

ALASKA LEGISLATURE COMMITTEE FILES 1995-1996 8672

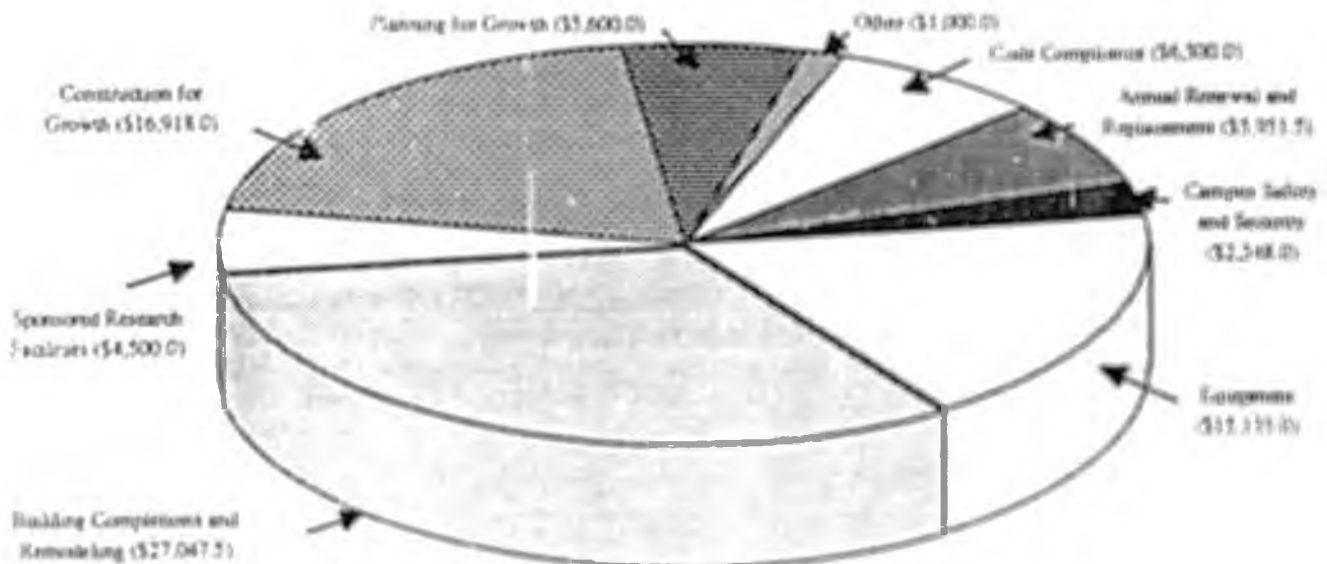
9033 SENATE STATE AFFAIRS

University of Alaska Systemwide

FY96 Capital Request By MAU

General Fund Only					
PROGRAM CATEGORY	UAA	UAF	UAS	SPS	TOTAL
A. Code Compliance	500.0	6,000.0			6,500.0
B. Annual Renewal and Replacement	833.0	4,800.0	313.5	205.0	9,951.5
C. Campus Safety and Security	1,427.0	800.0	521.0		2,748.0
D. Equipment	9,000.0	2,700.0	500.0	1,795.0	15,135.0
E. Building Completions and Remodeling	11,200.0	14,900.0	707.5		27,047.5
F. Sponsored Research Facilities		4,500.0			4,500.0
G. Construction for Growth	7,800.0	1,150.0	564.0		16,914.0
H. Planning for Growth	2,200.0	800.0			3,000.0
I. Other	1,000.0				1,000.0
TOTAL MAU	36,960.0	38,900.0	13,800.0	2,700.0	83,800.0

