

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

March 11, 2015

10:00 a.m.

Anchorage/Fairbanks/Juneau

- I. ROLL CALL
- II. APPROVAL OF AGENDA
- III. MINUTES: January 21, 2015  
Next Resolution: #15-05
- IV. PUBLIC COMMENTS
- V. OLD BUSINESS:
- VI. NEW BUSINESS:
  - A. Consideration of a term financing request in the amount of \$725,000 for the acquisition with rehabilitation of a 22 unit affordable housing complex known as “Cordova Mews” and located in Cordova, Alaska.
  - B. Consideration of a term financing request to increase a committed loan amount from \$693,000 to \$829,250 for a 22 unit affordable housing complex known as “Channel Terrace Apartments” and located in Juneau, Alaska.
  - C. A report from the Resident Advisory Board to the AHFC Board of Directors.
- VII. REPORT OF THE CHAIR
- VIII. BOARD COMMITTEE REPORTS: NONE
- IX. REPORT OF THE EXECUTIVE DIRECTOR
- X. ANY OTHER MATTERS TO PROPERLY COME BEFORE THE BOARD
- XI. Monthly Reports – Finance, Mortgage, R2D2, PHD, GRPA, Meeting Schedule

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

ALASKA HOUSING FINANCE CORPORATION  
BOARD OF DIRECTORS

REGULAR MEETING

January 21, 2015

10:00 a.m.

Juneau/Anchorage/Fairbanks

The Board of Directors of Alaska Housing Finance Corporation met January 21, 2015 at the Crowne Plaza in Anchorage Midtown at 109 West International Airport Road Anchorage, Alaska 99518 at 10:00 a.m. Board members present were:

**FRANK ROPPEL**

Anchorage

**CHAIR**

Member of the Board

**CLAI PORTER**

Via teleconference

**VICE CHAIR**

Member of the Board

**MARTY SHURAVLOFF**

Anchorage

**Member of the Board**

**BRENT LEVALLEY**

Anchorage

**Member of the Board**

**JERRY BURNETT**

Via teleconference

**Designee for Commissioner**

**Department of Revenue**

**Member of the Board**

**TARA HORTON**

Anchorage

**Commissioner**

**Department of Health**

**& Social Services**

**Member of the Board**

**JON BITTNER**

Anchorage

**Designee for 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.** CHAIR ROPPEL proposed the agenda as presented. Seeing and hearing no objections, the agenda was approved.

III. **MINUTES OF NOVEMBER 25, 2014, 2014.** CHAIR ROPPEL asked for revisions or acceptance of the minutes. BRENT LEVALLEY made a motion to accept the minutes as presented. MARTY SHURAVLOFF seconded the motion. Seeing and hearing no objection, the minutes were approved as presented.

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. **CONSIDERATION OF A TERM LOAN REQUEST IN THE AMOUNT OF \$3,836,150 FOR THE LONG TERM FINANCING OF A PROPOSED 49 UNIT AFFORDABLE MULTIFAMILY PROJECT WITH COMMERCIAL USES TO BE KNOWN AS "CREEKVIEW PLAZA 49 APARTMENTS" AND LOCATED IN ANCHORAGE, ALASKA.** BRYAN BUTCHER introduced the item and ERIC HAVELOCK presented. Mr. Havelock stated that Creekview Plaza 49 Limited Partnership has applied for term loan financing of a proposed affordable multifamily apartment complex for the elderly consisting of 49 units named "Creekview Plaza 49" and containing non-residential space to be located southwest of the intersection of Muldoon Road and DeBarr Road in Anchorage, Alaska. The Corporation is requesting adopting resolutions 2015-01 and 2015-02 to satisfy the "official intent" requirements of Section 1.150-2 of the regulations adopted under the authority of the Internal Revenue Code of 1986, as amended, (the "Code") with respect to the Project. For this purpose, Exhibit A includes a general description of the Project and a statement of the maximum principal amount of bonds the Corporation reasonably expects to issue to finance costs of the Project (the "Bonds"). The Corporation intends to use the proceeds of the Bonds to make a loan (or to reimburse the Corporation for making a loan) to finance costs of the Project, and certain other costs, which are eligible under the Code for financing with proceeds of tax-exempt bonds (the "Eligible Costs"). The Corporation reasonably expects that it will issue the Bonds and use the proceeds of the Bonds as described. Discussion followed. MARTY SHURAVLOFF made a motion to approve Resolution 2015-01. BRENT LEVALLEY seconded the motion. The resolution was unanimously approved. (7-0).

**RESOLUTION #2015-01**

**RESOLUTION APPROVING A MODIFICATION TO THE TERM FINANCING FOR A MULTI-FAMILY HOUSING PROJECT TO CREEKVIEW PLAZA 49 LIMITED PARTNERSHIP.**

MARTY SHURAVLOFF made a motion to approve Resolution 2015-02. CLAI PORTER seconded the motion. The resolution was unanimously approved. (7-0).

**RESOLUTION #2015-02**

**RESOLUTION OF THE ALASKA HOUSING FINANCE CORPORATION EXPRESSING OFFICIAL INTENT TO ISSUE BONDS TO FINANCE THE FACILITIES DESCRIBED HEREIN AND DETERMINING RELATED MATTERS.**

VI. B. CONSIDERATION OF A TERM LOAN REQUEST IN THE AMOUNT OF \$3,709,250 FOR THE LONG TERM FINANCING OF ENERGY EFFICIENCY IMPROVEMENTS UNDER THE ALASKA ENERGY EFFICIENCY REVOLVING LOAN PROGRAM FOR VARIOUS BUILDINGS IN THE NORTHERN REGION OF ALASKA. BRYAN BUTCHER introduced the item and ERIC HAVELOCK presented. Mr. Havelock stated that 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 identified energy upgrades included with the initial rating. State of Alaska Department of Transportation and Public Facilities has requested a loan for \$ 3,709,250 to assist in energy retrofitting. The state Department of Transportation and Public Facilities has presented the corporation with a unique opportunity to assist in the energy retrofitting of several state owned buildings in nine communities 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 loans will be repaid; and it is considered to be an acceptable risk; therefore, Staff recommends approval of the request. Discussion followed. BRENT LEVALLEY made a motion to approve Resolution 2015-03. MARTY SHURAVLOFF seconded the motion. The resolution was unanimously approved. (7-0)

**RESOLUTION #2015-03**

**RESOLUTION APPROVING INTERIM AND TERM FINANCING FOR AN ENERGY EFFICIENCY IMPROVEMENT PROJECT FOR THE STATE OF ALASKA DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES.**

VI. C. CONSIDERATION OF A RESOLUTION OF THE ALASKA HOUSING FINANCE CORPORATION AUTHORIZING THE ISSUANCE OF UP TO \$130 MILLION STATE CAPITAL PROJECT BONDS II, 2015 SERIES A. BRYAN BUTCHER introduced the item and MIKE STRAND presented. Mr. Strand stated that staff is proposing the issuance of State Capital

Project Bonds II, 2015 Series A (the "Bonds"), to refund certain outstanding debt obligations. The Bonds would be issued as tax-exempt, non-AMT, fixed-rate bonds and enable AHFC to achieve approximately \$21.5 million (NPV) debt service savings based on projected pricing cash flows using current market rates. This transaction would be structured very similar to the State Capital Project Bonds II, 2013 Series D, which AHFC issued in November 2014. In accordance with AHFC's Fiscal Policies and subject to the Board's concurrence, staff along with FSW, recommends structuring and marketing the bonds on a negotiated underwriting basis with KeyBanc serving as senior book-running manager. Discussion followed. BRENT LEVALLEY made a motion to approve Resolution 2015-04. JERRY BURNETT seconded the motion. The resolution was unanimously approved. (7-0)

#### **RESOLUTION #2015-04**

**RESOLUTION OF THE ALASKA HOUSING FINANCE CORPORATION AUTHORIZING THE ISSUANCE AND SALE OF NOT TO EXCEED \$130,000,000 STATE CAPITAL PROJECT BONDS II, 2015 SERIES A; AUTHORIZING THE EXECUTION AND DELIVERY OF A 2015 SERIES A SUPPLEMENTAL INDENTURE TO SECURE THE 2015 SERIES A BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT RELATING TO THE SALE OF THE 2015 SERIES A BONDS; A CONTINUING DISCLOSURE CERTIFICATE RELATING TO THE SALE OF THE 2015 SERIES A BONDS; APPROVING THE FORM OF THE PRELIMINARY OFFICIAL STATEMENT WITH RESPECT TO THE 2015 SERIES A BONDS AND THE DISTRIBUTION OF A FINAL OFFICIAL STATEMENT WITH RESPECT TO THE 2015 SERIES A BONDS; AND AUTHORIZING AND APPROVING RELATED MATTERS.**

**VII. REPORT OF THE CHAIR.** CHAIR ROPPEL stated that the Board Workshop will be March 10, 2015 beginning at 1:00pm at the Crowne Plaza Hotel in Anchorage and the NTSC Annual BOD Meeting and the AHFC Regular BOD Meeting will be held on March 11, 2015 starting at 9:00am also at the Crowne Plaza in Anchorage.

**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.) Energy Efficiency meeting with builders and lenders in Juneau (Wed, 12/03); 2.) Live, Work, Play meetings (Wed 12/10 & Wed 1/14/2015); 3.) Housing Anchorage Legislative meeting at

the Dena'ina Center (Thur, 12/18); 4.) Chugach View and Chugach Manor Holiday Open House (Fri, 12/19); 5.) Foraker Group Board Meeting and being elected to the board (Thur, 1/15/15); 6.) Energy Presentation in (H) Special Committee on Energy (Tues, 1/27); 7.) Recidivism Reduction Plan Task Force discussion; 8.) HUD Disaster Recovery Competition; 9.) Sustainable Northern Communities Meeting.

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

1. **Monthly Loan Reports.** Finance, Mortgage, R2D2 and Public Housing and GRPA reports were presented for discussion and review.
2. **Schedule of Board Meetings:**

AHFC Board Work Shop	March 10, 2015	1:00 pm	Anchorage
AHFC BOD Meeting	March 11, 2015	10:00 am	Anchorage

X. **OTHER MATTERS.** CHAIR ROPPEL asked if there were any other matters to properly come before the board. BRENT LEVALLEY made a motion to adjourn. Seeing and hearing no objections, the meeting was adjourned at 10:40 a.m.

ATTESTED:

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Frank Roppel  
Board Chair

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Bryan Butcher  
CEO/Executive Director

## BOARD CONSIDERATION MEMORANDUM

**Date: March 11, 2015**

**Staff: Melanie Smith**

**Item: Multi-family Loan Request**

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**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 eight 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 complemented 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.

**BORROWER:** Cordova Mews Associates of Cordova, LLC

**PURPOSE:** Term loan financing for the acquisition and substantial rehabilitation of a 22 unit affordable multi-family housing development known as “Cordova Mews Apartments” and located at 401 Orca Avenue, Cordova, Alaska.

**PROPOSAL OVERVIEW:**

Loan Amount:

USDA-RD First Deed of Trust:	\$1,168,454
AHFC’S Second Deed of Trust:	<u>\$ 725,000</u>
Total	\$1,893,454

Project’s Market Value: \$2,400,000

Appraised by: Michael A. Forsland and Brian Z. Bethard, MAI of Black-Smith, Bethard & Carlson. See Appendix I

Loan-to-Value Ratio:

First Deed of Trust:	49%
First & Second Combined:	79%

Loan Terms:

First Deed of Trust: 50 years amortizing fixed monthly payments.  
 Second Deed of Trust: 5 years interest only payments.  
 25 years amortizing fixed monthly payments.

Interest Rate:

First Deed of Trust: 1.00%  
 Second Deed of Trust: 4.50%

Debt Service Coverage Ratio:

First & Second Deed of Trust: 1.31

(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: \$6,398,854

Sources:

Tax Credit equity (cash):	\$4,071,546
USDA's First DOT:	\$1,168,454
AHFC's Second DOT	\$ 725,000
Home Funds (3 <sup>rd</sup> DOT):	\$ 196,854
Acquired Reserves (cash):	<u>\$ 237,000</u>
Total	\$6,398,854

**STRUCTURING OF PROJECT FUNDING:**

Northrim Bank will be the construction lender and will provide construction financing and City Real Estate Advisors currently partners of the development team, have made a commitment to make an equity investment they will provide \$4,071,546 from the purchase of Low Income Housing Tax Credits based on an anticipated price of .90 cents on the dollar. Existing replacement reserves in the amount of \$237,000 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; 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 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 Cordova Mews Associates of Cordova, LLC, and an Alaska Limited Liability Company. CM Cordova, Inc. is the general partner, and CREA Cordova Mews, LLC tax credit investor and limited partner.

**General Partner:** CM Cordova, Inc. is a for-profit corporation formed April 2012 for the development, ownership and operation, with David J. Cordes being the initial limited partner and Shawne D. Mastronardi as the Manager. **See Appendix III.**

#### **Initial Limited Partner:**

David J. Cordes has been the President of Cordes Development 2, LLC (CD2) since its inception where he was directly responsible for the development of affordable housing units located throughout the pacific-northwest, including four USDA-RD rehabilitation projects in Alaska for a total of 86 units. An amended and restated partnership agreement will be executed at the closing of the construction loan which will replace Mr. Cordes with the tax credit investor.

#### **Developer:**

Cordes Development 2, LLC (CD2) is a for-profit developer of affordable housing targeting rural communities throughout the western United States. CD2 has been active in the development and ownership of affordable housing since 1978 and has developed over fifty multifamily affordable housing projects in Alaska, Arizona, California, Colorado, Idaho, Utah and Washington. CD2 specializes in acquisition and substantial rehabilitation of older projects that are experiencing health and safety and energy efficiency problems, and that may not be in compliance with current ADA and Fair Housing standards. Substantial rehab projects completed in Alaska have included

Gateway Apartments in Seward (20 units); Parkview Apartments in Soldotna (26 units); Bayview Apartments in Seward (18 units) and Cordova Mews Apartments in Cordova (22 units). **See Appendix III.**

The Development team for this project includes: Contractor: Criterion General, Inc.; Architect: Bezel, Durst & Seizer; Engineer: Alec C. Thomson, P.E. (mechanical engineer) of Hay, Zietlow & Associates, LLC.; Carl A. Bassler, P.E. (civil engineer) of Enterprise Engineering; Brett Bingham, P.E. (electrical engineer) of Hay, Zietlow & Associates, LLC and CD2 developer whose principals are David J. Cordes, President and Shawne C. Mastronardi, Secretary/Treasurer.

**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 will be valued at \$2,400,000 and will have approximately \$1,893,454 in debt against it, which consists of USDA's-RD and AHFC's first and second deeds of trust.

**Credit:**

As a newly formed limited partnership with a newly formed general partner, there is, as of yet, no record of credit. Cordova Mews Associates of Cordova, LLC and CM Cordova, Inc. have acceptable credit. Neither the borrower nor the general partners have any loans with AHFC.

**PROJECT CHARACTERISTICS:**

**Location and Site Description:**

The subject is located at 401 Orca Avenue, Cordova, Alaska and is within walking distance from downtown and nearby residential and institutional areas. The immediate neighborhood is primarily residential, with commercial/institutional (post office, high school, and police/fire department) located downtown fronting the harbor, with single and multi-family residential uses set back from main arterials. The subject site contains 1.08 acres or 47,250 square feet. The site is served by all available public utilities which include; water, sewer, electric, telephone. **See Appendix IV.**

**Project Overview:**

The Cordova Mews Apartments consists of six, two-story wood frame apartment buildings containing 22 garden style units. The improvements sit on concrete foundations with insulated all-weather wood foundation walls and are covered with vinyl siding and metal roofs. All units are finished with textured, painted sheetrock and have carpet/vinyl floor coverings. Heat is provided by two oil-fired boilers and an indirect hot water heater in buildings A-E; building F has one oil-fired boiler and one indirect hot water heater. All of the boilers and water heaters were installed in 2011/2012. Each unit has individual thermostats with baseboard heat. Each unit contains the normal assortment of appliances. The unit mix is comprised of seven, one-bedroom, one-bath units each containing 644 square and renting for \$1,375 per month; eleven, two-bedroom, one-bath units each containing 836 square feet and renting for \$1,450 per month; and four, three-bedroom, one-bath units each containing between 980 to 1,180 square feet and renting for \$1,500 per month. There are a total of 23 paved parking spaces with additional off-street parking available on site.. Parking is considered to be adequate for a property of this size, age, and location. The improvements, as rehabilitated, will be

considered to be a legal non-conforming use of the site. Proposed project improvements are listed in the capital needs assessment included in Appendix V. The remaining economic life of the improvements, once rehabilitated, is estimated by the appraiser to be 45+ 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 will be made a condition of commitment on this loan.

Health and Safety Inspection:

After the rehabilitation of the project has been completed, an approval from the appropriate state entity that the project is suitable for occupancy 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.

**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 considering 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 1.31 debt service coverage ratio on the repayment of the first and second deeds of trust loan indicates that in addition to the 7% vacancy factor, income could fall by 6% or expenses could increase by 7% 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 12% vacancy rate. The ratio, by industry standards, is considered to be a good ratio.

Note: Under the USDA-RD Section 515 loan program, an annual project operating subsidy that covers operating expense shortfalls and AHFC's debt service is funded by the federal government and calculated annually by the project owner, subject to the appropriation. Should the operating subsidy lapse, the project will be operated as a low-income housing tax credit project substantially meeting the expense projects as outline in the pro-forma with rents targeting 60% median family households.

Unit Set-Asides:

Borrower will continue to set aside seven of the 22 units for residents earning 30% of median income or less; eight of the 22 units for residents earning 50% of median income or less; and six of the 22 units for residents earning 60% of median income or less. The remaining unit will be utilized as the managers unit. Anticipated rents are set out in the pro-forma.

Market Study Report:

A market study report compiled by Novogradac & Company on July 29, 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 Cordova area. See Appendix VII.

Tenant Relocation, Operating and Rent-up Reserve:

Tenant displacement is not anticipated as a result of the rehabilitation as the borrower will be upgrading the units in one building at a time allowing the current occupants to move to the newly retrofitted building as the rehabilitation moves through the project. Further assurance is included in the rehabilitation budget which provides \$55,000 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 \$105,000 and a rent-up reserve in the amount of \$18,937.

**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:**

The current property manager, Northstar Management, has been retained to manage the subject property. Staff determined that they have the experience to usefully manage the subject project, noting their use of an on-site property manager. 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:**

Cordova Mews Associates of Cordova, LLC 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 Cordova.

