increase waste and reduce the ability of HVAC contractors to install systems which are custom-fit to the homes layout and available space. Requiring that all *uncut* lengths of pipe and tubing, and each pipe fitting bear the identification of the manufacturer meets the intent of this section without limiting the installer to pipe and tubing lengths sufficient to bear the required manufacturer identification.

**Chapter 25 – Plumbing Administration;** Modify this amendment to include chapters 25 thru 33.

### **Public Comment #3**

**Terry Duszynski**

"The documentation process for certifying compliance with minimum construction standards will be slightly altered through this process. Mandatory Measures of the Building Energy Efficiency Standard (BEES) which fall outside of Energy Rating testing requirements will be included in the appropriate construction inspection and documented through completion of the form PUR-102; this change in inspection responsibility will allow the Home Energy Rating Certificate to take the place of the form PUR-101, certifying compliance with the performance measures of the BEES."

If the Rating Certificate takes the place of the PUR101 it appears that only energy raters will be able to certify compliance with BEES.

If using mandatory measures path, only the ICC Inspector will be able to certify compliance with BEES. He or she will still need an energy rater as the new BEES requires a blower door test if using mandatory measures.

### **Response to Public Comment #3**

BEES Compliance will be certified through the completion of the following: 1) form PUR-102 or Certificate of Occupancy (conditional CO if modifications do not affect Energy Efficiency) from an approved municipality and 2) a BEES Energy Rating meeting the minimum score, air leakage, ventilation flows, heating system sizing, verification of tight-fitting flue dampers and outdoor combustion air for fireplaces, verification of window ratings for non-site built windows, and combustion safety requirements of BEES. As responsibility for certification of the Mandatory Measures of BEES is split between the ICC inspector and the Energy Rater, BEES Compliance is documented through the combination of a completed Form PUR-102 and a Passing, BEES AkWarm Energy Rating.

### **Public Comment #4**

**Andre Spinelli**

Clai/John,

It is my understanding that if AHFC adopts 2012 IRC ahead of MOA it will no longer accept MOA CO's and require separate inspection and PUR 102. This will increase the cost of a new home in the

Anchorage building service area using AHFC financing by \$1500. Not to mention most builders will start spec homes without the inspections and then buyers will not have the option to use AHFC.

Is there any chance that AHFC could approve but delay implementation to be simultaneous with MOA? Or is there any other way to avoid having Anchorage homes require 2 sets of inspections to utilize AHFC financing?

Thanks  
Andre

#### Response to Public Comment #4

Amendment of 15 AAC 150.035 will include an effective date; municipalities with a certificate of occupancy which is currently accepted in place of the form PUR-102 will retain their ability to certify in this manner until such time that the effective date has been reached and the municipality has been informed by AHFC that the locally adopted minimum construction code does not meet the requirements necessary for continued acceptance of a certificate of occupancy in place of the Form PUR-102.

#### Public Comment #5 Debbie White

I am writing to you to express my concern and dismay with the proposed changes to 15.ACC.150.035. While some regulations are necessary, others can cause regulatory burdens on individuals, business, and local governments. The proposed modifications to this statute are a prime example!

As a real estate broker, I've come to appreciate the AHFC and all it's done for our industry. You provide cost effective housing throughout the state, and your loan programs help fuel our state government. As an Alaskan, I've truly appreciated the contributions by AHFC to Alaskans.

Unfortunately, I do not believe these changes to 15.ACC.150.035 have been well thought out.

AHFC provides affordable financing on homes throughout Alaska. These regulations will make it impossible for AHFC to help finance ANY home outside of Fairbanks, Juneau and the "Rail Belt".

The only borough in Southeast Alaska to utilize the PUR101 and PUR102 is Juneau. The need for a PUR102 outside of Juneau would cost thousands of dollars for each and every home as those boroughs currently use a certificate of occupancy - if they even require it at all!

Will AHFC rename itself to the **Anchorage Housing Finance Corporation?**

I am particularly concerned that you seem to be modeled after something in Washington State. Not only is Alaska 9 times the size of the state of Washington, most of our state does not have road access. Many communities are less than 500 people, completely isolated. None of the organized boroughs are prepared to take on the additional regulatory burden these changes would impose. More importantly, the areas that are not part of an organized borough are regulated entirely by the state of Alaska and the state legislature serves as their borough assembly. Are YOU prepared to step up and provide these

services? As Alaska steps off into the unknown territory of financial decline, is this really your intent?

Debbie White, Broker/Owner

### Response to Public Comment #5

The form PUR-101 and PUR-102 (or a certificate of occupancy from an approved municipality) is required for all homes participating in AHFC new construction programs and financing; the proposed change to the minimum construction codes does not alter this requirement.

AHFC has no intention of changing the name of the corporation.

The provided documentation from Washington State is a comprehensive comparison between the 2009 IRC and the 2012 IRC and was provided to show the differences between the two versions of the IRC. AHFC has also completed an internal review of the significant changes.

Currently, a certificate of occupancy is accepted from 14 Municipalities in place of the form PUR-102. Completion of the form PUR-102 requires a certified inspector per AS 18.56.300; there is no regulatory burden imposed upon the local borough to meet this requirement as it is the responsibility of the owner and/or builder to have the dwelling inspected for the purposes of completing the form PUR-102. Through use of the established framework of ICC inspector certification and inspection processes, the services required to complete the inspection requirements are available to those who wish to participate in AHFC programs and financing.

AHFC believes that code alignment and enforcement is an important facet of both consumer protection and the ability of AHFC to provide Alaskans access to safe, quality, affordable housing.

### Public Comment #6

#### Margaret Nelson – Via Public Hearing Transcripts

Hi, good afternoon. Thank you for the opportunity. My name is Margaret Nelson. I'm with the Alaska Real Estate Alliance, a local small brokerage and I'm an Alaska real estate licensee. My comments today will be very brief.

I am very concerned that any implementation of new regulations will severely inhibit Alaska Housing from continuing to do home loans. At this time in our economy we need to make sure that we retain Alaska Housing's ability to do as many home loans under all of its programs that it currently undertakes.

I would like to see that the Municipality explore this option of updating the codes first before Alaska Housing moves forward on (indiscernible - voice lowers). I could answer any question.

### Response to Public Comment #6

Thank you for your comments; it is the goal of AHFC to maintain a balance in providing Alaskans access to safe, quality, affordable housing while providing financing options to assist in acquiring such housing. We understand that code changes may lead some homes to be financed through other lenders; if alternate financing packages are better aligned to meet the perspective client's needs, AHFC understands the utilization of those avenues.