FY96 Capital Request by Program Category



University of Alaska Systemwide

Board of Regents' Increment List - FY96 Capital Budget Request

Introduction

Priority	Campus	Project Title	GF	NGF	Total
A. Code Compliance					
1	Fairbanks Campus	UAF - Code Compliance	6,000.0		6,000.0
3	Anchorage Campus	UAA - Code Compliance	500.0		500.0
Total Code Compliance			6,500.0	0.0	6,500.0
B. Annual Renewal and Replacement					
7	Statewide Services	SPS - Annual Renewal and Replacement	205.0	18.0	223.0
7	Anchorage Campus	UAA - Annual Renewal and Replacement	833.0		833.0
7	Fairbanks Campus	UAF - Annual Renewal and Replacement	4,600.0		4,600.0
7	Juneau Campus	UAS - Annual Renewal and Replacement	312.5		312.5
Total Annual Renewal and Replacement			5,950.5	18.0	5,968.5
C. Campus Safety and Security					
2	Juneau Campus	Juneau Glacier Hwy Pedestrian Bridge	521.0		521.0
19	Fairbanks Campus	UAF - Campus Wide Safety	400.0		400.0
320	Anchorage Campus	Security Systems and Safety Improvements	1,000.0		1,000.0
32P	Anchorage Campus	Electronic Card Access System	275.0		275.0
32S	Anchorage Campus	Emergency Phone System	72.0		72.0
32U	Anchorage Campus	Radio Communication System - Anchorage	80.0		80.0
Total Campus Safety and Security			2,348.0	0.0	2,348.0
D. Equipment/Computer Systems Upgrade					
4	Statewide Networks	Video Conferencing Installations	250.0		250.0
9	Anchorage Campus	Upgrade Digital Communications Network	6,500.0		6,500.0
12	Statewide Networks	Human Resource System	900.0		900.0
13	Statewide Networks	Student Information System	900.0		900.0
21	Fairbanks Campus	Student Microcomputer Lab Equipment	250.0		250.0
23	Statewide Services	Branch Building Furnishings	200.0		200.0
32P	Juneau Campus	Educational & Institutional Equip - MAL Wide	900.0		900.0
32Q	Fairbanks Campus	UAF Equip for Mach. Library, Networking, Inst	2,900.0	900.0	3,800.0
32R	Anchorage Campus	Equipment for all UAA Campuses	1,530.0		1,530.0
32T	Anchorage Campus	Patrol and Utility Vehicles	60.0		60.0
32AA	Statewide Networks	Networking Upgrade	300.0		300.0
32BB	Statewide Networks	Student Financial Management System	400.0		400.0
32CC	Statewide Networks	Computer Output Devices	400.0		400.0
32DD	Statewide Networks	Information Servers	150.0		150.0
32EE	Statewide Networks	Software and Licensing	230.0		230.0
32FF	Statewide Networks	Public Information Access Points	65.0		65.0
Total Equipment/Computer Systems Upgrade			14,135.0	900.0	15,035.0

University of Alaska Systemwide

Board of Regents' Increment List - FY96 Capital Budget Request

Introduction

Priority	Campus	Project Title	GF	NGF	Total
E. Building Completions/Repair and Renovation					
	6 Fairbanks Campus	Natural Sciences Building Completion	4,400.0		4,400.0
	10 Mat-Su College	Complete Mat-Su Interiors	1,350.0		1,350.0
	15 Fairbanks Campus	UAF Student Housing	3,000.0		3,000.0
	20 Kuskoowum Campus	Kuskoowum Food Storage Facility	250.0		250.0
	22 Northwest Campus	Northwest Campus Space Renovation	125.0		125.0
	24 Anchorage Campus	Anchorage Campus Space Renovation	3,550.0		3,550.0
	25 Kenai College	MAPTS Life Safety Institute Completion	500.0		500.0
	26 JUNEAU Campus	Remodel Mounain Food Service/Dining	500.0		500.0
	27 Fairbanks Campus	Food Service Upgrade/Renovation	4,000.0		4,000.0
	28 Kenai/Kanai Campus	Remodel for Space Use Efficiencies	247.5		247.5
	30 Fairbanks Campus	Creating 1st Floor Renovation for Teaching/Off	1,000.0		1,000.0
	12B Mat-Su College	Mat-Su Campus Renovation	600.0		600.0
	12C Kodiak College	Kodiak Space Renovation	350.0		350.0
	12D Anchorage Campus	Anchorage Upgrade/Renovate Science Facilities	2,000.0		2,000.0
	12I Anchorage Campus	Sports Center Upgrade	2,000.0		2,000.0
	12J PWSCC	PWSCC Roof Renovation	1,000.0		1,000.0
	12L Fairbanks Campus	Walkways, Stairs, Streets, Parking Repair & Upg	1,075.0		1,075.0
	12M Fairbanks Campus	Brown, Burnett & Duckering Renovation Design	750.0		750.0
	12R JUNEAU Campus	Campus and Calling for Communications	50.0		50.0
	12W Fairbanks Org. Res	Toniak Lake Field Station Remodel	50.0		50.0
	12Z Fairbanks Campus	Alumni Student Campground Replacement	250.0		250.0
Total Building Completions/Repair and Renovation			27,047.5	0.0	27,047.5
F. Sponsored Research Facilities					
	12A Fairbanks Org. Res	Eliot Complex Construction	4,500.0	4,840.0	9,340.0
Total Sponsored Research Facilities			4,500.0	4,840.0	9,340.0
G. Construction for Growth					
	8 Anchorage Campus	Land Acquisition: APL Land and Facilities	2,500.0		2,500.0
	9 JUNEAU Campus	Residence Hall	1,855.0	1,855.0	3,710.0
	17 Seward Campus	Seward Classroom Lab Expansion	1,423.0		1,423.0
	18 Kenai Peninsula Col	Design & Site	600.0		600.0
	29 Kenai Peninsula Col	Kenai Peninsula College Addition	3,500.0		3,500.0
	31 JUNEAU Campus	Physical Education, Recreation Facilities	1,295.0	1,295.0	2,590.0
	12K Bristol Bay Campus	Bristol Bay Campus Addition	950.0		950.0
	12K JUNEAU Campus	Egan Classroom Wing Addition	3,295.0		3,295.0
	12V Fairbanks Campus	Hay, Mineral Handling Facilities Design and Site	500.0		500.0
	12W Anchorage Campus	Paving for Expansion: Study, Planning and Desi	1,000.0		1,000.0
Total Construction for Growth			16,918.0	1,189.0	18,107.0

