



Juneau Affordable Housing Fund

Program Description & Application Guidelines

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Background

The City and Borough of Juneau (CBJ) created the Juneau Affordable Housing Fund (JAHF) to promote the creation of affordable housing in the Capital City. On July 19, 2010, the CBJ Assembly passed an ordinance that steered \$400,000 into the JAHF so that the Affordable Housing Commission could begin funding local projects that promote and provide affordable housing in Juneau.

The CBJ Assembly-appointed Affordable Housing Commission (AHC) establishes and periodically reviews the JAHF program goals and objectives based on funding, projects in process and community housing needs. The AHC reviews, evaluates and selects applicants for its funding recommendations to the CBJ Assembly for approval.

Purpose of Program

The primary purpose for establishing the Juneau Affordable Housing Fund is to leverage outside resources, including public subsidies and private capital to assist with the development of more affordable housing in Juneau. Other purposes for establishing the JAHF program include:

- Helping affordable housing developers show community-based financial match;
- Local investment into the economy and the affordable housing stock; and
- Directing resources toward housing that addresses critical housing needs.

Availability of Funds

The Affordable Housing Commission will establish the funding priorities for the JAHF on an annual basis based on local housing needs assessment information and housing gap analysis. This flexibility and annual re-evaluation of the JAHF program will allow the community to respond to changing market conditions and to focus resources in the area of greatest local housing need.

JAHF financing will be offered through direct loans bearing below-market interest rates. JAHF may also offer no-interest loans for high-priority capacity-building projects, operating expenses, or for self-sufficiency support services that improve the affordable housing situation in the Capital City. Funding will not be provided for feasibility studies, needs assessments or other organizational or pre-development costs that are not tied to a well-defined housing project.

- Currently, there is \$477,000 available in the Juneau Affordable Housing Fund. The Affordable Housing Commission has set the following parameters for funding applications:
- No more than 5% of JAHF funds will be disbursed as zero-interest loans.

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- The maximum loan is the lesser of \$150,000 or 50% of a project's total cost.
- In general, JAHF funds will be disbursed for:
 - Creation and preservation of affordable housing
 - Predevelopment costs of affordable housing projects
 - Administrative and outreach costs of the JAHF
 - Discretionary use

Program Goals and Objectives

The overall goal for the JAHF is to use funds to provide housing for households at 120% Area Median Income (AMI) or below by:

- Funding capital costs of rental and ownership housing;
- For capacity-building activities of non-profit housing developers;
- Funding supportive services for occupants of affordable housing; and
- Funding operating expenses of housing developments.

The funding priorities for the JAHF will be established annually based on local housing needs assessment and housing gap analysis with preference given to projects that provide the longest term of affordability and target an identified area of critical local housing need. For ownership housing, projects that provide resale restrictions or assumable soft debt are viewed as providing long-term affordability. The JAHF intends to select a diverse group of projects that will generate a broad distribution of needed affordable housing and related supported services.

Current Priorities for the Juneau Affordable Housing Fund

The current priorities of the JAHF are:

1. ***Use of capital to develop housing units:*** The Affordable Housing Commission prioritizes funding for capital costs for acquisition, construction, rehabilitation, or preservation of affordable housing.
2. ***One-bedroom rental units for low-income residents at and below (80% HUD Income Limits):*** In Juneau, as reported in the 2010 Juneau Housing Needs Assessment prepared by Juneau Economic Development Council, at least 85% of renters with household incomes less than \$35,000, approximately 1200 Juneau households, are rent-burdened. This means the lack of affordable housing weighs heaviest on these households -- working poor, fixed income, youth, special needs, veterans, and seniors. The greatest impact of JAHF funds would be for the creation and development of one-bedroom apartment units targeting these low-income populations. With an overall pent up housing demand of 343 housing units (138 apartment

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units, 205 single-family homes), as well as a 2010 Point in Time Homeless Count number of 537 persons who are homeless, it is essential to encourage high-density, high volume housing to meet optimal 5% vacancy rates for one and two-bedroom apartments.