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 \$725,000, distributed as follows:
  - a. Second deed of trust in the amount of \$725,000, interest only payments for the first five years and then amortized over twenty-five (25) years with monthly payments. Interest to be 4.50%;
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. 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;
5. Borrower to be Cordova Mews Associates of Cordova, LLC;
6. Commitment to expire March 11, 2016. 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 seven of the 22 units for residents earning 30% of median income or less; eight of the 22 units for residents earning 50% of median income or less; and six of the 22 units for residents earning 60% of median income or less. The remaining unit will be utilized as the managers unit.
9. Acceptance by AHFC of the following:
  - a. the project developer;
  - b. the project general contractor;
  - c. the projects 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. a Phase I environmental report acceptable to AHFC;
  - d. an approval from the appropriate state entity that the project is suitable for occupancy, unless otherwise approved by AHFC;
  - e. 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;
  - f. 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;
    - (iii) the project is suitable for occupancy; and
  - g. a detailed breakdown of final development costs as adjusted by change orders;
  - h. an accountants (or another source acceptable to AHFC) written certification verifying the final total development cost of the project;
  - i. ALTA title policy with applicable endorsements;
  - j. an As-Built Survey, if required by the title company;
  - k. all required certificates and/or binders of insurance;
  - l. 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.; 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 \$105,000 operating reserve, funds to be collected at closing and a rent-up reserve in the amount of \$18,937, 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 cost 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 \$7,250 loan fee;
  16. A commitment fee of \$3,625 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 Strand  
 Chief Financial Officer

Date: 3-2-15

Date: 3/2/15

Date: 3/2/15

**ALASKA HOUSING FINANCE CORPORATION**  
**RESOLUTION NO. 2015-**

Resolution Approving Term Financing for a  
Multi-Family Housing Project to  
Cordova Mews Associates of Cordova, 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, accessible housing;
- B. Cordova Mews Associates of Cordova, LLC, through Cordes Development 2, LLC, has applied to Alaska Housing Finance Corporation under its Multi-Family Loan Program, to provide funds for the term financing of a 22 unit multi-family project, located in Cordova, Alaska;
- C. The purpose of the financing is to continue to provide 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 March 11, 2015 Board Consideration Memorandum prepared in support of the application.

This resolution shall take effect immediately.

DATED THIS 11<sup>th</sup> Day of March, 2015

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Frank Roppel  
Chair

# BLACK-SMITH, BETHARD & CARLSON, LLC

January 16, 2015

Client: Alaska Housing Finance Corporation  
4300 Boniface Parkway  
Anchorage, Alaska 99504  
Attn: Ms. Melanie Smith

RE: Cordova Mews Apartments  
An Existing and Proposed 22-Unit Rent Restricted Housing Project  
Located at 401 Orca Avenue, in Cordova, Alaska

Dear Ms. Smith:

We are submitting an *appraisal report* estimating the following values. The property is first appraised based on the unencumbered fee simple interest and valued again based on restricted rent. The "restricted rent" value estimate is included at the end of the report.

The subject property is currently operated as low-income subsidized family housing under the United States Department of Agriculture – Rural Development's (USDA-RD) Section 515 Program, established under the National Housing Act of 1949.

The following report conforms to the format recommendations as set forth by the Appraisal Institute and it is intended to conform to the Appraisal Foundation's Uniform Standards of Professional Appraisal Practice (USPAP). Further, it is prepared in accordance with the regulatory appraisal standards of the Office of the Comptroller of Currency. See the Scope of Work in the attached appraisal.

The complex is to receive a major physical rehabilitation. Therefore, the appraisal presents the "as is", "at completion" and "stabilized occupancy" market values of the unencumbered fee simple interest. As requested, we have also estimated the prospective market value "as proposed" on a Subsidized or Rent Restricted basis.

This report was prepared for and our professional fee was billed to Alaska Housing Finance Corporation. It is intended for use by your internal management, your auditor and appropriate regulatory authorities. In addition, Northrim Bank (interim lender) and USDA Rural Development are also intended users.

There are several extraordinary assumptions and limiting conditions that may impact the value conclusions in this appraisal. We specifically call your attention to Page 16 in this 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:

Value Conclusions Requested by Alaska Housing Finance Corporation (AHFC)		
Unencumbered Fee Simple Market Values (At Market Rent <sup>1</sup> )	Date	Value
Prospective Market Value, "At Market Rent - At Stabilized Occupancy"	6-1-16	\$2,400,000
Prospective Market Value, "At Market Rent - At Completion"	10-1-15	\$2,280,000
Restricted Rent Market Values	Date	Value
Market Value "As Is – Restricted- 515 Program"	12-17-14	\$1,755,000
Market Value "As Is – Restricted Land Value"	12-17-14	\$15,000
Prospective Market Value, "Encumbered by LIHTC Restrictions - At Stabilized Occupancy"	6-1-16	\$181,000
Prospective Market Value, "Encumbered by LIHTC Restrictions - At Completion"	10-1-15	\$121,000

Value Conclusions Requested by USDA-RD		
Market Values	Date	Value
Market Value, within 7 CFR Part 3560.656(c)(1)(i) *Premised on hypothetical condition As-If Unsubsidized Conventional Housing	12-17-14	\$1,611,000
Value of the Interest Credit Subsidy "515 " Loans, AHFC Loan, and HOME Loan	12-17-14	\$1,087,080
Value of the Tax Credits	12-17-14	\$4,076,000

Typical Value Conclusions Requested by Construction Lender		
Unencumbered Fee Simple Market Values (at market rent <sup>2</sup> )	Date	Value
Prospective Market Value, "At Market Rent - At Stabilized Occupancy"	6-1-16	\$2,400,000
Prospective Market Value, "At Market Rent - At Completion"	10-1-15	\$2,280,000
Fee Simple Market Value "As Is"	12-17-14	\$1,611,000
Insurable Replacement Cost	12-17-14	\$2,534,000
Restricted Rent Market Values	Date	Value
Prospective Market Value, "Encumbered by LIHTC Restrictions - At Stabilized Occupancy"	6-1-16	\$181,000
Prospective Market Value, "Encumbered by LIHTC Restrictions - At Completion"	10-1-15	\$121,000

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

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

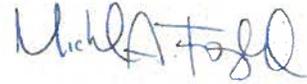
The narrative appraisal report that follows sets forth the identification of the property, the assumptions and limiting conditions, pertinent facts about the area and the subject property, comparable data, the results of the investigation and analyses, and the reasoning leading to the conclusions reached.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

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



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



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Michael A. Forsland, Appraiser

CORDOVA MEWS APARTMENTS  
22 UNITS PROPOSED DEVELOPMENT COSTS

**Total Development Costs:**

Land Acquisition:	\$ 175,000
Acquisition of Existing loan/Reserves:	\$1,258,306
Construction Costs:	\$3,601,009
Construction Financing:	\$ 125,025
Term Loan Closing Costs:	\$ 24,750
Soft Costs:	\$ 365,451
Syndication Costs:	\$ 56,344
Development Fee:	\$ 625,000
Operating Reserve:	\$ 157,642
Rent-up Reserve:	<u>\$ 10,327</u>
 Total Costs:	 \$6,398,854

### Key Project Development Team Members

Development Team Role	Entity Name	Contract Amount	Was this Entity Competitively Procured?	Related Party to Developer or Project Sponsor?	If the Entity is Related to the Developer or Project Sponsor, what is the nature of the relationship?
Limited Partner	–				
General Partner	CM Cordova, Inc	N/A	N/A	Yes	Principals of Sponsor, GP & Developer are Shawne
Developer	Cordes Development 2, LLC	\$600,000	N/A	Yes	Mastronardi and David Cordes
General Contractor	Criterion General Inc	\$294,839	No	No	
Construction Manager	Kyle Scalis	Inc in GC amount	N/A	No	
Specialty Contractor	–				
Architect	BDS Architects	\$100,000	No	No	
Structural Engineer	Nelson Engineering & Consultants	\$15,000	No	No	
Mechanical Engineer	HZA Consulting	\$28,300	No	No	
Electrical Engineer	HZA Consulting	\$25,300	No	No	
Civil Engineer	Enterprise Engineering	\$25,000	No	No	
Tax Attorney	William Callison Esq	\$31,000	No	No	Add legal fees in PDC attributable to syndicator/AHFC
Consultant	Diane Cordes	\$25,000	No	No	
Accountant	Randy Leavitt	\$9,000	No	No	
Inspector (PUR-101)	AK Thermal	Inc in energy rater			
Inspector (PUR-102)	TBD	\$2,500			
Property Management Company	Northstar Management	\$17,136/yr	No	No	
LIHTC Investor-Syndicator	CREA/Enterprise	TBD			
Asset Management					
Other: Energy Rater	AK Thermal	\$16,000	No	No	

List ANY work to be performed by an identity of interest and / or a related party to the developer or project sponsor in this section:

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## **CORDES DEVELOPMENT 2, LLC**

### **COMPANY PROFILE**

7213 S. Perth Way  
Aurora, Colorado 80016

(303) 617-1297

Fax (303) 617-0210

e-mail: [team.cordes@earthlink.net](mailto:team.cordes@earthlink.net)

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Cordes Development 2 LLC (CD2) is a for-profit developer of affordable housing in rural communities throughout the western United States. Its principals have been active in the development and ownership of affordable housing since 1978 and have developed over the years more than fifty multifamily affordable housing projects in Alaska, Arizona, California, Colorado, Idaho, Utah and Washington.

CD2 specializes in the development of small, rural projects of rental multifamily housing. Most projects are funded with loans through the United States Department of Agriculture – Rural Development (“USDA-RD”) Section 515 program, in combination with HOME, SCHDF or State Housing Fund financing and Low Income Housing Tax Credits (“LIHTC”). All projects are income restricted to families or seniors with incomes at or below 60% of the area’s median income. The principals’ role, as project developer, is the “team leader” – putting together all financing and bringing together all design, construction and ownership “partners.”

CD2 specializes in both new construction and the acquisition and substantial rehabilitation of older projects that are experiencing health, safety and energy efficiency problems, and that commonly do not comply with current ADA and Fair Housing standards.

CD2 has also co-developed many projects with local non-profit organizations and many with Native American organizations. In those cases, CD2 acts as a “turn-key” developer and the non-profit is the project owner and sponsor.

#### **Team**

David J. Cordes, M.D., President of CD2, received his medical degree (1968) and Bachelor of Arts degree (1964) from the University of Illinois. Following service with the United States Navy during the early 1970s, Dr. Cordes practiced anesthesiology in Idaho, Colorado and California for over 25 years. Dr. Cordes first partnered as a part time developer with Blair (“Duke”) Reiley in 1978, and has been actively pursuing full time development since the early 1990s.

Shawne C. Mastronardi, Vice President of CD2, received her MBA (1990) from the Wharton School of Business and her Bachelor of Arts degree (1986) from Smith College. Ms. Mastronardi held several positions in mergers & acquisitions, financial planning, management consulting and residential real estate prior to pursuing full time development with her father, Dr. David Cordes.

### Reference List

<u>Forest View Apartments</u> , Dillingham, Alaska (1997)	24 Family Units
<u>Taiga View Apartments</u> , King Salmon-S.Naknek(1999)	16 Family Units
<u>Southwest Elders Home</u> , Naknek, Alaska (1999)	10 Senior Units
<u>Marrulut Eniit Assisted Living</u> , Dillingham, Alaska (2000)	10 Units
<u>Muklung Manor</u> , Dillingham, Alaska (2003)	16 Family Units
<u>New Stuyahok Sr. Apts</u> , New Stuyahok (2004-5)	6 Senior Units
<u>Togiak View Apartments</u> , Togiak, Alaska (2005)	16 Family Units
General Partner: Bristol Bay Housing Authority, David McClure (907) 842-5956	
Contractor: Rick & Connie Vann, Sundance Construction, Inc. (907) 262-5962	
Architect: Bezek Durst Seiser (907) 562-6076	
Lender: Wells Fargo Bank, Pita Benz (907) 265-2920	

<u>Springtree Village Apartments</u> , Durango, Colorado (2003)	28 Senior Units
<u>Mountain Oaks Apartments</u> , Durango, Colorado (1986)	24 Family Units
<u>Mountain Creek Apartments</u> , Durango, Colorado (1989)	34 Family Units
<u>Heritage Village Apartments</u> , Durango, Colorado (1990)	24 Senior Units
Contractor: Kuepper Enterprises, Inc., Rolf Kuepper (970) 247-3842	
Architect: David E. Jones Architect (801) 942-1208	
USDA-Rural Development: Mary Summerfield (720) 544-2923	
City of Durango: Robert Ledger, City Manager (970) 385-2801	

<u>Green Valley Apartments</u> , Payson, Arizona (2002)	40 Family Units
<u>Smoketree Apartments</u> , Buckeye, Arizona (2005-06) (Substantial Rehab)	24 Family Units
<u>La Vista Apartments</u> , Nogales, Arizona (Under Construction)	24 Family Units
General Partner: Payson Regional Housing Development, Rick Croy (928) 595-0260	
Contractor: Kuepper Enterprises, Inc., Rolf Kuepper (970) 247-3842	
USDA-Rural Development: (602) 280-8701	
Arizona Department of Housing (LIHTC and SHF): (602) 771-1000	

### List of Selected Projects Developed and Owned

\*Cordes acted as the "turn-key" developer only, for non-profit or for-profit owners, on the projects with asterisks. All other projects are owned by the principals of CDII/CD2.

#### Alaska:

- 1996 - Cordova Mews Apartments, Cordova, Alaska, Substantial Rehab – 22 Family Units, RD, HOME, LIHTC
- 1997 - Forest View Apartments\*, Dillingham, Alaska, 24 Family Units, HOME, LIHTC
- 1997 - Sound View Apartments, Valdez, Alaska, 20 Family Units, RD, LIHTC
- 1998 - Munagsri Senior Apartments\*, Nome, Alaska, 17 Senior Units, RD, LIHTC, AHFC Senior Grant

1999 - Taiga View Apartments\*, King Salmon – South Naknek, Alaska, 16 Family Units, LIHTC, HOME

1999 - Southwest Elders Home\*, Naknek, Alaska, 11 Senior Units, RD, LIHTC, HOME, FHLB-AHP

2000 - Marrulut Eniit Assisted Living\*, Dillingham, Alaska, 10 Senior Units, Alaska State Senior Grant, Mental Health Trust Fund Grant, Indian CDBG

2000 - Tradewinds Apartments\*, Unalaska, Alaska, 16 Family Units, RD, LIHTC, HOME, FHLB-AHP

2001 – Bayview Apartments, Seward, Alaska, Substantial Rehab – 16 Family Units, New Construction – 2 Units, RD, LIHTC, HOME

2001 – Iglut Senior Apartments\*, Kotzebue, Alaska, 16 Senior Units, LIHTC, State Senior Grant funds, AHP

2002 – Hunter Creek Apartments\*, Palmer, Alaska, 32 Family Units, LIHTC, Alaska State funds

2003 – Muklung Manor Apartments\*, Dillingham, Alaska, 16 Family Units, RD, LIHTC, HOME

2005 – New Stuyahok Senior Apartments\*, New Stuyahok, Alaska, 6 Senior Units, HUD Section 202, AHFC Senior Citizens Housing Development Grant funds

2005 – Gateway Apartments, Seward, Alaska, Substantial Rehab – 20 Family Units, RD, LIHTC, AHFC loan funds

2005 – Togiak View Apartments\*, Togiak, Alaska, 16 Family Units, HOME, LIHTC

2007 – Eagle Ridge\*, Palmer, Alaska, 33 Family Units, LIHTC, AHFC loan

2013 – Harbor Ridge Apartments\*, Homer, Alaska, 24 Family Units, LIHTC, HOME, AHFC loan, RD

**Other States:**

1980 - Snow Mountain, Hailey, Idaho, 40 Family Units, IHA

1980 - Windwood Apartments, Jerome, Idaho, 30 Family Units, IHA

1981 - Mountain Valley, Hailey, Idaho, 24 Family Units, FmHA

1982 - Grand Mesa, Fruita, Colorado, 24 Family Units, FmHA

1982 - Huntridge, Moab, Utah, 24 Family Units, FmHA

1983 - Verde Plaza, Cottonwood, Arizona, 52 Family Units, FmHA

1983 - Castle Country, Price, Utah, 24 Family Units, FmHA

1984 - Scandia Village, Stanwood, Washington, 32 Family Units, FmHA

1984 - Colville Park, Colville, Washington, 24 Family Units, FmHA

1984 - Manzanita Garden, San Jacinto, California, 36 Family Units, FmHA

1986 - Mountain Oaks, Durango, Colorado, 24 Family Units, FmHA

1988 - Mountain Creek (Ptarmigan Trail Estates), Dillon, Colorado, 30 Family Units, USDA-RD, LIHTC

1989 - Mountain Vista Apartments, Durango, Colorado, 34 Family Units, RD, LIHTC

1994 - Riverview Apartments, Fort Morgan, Colorado, 24 Senior Units, RD, LIHTC

1994 - West Pine Apartments, Shelley, Idaho, 18 Senior Units, RD, LIHTC

1995 - Sunnyridge Apartments, Blackfoot, Idaho, Substantial Rehab – 26 Family Units, RD, HOME, LIHTC

1995 - West Side Palm Village, Tulare, California, 40 Family Units, RD

1996 - North Avenue Apartments, Trinidad, Colorado, 24 Senior Units, RD, HOME

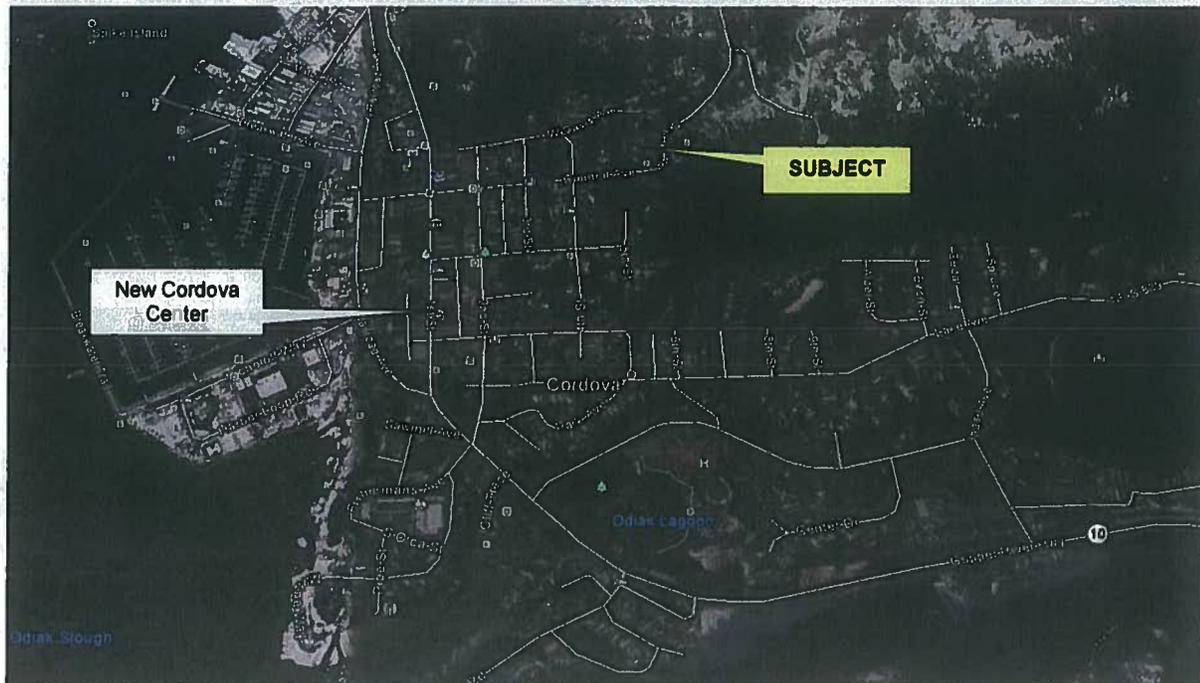
1996 - North Avenue Apartments, Trinidad, Colorado, 24 Senior Units, RD, HOME