University of Alaska Systemwide

Board of Regents' Increment List - FY96 Capital Budget Request

Introduction

Priority	Campus	Project Title	GF	NGF	Total
II. Planning for Growth					
14	Anchorage Campus	Anchorage Resident Student Hall Planning	2,000.0		2,000.0
16	Anchorage Campus	Academic Info. Technology Ctr. (Planning & Des)	2,800.0		2,800.0
32Q	Fairbanks Campus	Develop Utilities Master Plan	400.0		400.0
32Y	Anchorage Campus	Land Acquisition	400.0		400.0
Total Planning for Growth			5,600.0	0.0	5,600.0
I. Other					
11	Anchorage Campus	Student Staff of Journalism Match	1,000.0		1,000.0
Total Other			1,000.0	0.0	1,000.0
Total Request FY96 Capital			85,000.01	8,507.81	93,507.82

Rev/AHFC - FY 55 Capital

Rank	Component/Project	Federal Funds	Corp. Match	Corp. Receipts	Total
#1	Housing & Urban Development Comprehensive Grant Program	4,326.0			4,326.0
#2	Cedar Park Reconstruction	5,564.1	2,937.2		8,501.3
#3	Low Income Weatherization Prog.	1,800.0		8,500.0	10,300.0
#4	Supplemental Housing Develop. Program	*50,000.0	10,000.0	235.0	10,235.0
#5	Golden Towers Modernization			7,750.0	7,750.0
#6	Public Housing-Environmental Cleanup/Abatement			1,000.0	1,000.0
#7	Emergency Repair & Replace.			500.0	500.0
#8	Emergency Housing Assist. Prog.			250.0	250.0
#9	Senior & Statewide Deferred Maintenance			1,750.0	1,750.0
#10	Senior Citizens Housing Develop. Program			4,000.0	4,000.0
#11	Housing & Urban Development Federal Home Grant	3,000.0	750.0		3,750.0
#12	Multi-family, Special Needs, and Congregate Housing Grants			2,500.0	2,500.0
#13	Stripper Well Oil Overcharge Restitution Program		other funds	2,000.0	2,000.0
#14	Energy Conservation Retrofit			500.0	500.0
#15	Public Housing Energy Perform. Contracting Program			2,100.0	2,100.0
#16	Warm Homes for Alaskans Prog.			600.0	600.0
#17	Public Housing Support Building Construction			300.0	300.0
#18	Federal Competitive Grants Public Housing	2,277.0	1,213.0		3,490.0
#19	Federal Competitive Grants	3,400.0	3,100.0		6,500.0
#20	Transition for Four Star Plus Home Incentive Program			2,000.0	2,000.0
#21	Pre-Development Grant Prog			500.0	500.0
#22	Competitive Grants		325.0		325.0
#23	Statewide Research & Testing			100.0	100.0
#24	Community Service Down- Payment Coupons			60.0	60.0
#25	Health & Social Services Special Needs Housing Program			1,500.0	1,500.0
#26	Pioneer Homes Renovation & Repa-			326.0	326.0
	TOTAL REQUEST	20,367	18,325	36,471	75,163

* AHFC does not need authorization to expend federal \$ but the regional housing authorities receive the corporate funds and apply for the federal \$ themselves. It was included in the column to provide info

FY 96 AHFC Capital Projects Request

(in thousands of dollars)

- 1 HUD Comprehensive Grant Program** (Revised 2/13/94) **\$4,326.0**

Federal grant from U. S. Department of Housing & Urban Development (HUD) that provides Public Housing Authorities with funds each year to renovate and modernize public housing units. Funds are also provided for administrative expenses, tenant education projects, drug elimination/safety projects and management improvements.
- 2 Cedar Park Reconstruction** (Revised 1/18/95) **\$8,601.3**

Federal (HUD) and Corporate (AHFC) funds to reconstruct Cedar Park, Juneau public housing units. These units (nine buildings with 50 units) were constructed in 1952 and have suffered serious structural deterioration. The building official of City and Borough of Juneau has declared one building "dangerous" under the Uniform Code for the Abatement of Dangerous Buildings and AHFC has abandoned that building.
- 3 Low Income Weatherization Program** **\$10,300.0**

Federal U. S. Department of Energy (DOE) and Corporation (AHFC) funds to assist low- and moderate-income families attain decent, safe, and affordable housing through the weatherization and rehabilitation of existing homes. A deplorable 28% of homes in rural Alaska cannot maintain a healthy indoor temperature of 70 degrees during our long winter months.
- 4 Supplemental Housing Development Program** **\$10,235.0**

Corporate (AHFC) funds to match Federal (HUD) funds to construct approximately 320 decent, safe and sanitary houses for rural Alaskan Natives in approximately 20 communities. Each Corporate dollar leverages approximately five dollars in Federal HUD Indian funds.
- 5 Golden Towers Renovation** (Revised 12/2/94) **\$7,750.0**

Corporate (AHFC) funds to modernize a five story senior housing facility in Fairbanks and increase operational efficiency, decrease operational costs, and provide a better environment for the tenants. The 96 unit building was built in 1970. AHFC receives operating funds through HUD Section 8 New program.
- 6 Environmental Cleanup/Abatement** **\$1,000.0**