3. **Long-Term Affordability:** Given Juneau's history of a lack of affordable housing, land constraints, and the complex financing involved in putting together affordable housing projects, it is essential that units created using JAHF funds remain affordable for as long as possible. Units newly created or rehabilitated must have a term of affordability. Ideally, covenants would be longer -- even permanently affordable.
4. **Sustainability of the JAHF:** The Fund will reserve two-years operating expenses. The City and Borough of Juneau, the Affordable Housing Commission, and the Juneau Economic Development Council together will seek additional resources for the JAHF – including an option for a local dedicated public revenue source.

Eligibility

Eligible Applicants

- Nonprofit organizations
- Public housing authorities
- Profit-motivated entities

Eligible Uses

- For acquisition, construction, rehabilitation or preservation of affordable housing located within the City and Borough of Juneau, including activities such as:
 - Pre-development project expenses, such as land surveys, site engineering, and permitting;
 - Purchase of developed real estate or land;
 - Fees for architects and other professionals;
 - Demolition to make way for affordable housing; and
 - Building materials and labor costs.
- Costs incurred by nonprofit organizations to develop or implement a specific affordable housing project. Examples include:
 - Capacity building such as training, legal and accounting costs;
 - Technical assistance such as development consultants; and
 - Project operating assistance following completion of construction or rehabilitation, such as utilities, support services staff, debt service, and rent subsidies.

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- Operating Expenses for up to three years for existing and new housing developments in the promotion of affordable housing. Examples include project-specific assistance for:
 - Security deposit escrows; and
 - Operating costs, such as utilities, debt service, and rental subsidies.
- Self-sufficiency assistance such as job skills training, job search assistance, financial/housing counseling, substance abuse aid, mental health care, and childcare.

Eligible Beneficiaries

For each housing project funded, residents or purchasers *must generally* have incomes of less than 120% of the HUD Income Limits for Juneau, Alaska defined by HUD¹. The *priority target* for JAHF is households earning at or less than the HUD Very Low Income limit – roughly 50% of the local median household income. At minimum, units newly created or rehabilitated should have a long term² of affordability. Ideally, the project will have covenants that provide permanent affordability.

Mixed-use projects are eligible for funding but JAHF loans may be capped based on the number of units provided for low or very-low income households.

Projects that target an identified local housing need based on the housing needs assessment or gap analysis will be considered most favorably. Other criteria that will make projects competitive include:

- Provide long-term affordability to the tenant;
- Demonstrate project readiness and feasibility;
- Leverage other funds or provide the final piece in a financing package;
- Provide self-sufficiency services; and
- Use “green” building / energy efficient technologies

¹ <http://www.huduser.org/portal/datasets/il/il2012/2012summary.odn>

² Long term affordability is at least 15 years.

Application Process

The application process for a JAHF award involves several steps. JEDC will work closely with applicants through the application process to answer questions and provide guidance. All applicants must complete a JAHF Application for Funding. After review of the Application and considering the goals of the JAHF, the AHC may recommend changes to the project, set prerequisites, request additional information or decline the Application. If an Applicant is invited to submit a revised application, a letter setting out the recommended changes will be issued and the Applicant will be given an opportunity to submit a revised Application. There is no deadline for submitting Applications for Funding, though Applicants may be given a deadline to submit revisions. All Applications for Funding will be recommended for approval based on funding available, the merits of all Applications under review at the time of consideration, and whether the AHC anticipates the Applicants' projects can be completed within a reasonable period. All applications are ultimately approved by the CBJ Assembly in an open public process. Applicants should expect their submitted project plans, costs and other supporting documentation will be available to the public.

Preliminary Application Review

The purpose of the Preliminary Application Review process is to give applicants reasonably quick feedback about whether their project is eligible for funding from the. The preliminary review enables the AHC to evaluate the following aspects of the project proposal:

- Has the applicant demonstrated the capacity and experience to develop and operate the proposed project?
- Is there a market need and demand for the project? Does the project focus on the AHC Priorities for JAHF?
- Are changes to the project design, scope, and/or funding mix necessary or recommended by the AHC?
- Is there sufficient and certain funding for the whole project? If not, can it be effectively phased or scaled down?