## Public Comment #7

### David Owens – Via Public Hearing Transcripts

Thanks, Mike. Today I'm here in two parts, Mat-Su Home Builders -- I would testify -- start with that part.

My name is David Owens -- who is the president of the Mat -- would support adoption of the 2012 IRC -- real busy season, kind of, thinking take some time make sure we have amendments right.

There is one example sheetrock Chapter -- if you put a warm air furnace in the crawl direct -- question you'll have to -- bottom of the joist. It's things like that -- changes in the code that -- so they want to make sure -- carefully considered -- so with that they would support it provided, hopefully, we could -- over the winter get the amendment right -- very busy season -- a lot of participation from -- (poor audible recording, used Court Reporters notes)

... Inspection Services, Palmer. I feel pretty much the same -- I can support this amendment right-- quite a few questions -- the part about taking the-- family code -- and expanding it -- four-plexes --family and it fits, like when we have a property line and you're building on property -- so it just depends on the situation -- there's a place in the IBC --there's time where you need the building code, but it looks to me like we're trying to go the other way --bring a commercial code down to -- so I'd like you to take a careful look at that.

Family builders -- higher costs what we're trying to do here -- of course that would -- I think we should take our time -- not opposed to adopting --the 2012 -- two years ago here we are still on the --I'd like to see them go first -- as guidelines -- if they're on the 2009 code I could see some possible conflict trying to -- so I'm not opposed to it. I'm not 100 percent -- to the inspectors -- my business, inspection business -- I'd like some clarity on what's expected -- the inspectors out -- pretty much concludes my -- thank you. (Poor audible recording, microphone malfunction, used Court Reporters notes)

## Response to Public Comment #7

AHFC welcomes input from the Industry concerning the 2012 IRC and proposed Alaska-specific amendments; the public comment period has been extended through 5pm, November 20, 2015 to allow additional time for review and submission.

Regarding R501.3, modify exception 2 to read: *Floor assemblies located directly over a crawl space containing a direct-vent, sealed combustion appliance with forced draft exhaust; combustion air intake must terminate the building exterior. Application of this exception requires installation of a smoke alarm in the crawl space in accordance with the requirements of Section R314 Smoke Alarms, with the exception of R314.3 Location, and a carbon monoxide alarm in accordance with the requirements of Section R315 Carbon Monoxide Alarms.*

AHFC is working with the Department of Public Safety to ensure that the current requirements for 4-plexes are not lost in the process of updating the current minimum construction code. Additionally, public comment has been extended to allow additional review by both AHFC and the Industry; AHFC encourages the submission of additional comment regarding the application of the 2012 IRC to four-dwelling structures under 3 stories in height.

Under the proposed change, ICC inspectors would be responsible for certifying compliance with the following mandatory measures of the Building Energy Efficiency Standard (BEES):

R402.4 Building Thermal Envelope; with the exception of R402.4.1.2, R402.4.2, and R402.4.3.  
R403.1 Controls  
R403.1.2 Heat Pump Supplementary Heat  
R403.2.2 Sealing  
R403.2.3 Building Cavities  
R403.3 Mechanical System Piping Insulation  
R403.4.1 Circulating Hot Water Systems  
R403.5 Mechanical Ventilation; with the exception of flow rate measurement & verification  
R403.7 Systems Serving Multiple Dwelling Units; with the exception of system sizing  
R403.8 Snow Melt System Controls  
R403.9 Pools and in Ground Permanently Installed Spas  
R403.9.1 Heaters  
R403.9.2 Time Switches  
R403.9.3 Covers  
R404.1.1 Lighting Equipment

#### **Public Comment #8**

##### **Chuck Homan - via Public Hearing Transcripts**

This is Chuck Homan (ph) of the Alaska State Home Building Association, president.

Are you hearing me okay?

Okay.

Dave Owen's testimony I just heard bits and piece of it. Anyways, yeah, with the – my testimony, I guess, focus on the short time frame here on the public hearing process, you know, that we basically just given the month of September which is a very busy month for builders and the industry, in addition to being Labor Day weekend and hunting season and many people in our industry participate in the moose and caribou hunts that occur during the month of September and also, you know, bird hunting.

And, you know, there's really been insufficient time to really go through the code and analyze it and review it properly from our industry and from that standpoint, so I would, you know, kind of request that we allow another 60 day extension that would allow our association to have our builders meet face to face and really sit down and discuss the impacts of the code and really review it.

And that there are items in there that, you know, I think some of our members do want to address, but with the short time frame here it really hasn't allowed us that opportunity. Thank you.

#### **Response to Public Comment #8**

Public comment was extended to 5pm, November 20, 2015; AHFC urged the building community to review the proposed change and provide comments regarding proposed Amendments and application of the 2012 IRC to residential structures under 3 stories in height containing 4 or fewer dwellings.

## Public Comment #9

### Debbie White – via Public Hearing Transcripts

This is Debbie White (ph). I'm the broker at Prudential Southeast Alaska Real Estate down in Juneau. I did submit some written comments, but I'd like to reiterate that the requirement for financing to have the PUR-101 and 102 is going to create a regulatory burden upon the smaller municipalities.

So unless this is going to become the Anchorage Housing Finance Corporation, than you're basically making it impossible as a real estate broker for me to sell homes in the outlying areas that don't have that home inspection process prior to occupancy.

I'd also like to remind you that in the – and this is what I learned at a mat- -- Alaska Municipal League because I'm also elected to the City and Borough General Assembly, for those areas of the State of Alaska that are not part of an organized borough, the Alaska State Legislature serves as their Assembly.

So unless the State of Alaska is prepared to take on the requirements for the Certificate of Occupancy forms, you're basically writing off the rest of the State of Alaska and I think you need to think hard about that.

And I also agree with the previous speaker about the fact that this is happening at the -- towards the end of the building season when the builders are all rushing to get projects done. The ones that are done, are out hunting and it just seems like somebody is trying to slide some things through here and I really don't think you've thought out all the repercussions of this regulation. Thank you.

### Response to Public Comment #9

The form PUR-101 is currently required for *all* homes participating in AHFC new construction rebate and financing programs. The form PUR-102 is currently required for *all* homes participating in AHFC new construction rebate and financing programs, *unless* the municipality has instituted a minimum construction code that has been deemed equal-to or better-than the AHFC minimum standard; in these cases, the municipality's Certificate of Occupancy is accepted in place of the form PUR-102.

AHFC has no intention of changing the name of the corporation.

The proposed change does not alter the current requirement for certification of compliance with the Building Energy Efficiency Standard and the AHFC Minimum Construction Standards.

The form PUR-102 is currently in place and is required for all homes that do not receive a Certificate of Occupancy from an approved Municipality; this form and the associated inspection process provides the process for certifying compliance with the minimum construction standard, and serves that purpose for homes located in municipalities whose local code is determined to not meet or exceed the AHFC minimum construction standard.