Corporation (AHFC) funds for remediation of environmental hazards at public housing units. The most immediate problem identified was old and deteriorating underground storage tanks (USTs). There are 42 USTs in public housing sites throughout the state that are over 12 years old, with 18 of them over 20 years old.
- 7 Emergency Repair/Replacement** **\$500.0**

Corporation (AHFC) funds to grant to lower-income families and families with special housing needs for natural disaster relief. This program will help families repair or rebuild their home if it is damaged or destroyed through unforeseen events.
- 8 Emergency Housing Assistance** **\$250.0**

Corporation (AHFC) funds to grant to local communities/agencies to help develop programs to prevent homelessness by providing assistance to families in imminent danger of becoming homeless, or those who are currently homeless.
- 9 Senior & Statewide Deferred Maintenance** (Revised 12/2/94) **\$1,750.0**

Corporation (AHFC) funds to reduce deferred maintenance at several facilities utilized by senior citizen and low-income families. HUD provides a rental subsidy based on its determination of the "fair market rent" for a given area. This subsidy has only been adequate to provide normal daily operation and maintenance, therefore, over the years, a considerable number of deferred maintenance items have been accumulating.
- 10 Senior Citizens Housing Development Program** **\$4,000.0**

Corporate (AHFC) funds to grant to municipalities and public or private non profit corporations, in conjunction with other agencies, for the development of senior citizen housing. Funds can be used for purchase of a building site, site preparation, and materials and construction rehabilitation. Awards are made on a competitive basis.

FY 96 AHFC Capital Projects Request

(in thousands of dollars)

11 HUD Federal HOME Grant **\$3,750.0**

Federal (HUD) and Corporate matching (AHFC) funds for the HOME Investment Partnership Program. The purpose of the HOME program is to expand the supply of affordable, low- and moderate-income housing and to strengthen the ability of the state to design and implement strategies to achieve an adequate supply of safe, energy-efficient, and affordable housing.

12 Multi-family, Special Needs & Congregate Housing **\$2,500.0**

Corporate (AHFC) funds for grants to private non profit corporations, state agencies, municipalities, and regional housing authorities for gap financing of special needs or congregate housing for the homeless, disabled, etc.. Grants will be used as a last resort to reduce the amount of the permanent loan to a level that makes the project viable. AHFC will determine the size of the grant based on the merits of the housing, the community's need for the housing, the financial feasibility of the housing, and other pertinent considerations.

13 Stripper Well Oil Overcharge Restitution Program **\$2,000.0**

Corporate (AHFC) funds, received from court settlements against oil companies who overcharged in the early 70's and 80's. These settlement funds are for restitution to the public through programs approved by the U. S. Department of Energy (DOE). Programs supported with these funds include the Home Energy Loan Program, Home Energy Rebates, Business Energy Assistance Program, and the raters of Energy Rated Homes of Alaska Program.

14 Energy Conservation Retrofit **\$500.0**

Corporate (AHFC) funds to increase the energy-efficiency of public housing units and lower the expenses attributed to utilities by retrofitting units with proven energy-conservation improvements. Improvements include gas conversion, energy-efficient hot water tanks, furnaces, boilers, windows, lighting, caulking, weatherstripping and ventilation.

15 Public Housing Energy Performance Contracting Program **\$2,100.0**

Corporate (AHFC) funds to upgrade public housing residences through energy performance-based contracts. To provide an incentive to make energy-efficiency improvements, HUD will allow AHFC to retain the savings (difference between past utilities vs utilities cost after improvements) for a period of 12 years. Savings will be used in future years to fund more energy efficient improvements.

16 Warm Homes For Alaskans Program **\$600.0**

Corporate (AHFC) funds to support market driven efforts that offer a comprehensive approach for improving the quality and energy efficiency of housing in Alaska. Supported programs include the Alaska Craftsman Home Program, Energy Rated Homes of Alaska, and other technical assistance to rural Alaskans in building energy-efficient, affordable homes.

17 Public Housing Support Building Construction **\$300.0**

Corporate (AHFC) funds to build a satellite maintenance facility to support approximately 300 public housing units in the north Anchorage area. The building will be approximately 1000 square feet and will provide space for: a workshop, vehicle maintenance, storage of maintenance supplies and a secure area for vehicle storage.

18 Federal Competitive Grants - Public Housing **\$3,490.0**

Federal (HUD) and Corporate match (AHFC) grant funds. AHFC will apply for HUD grants that target the housing needs of low-income and special-needs groups, such as senior citizens, the mentally ill, disabled or the homeless. AHFC will also apply for grants to prevent crime and substance abuse in public housing and assist public housing families attain economic self-sufficiency. Where required as a condition for funding, AHFC will provide the needed match. Some of the funds received will be passed through to local non-profit sub-grantee organizations who deliver the housing and

19 Federal Competitive Grants **\$6,500.0**

Federal and Corporate match (AHFC) grant funds. AHFC will apply for grants that target the housing needs of low-income and special-needs groups, such as senior citizens, the mentally ill, disabled or the homeless. Where required as a condition for funding, AHFC will provide the needed match. Some of the funds received will be passed through to local non-profit sub-grantee organizations who deliver the housing and services.