The Preliminary Application will be reviewed by a subcommittee of the AHC for further action by the AHC. The applicant may be asked to provide additional written information and/or make a presentation and/or answer questions at the AHC meeting in which the Preliminary Application is to be evaluated. Feedback will be provided to all applicants whether or not they are invited to submit an Application for Financing.

JAHF (full) Application Review Process

JEDC will work closely with each applicant to ensure that within the final or revised Application for Funding:

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- The housing project is well defined and fully described;
- Cost estimates are reasonable and well supported;
- Primary sources of financing have been committed or are reasonably likely to be committed;
- The applicant and project together are creditworthy³; and
- The project proposed will actually provide needed affordable housing or related supportive services.

The AHC will forward recommended applications for endorsement by the CBJ Lands Committee and approval by the CBJ Assembly. All requests for funding from the JAHC must be approved by the CBJ Assembly. Applications for funding will be recommended for approval on the basis of housing need, project readiness, creditworthiness, project leverage, number of affordable units developed, expected repayment, and availability of JAHC funds at the time applications are awarded.

Applicant Participation

All meetings of the Affordable Housing Commission are open to the public. JAHF Applicants will be notified when their funding request will be addressed by the AHC. During the AHC meetings at which Applications for Funding are being considered, applicants may be asked for clarifying information about their proposal.

The Juneau Affordable Housing Fund Application Timeline

How long it takes to obtain a loan from the JAHF depends to a great extent on how complex the project is, how well the application is supported, and how much of the total project cost has already been committed or is in hand.

All completed Applications for Funding will be forwarded to the JAHF Subcommittee of the AHC which will meet within 30 days of submission. Applications will be considered received when all required documentation listed on the Application and Checklist has been received. The Subcommittee may decline the Application, request additional information or refer the application to the AHC for further action. At the next meeting of the AHC, the subcommittee-recommended application will be reviewed. The AHC will decide whether to invite the applicant to submit a revised Application, and may provide a deadline for the applicant to do so.

At the next AHC meeting after the timely full JAHF Application is received, the AHC will decide whether to submit the applicant's request for financing to the CBJ Assembly for approval as submitted, for approval with conditions or changes, or the AHC may decline it. If the AHC submits the application for

³ Creditworthiness will be largely assumed on the basis of financing commitments from senior lenders and grant funders.

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CBJ Assembly approval, the recommendation will first go before the CBJ Lands Committee for its endorsement. If the AHC wishes to request approval for terms different than the applicant has requested, the applicant will be notified by JEDC and given an opportunity to respond or withdraw the application.

Successful applications will be forwarded to the CBJ Assembly for final approval that may take up to 60 days depending on Assembly meeting schedule. The Assembly may impose or modify terms, conditions, and other provisions that clearly protect the public interest. The Assembly also reserves the right to reject any or all applications. In general, commitments for financing from the JAHF will be issued subject to all necessary financing being obtained within a proscribed period. The City and Borough of Juneau will be named as Lender in all financing from the JAHF.

Successful applicants will be notified when the CBJ Assembly decides to issue funding, setting out the terms and conditions of financing, including:

- Loan amount and terms including security, interest rate, repayment and reporting requirements;
- Preconditions for funding including commitments from other funders, loan documentation; borrower resolutions and legal entity documentation; third-party agreements; completion of surveys, property title transfer, etc.
- Requirements related to maintenance of affordability of the property for targeted beneficiaries;
- Date that funds are expected to be available and the commitment will expire; and
- The procedure by which the loan documents will be prepared and loan disbursement will occur.

Letters will be sent to applicants whose requests for JAHF funding are declined. The letter will include a reason for the application being declined and include suggestions for how to improve the application if the applicant wishes to reapply.

Appeal

There is no appeal process for the Juneau Affordable Housing Fund unless there was a technical error in the process. If a technical error has been made, the Commission has 10 days to rectify the situation after notification by the Applicant.

