

Juneau Affordable Housing Fund Program 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. In 2010 the CBJ Assembly approved the transfer of \$400,000 from a low-income housing fund in the CBJ Lands Department to the Mayor's Assembly budget to initiate the JAHF.

The CBJ Assembly-appointed Affordable Housing Commission (AHC) and the Affordable Housing Coordinator at the Juneau Economic Development Council (JEDC) will provide oversight of the JAHF. Each year the AHC will establish the JAHF program goals and objectives, reviews grant proposals, and forward award recommendations to the CBJ Assembly.

The Affordable Housing Coordinator at the JEDC will offer administrative support and technical assistance for the JAHF by providing housing data, finance expertise, and progress reports for the AHC and the CBJ Assembly. In the first year up to 10% of the transferred funds will be granted to the JEDC for its role in initiating the program.

Purpose of Program

The primary benefit for establishing the Juneau Affordable Housing Fund is the ability to leverage JAHF dollars with outside resources, including public subsidies and private capital. Other purposes for establishing the JAHF program include:

- The ability to provide a local matching resource for affordable housing developers;
- Local investment into the economy and the affordable housing stock; and
- Establishing a tool to concentrate resources toward housing projects that fulfill the most critical need in the community.

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 performed by the Affordable Housing Coordinator at the JEDC. This flexibility and annual re-evaluation allows the JAHF to respond to changing market conditions and to focus resources in the area of greatest local housing need.

JAHF funds are awarded as loans or grants based on the financial structure of the housing activities being proposed. The JAHF prefers to provide interest-bearing loans that can be utilized for future affordable housing projects. However, the JAHF reserves the right to offer grants for high-priority capacity-building projects, operating expenses, or for self-sufficiency support services that will improve the affordable housing situation in the Capital City. No more than 5% of JAHF funds will be used in the form of grants.

For example, a non-profit organization that offers first-time homebuyer assistance might apply for JAHF funds for operating expenses to take advantage of opportunities to acquire state and federal homebuyer assistance funds. Or, a multi-family apartment complex developer might target a number of units to extremely low-income individuals and may want to include basic financial literacy support to make sure tenants have the skills to stay in the unit.

JAHF funds are to be considered as gap financing or as a matching resource for potential applicants. JAHF funds are expected to be less than 50% of total project costs.

In general, JAHF funds will be dispensed in the following ways:

- For the creation and preservation of affordable housing
- For first-time homebuyer assistance
- For predevelopment purposes
- For discretionary use
- For administrative fees

Administrative fees are not to exceed 10% of total JAHF funds.

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 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.

The priorities for the JAHF include the following:

- **To provide low and middle-income families, with combined household incomes at or below 120% of AMI, to become first-time homebuyers in the City and Borough of Juneau.** This program can include assistance in the form of “soft-second” mortgages, recoverable loans (short- and long-term), interest buy-down loans, and program-related income grants.
- **To expand and preserve the number of rental units in the City and Borough of Juneau for households with a combined income less than 120% of the Area Median Income.** The increase in housing units can be accomplished through (1) new construction, (2) adaptive re-use of existing structures, (3) increasing the number of units within a given structure, and (4) rehabilitating structures so that formerly uninhabitable units become habitable and affordable.
- **To provide funds to be used for predevelopment costs, including land acquisition.** Given the high cost of land in the City and Borough of Juneau, the JAHF should make available predevelopment funds in the cases of (1) high priority projects and (2) in cases where an applicant provides an innovative approach to develop new housing.

Until additional funding streams are clear the Juneau Affordable Housing Fund will limit its expenditures to no more than 65% of funding in the first year. The Fund will reserve two-years expenses prior to distributing additional funds. The City and Borough of Juneau, the Affordable Housing Commission, and the Affordable Housing Coordinator at the Juneau

Economic Development Council will be responsible for finding additional resources for the JAHF – including an option for a local dedicated public revenue source.

Eligible Applicants

If meeting the application guidelines, grants or loans from the Juneau Affordable Housing Fund can be acquired by:

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

Eligible Uses

A. For acquisition, construction, rehabilitation or preservation of affordable housing.

Activities such as:

- Pre-development expenses;
- Purchase of existing property;
- Purchase of land;
- Fees for architects and other professionals;
- Demolition to make way for affordable housing; and
- Building materials and labor costs.

B. Costs incurred by nonprofit organizations to develop or implement a specific affordable housing project. Examples include:

- Capacity building such as organizational assistance, 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 services, and rent subsidies.