FY 96 AHFC Capital Projects Request

(in thousands of dollars)

20 Transition for Four Star Plus Incentive **\$2,000.0**

Corporate (AHFC) grant funds to continue the four star plus energy-rated home incentive program through December 31, 1995. Currently, purchasers of new homes which are four star plus or better receive an incentive of \$1,900 or more which is applied to the purchase price. This incentive program is a major selling point for new homes and ensures that new homes are meeting the residential energy requirements.

21 Pre-Development Grant **\$500.0**

Corporate (AHFC) grant funds to assist grantees with expensive start-up costs associated with special need housing development. These costs present a major obstacle to housing groups who want to develop special-need housing involving the private sector which requires funding up front. Assistance provided under this stand-alone grant program would be paid back through loan proceeds or the sale of the property.

22 Other Competitive Grants - Non Federal **\$325.0**

Corporate (private sector and AHFC) funds. AHFC will make application, as appropriate, to private institutions or foundations to study or address such issues as housing delivery systems, safe and viable neighborhoods, homelessness and aging in place. Where required as a condition for funding, AHFC will provide matching (corporate) funds to non-federal grants that target the housing needs of low-income and special needs groups as senior citizens, the mentally ill, disabled or homeless.

23 Statewide Research & Testing **\$100.0**

Corporate (AHFC) funds to conduct statewide research and test-demonstrations including field-testing and monitoring of construction methods that will help to eliminate premature degradation of housing and community buildings and increase the health and safety of the occupants. Projects include: identifying ventilation strategies for typical housing, investigating alternative wastewater/graywater systems for rural Alaskan communities, and investigating foundation systems options for various situations in Alaska. Project will be coordinated and integrated with Public Housing, Weatherization, and Supplemental Housing programs.

24 Community Service Down-payment Coupon **\$60.0**

Corporate (AHFC) grant funds to promote home ownership opportunities among public housing residents. Community Service Coupons will be used to credit tenants with volunteer work up to a maximum of \$5,000 at \$10 per hour. These coupons will be used only towards the purchase of a home through the traditional loan programs.

25 DHSS Special Needs Housing Program **\$1,500.0**

(New 1/18/95) (Revised 3/16/95)

The State Department of Health and Social Services (DHSS) has identified \$10 million in housing needs for adults with special needs. DHSS has developed a competitive grant program to help non-profits develop special needs housing. To augment DHSS's Special Needs Housing Program's \$1.5 million FY96 Capital request, AHFC's request represents a match for construction, rehabilitating, or acquisition of housing for special needs populations. AHFC's grants will be made to successful grantees under the DHSS program.

26 Pioneers' Homes Emergency Repair Replacement **\$326.0**

(New 3/16/95)

The State Department of Administration (DOA) has a need for funds for unexpected emergency repairs of Pioneers' Homes. AHFC's request of \$326.0 represents support for the DOA need to provide a safe environment for the Pioneers' Homes residents. Pioneers' Homes are located in Sitka, Fairbanks, Palmer, Anchorage, Ketchikan and Juneau.

Total FY 96 AHFC Capital Request **\$75,163.3**

HUD COMPREHENSIVE GRANT PROGRAM

Priority #1

	Federal	Corp/mat	Corp
<u>HUD Comprehensive Grant Prog.</u>	4,326.0	0.0	0.0

- Provides federal funds for modernization of existing public housing, formula driven. The low rent housing projects are in Juneau (Cedar Park), Fairbanks (Spruce Park), & Ketchikan (Sea View Terrace).
- Also provides funds for training PHA personnel; establishment of preventative maintenance program; training for staff, residents and low-income businesses for contracting opportunities on federally funded projects; and support to local law enforcement for drug/alcohol problem reduction. Currently 10% of these federal funds are spent on non-construction items.
- Funding for Cedar Park is also located in the Cedar Park Reconstruction request for \$5,564.1 fed/\$2,937.2 corp. Cedar Park funding is found in three separate requests. No single federal program covers hazardous material removal, demolition and reconstruction.
- FY 95 funding level -- Federal \$9,500.0
 - Funding for Cedar Park/Juneau Housing was included in last year's approved request. The funds were redirected to a new project in Juneau called Riverbend Development due to construction timeline and federal constraints on the use of these funds.

Recommendation: 1)

PROJECT TITLE: HUD Comprehensive Grant Program (CGP)

PRIORITY: 1 COMPLETION DATE: May, 1998
 TYPE: Renewal & Replacement, Health & Safety, Renovation & Remodeling LOCATION: Statewide, Juneau, Ketchikan, Fairbanks
 PROGRAM: Development ELECTION DISTRICT: 99,33,3,1

FUNDING		CAPITAL REQUEST	OPERATING COSTS	NEW POSITIONS (PCT)
1002	Federal Receipts	4,326.0		0
1003	General Fund Match			
1004	General Fund			
1005	General Fund Program Receipts			
1006	General Fund Mental Health Trust			
1022	Corporation Receipts			
TOTAL:		4,326.0		

PROJECT DESCRIPTION AND JUSTIFICATION

The federal government, through the U.S. Department of Housing & Urban Development (HUD), provides Public Housing Authorities (PHAs) with money each year to renovate and modernize their public housing through the Comprehensive Grant Program (CGP). To access this money, each PHA, with the active involvement of residents and local government officials, must develop a comprehensive (five year) plan, detailing modernization needs within the PHA's housing inventory and establishing a timetable for meeting those needs. The dollar amount of the annual grant is established by a formula using the number, configuration, and size of the PHA's Low Rent units. The annual grant also provides funds for administrative expenses, tenant education projects, drug elimination/safety projects and management improvements.