Public comment was extended to 5pm, November 20, 2015 to allow for additional review and comment.

#### **Public Comment #10**

##### **Nigel Morton – via Public Hearing Transcripts**

Yeah, this is Nigel, construction loan officer Nigel Morton with Denali State Bank. And I just wanted to -- the two before me, kind of, said everything and I'd just like to agree with them. We'd like more time. And I don't really think this is fair to, kind of, the rest of Alaska.

It's not going to be beneficial to the customers. Charging them two fees is just going to make it, you know, terrible. It's going to set our customers back and I think we should do what's best for them. Thank you.

#### **Response to Public Comment #10**

Public comment was extended to 5pm, November 20, 2015 to allow for additional review and comment.

Certification of compliance with the Minimum Construction Standards through completion of the form PUR-102 is currently required for homes that are not located in a municipality with an approved Certificate of Occupancy. Municipalities with a currently approved Certificate of Occupancy will be afforded sufficient time to review, amend, and approve a local code which is equal-to or better-than the required minimum standard; this will be established through issuance of an effective date for such municipalities.

#### **Public Comment #11**

##### **Debbie White – via Public Hearing Transcripts**

Yeah, this is Debbie White, again. I got to thinking about one other thing and that was that there weren't any other people from the real estate industry that were calling you today. And that might be because the State convention is going on which would be another good reason to extend the comment period. I think, you know, you, kind of, just hit us during our busiest time of the year.

And for the licensees that -- licensees that don't do a lot of out of town work, they don't understand the repercussions this is going to have for those properties that are outside of the Railbelt and, you know, Juneau because Fairbanks, Anchorage, Juneau aren't going to be as heavily affected as the rest of Alaska.

So, anyway, that's just the other point I wanted to add before I hung up. I need to, kind of, get on with my day 'cause it is still a busy time of the year for us. I wish you guys luck. Thanks.

#### **Response to Public Comment #11**

Public comment was extended to 5pm, November 20, 2015 to allow for additional review and comment.

Currently, all homes participating in AHFC new construction rebate and financing programs must certify compliance with the Building Energy Efficiency Standard and the Minimum Construction Standards; this proposal seeks to update to the 2012 version of the International Residential Code upon which the Minimum Construction Standards is based.

## Public Comment #12

### John Carmon – via Public Hearing Transcripts

John Carmon, Homestate Mortgage. I would like to comment did not adopt building standards waiver in Anchorage time to adopt it seems to me wait till Anchorage does adopt if they don't cause us problems what we have as a standard left such a mess some properties approved push the city into adopting I understand energy savings are important but I think addition gains 2009 to 2012 is minimal doesn't fully adopt worth the effort so that the end of my comment.

## Response to Public Comment #12

The proposed change does not include modification of the mandatory requirements of the Building Energy Efficiency Standard. While the 2012 International Residential Code may provide operational energy savings over the 2009 version, it is not the impetus for the proposed adoption of the code.

## Public Comment #13

### Michael G. Medford

Re: Proposed amendments to the Minimum Construction Standards from 2009 IRC to 2012 IRC  
To Whom It May Concern:

Thank you for the opportunity to comment on the proposed amendments to name the 2012 International Residential Code as the minimum construction standard for one to four family residential dwellings.

First Bank is not opposed to the adoption of the newer building codes in a general sense. However, we respectfully request that such an adoption does not adversely affect or increase the overall cost of construction in the Southeast Alaska Region, already a very high cost area for construction and housing in general.

More specifically, we would ask for consideration that Alaska Housing Finance Corporation work directly with municipalities so they have time to get the 2012 IRC adopted if they are inclined to do so. If this proposed amendment is adopted prior to any municipality adoption, then newly constructed homes will be required to meet the mandatory inspections in accordance with AS 18.56.300 in addition to municipal certificates of occupancy to be eligible for financing through Alaska Housing. This will increase costs by thousands of dollars! Many contractors and new home homebuyers will likely look to alternative investors that have less restrictive requirements. That does not make it right, but it is a probable outcome.

As an alternative, we suggest some transitional plan to mitigate the financial burden. In our market, at present, we have four municipalities that have the ability to issue a certificate of occupancy in lieu of the home having to be documented with a PUR 102 to evidence that mandatory inspection requirements have been met. Presently, only the City of Ketchikan has adopted the 2012 IRC. The City and Borough of Sitka, the City of Petersburg, and the City and Borough of Juneau are on the 2009 IRC. We implore you to work with those municipalities for a smooth transition in the adoption of 2012 IRC PRIOR to making any amendments final. This will allow builders and homeowners to adapt and save the citizens of Alaska

from an unnecessary increase in housing costs and allow them to obtain beneficial financing through Alaska Housing Finance Corporation programs.

Sincerely,

[Signature]

Michael G. Medford  
Chief Mortgage Officer

### **Response to Public Comment #13**

For municipalities who are currently approved for a certificate of occupancy to take the place of the form PUR-102, an effective date will be established to allow for the review, amendment, and adoption of the 2012 IRC with Alaska-specific amendments to avoid the need for duplicative inspections.

### **Public Comment #14**

**Jess Hall**

AHFC  
Mike Buller  
PO Box 101020  
Anchorage, AK 99510

Dear Mike,

I would like to urge Alaska Housing to adopt a six-year building code cycle. In my 41 years in the construction industry I have seen minimal changes every three years. Also, the cost of reviewing the code and purchasing new manuals would be a good cost savings.

Sincerely,

[Signature]

Jess Hall

### **Response to Public Comment #14**

Thank you for your comments. AHFC will review the code review and adoption process with respect to the effect of adopting a six year review cycle.

### **Public Comment #15**

**Richard Carr**

I would like to state my objection to the one part of the purposed code that requires GWB to be placed on the underside of the floor joist at the crawl space area. I believe this is un-needed and would create

an atmosphere by which mold may grow in some crawlspaces. Thank you for being able to send in my objection.

Richard Carr

#### **Response to Public Comment #15**

Thank you for your comment; modify Exception 2 of R501.3 to read: *Floor assemblies located directly over a crawl space containing a direct-vent, sealed combustion appliance with forced draft exhaust; combustion air intake must terminate to the building exterior. Application of this exception requires installation of a smoke alarm in the crawl space in accordance with the requirements of Sections R314, with the exception of R314.3 Location.*

Installation of a heating system with a sealed combustion chamber, from combustion air intake through to exhaust vent termination, along with the installation of a smoke alarm in the crawl space, provides additional fire protection in line with the interpreted intent of this requirement; modification of exception 2 provides an alternative compliance method where combustion appliances are located in the crawl space.