1997 - Sunshine Village Apartments\*, Las Animas, Colorado, 25 Senior/Family Units, HOME, LIHTC

1998 - Sundance Apartments, Douglas, Arizona, 24 Family Units, Section 515, LIHTC, FHLB-AHP  
 1998 - River Bend Apartments\*, Salida, Colorado, 30 Family Units, LIHTC, HOME, FHLB-AHP  
 1998 - Casa de Cortez Apartments, Center, Colorado, 24 Family Units, RD, LIHTC, HOME, FHLB-AHP  
 1998 - Spanish Peaks Apartments\*, Walsenburg, Colorado, 30 Family Units, LIHTC, HOME, FHLB-AHP  
 1998 - Casita del Sol Apartments, Alamosa, Colorado, 24 Family Units, RD, LIHTC, HOME, FHLB-AHP  
 1999 - Esperanza Senior Apartments\*, Bisbee, Arizona, 20 Senior Units, RD, LIHTC, SHF, FHLB-AHP  
 1999 - Esperanza Family Apartments, Bisbee, Arizona, 24 Family Units, RD, HOME, FHLB-AHP  
 1999 - Senter West Village Apartments\*, Burlington, Colorado, 30 Family Units, LIHTC, CDBG  
 2000 - Casa de Oro Apartments, Douglas, Arizona, 24 Senior Units, RD, LIHTC, FHLB-AHP  
 2000 - Amistad Apartments\*, Somerton, Arizona, 24 Family Units, RD, LIHTC, HOME, FHLB-AHP  
 2000 - ParkView Apartments, Winslow, Arizona, 24 Family Units, RD, LIHTC, HOME  
 2000 - Zion Way Apartments, Richfield, Utah, 22 Family Units, RD, LIHTC, SHF  
 2001 - Casita de la Luna Apartments\*, Alamosa, Colorado, 28 Senior Units, RD, LIHTC, HOME  
 2001 - Holbrook Court Apartments\*, Holbrook, Arizona, 24 Family Units, RD, LIHTC, SHF  
 2001 - Apache Ridge Townhomes\*, Whiteriver, Arizona, 22 Family Units, RD, LIHTC, SHF  
 2002 - Escalante Apartments, Page, Arizona, Substantial Rehab - 24 Family Units, New Construction - 1 unit, RD, LIHTC, HOME  
 2002 - Las Quintas de Adobe Apartments, San Luis, Arizona, 27 Senior Units, RD, LIHTC, HOME  
 2003 - Green Valley Apartments\*, Payson, Arizona, 40 Family Units, LIHTC, SHF  
 2003 - Springtree Village Apartments, Durango, Colorado, 28 Senior Units, RD, LIHTC, HOME  
 2004 - Mustang Ridge Townhomes\*, Cibecue, Arizona, 22 Family Units, RD, SHF, LIHTC  
 2004 - Apache Ridge II\*, Whiteriver, Arizona, 22 Family Units, RD, LIHTC, HOME  
 2005 - Willow Pointe Apartments, Riverbank, California, 25 Senior Units, RD, LIHTC, HOME  
 2005 - Huntridge Apartments, Moab, Utah, Substantial Rehab - 24 Family Units, RD, LIHTC, HOME  
 2005 - Smoketree Apartments\*, Buckeye, Arizona, 24 Family Units, RD, HOME, LIHTC  
 2006 - Desert Sunrise Apartments\*, Heber, California, 24 Family Units, RD, HOME  
 2007 - La Vista Apartments\*, Nogales, Arizona, 24 Family Units, RD, SHF, LIHTC  
 2007 - Grand Mesa Apartments, Fruita, Colorado, Acq/Subst.Rehab, 24 Family Units, RD, LIHTC  
 2014 - Archway Village Apartments, Moab, UT, Acq/Subst. Rehab, 20 Senior Units, LIHTC, RD, OWHLF, anticipated completion 9/2014.

# Cordova, Alaska, United States





### General Neighborhood

The general neighborhood is referenced as the City of Cordova, located on Orca Inlet, in the southeastern portion of Prince William Sound. The general neighborhood is uptown overlooking the sound and contains a mix of residential, commercial and institutional uses.

The general area is primarily residential with commercial / institutional (post office, high school, and police / fire department) located downtown (fronting the harbor) with single and multi-family residential uses setback from main arterials.

### Access

1<sup>st</sup> Avenue provides good access to the neighborhood.

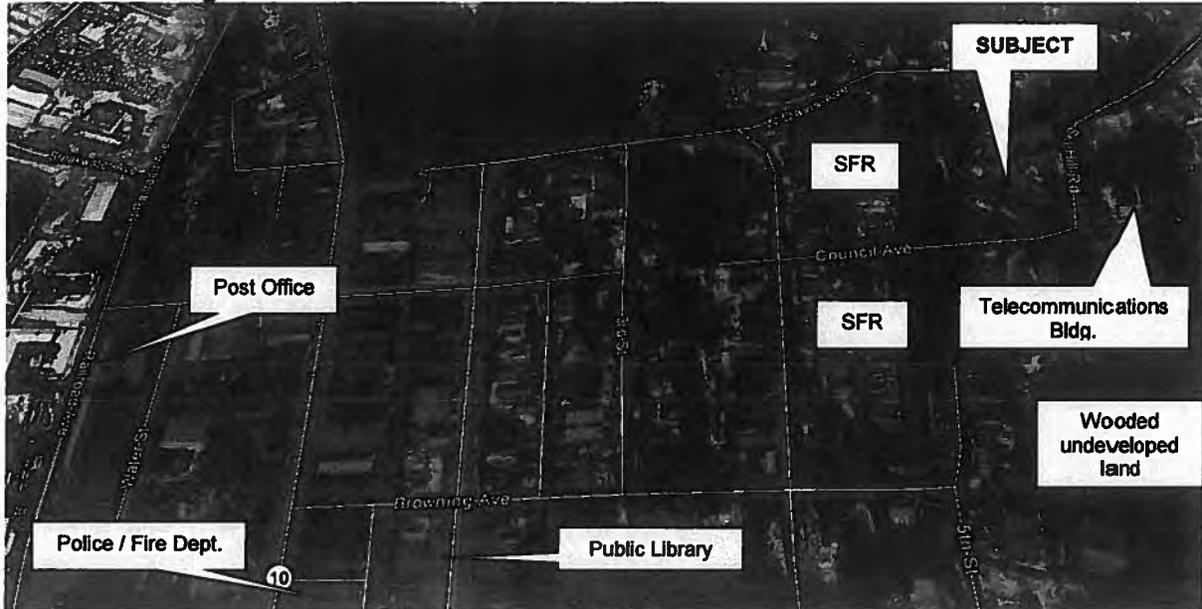
### Utilities

Water, sewer, electricity, and telephone.

### Services

Police, fire protection and road maintenance are provided by the City of Cordova. Refuse service is also available. The City of Cordova does not offer public transportation.

## Immediate Neighborhood



### Land Use / Development

Along major arterials: Commercial and retail along First Avenue.

Along interior streets: Residential and multi-family. There are undeveloped sites located in 'uptown' near the subject.

### Proximity

The immediate neighborhood has adequate access to the high school and major arterial roadways leading to downtown Cordova.

### Positive/Negative Externalities

The subject is located with good proximity to the high school, residential and commercial areas. This location is walking distance from downtown and near residential and institutional developments. In summary, this neighborhood is suitable for both users and investors.

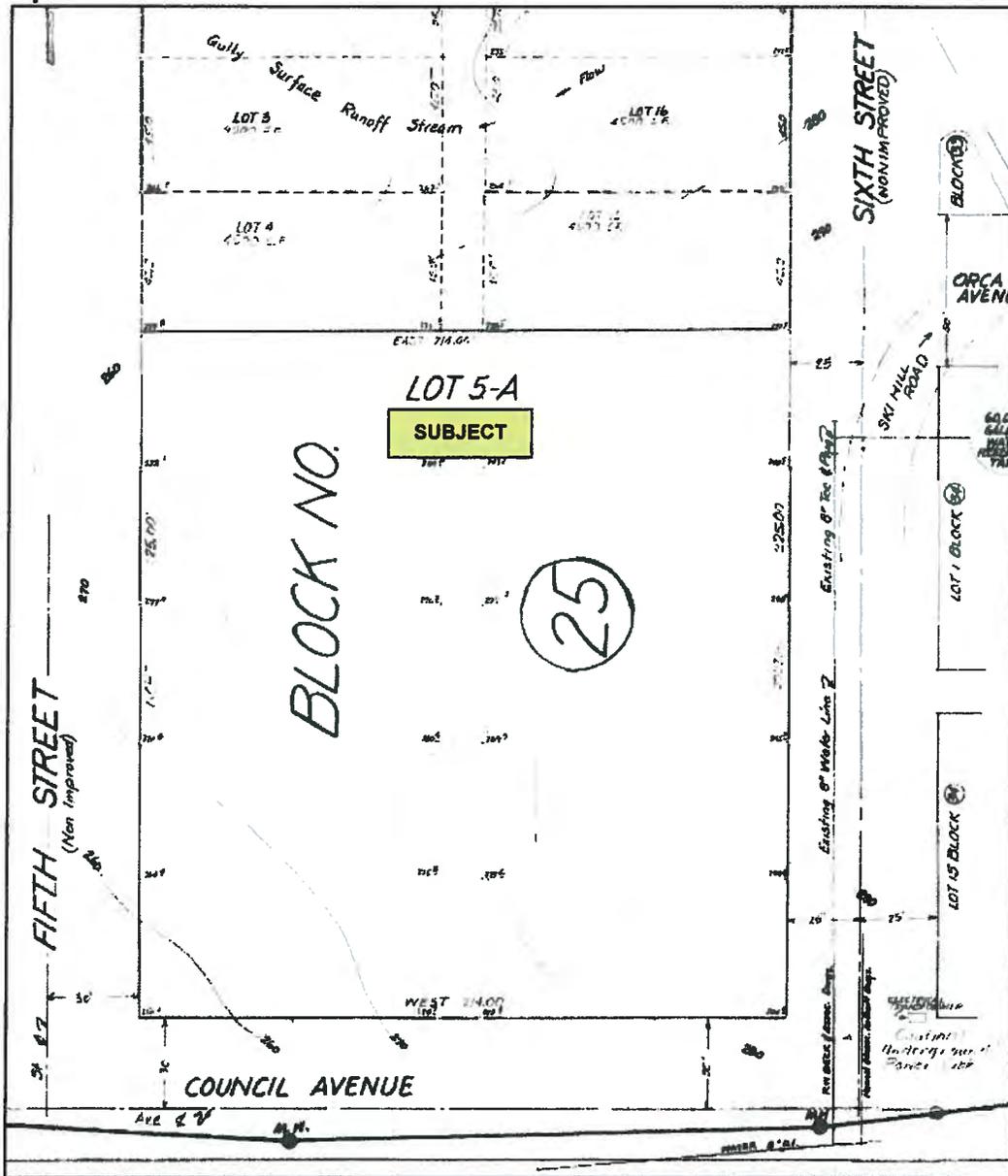
**Location**

The subject property is located at the northwest corner of Council Street and Orca Avenue, in Cordova, Alaska. The site address is 401 Orca Avenue.

**Site Area**

The plat map reports the subject site at 48,150 SF (214' x 225'). The Cordova assessor reports an area of 47,250 SF or ±1.08 acres. For the purpose of this analysis, we relied on the assessor's area. The shape is nearly square.

**Plat Map**



**Utilities**

Public utilities available include water, sewer, electricity, cable and garbage collection.

**Topography and Soils**

The site is mostly cleared, sloping from the west, and at grade of surrounding streets. A soils report was not provided, and it is assumed that the soils are adequate to support development. The site is located outside designated wetlands and floodplains.<sup>15</sup>

**Access and Frontage**

The subject has access via (2) driveways: both from Orca Avenue, a two-way neighborhood paved street in average condition.

**Easements**

A title report was not provided. The plat map does not show any easements on the subject property.

**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.

**Zoning**

The property is zoned LDR (*Low Density Residence District*). The following uses are permitted in the R low-density district:

- One-family, two-family, and three-family dwellings;
- Boardinghouses;
- Truck gardening, the raising of bush and tree crops, flower gardening, and the use of greenhouses;
- Home occupations;
- Accessory buildings and uses not used or operated for gain and not including guest houses or accessory living quarters;
- Required off-street parking.

The property is improved with a multi-family, 22-unit project. A conditional use permit for multi-family development is not recorded in the Cordova Planning Department. The Planning Department indicated that the use is “most likely grandfathered in” and is a non-conforming use.<sup>16</sup> It is an extraordinary assumption of this report that the property is a legally non-conforming use.

**Covenants / Restrictions**

The subject has Land Use Restrictive Covenants for Low-Income Housing Tax Credits (LIHTC). The subject property was obtained or improved through Federal financial assistance and is subject to the provisions of Title VI of the Civil Rights Act of 1964 and the

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<sup>15</sup> Located outside both 100 year and 500 year floodplains, according to floodinsights.com.

<sup>16</sup> Brice, City of Cordova Planning Department, 907-424-6200, January 16, 2015.

Rehabilitation Act of 1973 and the regulations issued pursuant thereto for as long as the property continues to be used for the same or similar purpose for which financial assistance was extended or for as long as the purchaser owns it, whichever is longer.

**Suitability of the Site**

The subject contains a total site area of 47,250 SF (±1.08 acres). It is mostly cleared and sloping, with adequate access and all public utilities available. Overall, the subject site and neighborhood is suited for multi-family residential development.

**IMPROVEMENT DESCRIPTION**

**AS-IS**

The subject consists of six two-story, wood-framed, apartment buildings. Five were built in 1980 and one was built in 1996. The original five buildings were renovated in 1996.

The project has a total of 22 units: (6) one-bedroom units, (10) two-bedroom units, and (6) three-bedroom units, with a gross building area (GBA) of 19,993 SF.<sup>17</sup> The net rentable area (NRA) is reported at 18,504.

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

Component	No. Units	Unit Summary	Other Rooms	GBA
Building A - E	20	(6) 1BR (10) 2BR (4) 3BR	Common area entrances/ hallways, annex	17,451 SF
Building F	2	(2) 3BR	Common laundry, basement walk- out manager's office	2,542 SF
<b>TOTALGBA</b>	<b>22</b>			<b>19,993 SF</b>

Unit Mix	Units	SF / Unit	NRA
1BR / 1BA	6 *	644	3,864 SF
2BR / 1BA	10	836	8,360 SF
3BR / 1BA	2	1,180	2,360 SF
3BR / 2BA	4 *	980	3,920 SF
<b>TOTAL NRA</b>	<b>22</b>	<b>—</b>	<b>18,504 SF</b>

<b>TOTAL Common Area</b>	<b>Total GBA – Total NRA</b>	<b>1,489 SF</b>
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\* As proposed, the manager's 3-bedroom unit will be converted to a one bedroom unit.

**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.

**Foundation**

Foundations are all-weather wood (AWW) on concrete footings. A Capital Needs Assessment reported Unit B3 (manager's unit) has severe water damage on the ground floor: "Most of the bottom floor is subterranean and has a waterproofed retaining wall on one side of the unit. Although it could not be verified visually, water seems to be emanating from this retaining wall into the unit. The entire bottom floor of this unit is uninhabitable."

As proposed, the water intrusion issues will be addressed by converting the manager's 3-bedroom unit into a 1-bedroom unit.

<sup>17</sup>Includes hallways, common areas, and exterior walls – measured to the outside to outside wall at all levels – per Assessor Sketch (Bldg A-E) and building plans provided for Building F – see Addenda.

**Framing & Siding**

The structures are 2-story wood-framed apartment buildings. The units are garden style. Exterior walls are covered with vinyl siding that shows its age. Overall, the exterior is in average (-) condition. The units have  $\pm 8'$  interior ceiling heights. Per the Market Study performed by Novogradac and Company and Capital Needs Assessment, and conversation with the property manager, there is an on-going bat re-infestation located in walls of the Building B/C annex. We did not observe the infestation during our inspection. It is part of the proposed renovations to the project to cure this issue.

**Floors**

The sub-floors are plywood over wood joists. Basement floors are slab on grade.

**Roofs**

Wood trusses covered with plywood decking and metal roofing. Prior roof leaks in 'C' Building were reportedly fixed per the on-site manager, Ms. Sue Jantz. No existing roof problems were noted or reported. The appraisal is developed according to the extraordinary assumption that the roof is in average, functional condition.

**Interior Finish**

Walls and ceilings are sheet-rocked, taped, textured, and painted. Floor covering in the units are average quality carpet with vinyl in the kitchens and baths. Carpet trim is wood; vinyl trim is rubber base. Interior hallways consist of average, commercial grade carpet. One unit is reserved for the on-site resident-manager (Unit B3). All kitchens and bathrooms have original formica countertops and wood cabinets, and are in average condition. Overall, the units are in average condition for their age.

**Insulation**

All insulation is assumed to be adequate.

**Doors and Windows**

Each unit has an interior solid-wood entry door. Interior unit doors are hollow-core wood. Unit windows are double glaze glass set in vinyl frames. Building entrance doors are metal foam filled with glass set in metal frames. Overall, the doors and windows are in average condition.

**Mechanical, Plumbing, and Electrical**

Building B/C annex has a mechanical room equipped with (2) oil-fired boilers and (1) indirect hot water heater (119 gallons) that serves the Buildings A-E. Building F has a mechanical room equipped with (1) oil-fired boiler and (1) indirect hot water heater (50 gallons). All of the boilers and water heaters were installed in 2011/12. Each unit has individual thermostats with baseboard heat. Electrical and plumbing are assumed to be adequate and commensurate with the overall quality and condition of the project. (18) units have (1) three-fixture bathroom (sink and vanity, shower/tub and toilet; (4) 3-bedroom units (located in Buildings A-D) have (2) three-fixture bathrooms. Kitchens have a double sink. Each unit is equipped with smoke / carbon monoxide detectors. The buildings are not sprinklered.

**Appliances**

All units have full sized refrigerators and an electric range/oven. The appliances are in overall, average condition. There are no dishwashers or garbage disposal. Building F has a common laundry room with (4) coin-operated washers and (4) coin-operated dryers. Both 3-bedroom units in Building F have individual in-unit washer and dryer.

**Site Improvements**

The site is improved with typical landscaping, paved walks, signage and exterior lighting. In addition, there is a small shed building (refuse), and a playground area.

**Parking**

There are a total of 23 paved parking spaces on site for the residents (3 of which are handicapped), with a 2.32:1 land to building ratio. City of Cordova parking requirements are 2 spaces for each unit, or 44 spaces (2 units x 22 units). Regardless, the land-to-building ratio is adequate to add parking if required and the property has functioned as-is for 30 + years. On-site parking is adequate.