Projects funded by this year's allocation include hazardous material abatement, demolition and tenant relocation at Cedar Park in Juneau (to be done in conjunction with the Cedar Park Reconstruction Project), the first phase of the modernization of 60 units at Spruce Park in Fairbanks (redo kitchens and bathrooms, add insulation, reroof, replace floor and wall covering, replace electrical wiring and fixtures) and the painting of Sea View Terrace in Ketchikan. Also included are funds to provide training for PHA personnel, establishment of a preventative maintenance program, with improvements to the computer work-order system, training for staff, residents and low income businesses for contracting opportunities on federally-funded projects, and support to local law enforcement groups to reduce drug/alcohol problems in communities where PHA Low Rent property is impacted.

CP1
 CAPITAL PROJECTS
 DESCRIPTION
 Revised 7/27/94

AGENCY: Department of Revenue
 BRU: Alaska Housing Finance Corporation
 COMPONENT:

Page 1 of 1
 Revised Date 2/13/95

FY 96

121
 1996

CEDAR PARK RECONSTRUCTION

Priority #2

	Federal	Corp/mat	Corp
<u>Cedar Park Reconstruction</u>	5,564.1	2,937.2 *	0.0

- Project would completely reconstruct housing project with a one-for-one unit replacement, along with addition of maintenance space and multipurpose building. (Hazardous material abatement, demolition of existing structures and temp. relocation of tenants is included in Comp. Grant Program funding request.) Demolition of existing structures was approved by HUD in May 1994.

- New project. Funds approved for FY 95 Cedar Park Reconstruction/Juneau Housing project were used for the Riverbend Development project.

- * The 2,937.2 corp. funds is the extra amount required to replace the housing units 1 for 1 and construct other support buildings that HUD requires. That is why it is listed as match. If the corp. fees are not approved, the federal funds would not be available.

Recommendation: 1)

PROJECT TITLE Cedar Park Reconstruction

PRIORITY: 2

COMPLETION DATE: December, 1997

TYPE: Construction

LOCATION: Juneau

PROGRAM: Development

ELECTION DISTRICT: 3

FUNDING		CAPITAL REQUEST	OPERATING COSTS	NEW POSITIONS (PFT)
1002	Federal Receipts	5,564 1	346 1	0
1003	General Fund Match			
1004	General Fund			
1005	General Fund Program Receipts			
1006	General Fund Mental Health Trust			
1022	State Corporation Receipts	2,937 2		
TOTAL		8,501 3	346 1	

PROJECT DESCRIPTION AND JUSTIFICATION

Cedar Park* Low Rent housing in Juneau was constructed in 1952 and is a complex of nine buildings with 50 family units. These buildings have suffered serious structural deterioration over the years, due in large part to the wet climate in Juneau. These one-, two-, three-, and four-bedroom units, while still functional, have only a brief lifespan left. Intrusive testing in November 1993 revealed that some of the exterior shear walls had experienced significant dry rot. Many of the foundations are cracked, there may be inadequate structural integrity to supply resistance to lateral design loads from wind and seismic events, emergency egress windows in bedrooms are not adequately sized, and building insulation is no longer effective.

The City and Borough of Juneau's building official has declared one building in the complex to be a "dangerous" building under the Uniform Code for the Abatement of Dangerous Buildings. As a result, the building was abandoned, with a loss of six units. All remaining buildings at Cedar Park are on a constant watch schedule by AHFC maintenance and the Juneau building officials. With the critical housing shortage in Juneau, replacement of these buildings is imperative.

CP1
CAPITAL PROJECTS
DESCRIPTION

Revised 12/94

AGENCY: Department of Revenue

BRU: Alaska Housing Finance Corporation

COMPONENT

Page 1 of 2
Revised Date
1/18/95

FY 96

7
40

In May 1994, AHFC received approval from the U.S. Department of Housing and Urban Development (HUD) to demolish the existing Cedar Park structures. That demolition approval paved the way for AHFC to submit a maximum-allowed funding request to HUD for reconstruction at the Cedar Park site. In September 1994, a HUD development grant of \$5,564,050 was given to AHFC. AHFC will add \$2,937,242 in Corporate funds for a project total of \$8,501,292. (Abatement of hazardous material, demolition of the existing structures and temporary relocation of tenants have been included in the Comprehensive Grant Program funding request.)

Reconstruction plans include a one-for-one unit replacement, along with addition of maintenance space and a multipurpose building.