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**ALASKA HOUSING FINANCE CORPORATION  
PUBLIC HEARING**

**ADOPTION OF CHANGES TO REGULATIONS DEALING WITH THE MINIMUM  
CONSTRUCTION STANDARDS PER 15 AAC 150.035 FROM 2009 IRC  
TO THE 2012 IRC WITH ALASKA SPECIFIC AMENDMENTS**

September 23, 2015 and  
October 1, 2015  
4300 BONIFACE PARKWAY  
ANCHORAGE, ALASKA

**PUBLIC HEARING 09/23/15 and 10/01/15**



P R O C E E D I N G S

(On record - 1:08 p.m.)

1  
2  
3 SPENCER: Okay. Alaska Housing Finance Corporation would  
4 like to accept public comments on the proposed  
5 amendments to the MINIMUM CONSTRUCTION STANDARDS PER  
6 15 AAC 150.035 FROM 2009 IRC TO THE 2012 IRC WITH  
7 ALASKA SPECIFIC AMENDMENT.

8 The proposed changes will update the minimum  
9 residential building codes for low rise, residential  
10 structures containing four or fewer dwellings.

11 The currently adopted 2009 International Resident  
12 Code with Alaska Specific Amendments dated March 9,  
13 2011 will be updated to the 2012 revision with Alaska  
14 Specific Amendments depending on the outcome of the  
15 public comments.

16 Four-plex structures will continue to require plan  
17 review through the Department of Public Safety to  
18 ensure compliance with applicable safety codes, as  
19 well as compliance with the mandatory measures for  
20 the Building Energy Efficiency Standards which are  
21 not included in the AHFC Home Energy Rating Score.

22 This change is intended to align construction  
23 codes under the uniform family of ICC codes, align  
24 building codes applicability with lending  
25 requirements and clearly defines inspection



1 responsibilities while providing Alaskans access to  
2 safe, quality, affordable housing.

3 The documentation process for certifying  
4 compliance with minimum construction standards will  
5 be slightly altered through this process. Mandatory  
6 measures of the Building Energy Efficiency Standard  
7 will fall outside of energy rating testing  
8 requirements, will be included in the appropriate  
9 construction inspections and documented through  
10 completion of the Form PUR-102.

11 This change in inspection responsibility will  
12 allow home energy rating certificates to take the  
13 place of the Form PUR-102 certifying compliance with  
14 performance measures of the BEES.

15 As AHFC Staff we are not here to influence ones  
16 testimony or to enter into dialogue regarding the  
17 proposed revisions. We will document any questions  
18 and will provide a prompt response in writing.

19 All testimonies will be compiled (ph) and  
20 organized by AHFC Staff and forwarded to our Chief  
21 Executive Officer for presentation and recommendation  
22 to the AHFC Board of Directors. The AHFC Board of  
23 Directors will take the final action on this matter  
24 following the compilation of all relative testimony  
25 and material.

1 The written comment period will remain open until  
2 5:00 p.m. on September 30th, 2015.

3 For those wishing to participate in the comment  
4 hearing, please make sure you sign in on the sheet in  
5 the back of the room.

6 For those wishing to participate by  
7 teleconference, please state your full name and spell  
8 it for the record.

9 NELSON: Hi, good afternoon. Thank you for the  
10 opportunity. My name is Margaret Nelson. I'm with  
11 the Alaska Real Estate Alliance, a local small  
12 brokage and I'm an Alaska real estate licensee. My  
13 comments today will be very brief.

14 I am very concerned that any implementation of new  
15 regulations will severely inhabit Alaska Housing from  
16 continuing to do home loans. At this time in our  
17 economy we need to make sure that we retain Alaska  
18 Housing's ability to do as many home loans under all  
19 of its programs that it currently undertakes.

20 I would like to see that the Municipality explore  
21 this option of updating the codes first before Alaska  
22 Housing moves forward on (indiscernible - voice  
23 lowers). I could answer any question.

24 SPENCER: Thank you.

25 NELSON: Thank you.



1 SPENCER: Any other comments? At this time we'll go off  
2 record. If other people come in we will open up the  
3 record again. We'll also have a secondary hearing  
4 where we'll be able to have people participate via  
5 the teleconference.

6 (Off record - 1:15 p.m.)

7 (Adjourned - 2:00 p.m.)

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**PUBLIC HEARING 09/23/15 and 10/01/15**



P R O C E E D I N G S

(On record - 1:00 p.m.)

1  
2  
3 SPENCER: Okay. We'll go on record. Alaska Housing Finance  
4 Corporation would like to accept public comments on  
5 the proposed amendments to the MINIMUM CONSTRUCTION  
6 STANDARDS PER 15 AAC 150.035 FROM 2009 IRC TO THE  
7 2012 IRC WITH ALASKA SPECIFIC AMENDMENTS.

8 The proposed changes will update the minimum  
9 residential building codes for low rise, residential  
10 structures containing four or fewer dwellings.

11 The currently adopted 2009 International  
12 Residential Code with Alaska Specific Amendments  
13 dated March 9th, 2011 will be updated to the 2012  
14 revision with Alaska Specific Amendments depending on  
15 the outcome of the public comment.

16 Four-plex structures will continue to require plan  
17 review through the Department of Public Safety to  
18 ensure compliance with applicable safety codes, as  
19 well as compliance with the mandatory measures of the  
20 Building Energy Efficiency Standards which are not in  
21 the AHFC Home Energy Rating Score.

22 This change is intended to align construction  
23 codes under uniform family of ICC codes 2012 version,  
24 align building codes applicability with lending  
25 requirements and clearly defines inspection

responsibilities while providing Alaskans access to safe, quality, affordable housing.

The documentation process for certifying compliance with minimum construction standards will be slightly altered through this process. Mandatory measures of the Building Energy Efficiency Standard, BEES, which fall outside of energy rating testing requirements, will be included in the appropriate construction inspection and documented through completion of the Form PUR-102.

This change in inspection responsibilities will allow the home energy rating certificate to take the place of PUR-102 certifying compliance with the performance measure of the BEES.

As AHFC Staff we are not here to influence ones testimony or to enter into a dialogue regarding the proposed revisions. We will document any questions and will provide a prompt response in writing.

All testimonies will be compiled and organized by AHFC Staff and forwarded to our Chief Executive Officer for presentation and recommendation to the AHFC Board of Directors. The AHFC Board of Directors will take final action on this matter following the compilation of all the relative testimonies and material.

1 The written comment period will remain open until  
2 5:00 p.m. today, October 1st, 2015.

3 For those wishing to participate in this comment  
4 hearing, please make sure you sign in on the sheet in  
5 the back of the room.