**Other**

We were provided a Capital Needs Assessment, completed on November 12, 2014. The assessment included an inspection of a sufficient number of dwelling units to give an adequate picture of the overall condition of the subject property. This assessment addressed "immediate needs" of capital requirements necessary to operate the subject property for the next ±20 years. These suggested needs will be summarized in the following description of the subject property, "as proposed".

**Age / Condition**

The Marshall Valuation Service estimates the life expectancy at 50 years ±. The subject has been maintained over its life but given the harsh climate environment, it is in overall average (-) condition. The actual age is ±18 to 34 years. The effective age is estimated at ±30 years. Prudent management and proper maintenance of the improvements can significantly extend the life expectancy. The estimated remaining economic life is ±20 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 legal non-conforming, compatible use, and are in average condition for their age.

**AS-PROPOSED**

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*	\$1,433,308
Construction / Rehabilitation (hard costs)	\$3,601,009
Construction / Rehabilitation (soft costs)	\$739,389
Developer’s Fee	\$625,000
<b>Total Project Costs</b>	<b>\$6,398,706</b>

\*Includes replacement reserves.

As proposed, the existing improvements will receive significant renovation, new construction, and rehabilitation. The property developer indicated that everything will be done per the Capital Needs Assessment, Architects Field Report, and Energy Audit Report. A brief overview is as follows (complete reports are located in the addenda):

As proposed, the project has a total of 22 units: (7) one-bedroom units, (10) two-bedroom units, and (4) three-bedroom units, with a gross building area (GBA) of 19,993 SF.<sup>18</sup> The net rentable area (NRA) is reported at 18,168.<sup>19</sup>

Component	No. Units	Unit Summary	Other Rooms	GBA
Building A - E	20	(7) 1BR (10) 2BR (3) 3BR	Common area entrances/ hallways, annex	17,451 SF
Building F	2	(2) 3BR	Common laundry, basement walk- out manager’s office	2,542 SF
<b>TOTALGBA</b>	<b>22</b>			<b>19,993 SF</b>

Unit Mix	Units	SF / Unit	NRA
1BR / 1BA	7	644	4,508 SF
2BR / 1BA	10	836	8,360 SF
3BR / 1BA	2	1,180	2,360 SF
3BR / 2BA	3	980	2,940 SF
<b>TOTAL NRA</b>	<b>22</b>	<b>---</b>	<b>18,168 SF</b>

<b>TOTAL Common Area</b>	<b>Total GBA – Total NRA</b>	<b>1,825 SF</b>
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As proposed, the manager’s 3-bedroom unit will be converted to a one bedroom unit to fix the water intrusion problems in the basement level.

<sup>18</sup>Includes hallways, common areas, and exterior walls – measured to the outside to outside wall at all levels – per Assessor Sketch (Bldg A-E) and building plans provided for Building F – see Addenda.

<sup>19</sup> Unit rentable areas are per GOAL Workbook, confirmed by information provided by the developer.

Per the property developer:

- The interior of the units will be completely modernized (new kitchen, bath, flooring, paint, etc.).
- The complex will be ADA compliant which involves grading work for sidewalks and ground floor entrances and modifications to the existing ADA units.
- Addressing substantial leak and water intrusion issues.
- Extensive energy efficiency improvements including new siding, windows, insulation, and exterior doors.
- Replacement of fuel tanks(s).
- Mitigating bat infestation issues.

The estimated start date of renovation is April 2015 with a completion date set for October 2015.

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

Photos taken by MAF (December 17, 2014)



Looking west at subject from Orca Avenue.



Building A & B



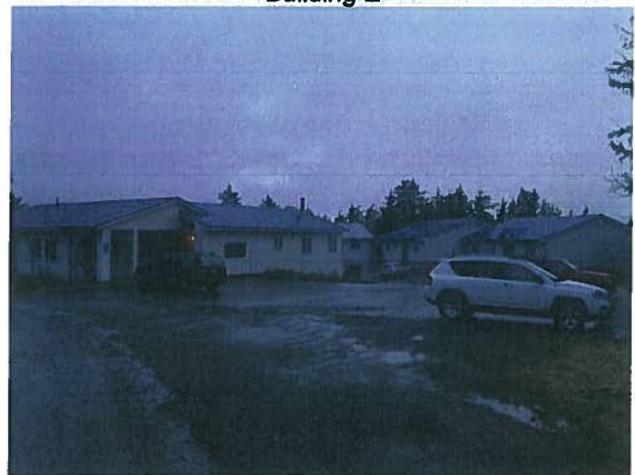
Building C; Building D is on the right.



Building E



Building F



Looking southwesterly at subject from Orca Avenue.

**SUBJECT PHOTOGRAPHS CONT.**

Photos taken by MAF (December 17, 2014)



**Building B/C annex entry door.**



**Utility room located in B/C annex.**



**Bldg. F – walk-out basement managers office.**



**Common laundry room located in Bldg. F**



**Unit C2 – 1BR; typical living room.**



**Unit C2 – 1BR; typical kitchen.**

**SUBJECT PHOTOGRAPHS CONT.**  
Photos taken by MAF (December 17, 2014)



Unit C2 – 1BR; typical hallway towards bedroom; bathroom is on the right.



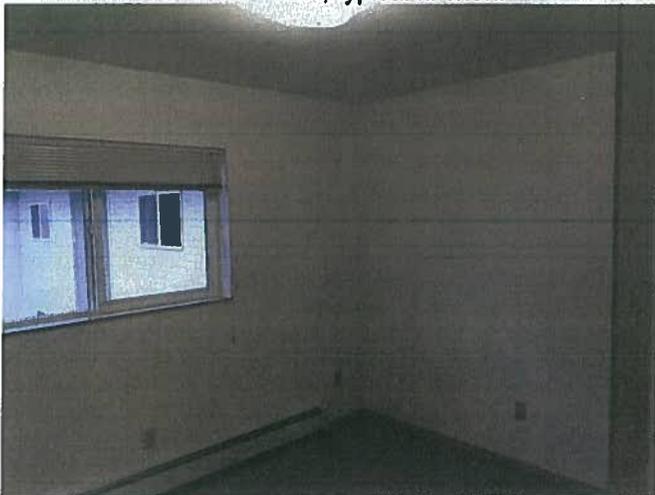
Unit B2 – 2BR; typical living room.



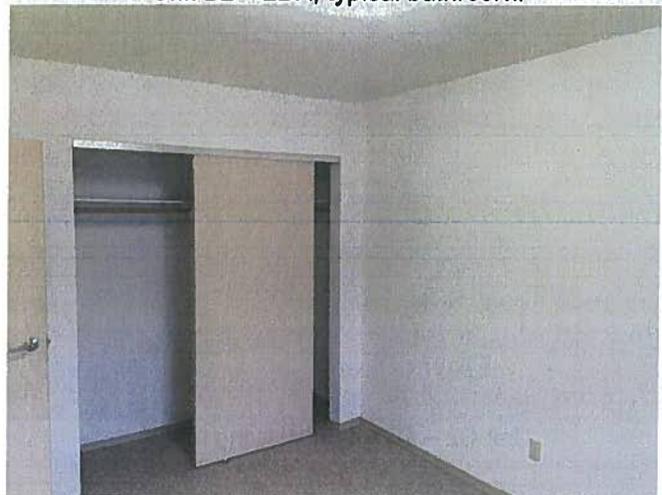
Unit B2 – 2BR; typical kitchen.



Unit B2 – 2BR; typical bathroom.

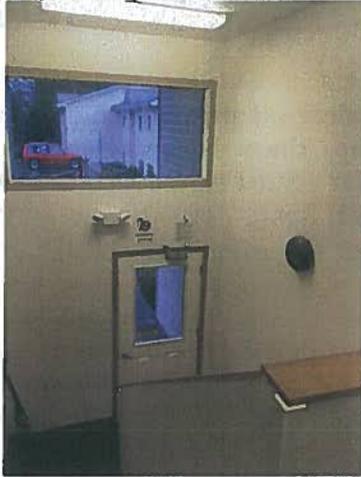


Unit B2 – 2BR; typical bedroom.



Unit B2 – 2BR; typical 2<sup>nd</sup> bedroom.

**SUBJECT PHOTOGRAPHS CONT.**  
Photos taken by MAF (December 17, 2014)



Typical common area hallway overlooking building entry door.



Unit D4 - 3BR; typical living room.



Unit D4 - 3BR; typical kitchen and hallway leading to bedroom.



Unit D4 - 3BR; typical master bedroom located in basement level.



Bldg. F from Orca Avenue.



Looking south along Orca Avenue; subject is on the right.

# Capital Needs Assessment



**Project: Cordova Mews Apartments, Cordova, Alaska**

**Date: 11/12/2014**

## Capital Needs Summary

This is a Capital Needs Assessment for Cordova Mews Apartments which is an existing affordable multifamily development located at 401 Orca Avenue, Cordova, AK. The project currently consists of 22 apartment units originally constructed in 1980. There are 6 one bedroom, 10 two bedroom, and 6 three bedroom units at this property. Included in these units are 2 handicap accessible units. The subject property is a "Family" project. The property has 2 residential buildings and includes an office/laundry/maintenance rooms below the 2 handicap units. This building was constructed in 1996. The buildings all have wood framed walls and a pressure treated wood foundation on the side of the building that extends into the ground and a concrete foundation on the back side of the buildings that are at grade. The exterior is vinyl siding.

The subject property is currently in fair condition. There is water intrusion into the buildings from a subterranean source as well as the exterior walls are damaged and allow air and moisture into the building structure. The heating bills are extremely high and the buildings need to be renovated to be more energy efficient. The purpose of this report is to evaluate the condition of the subject property as of the effective date of the report and to estimate the capital improvements necessary to bring the property up to "like new" condition and keep the property in excellent condition over the next 20 years. This report should not be used for any other purposes.

The scope of this assignment consists of a capital needs assessment of the subject property as of the date of our inspection. The scope includes (1) a review of the status of major building systems, (2) a photographic record of the property, (3) a review of required capital improvements to bring it up to "like new" condition, and (4) an estimate of required replacements to the subject property each year for the next 20 years.

The intended users of this report are the owners, Rural Development, and Alaska Housing Finance Corporation. No other person or entity may use this report for any reason whatsoever without the express written permission of the owners, Rural Development, or Alaska Housing Finance Corporation. This assessment included an inspection of a sufficient number of dwelling units to give an adequate picture of the overall condition of the subject property. A total of 17 units including all handicap accessible units were inspected.

This assessment was conducted by, Mr. Paul Youngborg, AIA, a person trained and experienced in building design and construction. The inspection included a review of pertinent documentation (repair/replacement records, as-built drawings, etc.) and interviews with the property owner's representative, management staff and tenants. This assessment included a review of buildings, foundations, roofs, exterior/interior walls, mechanical systems, doors and windows, interior elements, landscaping, paved areas and utilities. Finally, this inspection included the preparation and submittal of a written report in a format consistent with Rural Development and Alaska Housing Finance Corporation requirements.

This report includes a description of the overall condition of the building components and systems and conditions and an estimate of the Expected Useful Life (EUL) and the Remaining Useful Life (RUL) of the subject property and its components. This report includes a discussion regarding significant deficiencies, deferred maintenance items, and material code violations at the subject property. The conclusions within this report are

# Capital Needs Assessment



**Project: Cordova Mews Apartments, Cordova, Alaska**

**Date: 11/12/2014**

based upon a visual survey of the buildings and grounds, research of readily available documents, and conversations with people who have knowledge of the property.

Please note: The conclusions reported are based on the conditions that exist as of the effective date of this report. These factors are subject to change and may alter, or otherwise affect the findings and conclusions presented in this report.

## **Site**

The site is sloping and storm water drains to catch basins on the site and down the hill. There are two entrances to the property off Orca Avenue. From the street the property appears well maintained and similar to other properties in the area, however the vinyl siding dates the property. The property is located in the central area of the city of Cordova, Alaska.

## **Fencing**

There is no fencing at this property

## **Playground**

Playground is at the end of its useful life and should be replaced. The equipment is deteriorating and in fair condition. Also the playground surface is uneven and should be renovated.

## **Site Lighting**

Exterior lighting is provided for by luminaires mounted on the buildings. These lights are not energy efficient and should be replaced with energy efficient fixtures and bulbs. LED lighting is recommended. There is also a street light, maintained by the city, along the road that illuminates the parking area. It could not be determined if lighting was adequate as the survey was performed during the day; however, based upon the number of exterior lighting fixtures and tenant interviews, the lighting appeared to be adequate at the subject property. We recommend the existing luminaires be replaced with more energy efficient luminaries.

## **Driveways, Parking Lots and Sidewalks**

The parking lot/driveway areas at the property are concrete in poor condition. The concrete is damaged due to the severe weather and abuse of snowplows and trash trucks. The handicap parking areas are ADA non-compliant as the slope in these spaces is over 2% and should be replaced. Also the accessible routes across the concrete parking areas are ADA non-compliant and should be repaired or replaced. Unfortunately the only way to provide ADA compliant parking areas and accessible routes is to remove and replace these areas. Applying a topping material to the concrete would not be permanent as it would spaul off under the stress of freeze/thaw cycles and would not hold up to constant snow plowing of the parking areas. Parking spaces are laid out for smooth traffic flow with convenient access to the building entrances.

# Capital Needs Assessment



**Project: Cordova Mews Apartments, Cordova, Alaska**

**Date: 11/12/2014**

Sidewalks in other areas are concrete mostly in fair condition and will need to be replaced soon. The entrance patio at the handicap units has a slope over 2% and should be repaired or replaced. These areas should be removed and replaced with walkways that are ADA compliant. The wood handrail along the parking area sidewalk is deteriorating and should be replaced. We recommend a powder coated metal railing that can withstand the extreme weather conditions in this area.

Currently there is no walkway to the storage room areas at the rear of each of Buildings A through E. The spaces under the floors of these buildings are used for mechanical equipment and storage. Since it is also the intention of the owner to add storage cubicles for the residents which would be accessible from the rear of the building as well as from the doorway between Buildings C and D; a walkway would greatly improve access to these new resident storage cubicles, mechanical spaces, and access for maintenance. A stairway or ramp will also need to be provide an accessible route from the front of the building to the rear walkway.

## Retaining wall

There is a concrete retaining wall along the edge of the concrete parking area and sidewalk. There is a French drain at the bottom of this wall which does not seem to be performing properly. The semi-circular driveway seems to be separating from the walkway along the perimeter. This is probably caused by water failing to percolate down through the filter-rock behind the retaining wall to the French Drain and being trapped behind the wall. This water will freeze and expand. This will cause the concrete walkway and retaining wall to move away from the concrete parking apron. Although this is not a major problem yet, the gap between the parking slab and the walkway should be monitored. Possibly the installation of an expandable caulking with backer-rod could be installed in this gap to prevent water from getting under the parking apron slab temporarily. However a permanent solution would be to completely remove and replace the French Drain system with a newer more efficient drainage system to assure the water percolated to the drain and is removed to the side of the property. Also subterranean water may be flowing from up on the hill, down and under the concrete slab becoming entrapped at the foot of the retaining wall and causing damage. Additional destructive testing may be required to identify the cause of this water flow and develop a means to mitigate water damage.

## Landscaping

Landscaping consists of established trees and shrubs in good condition; however the vegetation is overgrown in many areas and should be trimmed or removed. Many trees and shrubs are against the vinyl siding causing damage. The landscaping should be upgraded to protect the buildings as well as for marketability.

## Mail Boxes

There are no mailboxes at this property. All residents have a Post Office Box at the local Post Office.

## Signage

The site features a metal sign on wood posts. The sign is in good condition. The identification sign includes the property name and address (including the equal housing opportunity logo). There are also building letters identifying each building entry, as well as signage for the office and laundry.

# Capital Needs Assessment



**Project: Cordova Mews Apartments, Cordova, Alaska**

**Date: 11/12/2014**

## Dumpster Enclosures

Trash cans are located in a small building near the roadway. Individual trash cans are provided as well as containers for recyclable materials. Individual accessible trash cans are provided adjacent to the two handicap designated units.

## Maintenance Shop

There is a maintenance shop adjacent to the office plus the crawl spaces are used for storage of materials and equipment. There appears to be substantial materials and equipment available to properly maintain the property.

## Site Drainage

The site is sloping and storm water drains down the hill to the street and to catch basins that flow to an outfall. There is also a creek at the rear of the property. Since there is water intrusion into the lower floors of several units, the drainage system should be completely renovated. The only way to re-waterproof the wood foundation walls is to excavate down to the bottom of the footings, re-waterproof the subterranean walls, and backfill over the drains. To insure water flows away from the buildings we recommend a concrete cap be installed next to the exterior walls to route any water to the sides of the property.

## Site Underground Water and Sewer Systems

Maintenance did not report any problems with the underground water or sewer systems and there was no evidence these systems were recently repaired or damaged.

### Immediate needs:

Landscaping should be upgraded for marketability as well as many overgrown trees and shrubs need to be trimmed or removed.

Remove and replace the existing concrete parking area and assure all handicap parking is ADA compliant

Remove and replace the existing walkways and assure the accessible route slope does not exceed 2%

Replace wood handrails along sidewalk with powder coated metal railings

Parking areas need to be re-stripped.

Playground equipment and surface should be repaired or replaced

Destructive testing to identify cause of water damage at parking apron retaining wall

Engineering and construction to mitigate water damage at parking apron retaining wall

Add a new walkway at the rear of the building with an accessible route for residents

## **Architectural**

# Capital Needs Assessment



**Project: Cordova Mews Apartments, Cordova, Alaska**

**Date: 11/12/2014**

## Structural Elements and Exterior Walls

The project currently consists of 22 apartment units originally constructed in 1980 and renovated in 1996. The buildings all have wood framed walls and a pressure treated wood foundation on the side of the building that extends into the ground and a concrete foundation on the back side of the buildings that are at grade. The exterior is vinyl siding. Interior walls are wood studs with drywall. There is evidence the exterior walls are poorly sealed due to the high cost of heating the units as well as by complaints of the residents during interviews of cold air coming through the walls and evidence of damaged caulking around the windows. The only way to fully seal the exterior walls is to remove the drywall, install new vapor barrier on the inside of the exterior walls completely seal around all windows and penetrations and re-install new drywall on the exterior walls.

Each building has an entry and hallway, with stairs, to each group of four units at buildings A through E. These common entries have carpet flooring. These common areas are damaged in many areas and in need of repair.

Ceiling/Roof assemblies consist of wood joists, plywood sheathing, and standing seam metal roofing. There are gutters on the pedestrian side of the buildings and downspouts that are connected to storm drainage piping. The fascias appeared to be in fair condition, but should be repaired when replacing roofing. The roof soffits are vented metal. It was noted that there is some water staining on the siding where roofing meets standing walls. This is probably because "kick-out flashing" was not properly installed with the new roof and siding. This could allow water intrusion into the building walls wherever there is a roof connected to a standing wall without proper flashing. Recently there was thermal imaging completed by Alaska Thermal Imaging. It was found that the roof is leaking in several areas. We recommend that the roofing be removed, the roof sheathing be inspected for water damage and damaged sheathing replaced, then a new standing seam metal roof be installed. This will insure there is no water intrusion into the building because of faulty or damaged roofing or mis-installed flashing. New gutters and downspouts should be installed during the roofing system work.