***SPECIAL EXPLANATORY NOTE**

AHFC included Cedar Park Housing Construction in its original FY95 Capital Budget submission. However, because demolition of the existing buildings at Cedar Park was not yet approved by HUD, it became necessary to revise the proposal. Before the end of the Legislative review, HUD approved the use of leftover Anchorage development funds for additional new housing units in Juneau, so the construction project was changed to the Riverbend Development project (Juneau Housing). Although the contents of the submission were changed, the title approved in the FY95 Capital Budget did not get changed. It remains as Cedar Park Housing Construction.

This Cedar Park Reconstruction project differs from the approved FY95 capital project in that the final approved FY95 project is actually the Riverbend Development project.

**CP1
ADDITIONAL
EXPLANATION
FORM**

AGENCY Department of Revenue

BHU Alaska Housing Finance Corporation

COMPONENT

Page 2 of 2

Revised Date: 1/16/95

FY 96



FY95 Cedar Park Housing Construction
VS
FY96 Cedar Park Housing Reconstruction

FY95 Cedar Park Housing Construction

In its original FY95 Capital Budget submission AHFC included Cedar Park Housing Construction at \$9,000,000 corporation receipts. AHFC had determined through engineering studies that Cedar Park was not economically viable to rehabilitate and this was given some sense of emergency when one of the existing buildings was condemned. However the formal applications for HUD funding had not yet been approved for Cedar Park, and an new opportunity to utilize \$4,500,000 of HUD funding left over from a previous project in Anchorage to build additional housing in Juneau surfaced. Because this funding had to be used to develop new units it could not be used at Cedar Park. Due to the urgency imposed by HUD to expeditiously utilize these funds, the project title, description, funding amount and sources were changed. On April 14, 1994 these changes were transmitted to Senate Finance staff and on April 28, 1994 a faxed copy of a spreadsheet title "AHFC House and Senate Recommendations" was received from staff that reflected the funding changes, but still retained the original title Cedar Park Housing instead of Cedar Park/Juneau Housing. It was assumed that with the funding changes being reflected, the description had also been amended. The new change submitted to Senate Finance for FY95 included \$4,500,000 in federal funds and \$4,500,000 in corporate funds to construct 45 new units in Juneau and to begin design of Cedar Park in anticipation of HUD approving that project. The expectation was that HUD funding for Cedar Park would not be approved until later in the year and it was felt that there was adequate time to submit the Cedar Park Construction request again in FY 96.

FY96 Cedar Park Housing Reconstruction

Cedar Park Low Rent housing in Juneau was constructed in 1952 and is a complex of nine buildings with 50 family units. These buildings have suffered serious structural deterioration over the years, due in large part to the wet climate in Juneau. These one, two, three, and four bedroom units, while still functional, have only a brief lifespan left. Intrusive testing in November 1993 revealed that some of the exterior these walls had experienced significant dry rot. Many of the foundations are cracked, there may be inadequate structural integrity to supply resistance to lateral design loads from wind and seismic events, emergency egress windows in bedrooms are not adequately sized, and building insulation is no longer effective.

The City and Borough of Juneau's building official has declared one building in the complex to be a "dangerous building" under the Uniform Code for the Abatement of Dangerous Buildings. As a result, the building was abandoned, with a loss of six units. All remaining buildings at Cedar Park are on a constant watch schedule by AHFC maintenance and the Juneau building officials. With the critical housing shortage in Juneau, replacement of these buildings is imperative.

In May 1994, AHFC received approval from the U.S. Department of Housing and Urban Development (HUD) to demolish the existing Cedar Park structures. This demolition approval paved the way for AHFC to submit a maximum allowed funding request to HUD for reconstruction of the Cedar Park site. In September 1994, a HUD development grant of \$5,540,000 was given to AHFC. AHFC will add \$2,937,242 in Corporate funds for a project total of \$8,477,242. (Abatement of hazardous material, demolition of the existing structures and temporary relocation of tenants have been included in the Comprehensive Grant Program funding request.) Part of the design cost will come from the FY95 appropriations.

Reconstruction plans include a new four unit replacement, along with addition of experiential space and a multipurpose building.

The current breakdown for the FY96 Capital request is \$5,540,000 federal and \$2,937,242 corporate.

JUNEAU AFFORDABLE HOUSING

45 UNITS OF HOUSING FOR THE ALASKA HOUSING FINANCE CORPORATION

The 'Riverland' housing project currently under design for the Alaska Housing Finance Corporation includes 45 units of housing located on an approximately 4.1 acre wooded site along the Stenderhall River in Juneau, Alaska.

The site is bounded on the east by Riverside Drive, the Valley post office on the south, a long, curving river frontage running northwest, and the new proposed elementary school on the north.

The site is undeveloped and relatively secluded. The site plan has been laid out to preserve trees and natural undergrowth along Riverside Drive, the principal public exposure of the site. The site plan has been developed to group housing buildings in three clusters, each with its own centralized parking, postal drop off, and trash handling provisions.

Open public space is created to capitalize on the view and privacy along the Stenderhall River. Development along the river includes a fenced separation from the river itself, and a series of walks, bike path, seating benches, and a toilet play area. The pedestrian route connects at each end of the property to other green belt development along the river maintained by the City and Borough of Juneau, including the new elementary school and playground being developed immediately north of the property.