Selection Criteria

Projects considered to be ready or feasible will be evaluated with the following criteria:

1. **Team Experience:** Applicants are expected to have at least 3 years' experience in (1) Development, (2) Property Management, and (3) Supportive Services, or to partner with

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agencies that provide this level of expertise. Some project proposals may not include all of these categories (i.e. supportive services). The experience threshold in this category will not apply on those applications.

2. **Population Targeting & JAHF Priority Targeting:** JAHF's current targets are:
 - Capital projects for households with incomes at 50% HUD Income Limits and below;
 - One bedroom rental apartments; and
 - Long term affordability.
3. **Project Design and Characteristics:** Project proposals are expected to utilize sound design and construction principles; give special consideration to energy efficiency and handicapped accessibility; and will be assessed for other characteristics, including appropriateness of design for the intended location, delivery of residential services, and community involvement and support for the project.
 - **Energy Efficiency:** JAHF projects should be energy-efficient and adhere to either the Alaska Building Energy Efficiency Standard (BEES) or HUD's Energy Star Home Standard.
 - **Accessibility Standards:** Proposals must be comply with the federal Fair Housing Act (42 U.S.C. 3601-3619) and the Americans with Disabilities Act of 1990.
4. **Feasibility:** Long-term affordability is required *and permanent affordability is desired* for any project proposal utilizing JAHF funds. Operational feasibility and cost controls for the project over this period of time will be assessed.
5. **Readiness to Proceed:** The intention for JAHF funds is to assist projects that need gap financing and have a 100% chance of being successful. The Commission will look at site ownership, the percentage of total costs supported by other funding sources, and work schedule for the project.
6. **Juneau Applicant Preference:** Locally owned project proposals will be weighed higher than other JAHF proposals.

A sample of the score sheet used by the Affordable Housing Commission is included as Appendix C.

Compliance and Monitoring

The CBJ or its agent may, at any time, inspect and monitor the records and work of the proposed project as to performance and compliance with JAHF program rules and loan requirements. Progress reports will be required. Specific details about what is to be included in the progress reports will be in the award packet.

If there are issues of noncompliance or poor performance brought to the Affordable Housing Commission, which cannot be resolved, the Affordable Housing Commission will notify the City Manager's office and the CBJ Assembly.

The CBJ City Manager may terminate any agreement in the event that awardees: 1) lose the ability to proceed with the project, 2) make material alterations, or 3) fail to comply with the project schedule.

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Annual Report

An annual JAHF report will be and presented to the CBJ Lands Committee. The report will include:

- Specific project progress reports;
- Details on job creation, economic impacts, funds disbursed, JAHF expenses, amount of leveraged funds acquired; and
- JAHF priorities for the following year.

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Appendix A: Glossary of Terms

- **Affordable Housing** - The U.S. Department of Housing and Urban Development defines “Affordable” as housing costs no more than 30 percent of a household’s monthly income. This means rent and utilities in an apartment or the monthly mortgage payment and other housing expenses (utilities, home maintenance and repairs) for a homeowner should be less than 30 percent of monthly household income.
- **Area Median Income** - The median divides the income distribution into two equal parts: one-half of the case falling below the median income and one-half above the median. HUD uses the median income for families to calculate income limits for eligibility in a variety of housing programs. HUD Income Limits by size of household are used by JAHF to determine level of affordability. See Appendix B.
- **Assumable soft debt** – Mortgages or loans that can be taken over by another individual to maintain favorable interest rates or affordability.
- **Capacity-building** - Activities that increase the operating efficiencies of agencies or organizations that create more affordable housing, including organizational assistance, training, legal, and accounting costs – but specifically to support the housing project proposed.
- **Capital Funds** - Funding contributed for the development, acquisition, rehabilitation, or new construction of the physical structure.
- **Discretionary Use** - A portion of JAHF funds will be available for use as needed or desired. The intent is to be able to respond to projects in need of gap financing or that are innovative in nature.
- **Extremely Low-income households** - Households with incomes at the HUD 30% Limit. See Appendix B.
- **Gap Financing** - Loans or grants used for housing development projects that bridge the gap between available funding sources, usually a combination of raised capital and state or federal housing subsidies.
- **Local dedicated revenue source** - Affordable housing funds are most successful when securing a local dedicated revenue source; a source of public revenue directed at affordable housing activities.
- **Low-income households** - Households with incomes at the HUD 80% Limit. See Appendix B.
- **Non-profit Organization** - A corporation or foundation granted exemption from income taxation by the IRS.
- **Ownership housing** - Housing for which the sales price minus the sum of grants and deferred loans provided to the borrower results in a monthly payment which qualifies a low-income household for a mortgage loan under standard lender underwriting standards.
- **Recoverable Loans** - Loans provided for activities such as predevelopment costs. Loans are required to be paid back once long-term funding has been secured for the project.