The exterior envelope is vinyl siding. The manager stated that this type of vinyl siding is no longer available and becoming a maintenance problem. The vinyl is damaged during severe wind storms and there is not enough spare vinyl to replace existing damaged vinyl siding. Also the vinyl siding is very thin gauge and cracks and chips easily. We recommend that the existing vinyl siding and moisture barrier be removed so the underlying materials can be inspected for water damage. Any water damaged areas should be replaced and the buildings wrapped with a new moisture barrier material. We recommend that HardiPlank be installed instead of the original vinyl siding. HardiPlank is durable, can withstand high winds, and lasts for many years with minimal maintenance. HardiPlank will also improve the marketability of the property.

The exterior walls are not well sealed at the wall penetrations, windows, and at top and bottom plates. We recommend that the drywall at all exterior walls be removed, completely seal the penetrations, windows, and top and bottom plates. Install new foam insulation that will increase the R value and provide resistance to mold. Then, if needed, a new vapor barrier can be installed on the studs before the drywall is installed. In addition ceiling drywall should be removed at all exterior walls about 2 feet back from the wall. This is the only way that the rim joist and space between the ceiling and upper floor structure can be effectively sealed with foam insulation to prevent air infiltration. The ceiling of the top floor does not need to be removed as the sealing of the top plate will be done in the attic.

# Capital Needs Assessment



**Project: Cordova Mews Apartments, Cordova, Alaska**

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Since the entire building is recommended to have new spray foam insulation installed at the attic, exterior walls, and bottom floor joist; it may be necessary to install "whole house air balancing fans" to bring conditioned air into the units to balance the air pressure as well as assure there is an acceptable CFM of replacement air.

## Attic, Wall, and Floor Insulation

Inspecting the attics it was observed that there is 13 inches of insulation in the attics. Also there are reports of flying bat infestation in several of the buildings. Although actual bats were not observed during the site inspection, bat droppings were observed in the attics and maintenance said bats were seen in the attics. Also there is insulation water damage and possible mold under areas where the roof has been leaking over the years as well as at penetrations of the ceilings. The ceiling light electrical boxes are not well sealed to the vapor barrier and drywall. When warm moist air infiltrates into the attic through these penetrations there is condensation that damages the insulation and can cause mold. We recommend that the ceiling insulation be completely removed and all penetrations be completely sealed to prevent future air infiltration in and out of the attic. New insulation will need to be installed and we recommend foam insulation that will provide a better air seal as well as being mold resistant.

The crawl space walls exposed to the outside are poorly insulated and the crawl space pressure treated wood retaining walls are not insulated. The living area floors above the crawl space areas are not insulated. We recommend that insulation be added to the wood retaining walls, the exterior walls, and to the underside of the habitable room in the crawl space areas. All penetrations from the bottom floors to the crawl space should be sealed to stop cold air from entering the units. This will greatly increase the energy efficiency of the buildings and add to the comfort of the residents. However these areas will need to be mechanically ventilated with conditioned air to prevent moisture build-up.

## Windows and Exterior Doors

Although new windows were installed in 1996, they are not performing well. Being vinyl windows, they are subject to expand and contract in this severe weather environment. This expansion and contraction is causing the perimeter caulking to fail allowing water and cold air to infiltrate into the units and wall cavities. The weep holes in the bottom track are not protected from wind. One can feel the cold air coming in through these windows at weep holes and perimeter. Since these windows are not well suited to this environment, we recommend the existing windows be removed and replaced with a higher quality fiberglass or vinyl windows of higher efficiency. This will increase energy efficiency and decrease future maintenance work.

Entry doors at the individual dwelling units are on interior common area hallways, except for the two handicap units where the doors are on the exterior. These doors are of poor quality, many are damaged, and maintenance reports they are a discontinued model. All entry doors should be replaced with higher quality, insulated, and sealed doors. Entry doors to the individual dwelling units are equipped with cylindrical locksets and single cylinder dead-bolts with thumb-latch. Entry door frames are wood. Thresholds are in good condition.

Crawl space doors are at the end of their useful life and should be replaced with high quality, secure, insulated, and sealed doors.

# Capital Needs Assessment



**Project: Cordova Mews Apartments, Cordova, Alaska**

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Painting in the common areas inspected was in good condition and maintenance appears to have a program for painting as scheduled maintenance. However with the extensive renovation work contemplated, these walls will experience damage around the windows, at exterior walls, doorways, and at all exterior wall penetrations. These walls will all need to be repaired and repainted during renovations.

## Common Areas

There is an office, maintenance shop, and laundry on the bottom floor of Building F. The office restroom has some ADA non-compliance issues which should be corrected such as the toilet should be relocated to be 18" off the wall and insulation added to the hot water pipe at the lavatory.

Electrical fixtures were ceiling mounted fluorescent lights in good condition. Floors are carpet in the office and resilient flooring in the restroom and laundry room. Walls and ceiling are textured, painted drywall in good condition.

## Fire Suppression and Life Safety

The subject property is not equipped with an NFPA-13 fully automatic fire suppression (sprinkler) system. However, hard-wired smoke detectors (with battery backup) are located within the hallway and at least one bedroom of each dwelling unit. Management tests smoke detectors quarterly. We randomly tested smoke detectors on our site visit; all tested detectors worked property.

## Unit B3 water damage

Unit B3 has severe water damage on the ground floor. Most of the bottom floor is subterranean and has a waterproofed retaining wall on one side of the unit. Although it could not be verified visually, water seems to be emanating from this retaining wall into the unit. The entire bottom floor of this unit is uninhabitable. We recommend that destructive testing be conducted to determine the cause of this water intrusion, a method of mitigating this water intrusion be developed, and the building re-constructed to stop the water intrusion. The entire bottom floor will need to be renovated after the water intrusion is mitigated. An alternate solution would be to abandon the bottom floor of this unit and convert it from a 3-bedroom unit to a 1-bedroom unit if mitigating the water intrusion proves to be financially unfeasible.

## Immediate needs:

Remove vinyl siding, repair water damaged substrate, replace damaged or missing insulation, completely re-seal, and install HardiPlank siding.

Windows are not performing, are a maintenance problem, and should be replaced.

The roofing should be replaced along with inspecting and repairing any water damaged sheathing, fascia, or flashing.

Replace gutters and downspouts on front of building

Add new gutters and downspouts to rear of the building

Add spray foam insulation to the attics up to R60 as recommended by Energy.gov.

Add spray foam insulation to the crawl space walls and under floor habitable areas to R30 as recommended by Energy.gov.

Replace crawl space doors with insulated and sealed doors.

Provide mechanical ventilation to the crawl spaces to prevent moisture build-up and freezing

Common entries to Buildings A through E should be renovated with new flooring, windows, railings, and lighting.

# Capital Needs Assessment



**Project: Cordova Mews Apartments, Cordova, Alaska**

**Date: 11/12/2014**

Upgrade office restroom to be ADA complaint

Remove the rear abandoned stairway, laundry, and office and replace with usable storage areas for the residents and management.

Investigate and repair Unit B3 bottom floor water intrusion and damage or abandon the bottom floor and convert unit to a 1-bedroom unit.

## **Mechanical and Electric**

### HVAC Systems

There is a hydronic heating system at each building. These systems have newer boilers, re-circulating pumps, and equipment. However the unit heating radiators could be upgraded with a fan-forced radiator for energy efficiency. Residents and maintenance complained about the high heating bills, how difficult it is to heat the units due to the cold air infiltration, and the location of some radiators heats the rooms unevenly. We recommend that fan-forced radiators be installed to provide more even and energy efficient heating in the units. After the renovation work, blower door tests should be conducted to determine if there is enough replenishment air to meet ASHRE standards. If the units have insufficient replacement air, we recommend that "whole house air balancing fans" be installed to bring conditioned air into the units to balance the air pressure as well as assure there is an acceptable CFM of replacement air.

### Plumbing Systems

The main water supply for the apartment buildings originates at water meters. According to management, the water mains are equipped with shut-off valves. Visually accessible domestic water piping is constructed of copper piping, fittings, couplings and joints. Where visible, domestic water piping is not insulated; however, the majority of the system is concealed behind GWB walls and could not be visually inspected. Visually accessible plumbing piping was observed in good condition. Many observed water and waste lines are uninsulated. We recommend that all accessible water and waste lines be insulated to prevent freezing or loss of heat on hot water piping.

Sewer connections at the property are reported to consist of mains exiting each of the buildings. Visual access to the sewer mains could not be provided. Based upon reported site conditions, the sewer connections at the property are adequate.

Potable hot water to each building and unit is supplied by a central hot water heater and piping system. The recovery of the hot water heaters was reported to be adequate for the number of fixtures served, and no complaints concerning a lack of hot water were raised during the inspection. However it was observed there is insulation missing in some areas. The entire system should be inspected and the insulation of the piping increased for energy efficiency. Also the piping system should be inspected to be sure that all equipment and piping is properly braced or secured for seismic conditions.

### Electrical Systems

# Capital Needs Assessment



**Project: Cordova Mews Apartments, Cordova, Alaska**

**Date: 11/12/2014**

The apartment buildings receive electrical power from exterior pad-mounted transformers. It is our understanding that electrical service to each dwelling unit consists of 70 Amp, 120/240V AC 3-wire, single-phase for each unit main panel. The electrical sub-panels in the units were observed with breakers and are located in each unit. It is reported by the maintenance supervisor and from limited visual access, that the electrical wiring at the complex is copper. There is no reported history of fires or other problems associated with the wiring at this property.

Properly grounded, three-prong outlets were adequately located throughout each dwelling unit. Outlets located in the kitchens, bathrooms, and outside the units were observed to be Ground Fault Circuit Interrupter (GFCI) outlets. Most tested properly, however some of the GFI's failed and should be replaced.

## Lighting Systems

Electric lighting fixtures in the common areas and units were replaced during renovation 18 years ago. However, there are some fixtures that still have incandescent bulbs. These bulbs should be replaced with fluorescent bulbs or the light fixtures changed in their entirety for energy efficiency. The light fixtures will reach the end of their useful life soon and should be replaced with energy efficient light fixtures. We recommend replacing all light fixtures with LED light fixtures for energy efficiency and marketability.

## Immediate needs:

Light fixtures with incandescent bulbs should be changed to energy efficient fixtures such as LED lighting.

Replace unit radiators with fan-forced hot water radiators for energy efficiency.

Replace the hot water boilers, pumps, and controls

Insulate water and waste lines as needed to prevent freezing and heat loss of hot water piping

Install "whole house air balancing fans" if the blower door testing results have insufficient replacement air per ASHRE standards.

## Dwellings

### Interior Elements

Dwelling unit interior walls and ceilings consist of painted gypsum wallboard (GWB) observed in generally good physical condition, however renovations will damage many areas of the walls and ceilings. After renovations all units should be completely painted.

Floor coverings are carpet and resilient flooring and generally in fair condition. The flooring condition varies from unit to unit. Many of the bathrooms have the flooring peeling up adjacent to the bathtub, probably from water flowing over the tub onto the floor. All the flooring should be inspected and replaced in most units.

# Capital Needs Assessment



**Project: Cordova Mews Apartments, Cordova, Alaska**

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Kitchen cabinets were replaced 18 years ago and are nearing the end of their useful life. These cabinets not high quality and will need to be repaired or replaced soon. The Countertops are post-formed plastic laminate countertops in fair condition and should be replaced when the cabinets are replaced. Kitchen fixtures include double basin stainless steel sinks with lever handle faucets observed in good condition, but should be replaced with new when the cabinets are refurbished. Kitchen appliances include four-top ranges in fair condition and frost-free refrigerators in fair condition. Range hoods are all original construction and should be replaced soon. It was noted that most of the kitchen appliances were not energy efficient models. We recommend that all ranges, refrigerators, and range hoods be replaced with energy efficient rated equipment.

Bathrooms vanities are original construction wood cabinets. The vanities, tops, and lavatories were replaced during the renovation in 1996 and are reaching the end of their useful life and should be replaced. Toilets have been changed out to low flow 1.6 gallon per flush toilets and are in good condition. Tubs and surrounds are original construction, but are becoming a maintenance problem. New plastic inserts were installed in the existing cast iron metal tubs. These inserts are failing at the drain. Four tubs have been removed and replaced with unit fiberglass tub/showers. These fiberglass units are performing very well and we recommend that all remaining cast iron tubs with inserts be removed and replaced with fiberglass unit tub/showers. Bathroom exhaust fans were replaced in 1996, however they are very inexpensive fans, make lots of noise, are at the end of their useful life, and are a maintenance problem. We recommend energy efficient, low sone rated exhaust fans be installed and vented to the exterior.

Light fixtures were mostly replaced in 1996. However fixtures with incandescent bulbs should be changed to compact fluorescent bulbs or new fixtures installed. We recommend all light fixtures be replaced with LED fixtures.

Interior doors consist of wood hollow-core doors of poor quality. The closets doors are becoming a maintenance problem and should be replaced. Door hardware is in good condition and maintenance has a good supply of door hardware for repairs.

## Immediate needs:

Kitchen cabinets, countertops, and sinks are at the end of their useful lives and should be replaced soon.

Bathroom vanities are at the end of their useful lives and should be replaced soon.

Remaining cast iron tubs with plastic inserts should be removed and new fiberglass tub/showers installed

Light fixtures should be replaced with LED fixtures or other energy efficient fixtures.

Bathroom exhaust fans should be replaced with energy efficient and low sone rated equipment and vented to the exterior.

Unit flooring should be replaced as needed

All kitchen appliances should be replaced with energy efficient equipment.

Remove drywall on exterior walls, install spray foam insulation, install vapor barrier, seal all windows and penetrations, and replace drywall

Remove ceilings 2 feet back from exterior walls and seal rim joists and penetrations with spray foam insulation

Replace floor baseboards on all exterior walls and as needed on interior walls

Paint all units after renovation work.

# Capital Needs Assessment



**Project: Cordova Mews Apartments, Cordova, Alaska**

**Date: 11/12/2014**

## **Accessibility**

Although there was no 504 Transition Plan available for this property, the site and all public areas were screened for compliance with the Architectural Barriers Act, Section 504 of the Rehabilitation Act of 1973, and the Americans with Disabilities Act. The Excellent Housing Amendments Act effective date is 3/13/91, and this property pre-dates FHA accessibility requirements. During the inspection there was no handicap accessibility transition plan available or presented to the inspector. The inspector used the USDA unnumbered letter Attachment F, "Existing Property Accessibility Checklist" to inspect for accessibility during his inspection of the property.

Multifamily housing dwelling units and common areas such as vehicle parking lots, mailboxes, trash dumpsters, and playgrounds are subject to compliance with UFAS. Under UFAS Five percent (5%) of the total units, or 1 unit, whichever is greater, must be fully accessible. The mix of accessible units is to be comparable to the total mix of units at a specific property. The locations of accessible units are to be dispersed throughout the project.

ADA Guidelines require that 1 van-accessible parking space shall be made available for every 8 accessible spaces (but not less than one). Van Accessible and handicap parking space signs are also required, with a sign post and aisle directly connected to the accessible route.

### Accessible Units

This property has a total of 22 units. There are 2 units designated as accessible at this property. All handicap accessible units have several issues which need to be installed to be fully compliant as shown on the attached life cycle cost analysis. There should be a refrigerator with an accessible freezer (usually a side-by-side type refrigerator have a top freezer 54" maximum to the center of the freezer). The kitchen should have at least one upper cabinet at 4' off the floor. The countertops in the kitchen should be no more than 32" high and there should be a 30" wide work-space with clear space underneath for wheelchair access. The accessible units should have closet poles within 4' above the floor. Insulation should be installed on all kitchen and bathroom hot water supply and waste drain pipes. Grab bars should be configured per ADA standards. Thermostats and electric switches should be no more than 4' above the floor. The electric panel should also be 4' above the floor. All doors on the accessible route should have lever handles.

### Accessible Parking

Handicap parking is ADA non-complaint. All handicap parking spaces should be checked for the following: parking and landing areas that exceed a 2% slope should be repaired, if the ramp to the sidewalk intrudes into the parking landing area it should be removed, and the signage at the front of the parking space should be checked to be 60" off the ground to the bottom of the sign minimum.

### Accessible Routes

The site was inspected for accessible routes to all common areas. Accessible parking spaces have slopes that exceed 2% and should be re-configured to meet ADA standards. Some walkways on the accessible route have slopes in excess of 5% and need handrails. Others have slopes over 8.3% and should be removed and replaced with complaint ramps. If the side slope of exceeds 2% in walkway areas the area should be

# Capital Needs Assessment



**Project: Cordova Mews Apartments, Cordova, Alaska**

**Date: 11/12/2014**

replaced with walkways having a maximum of 2% side slope. Compliant handrails should be at any walkways where the slope exceeds 5%. Any walkway where the slope exceeds 12.5% needs to be reconfigured to have a ramp with handrails. Damaged walkways with a vertical displacement of over 1/2" should be repaired or replaced to meet ADA standards. The walkways less than 3 feet wide should be replaced with walkways at least 3 feet wide with a side slope that does not exceed 2%. The thresholds at ground floor unit entry doors that exceed 1/2" in height should be replaced with compliant thresholds.

#### Immediate needs:

Office restroom toilet should be relocated to 18" off wall.

Accessible parking should be re-constructed to have a maximum 2% slope in any direction

Accessible route should be re-constructed to have a maximum 2% side-slope

Unit F2 should be upgraded to be handicap accessible

Construct an accessible route to the rear of the building to access new resident storage cubicles

## Environmental

### Lead Based Paint

The subject property was constructed in 1980 after the 1978 ban on lead based paint; therefore, lead based paint is not suspected to be present at the subject property.

### Asbestos Containing Material

The subject property was constructed in 1980 after the 1978 ban on asbestos containing construction materials; therefore, asbestos containing materials are not suspected to be present at the subject property.

### Mold and Mildew

The subject property was visually inspected for the presence of moisture intrusion and mold growth. No mold was observed however many areas smelled of mold. Unit B3 should be inspected for mold due to the water intrusion into the unit as well as all the other units that have walls adjacent to the subterranean wood foundation be inspected for mold. Each unit and common area should be inspected periodically for any staining or wet areas which could be caused water intrusion. These damaged or stained areas should be investigated to determine the source of the water intrusion and repaired to be sure the water intrusion source is mitigated. If mold is encountered it should be removed or remediated. If the area contaminated by mold exceeds 10 square feet, a licensed Industrial Hygienist should be contracted to inspect, analyze, and provide remediation procedures and repair recommendations. An inspection of exterior areas of the property did identify evidence of standing water near the buildings and improper site drainage characteristics which should be mitigated with new and renovated drainage around the buildings.

### Flood Zone

# Capital Needs Assessment



**Project: Cordova Mews Apartments, Cordova, Alaska**

**Date: 11/12/2014**

The subject property is located in an area that is not currently mapped in any published flood insurance rate map.

## Transmission Lines

No electrical power transmission lines were observed in the immediate vicinity of the subject property.

## Pest Control

It is our understanding that the subject property is under contract with a professional exterminator and infestations were not observed or reported during the inspection. However the issue of bats should be investigated and the new renovations designed to prevent any future access for bats to the attic areas.

## Other Environmental Concerns

No other environmental concerns were identified at the subject property.