6 For those wishing to participate by  
7 teleconference, please state your full name and spell  
8 it for the record.

9 OWENS: Thanks, Mike. Today I'm here in two parts, Mat-Su  
10 Home Builders -- I would testify -- start with that  
11 part.

12 My name is David Owens -- who is the president of  
13 the Mat -- would support adoption of the 2012 IRC --  
14 real busy season, kind of, thinking take some time  
15 make sure we have amendments right.

16 There is one example sheetrock Chapter -- if you  
17 put a warm air furnace in the crawl direct --  
18 question you'll have to -- bottom of the joist. It's  
19 things like that -- changes in the code that -- so  
20 they want to make sure -- carefully considered -- so  
21 with that they would support it provided, hopefully,  
22 we could -- over the winter get the amendment right -  
23 - very busy season -- a lot of participation from --  
24 (poor audible recording, used Court Reporters notes).

25 OWEN: .....Inspection Services, Palmer. I feel pretty

1 much the same -- I can support this amendment right  
2 -- quite a few questions -- the part about taking the  
3 -- family code -- and expanding it -- four-plexes --  
4 family and it fits, like when we have a property line  
5 and you're building on property -- so it just depends  
6 on the situation -- there's a place in the IBC --  
7 there's time where you need the building code, but it  
8 looks to me like we're trying to go the other way --  
9 bring a commercial code down to -- so I'd like you to  
10 take a careful look at that.

11 Family builders -- higher costs what we're trying  
12 to do here -- of course that would -- I think we  
13 should take our time -- not opposed to adopting --  
14 the 2012 -- two years ago here we are still on the --  
15 I'd like to see them go first -- as guidelines -- if  
16 they're on the 2009 code I could see some possible  
17 conflict trying to -- so I'm not opposed to it. I'm  
18 not 100 percent -- to the inspectors -- my business,  
19 inspection business -- I'd like some clarity on  
20 what's expected -- the inspectors out -- pretty much  
21 concludes my -- thank you. (Poor audible recording,  
22 microphone malfunction, used Court Reporters notes).

23 SPENCER: Thank you. Is there anybody on line that wishes  
24 to make a comment?

25 HOLMAN: Yes.

1 WHITE: Yes (ph) .

2 HOLMAN: I'm sorry. This is Chuck Holman (ph) of the  
3 Alaska State Home Building Association, president.  
4 Are you hearing me okay?

5 SPENCER: Yes, we can.

6 HOLMAN: Okay. Dave Owen's testimony I just heard bits and  
7 piece of it. Anyways, yeah, with the -- my  
8 testimony, I guess, focus on the short time frame  
9 here on the public hearing process, you know, that we  
10 basically just given the month of September which is  
11 a very busy month for builders and the industry, in  
12 addition to being Labor Day weekend and hunting  
13 season and many people in our industry participate in  
14 the moose and caribou hunts that occur during the  
15 month of September and also, you know, bird hunting.

16 And, you know, there's really been insufficient  
17 time to really go through the code and analyze it and  
18 review it properly from our industry and from that  
19 standpoint, so I would, you know, kind of request  
20 that we allow another 60 day extension that would  
21 allow our association to have our builders meet face  
22 to face and really sit down and discuss the impacts  
23 of the code and really review it.

24 And that there are items in there that, you know,  
25 I think some of our members do want to address, but

1 with the short time frame here it really hasn't  
2 allowed us that opportunity. Thank you.

3 SPENCER: Thank you. Anybody else on line?

4 WHITE: Yes, I'm on line.

5 SPENCER: Do you have a comment.

6 WHITE: I do. This is Debbie White (ph). I'm the broker  
7 at Prudential Southeast Alaska Real Estate down in  
8 Juneau. I did submit some written comments, but I'd  
9 like to reiterate that the requirement for financing  
10 to have the PUR-101 and 102 is going to create a  
11 regulatory burden upon the smaller municipalities.

12 So unless this is going to become the Anchorage  
13 Housing Finance Corporation, than you're basically  
14 making it impossible as a real estate broker for me  
15 to sell homes in the outlying areas that don't have  
16 that home inspection process prior to occupancy.

17 I'd also like to remind you that in the -- and  
18 this is what I learned at a mat- -- Alaska Municipal  
19 League because I'm also elected to the City and  
20 Borough General Assembly, for those areas of the  
21 State of Alaska that are not part of an organized  
22 borough, the Alaska State Legislature serves as their  
23 Assembly.

24 So unless the State of Alaska is prepared to take  
25 on the requirements for the Certificate of Occupancy

1 forms, you're basically writing off the rest of the  
2 State of Alaska and I think you need to think hard  
3 about that.

4 And I also agree with the previous speaker about  
5 the fact that this is happening at the -- towards the  
6 end of the building season when the builders are all  
7 rushing to get projects done. The ones that are  
8 done, are out hunting and it just seems like somebody  
9 is trying to slide some things through here and I  
10 really don't think you've thought out all the  
11 repercussions of this regulation. Thank you.

12 SPENCER: Thank you. Any other comments?

13 MORTON: Yeah, this is Nigel, construction loan officer  
14 Nigel Morton with Denali State Bank. And I just  
15 wanted to -- the two before me, kind of, said  
16 everything and I'd just like to agree with them.  
17 We'd like more time. And I don't really think this  
18 is fair to, kind of, the rest of Alaska.

19 It's not going to be beneficial to the customers.  
20 Charging them two fees is just going to make it, you  
21 know, terrible. It's going to set our customers back  
22 and I think we should do what's best for them. Thank  
23 you.

24 SPENCER: Thank you. Any other comment? We'll go off  
25 record.

1 (Off record - 1:13 p.m.)

2 (On record - 1:18 p.m.)

3 SPENCER: Is there anyone online that wishes to make a  
4 statement?

5 (Off record - 1:18 p.m.)

6 (On record - 1:20 p.m.)

7 SPENCER: On record again. Go ahead.

8 WHITE: Yeah, this is Debbie White, again. I got to  
9 thinking about one other thing and that was that  
10 there weren't any other people from the real estate  
11 industry that were calling you today. And that might  
12 be because the State convention is going on which  
13 would be another good reason to extend the comment  
14 period. I think, you know, you, kind of, just hit us  
15 during our busiest time of the year.

16 And for the licensees that -- licensees that don't  
17 do a lot of out of town work, they don't understand  
18 the repercussions this is going to have for those  
19 properties that are outside of the Railbelt and, you  
20 know, Juneau because Fairbanks, Anchorage, Juneau  
21 aren't going to be as heavily affected as the rest of  
22 Alaska.