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- **Self-sufficiency Assistance** - Services that help residents become more productive and capable of independent living, such as job training, budget counseling, substance-abuse treatment, and childcare.
- **Single-Room Occupancy (SRO)** - A clearly definable, separate unit that is the primary residence of the occupant. If the food preparation and bathroom facilities are not located in the unit, they must be shared facilities and located in the structure.
- **Unit** - A self-contained apartment with sanitation and kitchen facilities within the apartment or partial facilities in the unit and other shared facilities located on the same floor as the unit.
- **Very Low-income households** - Households with incomes at the HUD 50% Limit. See Appendix B.
- **Zero-interest loans** - Zero interest loans may be awarded for a small percentage of the JAHF portfolio. Full repayment is expected.

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Appendix B: HUD Income Limits

	Persons in Household							
Income Level	1	2	3	4	5	6	7	8+
Extremely Low (30% HUD Income Limits)	\$19,800	\$22,600	\$25,450	\$28,250	\$30,550	\$32,800	\$35,050	\$37,300
Very Low Income (50% HUD Income Limits)	\$33,000	\$37,700	\$42,400	\$47,100	\$50,900	\$54,650	\$58,450	\$62,200
Low Income (80% HUD Income Limits)	\$45,500	\$52,000	\$58,500	\$65,000	\$70,200	\$75,400	\$80,600	\$85,800
100% HUD Income Limits (Derived from Above)	\$56,875	\$65,000	\$73,125	\$81,250	\$87,750	\$94,250	\$100,750	\$107,250
120% HUD Income Limits (Derived from Above)	\$68,250	\$78,000	\$87,750	\$97,500	\$105,300	\$113,100	\$120,900	\$128,700

Source: FY 2012 HUD Household Income Limits⁴

⁴ Income Limit areas are based on FY 2012 Fair Market Rent (FMR) areas. For a detailed account of how this area is derived please see HUD's associated FY 2012 [Fair Market Rent documentation system](#).

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Appendix C: Score Sheet

Rating and Ranking Criteria Evaluation Criteria	Total Possible Points	Outstanding (10 points)	Good (6 to 8 points)	Marginal (3 or 4 points)	Unaccep- table (0 points)	Subtotal
1. Team Experience <ul style="list-style-type: none"> • Developer (3 years' experience) • Property Manager (3 years) • Supportive Services – if needed (3 years) 	20					
2. JAHF Priority and Population Targeting <ul style="list-style-type: none"> • Capital project • 1 bedroom rental for 50% Median or less • Long-term/Permanent Affordability 	20					
3. Project Design and Characteristics <ul style="list-style-type: none"> • Sound design and construction principles • Energy Efficiency (Alaska Building Energy Efficiency Standard or HUD's Energy Star Home Standard) • Accessibility (Comply with Fair Housing Act and the Americans with Disabilities Act) 	25					
4. Feasibility <ul style="list-style-type: none"> • Operational feasibility • Cost Controls 	10					
5. Readiness to Proceed <ul style="list-style-type: none"> • Site ownership • Percentage of total cost supported with commitments 	20					
6. Juneau Applicant Preference	5					
Total	100					

Applicant: _____ Evaluator: _____ Date: _____