## **How Replacement Costs are Determined**

We assisted in developing a scope of work for the owner. Our scope of work considered published cost data from reliable sources and includes shipping charges for all materials and equipment to and from the site. When possible, we utilized actual contractor pricing in developing our cost estimates. Also, we used the Fannie Mae expected useful life tables as a guide in our replacement reserve analysis. These tables were provided by USDA in their 2012 unnumbered letter regarding Capital Needs Assessments.

## **Acknowledgements**

This assessment was conducted by individuals trained and experienced in building construction. The inspection included a review of pertinent available documentation (repair/replacement records, as-built drawings, etc.) and interviews with the property management staff and tenants. This assessment included a review of buildings, foundations, roofs, exterior/interior walls, mechanical systems, doors and windows, interior elements, landscaping, paved areas and utilities. Finally, this inspection included the preparation and submittal of a written report in a format consistent with OHCS requirements. Original construction documents were available for review.

Mr. Paul Youngborg, AIA owner of CNA Specialists inspected the property, completed the field work, and completed the analysis and drafting of this report.

The description of the property and its components is based upon visual observations, the inspector's knowledge of typical construction practices, as well as information obtained during personnel interviews. Sue Smith, property manager, was very helpful in providing documents and information and escorted us to all units inspected. Onsite personnel were very helpful and knowledgeable. They appeared to have an excellent understanding of the construction, operation and maintenance of the subject property.

# Capital Needs Assessment



**Project: Cordova Mews Apartments, Cordova, Alaska**

**Date: 11/12/2014**

If the reader has any questions or comments, please feel free to contact us. Thank you for the opportunity of presenting this report.

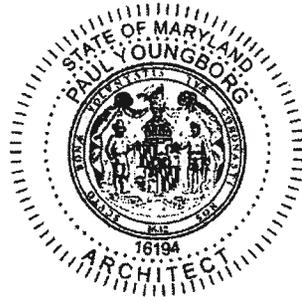
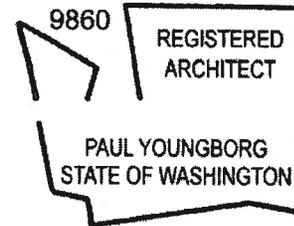
To the best of our knowledge and belief, this report presents an accurate assessment of the condition of the subject property as of the effective date of this report and a reasonable forecast of the capital requirements necessary to operate the subject property for the next 20 years. While this analysis is based upon information obtained from sources believed to be reliable, no guarantee is made of its accuracy.

Feel free to contact us with any questions or comments.

Respectfully Submitted ,

Paul Youngborg, AIA RAS HESP  
1345 Encinitas Blvd., #404  
Encinitas, CA 92024  
858-354-8001

paul@cnaspecialists.com



**Capital Needs Assessment  
Executive Summary**

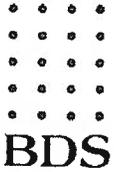


**Project: Cordova Mews Apartments**

**Date: 11/12/2014**

Item	H & S	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	Total
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	
Site	0	706605	0	0	0	0	0	0	6930	0	0	0	0	0	0	6930	9764	0	0	0	0	\$730,229
Architecture	0	1458546	0	0	0	0	0	20250	0	0	0	0	0	0	0	0	7875	0	0	0	0	\$1,486,671
Mech & Electric	0	149125	0	0	0	0	0	0	0	0	10800	0	0	0	0	0	0	0	0	0	0	\$159,925
Dwelling Units	0	1082983	178330	0	0	0	0	0	39960	39960	0	40100	9350	0	0	39960	88223	20515	10000	0	0	\$1,549,380
Uninflated Totals	0	3,397,259	178,330	0	0	0	0	20,250	46,890	39,960	0	50,900	9,350	0	0	46,890	105,862	20,515	10,000	0	0	\$3,926,205
Inflation Factor (3%)	1.0000	1.0000	1.0300	1.0609	1.0927	1.1255	1.1593	1.1941	1.2299	1.2668	1.3048	1.3439	1.3842	1.4258	1.4685	1.5128	1.5580	1.6047	1.6528	1.7024	1.7535	
Inflated Totals	0	3,397,259	183,680	0	0	0	0	24,180	57,669	50,620	0	68,405	12,943	0	0	70,925	164,929	32,921	16,528	0	0	\$4,080,058

		Non-inflated	Inflated
<b>Immediate Capital Needs:</b>		\$0	
<b>Total Capital Needs Over the Term:</b>		\$3,926,205	\$4,080,058
<b>Grand Total Capital Needs:</b>		\$3,926,205	\$4,080,058
<b>Units: 22</b>	<b>Capital Needs Per Unit</b>	\$178,464	\$185,457



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**ARCHITECTS FIELD REPORT**

<b>Project:</b>  Cordova Mews Apartments 409 Sixth Street Cordova, Alaska, 99574	<b>Field Report Number:</b> 01
	<b>Date:</b> June 12, 2014 <i>revised 11.13.14</i>
	<b>Time:</b> 9:30 PM to 11:30 PM
	<b>Temp:</b> 60 degrees F, Clear
<b>Work In Progress:</b> None, Initial inspection of site, three units, office, laundry, maintenance area, storage, mechanical room.	<b>Present At Site:</b> Eric Spangler, BDS Architects /Susan Jantz, Resident Manager/ Kyle Scalts, Criterion General

**OBSERVATIONS**

**General:** The property has 22 units total. The "main" building constructed in 1980 is two stories and has (6) one bedroom, (10) two Bedrooms, (6) three Bedrooms. The second building was built in 1997 that added two (3) Bedroom ADA units, Office, Laundry. Sitework at this time included a retaining wall against the main building foundation with associated drain tile, storm drains, and paving the parking lot. The property is showing wear commensurate with its age. Regular maintenance has been occurring but many components are beyond their useful life.

**Site**

**Parking Lot**

- **Existing condition:** The parking lot has 22 spaces including 2 spaces with ADA markings. The accessible parking stalls do not meet the 2% requirement. It has worn and is reasonably good shape but not expected to last for the next 30 years.
- **Recommendation:** Overlay asphalt over existing parking lot, Include accessible parking stalls.
- **Note:** City has grandfathered 22 spaces

**Building perimeter**

- **Existing condition:** The Main Building has a wood foundation on concrete footing with a concrete retaining wall to divert the flow of water. Apparently a spring is activated and the water table rises at certain times of year causing the lowest floor to flood. One unit is more prone to flood in which the manager has taken residence.
- **Recommendation:** Excavate to bottom of wall and replace with 24" drain tile and backfill with draining material.

- **Alternate Recommendation:** Remove connecting part of the building. Construct retaining walls on the exposed gable ends. Add insulation to upper portions of the walls and provide exterior wood stair with covering down to the mechanical room.
- **Note:** *Recommend a Civil Engineer visit the site to verify and investigate and make recommendations.*

#### Sidewalks

- **Existing condition:** The sidewalks were added in 1997 and in reasonably good shape but not expected to last for the next 30 years. Sidewalk is leaning at the upper end. A retaining wall supports this in sections and looks in reasonable shape,
- **Recommendation:** Replace sidewalks.

#### Fuel tank

- **Existing condition:** There are two above ground single walled tanks fuel tanks. One from 1980 and one from 1997. The older one requires a loader to remove snow before it will be filled by the heating oil supplier.
- **Recommendation:** Provide double wall tanks that are below minimum for the requirement for a spill response plan. Relocate main building tank for better access.

#### Dumpster:

- **Existing condition:** Trash cans are kept in an out building where they are accessed by the refuse company. There is a bear problem when the door is left open.
- **Recommendation:** Recommend closer for door suitable for subarctic conditions. Reside and roof building.

#### Playground

- **Existing condition:** Playground equipment and surface were installed in the last two years.
- **Recommendation:** None

#### Fencing

- **Existing condition:** There is a fence that runs along the sidewalk that is leaning and beyond its useful life.
- **Recommendation:** Replace fence with PT wood.
- **Note:** *Resident manager suggested a PVC fence.*

#### Main Building

##### Building exterior

- **Existing condition:** The siding is vinyl and worn. The windows are worn
- **Recommendation:** Provide new energy efficient windows with triple pane meeting U.22 and cementitious siding. Add 5/8" Rigid insulation and R21 insulation to interior wall cavity. The color should be light and waterproofed and management should renew waterproofing according to manufacturer's recommendations

#### Roof

- **Existing condition:** The roofing was replaced with metal over 2 x furring in 1997. The gutter is low on the fascia to avoid sliding ice and snow.
- **Recommendation:** Replace roof with 50 year asphalt shingles with ice and water shield for entire roof. Add roof canopy at all entrances.
- **Note:** *It has not been confirmed if the 2x's were installed. The drawings also note adding snow guards to the roof that were not installed*

#### Building structure

- **Existing condition:** The structure is conventional wood platform construction with roof trusses on an all weather wood (AWW) foundation on concrete footing and appears to be sound. The walls are 2 x 6 's 16" on center (OC) and the floor are trusses 24" OC
- **Recommendation:** None

#### Entrance Stairs

- **Existing Condition:** The stairs do not have the proper clearance for accessibility.
- **Recommendation:** Replace stair finish with rubber treads and walk off mat at the entrance. Replace handrails
- **Note:** *Expand Entrance for accessibility.*

#### Units Including Office Building

- **Existing condition:** Most components, finishes are original. A mix of appliances are new and cabinets and counters were replaced in 1997. Range hoods have not replaced.
- **Recommendation:**
  - Replace unit entry doors.
  - Replace doors and drawers on casework. Provide new counters and plastic laminate backsplash at range.
  - Reinstall Corian sills after window replacement
  - Replace finishes including carpet, vinyl, wood base and paint.
  - Replace metal horizontal blinds
  - Replace appliances not recently replaced including refrigerators, range. Replace all range hoods.
  - Replace and electrical fixtures including lighting, receptacles and new arc fault, GFI.
  - Replace all plumbing fixtures including toilets, lavatory, sinks, tubs and tub surrounds.
  - Replace vanity and counter.
  - Replace baseboard fintube (?)
  - Replace thermostat with programmable one.
  -

#### Office

- **Existing condition:** Normal wear and tear.
- **Recommendation:** None. Replace carpet and paint walls and ceilings.

Laundry

- **Existing condition:** Normal wear and tear.
- **Recommendation:** Replace floor and paint walls and ceilings.

Mechanical Room *including Office Building*

- **Existing condition:** Excellent
- **Recommendation:** None

Mechanical System *including Office Building*

- **Existing Condition:** New Boiler and Hot water recently installed. Ventilation provided with windows
- **Recommendation:** Provide fresh 80's with bathroom fan on humidistat and timer.
- **Note:** *The connecting part of the building is being removed. Heat, domestic water and sewer will need to be considered in connecting Utilidor.*

Plumbing Fixtures

- **Existing Condition:** Plumbing fixtures beyond their useful life
- **Recommendation:** Replace all plumbing fixtures

Electrical System *including Office Building*

- **Existing condition:** Electrical fixtures are original with some wall mounted spot lights having been added. GFI's are in the kitchen on the "wet" side only. Site lighting is provided with wall packs and pole light.
- **Recommendation:** Replace wall packs, pole fixture and electrical components as described under the units section.

Electrical Light Fixtures

- **Existing Condition:** Electrical fixtures beyond their useful life
- **Recommendation:** Replace all electrical fixtures with LED/CFL energy saving fixtures, receptacles with Arc fault circuits.

Energy Efficiency Upgrades

- **Existing Condition:** Main Building used common building practices which are not up to current standards for air tightness
- **Recommendation:** Remove attic insulation, seal all penetration from vents including between party walls and other areas not sealed.

**ITEMS TO VERIFY NA**

**INFORMATION OR ACTION REQUIRED NA**

**ATTACHMENTS** Photographs under separate cover.

**REPORT BY:** Eric Spangler, Project Architect

<u>Rental In.</u>	<u>From</u>	<u>Sq.Ft.</u>	<u># of Units</u>	<u>Unit Rent</u>	<u>Gross Annual</u>
	Bedrooms		Units		
30% MFI	1	644	2	\$1,375.00 \$	33,000.00
50% MFI	1	644	2	\$1,375.00 \$	33,000.00
60% MFI	1	644	2	\$1,375.00 \$	33,000.00
30% MFI	2	836	4	\$1,450.00 \$	69,600.00
50% MFI	2	836	4	\$1,450.00 \$	69,600.00
60% MFI	2	836	3	\$1,450.00 \$	52,200.00
30% MFI	3	980	1	\$1,500.00 \$	18,000.00
50% MFI	3	1180	2	\$1,500.00 \$	36,000.00
60% MFI	3	980	1	\$1,500.00 \$	18,000.00
Mrg Unit	1	644	1	\$	-

Total Rental Income	13704	22	\$	362,400.00
Other Income - USDA-RD Rental Assistance			\$	-
			\$	362,400.00
Less Vacancy & Credit Loss		7.0%	\$	25,368.00
Gross Effective Income			\$	337,032.00
Total Adjusted Income			\$	337,032.00

**EXPENSES**

Management	\$43,331	12.86%	%GEI
Administration	\$14,750	4.38%	
Insurance	\$31,650	\$1,438.64	per unit
Taxes	\$9,422	\$428.27	per unit
Utilities	\$98,300	\$7.17	per square foot
Maintenance & Repairs	\$40,100	11.90%	%GEI
Replacement/Reserves	\$18,000	\$ 818.18	per unit
Total Expenses	\$255,553	\$11,616.05	per unit
% of EGI	75.82%		
<b>Net Operating Income</b>	<b>\$81,479</b>		
Mortgage	\$62,331	\$1,168,454 @ 1.0% over 50 years \$725,000 @ 4.5% Interest only for 5 years 4.5% amort over the remaining 25 years	

**DSCR 1.31**

Net Cash Flow \$19,148

Income Decrease= 5.68%

Expense Increase= 7.49%

Vacancy Increase= 12.28%

## EXECUTIVE SUMMARY

### PROPERTY SUMMARY OF SUBJECT

Cordova Mews Apartments is an existing 22-unit LIHTC/USDA Rural Development apartment community consisting of one, two, and three-bedroom units. All but one of the units operate with rental assistance where tenants pay 30 percent of their income towards rent. The non-revenue generating unit is a two-bedroom employee unit. Following the renovation, the Subject will be restricted to households earning 30, 50, and 60 percent of the area median income (AMI) or less. The rental assistance is expected to remain in place following the renovation. The Subject's address is 409 6<sup>th</sup> Street, Cordova, Valdez-Cordova Census Area, Alaska. However, the Subject is physically located at the intersection of Council Street and Orca Avenue. The Subject consists of five, two-story buildings constructed in 1980 and one, two-story building constructed in 1996. The renovation will focus on ADA compliance, energy efficiency, modernization and upgrading of units, bat infestation mitigation, and site work. According to the sponsor, the renovation will be considered extensive and will have an estimated hard cost of \$3,032,523, or \$137,842 per unit. A detailed scope of work for the Subject's renovation is provided later in the report.

### Subject Property Overview:

The Subject is an existing 22-unit LIHTC/USDA Rural Development apartment community consisting of one, two, and three-bedroom units. Following the renovation, the Subject will be restricted to households earning 30, 50, and 60 percent of the area median income (AMI) or less. All of the units will continue to operate with rental assistance. The Subject offers six one-bedroom units, 11 two-bedroom units, and five three-bedroom units.

### Proposed Rents and Unit Mix:

The following table details the Subject's proposed rents and unit mix. The projected rents are the 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	2014 LIHTC	
						Maximum Allowable Gross Rent	HUD Fair Market Rents
<i>30% AMI/RD</i>							
1BR	644	1	\$1,365	\$57	\$1,422	\$457	\$687
2BR	836	3	\$1,440	\$58	\$1,498	\$549	\$858
3BR	980-1,180	1	\$1,490	\$66	\$1,556	\$634	\$1,208
<i>50% AMI/RD</i>							
1BR	644	2	\$1,365	\$57	\$1,422	\$763	\$687
2BR	836	4	\$1,440	\$58	\$1,498	\$915	\$858
3BR	980-1,180	2	\$1,490	\$66	\$1,556	\$1,057	\$1,208
<i>60% AMI/RD</i>							
1BR	644	3	\$1,365	\$57	\$1,422	\$915	\$687
2BR	836	3	\$1,440	\$58	\$1,498	\$1,098	\$858
3BR	980-1,180	2	\$1,490	\$66	\$1,556	\$1,269	\$1,208
<i>Manager's Unit</i>							
2BR	836	1	N/A	N/A	N/A	N/A	N/A
<b>Total</b>		<b>22</b>					

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

**Sponsor Contact:**

We made first contact with the sponsor, Cordova Mews Associates of Cordova, LLC, on July 22, 2014. Contact was made on our first attempt.

**Primary Market Area:**

The Primary Market Area (PMA) consists of the southern portion of the Valdez-Cordova Census Area and includes the cities and towns of Cordova, Orca, Eyak, Crystal Fall, and Alaganik. The PMA was developed based on conversations with the Subject's manager as well as other property managers in Cordova. According to the Subject's manager, 21 of the 22 existing tenants are from the city of Cordova. The managers at the comparable properties reported that most tenants are from the city of Cordova and the smaller surrounding towns. Areas surrounding the city of Cordova are low density and the city of Cordova serves as a service, retail, healthcare, employment center for the southern portion of the Valdez-Cordova Census Area. We believe the Subject will have limited leakage from outside of the PMA. We have estimated that 10 percent of the tenants will come from outside these boundaries.

**LIHTC Vacancy**

There are no existing or proposed LIHTC properties in Cordova or the PMA except the Subject, which is operated with rental assistance. Due to the lack of data in the Valdez-Cordova Census Area, we provided supplemental information on five HOME properties in Homer and Soldotna. These properties reported zero vacancy and most maintain waiting lists. The properties are detailed later in the report.

**Market Rate Vacancy**

The following table summarizes the overall vacancy rates for the comparable market rate properties.

**MARKET RATE VACANCY**

Comparable Property	Rent Structure	Total Units	Vacant Units	Vacancy Rate
325 1st Street	Market	4	0	0.00%
517 3rd Street	Market	10	1	10.00%
523 2nd Street	Market	3	0	0.00%
Mt. Eyak Apartments	Market	<u>19</u>	<u>0</u>	<u>0.00%</u>
<b>Total</b>		<b>36</b>	<b>1</b>	<b>2.80%</b>

The comparable market rate properties are zero to 10.0 percent vacant. Three of the four comparables are not experiencing any vacancy. In total, there is one vacant unit in the market at 517 3<sup>rd</sup> Street. The Subject is currently exhibiting a vacancy rate of 5.0 percent. We believe that the Subject will operate with a vacancy rate of 5.0 percent or less following the renovation.

**Historical Vacancy Rate**

Historical vacancy data was not available from the comparable properties. However, most property managers and local market participants reported that there are a limited number of rental units in the market and vacancy is typically very low. The Subject experienced vacancy rates of 9.0 percent in 2012, 5.0 percent in 2013, and 7.0 percent in 2014. It should be noted that the Subject only has 22

total units and, therefore, two vacant units result in a vacancy percentage that appears elevated. Management indicated that demand for the Subject's subsidized units is high; however, the tenant approval process is typically lengthy. Therefore, units occasionally remain vacant for an extended period while prospective tenants are being approved.