C. 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;

D. 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% AMI.

Mixed-use projects are eligible for funding but JAHF dollars must be spent proportionately on units that target 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 the most competitive. 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
- Address “green” building technologies.

Application Procedures

The JAHF application packet will be made available in September. Program goals and objectives for the year will be clearly explained and a scoring criterion will be provided to all potential applicants.

If there are no successful JAHF applications and funds remain available, a second funding round may take place within the year.

Schedule

Application Packet available	September
Applications due	November 1
Announcement of awards	December 15

No application fee is required. Completed applications should be delivered to:

The Juneau Affordable Housing Coordinator
C/o The Juneau Economic Development Council
612 W. Willoughby Ave.
Suite A
Juneau, Alaska 99801

Award Announcement

The Affordable Housing Coordinator will process applications on November 1. The AHC may schedule a special session for oral presentations, then review and score the applications.

In cases when a JAHF application poses a conflict of interest for an AHC Commissioner, the AHC Commissioner will not be involved in the reviewing and scoring sessions.

Successful applicants will receive a letter from the JEDC that will include the following:

- Amount of the grant or loan;
- Notification that a Certificate of Good Standing is now required;
- Date that funds are expected to be available; and
- The procedure by which the grant/loan will be prepared.

Rejection 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 score in subsequent rounds.

Selection Criteria

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

- **Type of Occupancy:** emergency shelter, transitional housing, single-family homes, etc.
- **Area of greatest need:** the project targets an identified local housing need.
- **Leveraging:** ratio of JAHF funds vs. overall project funding from other resources to ensure maximum community gain. (Proof of matching funds will be necessary.)
- **Long-term affordability for capital projects:** the project will keep units affordable to low and very-low income households for the longest period of time.
- **Linked Support Services:** the project will provide support services for occupants that promote self-sufficiency.
- **Job Creation:** the project will provide employment opportunities to the residents of Juneau.

Applications for projects that consider JAHF funds to be the sole source of funding will not be considered.

Compliance and Monitoring

The Affordable Housing Coordinator at the JEDC 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 requirements. Progress reports will be required. Specific details about what is to be included in the progress reports will be in the application packet.

If there are issues of noncompliance or poor performance the Affordable Housing Coordinator will bring these concerns to the Affordable Housing Commission for resolution. If problems persist the Affordable Housing Commission will notify the City Manager's office and CBJ Assembly.

The City Manager reserves the right to 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.

Annual Report

An annual JAHF report will be prepared by the Affordable Housing Coordinator with AHC oversight and presented to the CBJ Assembly. The report will include:

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

The AHC and Affordable Housing Coordinator at the JEDC will present the CBJ Assembly with housing needs assessment and the gap analysis used to establish JAHF priorities each year.

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 housing expenses for a homeowner should be less than 30 percent.
Affordable Housing Coordinator	The Juneau Economic Development Council has partnered with the City and Borough of Juneau to serve as the primary point of contact for public and community groups working to make Juneau's housing costs more affordable. The Affordable Housing Coordinator, Scott Ciambor can be reached at 523-2338, or sciambor@jedc.org .
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.
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.
Capital funds	Amount of funding contributed by the JAHF 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 to 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 less than 50% of area median income.
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	Housing Funds are most successful when securing a local dedicated revenue source; a source of public revenue dedicated that allows for a consistent investment into affordable housing activities.
Low-income households	Households with incomes less than 80% of area median income.
Non-profit organization	A corporation or foundation, no part of the net earnings of which inures to the benefit of any private shareholder or individual holding an interest in that entity.
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 feasibility studies or predevelopment costs. Loans are required to be paid back once long-term funding has been secured for the project. Loan is forgiven if the project does not go through due to force beyond the recipients' control.
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.
SRO	Single-Room Occupancy unit. 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 less than 50% of area median income.

City and Borough of Juneau FY2009 Income Limits

Income Level	1	2	3	4	5	6	7	8+
Extremely Low Income (30% AMI)	\$19,200	\$21,950	\$24,700	\$27,450	\$29,650	\$31,850	\$34,050	\$36,250
Very Low Income (50% AMI)	\$32,050	\$36,600	\$41,200	\$45,750	\$49,400	\$53,050	\$56,750	\$60,400
Low Income (80% AMI)	\$44,800	\$51,200	\$57,600	\$64,000	\$69,100	\$74,250	\$79,350	\$84,500
Median Income (100%AMI) *	\$64,100	\$73,200	\$82,400	\$91,500	\$98,800	\$106,100	\$113,500	\$120,800
120% AMI	\$76,920	\$87,840	\$98,880	\$109,800	\$118,560	\$127,320	\$136,200	\$144,960