23 So, anyway, that's just the other point I wanted  
24 to add before I hung up. I need to, kind of, get on  
25 with my day 'cause it is still a busy time of the

1 year for us. I wish you guys luck. Thanks.

2 SPENCER: Thank you. Any other comments? We'll go off  
3 record.

4 (Off record - 1:22 p.m.)

5 (On record - 1:40 p.m.)

6 (No audible recording, used Court Reporters notes).

7 CARMON: John Carmon, Homestate Mortgage. I would like to  
8 comment did not adopt building standards waiver in  
9 Anchorage time to adopt it seems to me wait till  
10 Anchorage does adopt if they don't cause us problems  
11 what we have as a standard left such a mess some  
12 properties approved push the city into adopting I  
13 understand energy savings are important but I think  
14 addition gains 2009 to 2012 is minimal doesn't fully  
15 adopt worth the effort so that the end of my comment.

16 SPENCER: Thank you.

17 CARMON: Thank you.

18 SPENCER: Off record

19 (Off record - 1:42 p.m.)

20 (On record - 2:00 p.m.)

21 SPENCER: Is there anybody on line who wishes to make a  
22 comment? Is there anybody present who wishes to make  
23 a comment? Can we go back on the record.

24 This concludes our public hearing on the proposed  
25 amendments to the minimum construction standards per

1 15 AAC 150.035 from the 2009 IRC through the 2012 IRC  
2 with Alaska Specific Amendments. Off record.

3 (Adjourned - 2:00 p.m.)  
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ALASKA HOUSING FINANCE CORPORATION  
 JANUARY 2015 COMPARATIVE ACTIVITY SUMMARY

**Mortgage & Bond Portfolio:**

	As Of/Through Fiscal Year End			As Of/Through Fiscal Month End		
	FY 2014	FY 2015	% Change	01/31/15	01/31/16	% Change
Total Mortgage Portfolio	<b>2,520,778,596</b>	<b>2,649,246,997</b>	<b>5.1%</b>	<b>2,611,127,513</b>	<b>2,762,695,424</b>	<b>5.8%</b>
Mortgage Average Rate %	4.93%	4.77%	(3.2%)	4.83%	4.72%	(2.4%)
Delinquency % (30+ Days)	4.87%	3.88%	(20.3%)	4.29%	3.74%	(12.8%)
Foreclosure % (Annualized)	0.58%	0.45%	(22.4%)	0.40%	0.38%	(5.9%)
Mortgage Purchases	545,989,872	463,402,992	(15.1%)	278,370,833	315,936,046	13.5%
Mortgage Payoffs	219,206,635	240,116,152	9.5%	126,742,327	133,202,778	5.1%
Purchase/Payoff Variance	<b>326,783,237</b>	<b>223,286,840</b>	<b>(31.7%)</b>	<b>151,628,506</b>	<b>182,733,268</b>	<b>20.5%</b>
Purchase Average Rate %	4.52%	4.10%	(9.3%)	4.18%	4.03%	(3.7%)
Bonds - Fixed Rate	1,344,705,000	1,207,110,000	(10.2%)	1,246,375,000	1,185,225,000	(4.9%)
Bonds - Floating Hedged	783,795,000	743,025,000	(5.2%)	754,920,000	726,930,000	(3.7%)
Bonds - Floating Unhedged	150,045,000	190,045,000	26.7%	190,045,000	190,045,000	0.0%
Total Bonds Outstanding	<b>2,278,545,000</b>	<b>2,140,180,000</b>	<b>(6.1%)</b>	<b>2,191,340,000</b>	<b>2,102,200,000</b>	<b>(4.1%)</b>
Requiring Self-Liquidity	445,895,000	254,755,000	(42.9%)	257,380,000	165,915,000	(35.5%)
Bond Average Rate %	3.77%	3.65%	(3.2%)	3.70%	3.69%	(0.2%)
New Bond Issuances	124,400,000	423,005,000	240.0%	218,105,000	55,620,000	(74.5%)
Special Bond Redemptions	54,815,000	434,800,000	693.2%	278,490,000	29,445,000	(89.4%)
Issue/Redemption Variance	<b>69,585,000</b>	<b>(11,795,000)</b>	<b>(117.0%)</b>	<b>(60,385,000)</b>	<b>26,175,000</b>	<b>143.3%</b>
Issuance Average Yield %	3.27%	2.03%	(37.9%)	1.35%	2.68%	98.5%
Mortgage/Bond Spread %	<b>1.16%</b>	<b>1.12%</b>	<b>(3.4%)</b>	<b>1.13%</b>	<b>1.02%</b>	<b>(9.3%)</b>
Mortgage/Bond Ratio	<b>1.11</b>	<b>1.24</b>	<b>11.9%</b>	<b>1.19</b>	<b>1.31</b>	<b>10.3%</b>

**Cash & Investments:**

	Investment Amounts as of Month End			Annual Returns as of Month End		
	01/31/15	01/31/16	% Change	01/31/15	01/31/16	% Change
* GeFONSI SL Reserve	578,985,232	366,506,556	(36.7%)	0.47%	0.42%	(10.6%)
Bond Trust Funds	150,650,920	251,990,157	67.3%	0.95%	0.61%	(35.8%)
SAM General Fund	72,700,022	94,135,095	29.5%	0.16%	0.21%	31.3%
Mortgage Collections	27,103,404	27,867,372	2.8%	0.16%	0.20%	25.0%
HAP/Senior Funds	35,310,067	8,428,864	(76.1%)	0.42%	0.50%	19.0%
Total Investments	<b>864,749,645</b>	<b>748,928,044</b>	<b>(13.4%)</b>	<b>0.52%</b>	<b>0.45%</b>	<b>(12.7%)</b>