### **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 7.17, 3.69, and 3.19 percent for the 30, 50, and 60 percent of AMI levels in the subsidized scenario, respectively. In the unsubsidized scenario, the overall capture rates are 13.54, 5.43, and 5.09, for 30, 50, and 60 percent of AMI levels, respectively. These calculations are considered reasonable and indicative of adequate demand for the Subject's units.

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 34.7 percent for the unsubsidized scenario and 30.1 percent for the subsidized scenario for the first year of operation. 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. This implies that no demand will be accommodated that is currently suitably housed elsewhere.

### **Penetration Rate**

To provide another level of analysis, we performed a penetration analysis in which proposed and existing competition was removed from the pool of income eligible renter households. This calculation resulted in penetration rates below 12 percent for both scenarios, which is considered reasonable.

### **Seasonal Demand**

Local property managers reported that developments experience strong occupancy rates during the spring, summer, and fall seasons, when demand for seasonal housing is higher. According to some local property managers, tenants will rent apartments year-round even if they move out of town for the winter. This is primarily due to the limited number of rental units in Cordova and the difficulty residents have finding good quality housing. According to the Subject's manager and the managers at other affordable housing developments, occupancy is not impacted by seasonal demand. None of the comparable properties reported a large seasonal occupancy differential. Therefore, we do not believe that seasonal demand will negatively affect the Subject's affordable units moving forward.

### **Absorption Rate**

There has been limited new construction of rental properties in the PMA over the past 10 years. According to local market participants, the rental market in Cordova is tight and it is very difficult to find available housing. The Subject is an existing rental development that is currently 95 percent occupied. 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 two units per month. This equates to an absorption period of approximately 11 months. As the Subject is an existing LIHTC/Rural

Development project, we anticipate the majority of the tenants will be income-eligible to continue to reside at the Subject following the renovation.

### **Proposed New Supply**

According to the AHFC's 2009 through 2014 LIHTC reservation lists, there were no properties awarded LIHTCs in the Subject's PMA.

We spoke to Leis Stavig of the City of Cordova Planning Department regarding new residential development in the city. According to Mr. Stavig, there are no single-family or multifamily developments under construction or planned in the city.

### **Market Conclusions**

Average overall vacancy in the market is reasonable at 2.8 percent. Three of the four comparables are not experiencing any vacancy. In total, there is one vacant unit in the market. The two Public Housing properties in Cordova are fully occupied with waiting lists. The Subject will be similar to superior to most of the comparables in terms of unit size. The Subject's three-bedroom units will offer an additional bath when compared to the surveyed three-bedroom units. Following the renovation, the Subject will be superior to the comparables in terms of condition. The Subject will be similar to superior to the comparables in terms of amenities. Demand calculations for the Subject's units indicate adequate demand for all unit types at all AMI levels, both with and without subsidy. Absent the subsidy, we believe the Subject could achieve maximum allowable 30, 50, and 60 percent of the AMI rents. We believe the proposed renovation of the Subject will preserve affordable housing units in an area lacking affordable and market rate rental housing.

### **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:

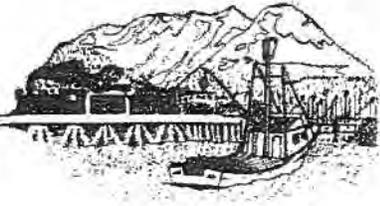
- 1) The Subject is an existing affordable property and post-renovation, the Subject will continue to operate with rental assistance and will not be adding additional units to the affordable housing supply. Utilizing the current and future rent subsidy, no tenant rents will be affected by the proposed rents and we expect no greater turnover than normal.
- 2) There are no existing LIHTC developments in the PMA, aside from the Subject, which also operates with rental assistance.
- 3) According to the AHFC's 2009 through 2014 LIHTC reservation lists, there were no properties awarded LIHTCs in the Subject's PMA.
- 4) Rainforest Apartments and Eyak Manor, both of which are Public Housing developments, are fully occupied with waiting lists.

The renovation of the Subject is not expected to have a negative impact on the affordable housing market. 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.

#### **FINAL RECOMMENDATION**

The average overall vacancy in the market is low at 2.8 percent, which is indicative of a supply-constrained market. Management at the comparable market rate and affordable properties in Cordova reported a low number of vacancies. The Subject will be similar to superior to most of the comparables in terms of unit size. The Subject's three-bedroom units will offer an additional bath when compared to the surveyed three-bedroom units. Following the renovation, the Subject will be superior to the comparables in terms of condition. The Subject will be similar to superior to the comparables in terms of amenities. We believe that setting rents at the maximum allowable levels for the 30, 50, and 60 percent AMI rents is achievable. 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 adequate 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.

# CITY OF CORDOVA



November 9, 2014

Daniel Delfino  
Alaska Housing Finance Corporation  
GOAL Program Manager  
P.O. Box 101020  
Anchorage, AK 99510

Re: Cordova Mews Apartments, Cordova, AK  
Proposed Substantial Rehabilitation

To Whom It May Concern:

This letter serves to confirm the support of the City of Cordova for the proposed substantial rehabilitation of Cordova Mews Apartments. As an income-restricted complex, serving low-income families and the disabled – a segment of our population that is in great need of safe, decent and affordable housing.

Cordova Mews Apartments is now over 25 years old and is in need of substantial repairs and updating. We understand that the proposed project work will bring the project up to current ADA accessibility requirements, as well as modernize and upgrade the units, buildings and site. As such, the proposed substantial rehabilitation will be of tremendous benefit to the tenants that it serves and to the community in general, and the City is in full support of the proposed work.

Sincerely,

Jim Kacsh  
Mayor of Cordova



October 30, 2014

Daniel Delfino  
GOAL Program Manager  
Alaska Housing Finance Corporation  
P.O. Box 101020  
Anchorage, AK 99510

Re: Cordova Mews Apartments  
Cordova, AK

Dear Mr. Delfino,

The Salvation Army Cordova Outpost ("The Salvation Army") is a non-profit organization providing emergency relief to community members in Cordova.

Salvation Army provides crisis intervention, spiritual support groups and programming to clients in need. Specifically, we run a Food Bank, provide vouchers for clothing and household items, provide limited utility, rent and deposit assistance and, when available, short term housing assistance via two area hotel rooms. We also assist individuals in navigating and networking with other community resources that may be imperative to their short and long term needs. Because the shelter and services we provide are limited and only intended to be temporary, it is critical that we have low-income housing available in our community.

The Salvation Army and Cordova Mews Apartments ("Cordova Mews") have a long-standing relationship and we look forward to both continuing and enhancing this relationship post rehabilitation. We fully support the acquisition and rehabilitation of Cordova Mews in that we believe it will improve ADA access, comfort and overall living standards for the tenants. The Salvation Army also plans to continue referring individuals and families to Cordova Mews.

Sincerely,

A handwritten signature in cursive script that reads "Robbin Swales, Lt.".

Lt. Robbin Swales  
Officer-In-Charge  
The Salvation Army – Cordova Outpost  
514 First Street  
PO Box 2401  
Cordova, AK 99574

## **NORTH STAR MANAGEMENT**

**1209 Pacific Avenue  
P.O. Box 188  
Benson, MN 56215-0188  
(320) 843-4344  
(320) 843-4345 Fax  
northstar@northstarbiz.com**

### **FIRM RESUME AND QUALIFICATIONS SUMMARY**

**North Star Management, Inc. is a domestic Minnesota Corporation formed for the purposes of providing development and rental management services for owned and contractually managed elderly, congregate, multi-family and commercial rental properties. Members of the Robert J. Chevalier family wholly own the Corporation and its principals have rental management experience dating back to 1950.**

**North Star Management's offices are located in Benson, Minnesota, and the firm manages and/or has developed properties in Minnesota, Alaska, Wyoming, Wisconsin, and South Dakota. The Principals and staff are highly trained in the specialized areas where the business has focused its expertise including:**

- **Housing Tax Credit Program (IRS Section 42, participating with Alaska Housing Finance Corporation, Minnesota Housing Finance Agency, Wyoming Community Development Authority, and the South Dakota Housing Development Authority)**
- **Home Investment Partnerships Program (HOME)**
- **Affordable Housing Program (AHP) participating with Federal Home Loan Bank of Seattle**
- **Senior Citizens Housing Development Fund (SCHDF) Program participating with Alaska Housing Finance Corporation**
- **USDA Rural Development (Formerly Farmers Home Section 515 Program)**
- **HUD Section 8 and Section 236**
- **Elderly Congregate Care Programs (Includes providing daily meals, coordinated health care, wellness programs, supervised living environments and community events)**
- **Market rate multi-family apartment rentals**
- **Commercial property management**

**Professional references will be provided upon request**

**OWNERSHIP/MANAGEMENT PORTFOLIO  
NORTH STAR MANAGEMENT**

OWNER NAME	PROJECT NAME	LOCATION	PROGRAM	UNITS	PROJECT COMPLETION	OCCUPANCY	
<b>Owned Projects</b>							
Dalea Limited Partnership	Dewal	550 Cheyenne Drive	Evanston, WY 82930	RD/LIHTC	24	1985	100% mf ar
Green Rock Village Ltd Partnership	Green Rock	700 Crossbow Drive	Green River, WY 82935	RD/LIHTC	48	1993	98% sd nc
Harbor Ridge-Homer Associates Ltd Partnership	Harbor Ridge	4047 Main Street #105	Homer, AK 99603	RD/LIHTC	24	1985	100% mf ar
Hunter Creek Apartments of Palmer, Ltd Partnership	Hunter Creek	855 West Fern	Palmer, AK 99645	LIHTC	32	2002	85% mf nc
Owl Creek Ltd Partnership	Owl Creek	2220 Rose Lane	Riverton, WY 82501	RD/LIHTC	68	1990	99% sd nc
The Pines Apartments, LLC	The Pines Apartments	408 Park Ave	Madison, MN 56256	MARKET	16	1975	88% mf
Sunshine Apartments of Worthington Ltd Partnership	Sunshine	1620 Clary Street	Worthington, MN 56187	RD/LIHTC	47	1991	79% sd nc
Willow Pointe Ltd Partnership of Palmer Alaska	Willow Pointe	925 South Chugach	Palmer, AK 99645	RD/LIHTC	24	1994	96% sd nc
RCH of Marshall	Windsong	401 Village Drive	Marshall, MN 56258	RD	39	1985	88% sd
<b>Other Projects Managed</b>							
Bayview Apartments Associates Ltd Partnership	Bayview	214 6th Ave	Seward, AK 99664	RD/LIHTC/HOME	18	1980	100% mf ar
Cordova Apartments Associates, Ltd Partnership	Cordova Mews	406 6th & Council	Cordova, AK 99574	RD/LIHTC	22	1996	87% mf ar
Cottonwood Ltd Partnership	Cottonwood	158 4th Ave	Spicer, MN 56228	RD/LIHTC	24	1995	63% mf nc
Eagle Ridge of Palmer Limited Partnership	Eagle Ridge	1775 North Thuma St.	Palmer, AK 99645	LIHTC	33	2007	94% mf nc
Gateway-Seward Associates, Limited Partnership	Gateway	1810 Phoenix Doad	Seward, AK 99664	RD/LIHTC	20	2004	80% mf ar
Glacier Park Alaska Associates Ltd. Partnership	Glacier Park	660 South Yorktown	Ketchikan, AK 99901	RD/LIHTC	22	1987	100% mf
William D. & Carol A. Taunton	Green Lake Living Center	257 Hillcrest	Spicer, MN 56228	RD	18	1985	62% sd
AVCP Development Corp.	Lulu Heron	405 Ptarmigan Rd	Bethel, AK 99559	RD/SCHDFC/AHFC	16	1999	82% sd
MLH Manor Limited Partnership	MLH Manor	301 7th Avenue	Fairbanks, AK 99701	LIHTC	34	1996	92% s
Munaqsri Senior Apartments Associates Ltd.	Munaqsri	515 Steadman	Nome, AK 99762	RD/LIHTC/SCHDF	17	1998	95% sd
SB Real Estate Fund IV	New Paris	Countryside Dr.	Benson, MN 56215	RD	40	1986	85% mf
Parkview-Soldotna Associates Ltd Partnership	Parkview	330 Columbine	Soldotna, AK 99669	RD/LIHTC	26	2003	93% mf ar
Pioneer Homestead	Pioneer I	300 South Rancher St.	Jackson, WY 83001	RD	28	1979	100% sd
Pioneer Homestead II Apartments Ltd Partnership	Pioneer II	835 E Hansen Ave	Jackson, WY 83001	RD/LIHTC	25	1997	92% sd nc
Pioneer Homestead Apartments III Ltd Partnership	Pioneer III	280 South Rancher	Jackson, WY 83001	LIHTC/HOME	25	2005	96% s nc
Rendezvous Limited Partnership	Rendezvous	901 East Sunset	Riverton, WY 82501	RD	30	1984	97% sd
Shelter Enterprises	Shelter	West Main St.	Osakis, MN 56360	RD	17	1972	59% mf
Asa'carsarmiut Tribal Council	Single Family Home Project	Various	Mountain Village, AK 99632	RD/FHLB	8	2003	100% mf
Captain (Aaqutaq) Beans Limited Partnership	Single Family Home Project	Various	Mountain Village, AK 99632	LIHTC/FHLB	10	2004	80% mf nc
Sound View Apartments Associates Ltd Partnership	Sound View	454 W. Hanagita	Valdez, AK 99686	RD/LIHTC	20	1997	95% mf ar
William D. & Carol A. Taunton	Spicer Living Center	251 Hillcrest	Spicer, MN 56228	RD	25	1982	64% mf
Tradewinds Apartments Associates Ltd Partnership	Tradewinds	62 Lear Rd	Unalaska, AK 99685	RD/LIHTC/HOME	16	2000	100% mf nc
				<b>Total Units</b>	<b>816</b>		

## **JOB TRAINING PROGRAM**

### **Cordova Mews Apartments, Cordova, AK**

#### **GOALS & OBJECTIVES & PROGRAM DESCRIPTION**

Cordes Development 2 and Criterion General will partner to provide instruction in construction techniques and materials, and related topics. Criterion General will utilize its core crew of experienced and trained personnel to provide the on the job training for the new trainees/employees. It is anticipated that the on the job training will focus on the areas of site preparation, framing, carpentry, basic landscaping and construction site management and safety. Criterion General has participated in numerous job training programs and thus has a strong record in recruiting and training eligible participants. In addition, we are encouraging our plumbing and electrical contractor to also participate in the on-the-job training portion. Classroom training will consist of pre-taped video instruction, review and discussion of the training manual and lectures. Key subject areas for the classroom training include: measurements for construction, material and tool identification and use, job safety and first aid, CPR, employment skills and personal finance. Staff from Criterion will be supported by administrators from Associated Builders Association. The overall objectives of the on the job training and classroom instruction will be to teach specific skills in the construction field, to be effective employees who can maintain a job long term and to gain important related life skills.

#### **PROGRAM DURATION**

The persons who will participate in the training program will be hired during the first six weeks of construction. Thereafter, the on the job training will be ongoing until construction is completed. The classroom training will commence approximately six to eight weeks into construction and will be provided on a bi-weekly basis.

#### **PROGRAM COSTS**

The cost of classroom training estimated at \$3,000 will be paid from the development budget. The employees will be paid an average hourly wage of \$14-\$16 by the contractor for their work and instruction time.

#### **TARGET PARTICIPANTS**

The general contractor will employ and train four (4) persons. The target group will be persons at the low to very low income levels (at or below 60%) who are interested in learning a new trade and are willing to put forth the effort and time to participate. The subcontractors will also be encouraged to similarly employ persons who could participate in the job training program. Participants will be recruited from area job corps, the Associated Builders and Contractors Apprenticeship Program and word of mouth. In addition to the on the job training, a minimum of 20 hours of classroom training will be made available to all participants, with a minimum of two (2) trainees attending.

#### **FUTURE EMPLOYMENT OPPORTUNITIES**

Due to the lack of ongoing large construction projects in the area, permanent job placement is not guaranteed. However, with the basic skills in construction tools, materials and techniques and good safety, employment and money management habits, these workers should have the skill base and potential hiring "preference" when future construction is available. Furthermore, past experience with similar job training programs has resulted in permanent employment for trainees.

## BOARD CONSIDERATION MEMORANDUM

**Date: March 11, 2015**

**Staff: Eric A. Havelock**

**Item: Multi-family Loan Request**

\*\*\*\*\*

**BACKGROUND:** AHFC’s Board of Directors approved \$693,000 in term loan financing at the June 18, 2014 board meeting to AK Preservation Channel Limited Partnership for the acquisition and rehabilitation of 22 units of affordable housing known as “Channel Terrace Apartments” and located in Juneau. The original development proposal included term financing from USDA-RD under their Section 515 loan program which includes an annual project operating subsidy in order to provide housing that does not exceed 30% of the tenant’s annual income. A reduction in the amount of available funding sources combined with an increase in development costs has resulted in an additional request for term loan debt from AHFC. (See appendix I for original consideration memorandum)

**BORROWER:** AK Preservation Channel Limited Partnership

**PURPOSE:** Term loan financing for the acquisition and rehabilitation of affordable multi-family dwellings consisting of 22 units named “Channel Terrace Apartments” and located in Juneau, Alaska.

**PROPOSAL OVERVIEW:**

<u>Loan Amount:</u>	<u>As Committed</u>	<u>As Proposed</u>
First Deed of Trust:	\$ 693,000	\$ 829,250
<u>Project’s Market Value:</u>	\$2,500,000	\$2,500,000
	“At Completion and at Stabilized Occupancy.”	
<u>Appraised by:</u>	Jan C. Hood and Brian Z. Bethard, MAI of Black-Smith, Bethard & Carlson.	
<u>Loan-to-Value Ratio:</u>	<u>As Committed</u>	<u>As Proposed</u>
First Deed of Trust:	28%	33%
<u>Loan Terms:</u>		
First Deed of Trust:	30 years amortizing fixed monthly payments.	





median family household; fifteen units targeting 50% median family households and rents for four units targeting 60% median family households.

**RECOMMENDATION:**

AK Preservation Channel Limited Partnership has presented the corporation with an amended opportunity to assist in a unique multi-layered financed development for the purpose of providing safe and needed affordable housing in Juneau.

The request falls within the parameters of the Multi-Family 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 \$829,250 secured with a first deed of trust in the amount amortized over thirty (30) years at an interest rate of 2.375% with monthly payments;
2. All other terms and conditions of the original commitment dated June 18, 2014 will remain the same; and,
3. Other conditions that may arise as determined by AHFC.

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

\_\_\_\_\_  
Bryan D. Butcher  
Executive Director/CEO

\_\_\_\_\_  
Mike Buller  
Deputy Executive Director

\_\_\_\_\_  
Michael Strand  
Chief Financial Officer

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**ALASKA HOUSING FINANCE CORPORATION  
RESOLUTION NO. 2015-06**

**RESOLUTION APPROVING FUNDS FOR THE TERM  
FINANCING FOR A MULTI-FAMILY HOUSING  
PROJECT TO AK PRESERVATION CHANNEL  
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, and accessible housing;
- B. AHFC's Board of Directors at their June 18, 2014 meeting approved proposed term financing of a multi-family housing project located in Juneau, Alaska for the AK Preservation Channel Limited Partnership and AK Channel GMD, LLC, an Alaska Limited Liability Company;
- C. The AK Preservation Channel Limited Partnership and AK Channel GMD, LLC, an Alaska Limited Liability Company have applied to Alaska Housing Finance Corporation under its Multi-Family Housing Loan Program for an amendment to the loan funding conditions approved by the Board at their June 18, 2014 meeting;
- D. The purpose of the amendment is to enhance the feasibility of the multi-family housing project by increasing the loan amount;
- E. The amendment falls within the established program regulations; and,
- F. The proposed financing as amended 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 March 11, 2015 Board Consideration Memorandum prepared in support of the application.

DATED THIS 11<sup>th</sup> Day of March, 2015

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Frank Roppel  
Chair

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## Resident Advisory Board

Report to the AHFC Board of Directors  
March 11, 2015

### Members:

- Board members present: Alberta Bulacan (Anchorage), Victoria Garcia (Wrangell), Billie Meisinger (Kenai), Sean Reilly (Fairbanks), Mary Thoeni (Wasilla), Tanya Zuniga (Fairbanks)
- Absent members: Ronny Caton (Petersburg), Gina Hoyt (Juneau), Ronald Mallott (Anchorage)
- AHFC: Catherine Stone, Michael Singleton, Tammy Steele, Pamela Stantorf

The Resident Advisory Board met on January 23, 2015 and discussed the following topics.

### Introduction of New RAB Members; Appointment of RAB Chair

Mary Thoeni, representing the Mat-Su jurisdiction, was introduced and welcomed as a new RAB member. Tanya Zuniga was announced as the RAB chairperson. AHFC will schedule a meeting with Tanya to discuss her new duties and receive training to conduct future RAB meetings.

### Property Renovation/Modernization Updates

Michael Singleton, AHFC Facilities Management Manager, provided an overview of projects currently underway at AHFC including renovation of units to meet Uniform Federal Accessibility Standards (UFAS) under AHFC's Voluntary Compliance Agreement with HUD and continuing work on roofs and foundations. Mr. Singleton also indicated that AHFC is planning work for necessary sprinkler and security system upgrades around the state.

Mr. Singleton stated that AHFC is changing its focus to maintaining AHFC's buildings and properties and planning for long-term needs. With that in mind, Mr. Singleton discussed AHFC's new Extraordinary Maintenance Team that will help each AHFC location with its maintenance needs. The team will be involved with daily maintenance work, extraordinary work such as unit renovations, and other types of work that local maintenance staff are unable to address, but are within AHFC's ability to handle. This should reduce AHFC's reliance on outside contractors.

### Rent Reform Program Update

Ms. Stone indicated that Rent Reform is nearing its first year of operation for the Housing Choice Voucher Program. At this time, implementation is moving smoothly, and staff is pleased with the implementation. AHFC will continue monitoring the progress as some families move into year 2 of the program.

A member wanted to know if it was possible for household members other than the head to participate in the new JumpStart program. AHFC clarified that JumpStart participation will be tracked by the head of the household, but every adult household member is welcome to participate.

#### Rental Assistance Demonstration Overview

Ms. Stone stated that AHFC is investigating participation in HUD's Rental Assistance Demonstration Program. This program provides greater access to funds to maintain, buy, and build affordable housing. The program allows housing authorities to incur debt on its properties for these additional needs while public housing does not. This program would allow AHFC to obtain funding for properties with extensive capital needs in this time of shrinking federal and state dollars.

Ms. Stone stated that as part of the application process AHFC would be conducting extensive public meetings with residents to collect comments before submitting an application to HUD. AHFC will keep the RAB members updated as we progress through the application process.

#### Report of the PHD Director

Catherine Stone provided information to members on the following topics:

- Smoke-Free – a discussion about legislation introduced in last year's session for smoke-free state buildings. AHFC is waiting to see if the bill will be approved in this session. If it passes, AHFC will notify the RAB. RAB members discussed their concerns regarding an available and accessible space at each building for smokers. Concerns included an accessible path to the smoking area as well as shelter during the winter months. AHFC stated that it was currently gathering data for each site to determine where each smoking area will be and how it will be accessed from each building. AHFC will report the results to the RAB at a later date.
- Capital Budget – AHFC continues to address its current list of priorities using capital funds. The amount AHFC receives from HUD is around two million dollars, and AHFC does not anticipate a large amount of available funding from the state this year given the current budget situation. AHFC will continue to address priorities around the state by ranking all requests and selecting those with the highest need. AHFC encouraged members to speak with their local property manager so that resident needs could be identified and placed on the list.
- Moving to Work Annual Plan for FY2016 – AHFC is currently in the process of preparing its FY2016 Moving to Work Annual Plan. AHFC does not expect any new activities this year. AHFC does plan to expand its current support of Housing First developments like Karluk Manor.

**ALASKA HOUSING FINANCE CORPORATION**  
**JANUARY 2015 COMPARATIVE ACTIVITY SUMMARY**

**TOTAL PORTFOLIO**

*(Mortgages & Bonds)*

Total Mortgage Portfolio  
 # of Mortgage Loans  
 Delinquent Loan %  
 Mortgage Wghtd Avg Int Rate  
  
 Total Bonds Outstanding  
 Variable Bonds %  
 Hedged Variable %  
 Bond Wghtd Avg Int Rate  
  
 Mortgage/Bond WAIR Spread  
 Mortgage/Bond Ratio

As of Fiscal Year End		
FY 2013	FY 2014	% Change
\$2,299,455,291	\$2,520,778,596	9.6%
14,641	14,834	1.3%
5.49%	4.87%	(11.3%)
5.06%	4.93%	(2.6%)
\$2,259,115,000	\$2,278,545,000	0.9%
42%	41%	(2.4%)
84%	84%	0.0%
3.71%	3.77%	1.6%
1.35%	1.16%	(14.1%)
1.02	1.11	8.7%

As of Month End		
01/31/14	01/31/15	% Change
\$2,471,728,785	\$2,611,127,513	5.6%
14,791	14,955	1.1%
5.08%	4.29%	(15.7%)
4.97%	4.83%	(2.6%)
\$2,283,015,000	\$2,191,340,000	(4.0%)
41.1%	43.2%	5.1%
84.0%	79.9%	(4.9%)
3.74%	3.70%	(1.3%)
1.22%	1.14%	(6.7%)
1.08	1.19	10.1%

**MONTHLY ACTIVITY**

*(Mortgages & Bonds)*

Mortgage Applications  
 Mortgage Purchases  
 Mortgage Payoffs  
 Mortgage Foreclosures  
  
 Bond Issuances - Housing  
 Bond Issuances - General  
 Bond Redemptions - Special  
 Bond Redemptions - Scheduled

Through Fiscal Year End		
FY 2013	FY 2014	% Change
\$461,804,589	\$520,345,834	12.7%
398,531,914	538,531,088	35.1%
531,627,435	218,635,522	(58.9%)
11,863,398	14,127,019	19.1%
195,890,000	0	(100.0%)
286,125,000	124,400,000	(56.5%)
599,975,000	54,815,000	(90.9%)
\$57,790,000	\$50,155,000	(13.2%)

Through Seven Months Ending		
01/31/14	01/31/15	% Change
\$334,497,201	\$290,410,141	(13.2%)
378,113,398	278,370,833	(26.4%)
149,398,235	126,742,327	(15.2%)
9,395,106	5,404,714	(42.5%)
0	0	0.0%
95,115,000	218,105,000	129.3%
39,470,000	278,490,000	605.6%
\$31,745,000	\$26,820,000	(15.5%)

**FINANCIAL STATEMENTS**

*(in Thousands of Dollars)*

Mortgage & Loan Revenue  
 Investment Income  
 Externally Funded Programs  
 Other Revenue  
 Total Revenue  
  
 Interest Expenses  
 Housing Grants & Subsidies  
 Operations & Administration  
 Other Expenses  
 Total Expenses  
 Operating Income (Loss)  
 Contributions to the State  
 Change in Net Position  
  
 Total Assets/Deferred Outflows  
 Total Liabilities  
 \* Net Position

Fiscal Year Annual Audited		
FY 2013	FY 2014	% Change
\$125,059	\$120,740	(3.5%)
9,088	9,019	(0.8%)
168,152	163,739	(2.6%)
13,026	14,588	12.0%
315,325	308,086	(2.3%)
94,409	81,184	(14.0%)
150,460	149,188	(0.8%)
56,663	58,771	3.7%
31,688	22,328	(29.5%)
333,220	311,471	(6.5%)
(17,895)	(3,385)	81.1%
10,720	1,380	(87.1%)
(28,615)	(4,765)	83.3%
3,981,230	4,055,203	1.9%
2,455,702	2,545,295	3.6%
\$1,525,528	\$1,509,908	(1.0%)

Second Quarter Unaudited		
FY 2014	FY 2015	% Change
\$58,772	\$62,904	7.0%
5,643	2,962	(47.5%)
80,643	68,857	(14.6%)
6,737	9,599	42.5%
151,795	144,322	(4.9%)
40,336	37,425	(7.2%)
74,314	64,085	(13.8%)
26,917	29,634	10.1%
10,844	10,548	(2.7%)
152,411	141,692	(7.0%)
(616)	2,630	526.9%
1,013	679	(33.0%)
(1,629)	1,951	219.8%
3,904,608	3,952,858	1.2%
2,391,564	2,440,999	2.1%
\$1,513,044	\$1,511,859	(0.1%)

\* Reduced beginning FY 2014 Net Position by \$10.855 million for GASB 65 accounting change to expense debt issuance costs recorded as assets in FY 2013.

**MORTGAGE ACTIVITY SUMMARY  
LOANS PURCHASED BY PROGRAM**

LOAN PROGRAM	February 2015		FY 2015 Thru 2/28/2015		FY 2014 Thru 2/28/2014	
	# of Loans	Total Dollar Volume	# of Loans	Total Dollar Volume	# of Loans	Total Dollar Volume
Tax-Exempt First-Time Homebuyer	34	6,052,653	326	59,214,034	468	87,457,522
Taxable First-Time Homebuyer	23	6,509,422	261	64,742,123	267	67,768,605
Veterans Mortgage Program	2	369,425	17	4,645,117	45	15,618,119
Taxable	36	10,598,926	387	113,524,673	394	116,537,473
Non-Conforming	3	1,515,018	29	9,247,755	44	15,065,732
Rural Loan Program	18	3,917,350	165	37,308,641	155	35,501,103
<b>Residential Loan Program Totals</b>	<b>116</b>	<b>28,962,794</b>	<b>1,185</b>	<b>288,682,343</b>	<b>1,373</b>	<b>337,948,554</b>
Multi-Family	5	3,906,450	28	17,103,500	29	23,981,350
Rural Multi-Family	0	0	0	0	0	0
<b>Residential &amp; Multi-Family Loan Program Totals</b>	<b>121</b>	<b>32,869,244</b>	<b>1,213</b>	<b>305,785,843</b>	<b>1,402</b>	<b>361,929,904</b>
Streamline Refinance	1	180,890	4	681,304	38	6,818,157
Rural Streamline Refinance	2	264,000	10	2,061,960	42	7,315,897
<b>Total Loans Purchased</b>	<b>124</b>	<b>33,314,134</b>	<b>1,227</b>	<b>308,529,107</b>	<b>1,482</b>	<b>376,063,958</b>
<b>LOAN PROGRAM OPTIONS</b> (Included in Total Loans Purchased)						
Interest Rate Reduction Low Income Borrowers	7	1,094,728	46	6,589,557	78	10,681,387
Energy Efficiency Interest Rate Reduction	12	2,969,981	100	24,673,218	184	50,946,997
Closing Cost Assistance Program	1	220,000	10	2,149,310	5	879,715

**RESIDENTIAL PIPELINE 2/28/15**

	#	Amount
Lock-ins:	163	45,090,281
Commitments:	274	69,833,718
Total:	437	114,923,999
CCAP Reservation	2	408,182

**RESIDENTIAL PIPELINE 1/31/15**

	#	Amount
Lock-ins:	169	44,404,075
Commitments:	254	63,092,146
Total:	423	107,496,221
CCAP Reservation	2	431,105

**RESIDENTIAL PIPELINE 12/31/14**

	#	Amount
Lock-ins:	159	40,252,194
Commitments:	312	81,607,241
Total:	471	121,859,435
CCAP Reservation	2	445,562

**MORTGAGE INTEREST RATE COMPARISON - AVERAGE 02/15**

AHFC Programs							Market	
Taxable Conv	Exempt FTHB	Exempt VETS	Taxable FTHB	Rural Owner	CCAP	Multi-Family	Conv	FHA
3.888	3.625	3.750	3.763	3.763	4.230	6.000	3.921	3.770

**MORTGAGE INTEREST RATE COMPARISON - AVERAGE 01/15**

AHFC Programs							Market	
Taxable Conv	Exempt FTHB	Exempt VETS	Taxable FTHB	Rural Owner	CCAP	Multi-Family	Conv	FHA
3.800	3.556	3.669	3.675	3.594	4.088	6.075	3.763	3.731

**MORTGAGE INTEREST RATE COMPARISON - AVERAGE 12/14**

AHFC Programs							Market	
Taxable Conv	Exempt FTHB	Exempt VETS	Taxable FTHB	Rural Owner	CCAP	Multi-Family	Conv	FHA
4.024	3.708	3.833	3.899	3.774	4.250	6.298	3.970	3.869

# Multi-Family Loans Committed

## 1/1/15 to 2/28/15

Loan Amount	Type	Date	Program	Location
\$ 268,000	6plx	1-16-15	M	Anchorage
\$ 325,000	SFR	1-16-15	N	Anchorage
\$1,331,200	16plx	1-16-15	M	Anchorage
\$ 488,000	6plx	1-16-15	M	Anchorage
\$ 710,000	8plx	1-16-15	M	Juneau
\$ 454,400	8plx	2-04-15	M	Anchorage
\$ 474,000	SFR	2-02-15	N	Anchorage

Total: \$ 4,050,600 in 7 loans

M = Multi-family

N = Special Needs

E = Energy

## R2D2 Board Report for March 11, 2015

### 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
<u>FY2015</u>	<u>\$27.5 million</u>
Total	\$350 million

#### Program update as of November 30, 2014:

Total expended	\$296.4 million
Units complete	15,603

#### Projected totals for March 31, 2015:

Current obligation	\$319 million
Projected units complete	15,300

### 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 1.21.2015:

Total expended <sup>iii</sup>	\$191.6m
Current obligation <sup>iv</sup>	\$31.5m
Initial ratings	38,211
Rebates paid	22,678
5 star plus paid	2,633
6 star paid	69
Active energy raters	58

#### Waitlist as of 1.23.2015:

Statewide	121
Anchorage	17
Fairbanks	1
Juneau	2

### Total Estimated Energy Saved Annually – 3.3 trillion BTUs

(Includes Rebate and Weatherization program completions multiplied by average energy savings)

**Equivalent to:** (565,119 Barrels of Oil) or (32,776,930 Therms of Gas) or (23,751,399 Gallons of Fuel Oil) or (960,637 MWH of Electricity)

<sup>i</sup> Appropriation amounts reflect state investment only.

<sup>ii</sup> A sample of 17,233 homeowners was taken on December 19, 2012 and the average homeowner spent \$11,681. A \$6,889 average rebate results in a \$4,792 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 1.1.15.

<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

March 2015

<b>Public Housing</b>	
Units Statewide	1628
Housing Waiting List	1891
<b>Housing Choice Vouchers</b>	
Vouchers statewide	4381
Voucher Waiting List	2296
<b>Family Self-Sufficiency</b>	
Family Self Sufficiency Total Enrolled	132

## Operations Updates:

- Expansion of the Parolee Reentry Program in Anchorage is being negotiated with the Department of Corrections. Currently Anchorage cannot participate due to the restriction of use of statewide HOME funds in Anchorage. The Agreement will expand the program by using PHD Moving to Work vouchers in Anchorage.
- Year two Rent reform meetings for Housing Choice Voucher clients is going well.
- Maintenance training has been schedule in Anchorage the week of May 4<sup>th</sup>. Training will consist of technical training on property maintenance as well as some training on policies and procedures.
- The Moving Home Program providing voucher assistance to persons with disabilities is up and operational, the first referrals are being received in Fairbanks, with statewide outreach to follow.

## Facilities Management & Construction Updates:

- Facilities Management Extraordinary Maintenance Team (Road Crew) currently working on Bethel on multiple units. Over the past two months of their operations they have turned two units in Anchorage, and worked on repairs to 50 furnaces in Bethel and turned units in Bethel that needed extensive maintenance repairs.
- Nome – Substantial completion inspection was completed and contractor to remobilize to complete punch list items and additional work items.
- Bethel - Foundation replacement/repair project is in re-development and project documents for windows and floors replacement is being developed. Executive decision to move forward with Phase I foundation replacement. "EMT"s are currently engaged in soft floors project.
- Cordova – Eyak manor porch leveling and door replacement project has the base bid work and Change Order 2. Contractor will return late February to early March to complete project.
- Seward – Siding replacement project is in the design phase, original A&E is slow to provide background drawings in AutoCAD. (no change)

- Juneau – Mt. View security system upgrade is ongoing with project extension to the end of April; elevator replacement has been awarded and materials are being ordered; ADA improvements for Cedar Park “unit D5” are complete and awaiting unit certification; Mt. View ADA project has been awarded Pre-Construction meeting was held, work will commence pending approved submittals. Mt. View dumpster building roof repair project is being developed.
- Wrangell – project development for sidewalk, heating piping, and sewer line replacement underway.
- Anchorage – Parkview Sprinkler project is underway, multiple other projects are in progress ranging from sprinkler project development for Chugach View fire detection and suppression upgrade, fireplace removals, scattered site insulation/siding installation, and scattered site infrastructure survey. Chugach Manor plate exchanger replacement/repair ongoing.
- Statewide – ADA/VCA continue to progress slowly, PHD is meeting reporting requirements to HUD. We are expecting new certifications for units in the upcoming months. Project estimates are coming in higher than current budgets we will have difficulty completing all upgrades unless more funds are requested.

**Alaska Corporation for Affordable Housing:**

- Construction on Susitna Square and Ridgeline Terrace is moving along. A warm winter and low snowfall has allowed work to progress at a fast pace.



AHFC BOARD OF DIRECTORS  
*SCHEDULE 2015*

~~January 21, 2015 BOD (AHGC Annual)~~

**March 10, 2015 AHFC BOD Workshop (1-5 pm)**

**March 11, 2015 BOD**

April 1, 2015 BOD (Audit Committee) *Dimond Center Hotel*

May 13, 2015 BOD (ACAH Annual)

June 17, 2015 BOD (Audit Committee)

July 29, 2015 BOD

August 26, 2015 ANNUAL BOD Meeting (Audit Committee)

September 23, 2015 BOD  
(NCSHA Annual Conference 9/26 thru 9/29 in Nashville, TN.)

October 28, 2015 BOD (Audit Committee)

November 23, 2015 BOD