ALASKA HOUSING FINANCE CORPORATION  
JANUARY 2015 COMPARATIVE ACTIVITY SUMMARY

**AHFC Financial Statements:**  
(in Thousands of Dollars)

	Fiscal Year Annual Audited			Second Quarter Unaudited		
	FY 2014	FY 2015	% Change	FY 2015	FY 2016	% Change
Mortgage & Loan Revenue	120,740	126,140	4.5%	62,904	64,009	1.8%
Investment Income	9,019	6,026	(33.2%)	2,962	2,600	(12.2%)
Externally Funded Programs	163,739	146,236	(10.7%)	68,857	59,790	(13.2%)
Rental Income	8,951	9,342	4.4%	4,440	5,169	16.4%
Other Revenue	5,637	2,355	(58.2%)	5,159	1,176	(77.2%)
<b>Total Revenue</b>	<b>308,086</b>	<b>290,099</b>	<b>(5.8%)</b>	<b>144,322</b>	<b>132,744</b>	<b>(8.0%)</b>
Interest Expenses	81,184	75,349	(7.2%)	37,425	35,644	(4.8%)
Housing Grants & Subsidies	149,188	125,222	(16.1%)	64,085	50,949	(20.5%)
Operations & Administration	58,771	53,287	(9.3%)	29,634	26,685	(10.0%)
Rental Housing Expenses	14,159	17,086	20.7%	8,733	8,505	(2.6%)
Mortgage and Loan Costs	9,442	11,327	20.0%	5,036	5,509	9.4%
Financing Expenses	4,415	5,064	14.7%	2,704	1,921	(29.0%)
Provision for Loan Loss	(5,688)	(5,741)	(0.9%)	(5,925)	(2,894)	51.2%
<b>Total Expenses</b>	<b>311,471</b>	<b>281,594</b>	<b>(9.6%)</b>	<b>141,692</b>	<b>126,319</b>	<b>(10.8%)</b>
<b>Operating Income (Loss)</b>	<b>(3,385)</b>	<b>8,505</b>	<b>351.3%</b>	<b>2,630</b>	<b>6,425</b>	<b>144.3%</b>
Contributions to the State	1,380	3,825	177.2%	679	3	(99.6%)
<b>Change in Net Position</b>	<b>(4,765)</b>	<b>4,680</b>	<b>198.2%</b>	<b>1,951</b>	<b>6,422</b>	<b>229.2%</b>
Total Assets/Deferred Outflows	4,055,203	3,916,302	(3.4%)	3,952,858	3,903,796	(1.2%)
Total Liabilities/Deferred Inflows	2,545,295	2,430,821	(4.5%)	2,440,999	2,411,893	(1.2%)
<b>* Net Position</b>	<b>1,509,908</b>	<b>1,485,481</b>	<b>(1.6%)</b>	<b>1,511,859</b>	<b>1,491,903</b>	<b>(1.3%)</b>

**AHFC Dividend Calculation:**  
(in Thousands of Dollars)

	Through Fiscal Year			Through FY 2016 - Second Quarter	
	FY 2014	FY 2015	% Change	AHFC Dividend Summary	
Change in Net Position	(4,765)	4,680	198.2%	SOA General Fund Transfers	788,948
Add - State Contributions	1,380	3,825	177.2%	SCPB Projects Debt Service	434,866
Add - SCPB Debt Service	11,329	11,420	0.8%	SOA Capital Projects	253,761
Add - AHFC Capital Projects	17,467	14,642	(16.2%)	AHFC Capital Projects	479,608
<b>Adjusted Net Position Change</b>	<b>25,412</b>	<b>34,567</b>	<b>36.0%</b>	<b>Total Dividend Appropriations</b>	<b>1,957,184</b>
Factor % from Statutes	75%	75%	-	<b>Total Dividend Expenditures</b>	<b>1,895,647</b>
<b>Dividend Transfer Available</b>	<b>19,059</b>	<b>25,925</b>	<b>36.0%</b>	<b>Total Dividend Remaining</b>	<b>61,537</b>

\* FY 2015 revised net position at the beginning of the year was due to a \$29.1 million cumulative effect of accounting change for the GASB 68 pension liability.

**MORTGAGE ACTIVITY SUMMARY  
LOANS PURCHASED BY PROGRAM**

LOAN PROGRAM	January 2016		FY 2016 Thru 1/31/2016		FY 2015 Thru 1/31/2015	
	# of Loans	Total Dollar Volume	# of Loans	Total Dollar Volume	# of Loans	Total Dollar Volume
Tax-Exempt First-Time Homebuyer	27	5,222,889	250	44,963,396	292	53,161,381
Taxable First-Time Homebuyer	24	6,165,090	228	57,809,693	238	58,232,701
Veterans Mortgage Program	1	679,250	16	5,647,698	15	4,275,692
Taxable	46	12,515,507	418	124,600,507	351	102,925,747
Non-Conforming	6	1,638,615	40	11,011,834	26	7,732,737
Rural Loan Program	20	4,719,771	149	35,079,367	147	33,391,291
Residential Loan Program Totals	124	30,941,122	1,101	279,112,495	1,069	259,719,549
Multi-Family	2	2,165,800	28	22,645,550	23	13,197,050
Rural Multi-Family	0	0	4	1,615,200	0	0
Residential & Multi-Family Loan Program Totals	126	33,106,922	1,133	303,373,245	1,092	272,916,599
Streamline Refinance	0	0	10	1,937,093	3	500,414
Rural Streamline Refinance	1	141,504	6	1,078,729	8	1,797,960
<b>Total Loans Purchased</b>	<b>127</b>	<b>33,248,426</b>	<b>1,149</b>	<b>306,389,067</b>	<b>1,103</b>	<b>275,214,973</b>
<b>LOAN PROGRAM OPTIONS</b> (Included in Total Loans Purchased)						
Interest Rate Reduction Low Income Borrowers	3	383,500	53	7,432,004	39	5,494,829
Energy Efficiency Interest Rate Reduction	12	2,921,777	87	23,433,695	88	21,703,237
Closing Cost Assistance Program	1	198,341	12	3,071,730	9	1,929,310

**RESIDENTIAL PIPELINE 1/31/16**

	#	Amount
Lock-ins:	120	32,626,846
Commitments:	283	80,170,130
Total:	403	112,796,976
CCAP Reservation	2	440,375

**MORTGAGE INTEREST RATE COMPARISON - AVERAGE 1/16**

AHFC Programs							Market	
Taxable Conv	Exempt FTHB	Exempt VETS	Taxable FTHB	Rural Owner	CCAP	Multi-Family	Conv	FHA
4.000	3.704	3.829	3.875	3.875	4.197	6.224	4.059	3.875

**RESIDENTIAL PIPELINE 12/31/15**

	#	Amount
Lock-ins:	154	40,516,505
Commitments:	332	91,063,180
Total:	486	131,579,685
CCAP Reservation	1	198,341

**MORTGAGE INTEREST RATE COMPARISON - AVERAGE 12/15**

AHFC Programs							Market	
Taxable Conv	Exempt FTHB	Exempt VETS	Taxable FTHB	Rural Owner	CCAP	Multi-Family	Conv	FHA
4.153	3.778	3.903	4.028	4.028	4.318	6.250	4.199	3.915

**RESIDENTIAL PIPELINE 11/30/15**

	#	Amount
Lock-ins:	106	27,754,737
Commitments:	376	99,609,999
Total:	482	127,364,736
CCAP Reservation	1	251,363

**MORTGAGE INTEREST RATE COMPARISON - AVERAGE 11/15**

AHFC Programs							Market	
Taxable Conv	Exempt FTHB	Exempt VETS	Taxable FTHB	Rural Owner	CCAP	Multi-Family	Conv	FHA
4.092	3.750	3.882	3.967	3.967	4.349	6.342	4.151	3.961

# Multi-Family Loans Committed



**11/21/15 to 2/15/16**  
Commitment

Loan

Amount	Type	Date	Program	Location
\$ 600,000	6plx	11-24-15	M	Anchorage
\$ 780,000	8plx	11-24-15	M	Anchorage
\$ 550,400	10plx	11-24-15	M	Anchorage
\$ 645,000	10plx	11-24-15	M	Anchorage
\$ 378,300	7plx	11-24-15	M	Anchorage
\$ 660,000	8plx	12-21-15	M	Anchorage
\$ 584,000	7plx	12-21-15	M	Anchorage
\$ 321,450	5plx	12-21-15	N	Soldotna
\$ 580,000	8plx	12-21-15	M	Anchorage
\$ 715,000	18plx	1-26-16	M	Anchorage
\$ 260,000	SFR	1-26-16	N	Fairbanks

Total: \$6,074,150 in 11 loans

M = Multi-family

N = Special Needs

E = Energy



## R2D2 Board Report for February 24, 2016

### WEATHERIZATION PROGRAM

Income-based, home energy efficiency improvements provided for homeowners and renters.

#### Legislative appropriation:<sup>i</sup>

FY2008	\$200 million
FY2012	\$62.5 million
FY2013	\$30 million
FY2014	\$30 million
FY2015	\$27.5 million
<u>FY2016</u>	<u>\$5.6 million</u>
Total	\$355.6 million

#### Program update as of December 31, 2015:

Total expended	\$330.3 million
Units complete	17,110

#### Projected totals for March 31, 2016:

Current obligation	\$349 million
Projected units complete	18,000

### HOME ENERGY REBATE PROGRAM<sup>ii</sup>

Rebates offered up to \$10,000 for homeowners making energy efficiency improvements to existing homes. A rebate of \$10,000 for 6 Star or \$7,000 for 5 Star Plus is available for newly constructed homes.

#### Legislative appropriation:

FY2008	\$100 million
FY2009	\$60 million
FY2012	\$37.5 million
FY2013	\$20 million
FY2014	\$20 million
<u>FY2015</u>	<u>\$15 million</u>
Total	\$252.5 million

#### Program update as of 1.13.2016:

Total expended <sup>iii</sup>	\$207.9m
Current obligation <sup>iv</sup>	\$25.2m
Initial ratings	39,803
Rebates paid	24,328
5 star plus paid	3,028
6 star paid	148
Active energy raters	57

#### Waitlist as of 1.15.2016:

Statewide	113
Anchorage	24
Fairbanks	3
Juneau	4

### Total Estimated Energy Saved Annually – 3.5 trillion BTUs

(Includes Rebate and Weatherization program completions multiplied by average energy savings)

**Equivalent to:** (610,133 Barrels of Oil) or (35,387,736 Therms of Gas) or (25,643,287 Gallons of Fuel Oil) or (1,037,155 MWH of Electricity)

<sup>i</sup> Appropriation amounts reflect state investment only.

<sup>ii</sup> As of December 2, 2015 the average participating homeowner in the Home Energy Rebate program spent \$12,012 on efficiency improvements, including energy rating fees. A \$6,960 average rebate results in a \$5,052 out-of-pocket investment. The projected energy cost savings for homes receiving rebates are \$1,464 per year, with an average annual energy savings of 34 percent.

<sup>iii</sup> Total expenditures are as of 1.1.16.

<sup>iv</sup> Current obligation includes funds set aside for homeowners in the Home Energy Rebate program who are making improvements and for encumbrances in the New Home Rebate program.

# Public Housing Operations Update

February 2016

<b>Public Housing</b>	
Units Statewide	1608
Housing Waiting List	1304
<b>Housing Choice Vouchers</b>	
Vouchers statewide	4381
Voucher Waiting List	2222
<b><u>jumpstart</u> Family Self-Sufficiency</b>	
Family Self Sufficiency Total Enrolled	206

## Operations Updates:

- Participated in Project Homeless Connect events throughout the state, including manning tables and providing people with housing resources as well as volunteering to help work the event
- **jumpstart** enrollments have reached over 200, and collaborations with the Department of Labor, University of Alaska, and other service organizations have increased.
- Made major progress with HUD on a ten year extension of the Moving To Work Agreement.
- Continue to see higher numbers of participants working and increases in incomes under Rent Reform program.
- The Moving to Work FY 2017 is currently out for public comment.

## Facilities Management & Construction Updates:

- Bethel – Foundation Project has been extended until spring to accommodate site drainage work. Continue to work with the City of Bethel on assessing above ground sewer and water improvements.
- Seward –Siding replacement project will have substantial completion inspection on February 10<sup>th</sup> with final completion inspection to follow.
- Juneau –Local Staff is working to complete Voluntary Compliance Agreement accessibility upgrades to the Riverbend property,
- Sitka – Swan Lake Terrace Security system upgrade or replacement is being evaluated and budgeted.
- Cordova – Project documentation is being developed for siding and soffit repairs at Sunset View.
- Anchorage –Chugach View fire detection and suppression upgrade portion is complete, additional sight and sound accessibility work has been started, contract has been extended to April 2016 to cover the additional work. Scattered site infrastructure repair project is in schematic design.
- Facilities Management Extraordinary Maintenance Team (Road Crew): currently working in Bethel to refurbish units in Modernization. During rotation they will be working on one Anchorage unit in Modernization status.

**Alaska Corporation for Affordable Housing:**

- Ridgeline Terrace grand opening occurred on January 8, with the project coming in on-time and on-budget. Preliminary
- Ongoing discussion regarding next steps. The board will be briefed as any new developments or projects are formulated.



AHFC BOARD OF DIRECTORS  
*SCHEDULE 2016*

~~January 27, 2016 (AHFC regular & AHCC Annual)~~ **CANCELLED**

**February 24, 2016 (Audit Committee, AHCC (Membership & BOD)  
Annuals & AHFC Regular)**

April 27, 2016 (AHFC Regular)

May 25, 2016 (AHFC Regular & Audit Committee)

June 29, 2016 (AHFC Regular & NTSC Annual)

July 20, 2016 BOD (AHFC Regular & ACAH Annual)

August 31, 2016 (AHFC Annual & Audit Committee)

*(NCSHA Annual Conference 9/24 - 9/27, 2016 in Miami, FL.)*

October 26, 2016 (AHFC Regular)

November 30, 2016 (AHFC regular & Audit Committee)