Access to the housing development will be off of Postal Way, an existing paved city street. Postal Way connects, in turn, to Vintage Drive, a controlled intersection with a signal at Riverside Drive. The private access road within the housing development will be paved, with individual curbs and gutters, and built to City Street Standards.

The 45 units of housing will be broken into eight different building complexes, with a mix of 1, 2, and 3 bedroom units. All housing, with the exception of two units above accessible units, will be constructed as a 'town' configuration, with separations from adjoining units by vertical walls.

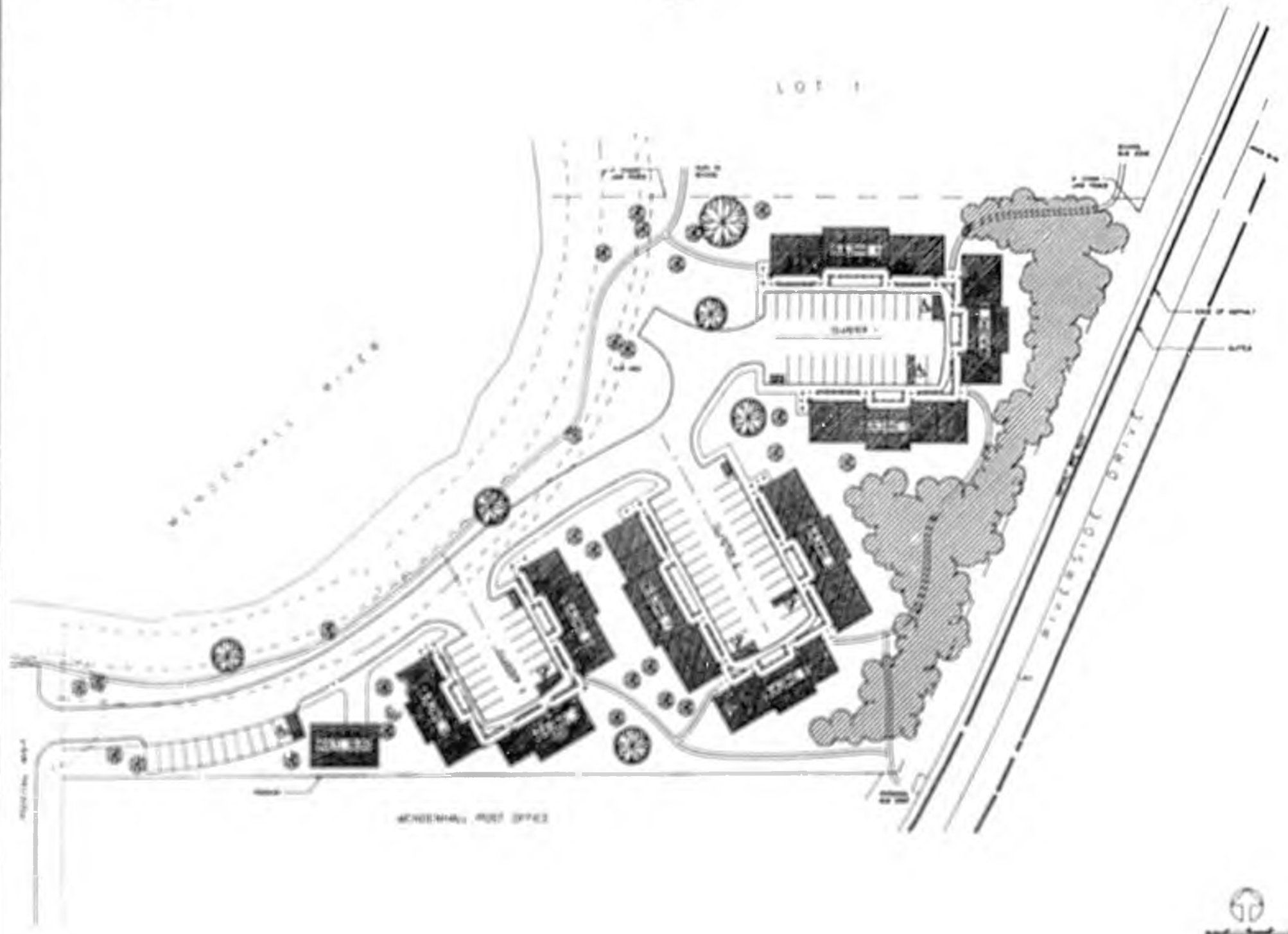
The housing will be designed to exceed the State Building Energy Efficiency Standard. The building design will follow the new HUD Development for Excellence in Public Housing. Every effort will be made to blend with the surrounding neighborhoods in scale, materials and quality.

The mixing of the building will be composed of one and two story portions, with a continuous low roof covering entries on the public, or approach, side with individual gable entries for each unit. Plans also illustrate fenced private back yards, and a small exterior storage shed for all units. Each will be laid as an alternate of units, allow:

Turnover Date Construction start - Late Fall 1995
 Construction end - Early 1996

Design Construction Team - G. & S. Williams

LOT 1



SUNSHINE DRIVE

SUNSHINE DRIVE



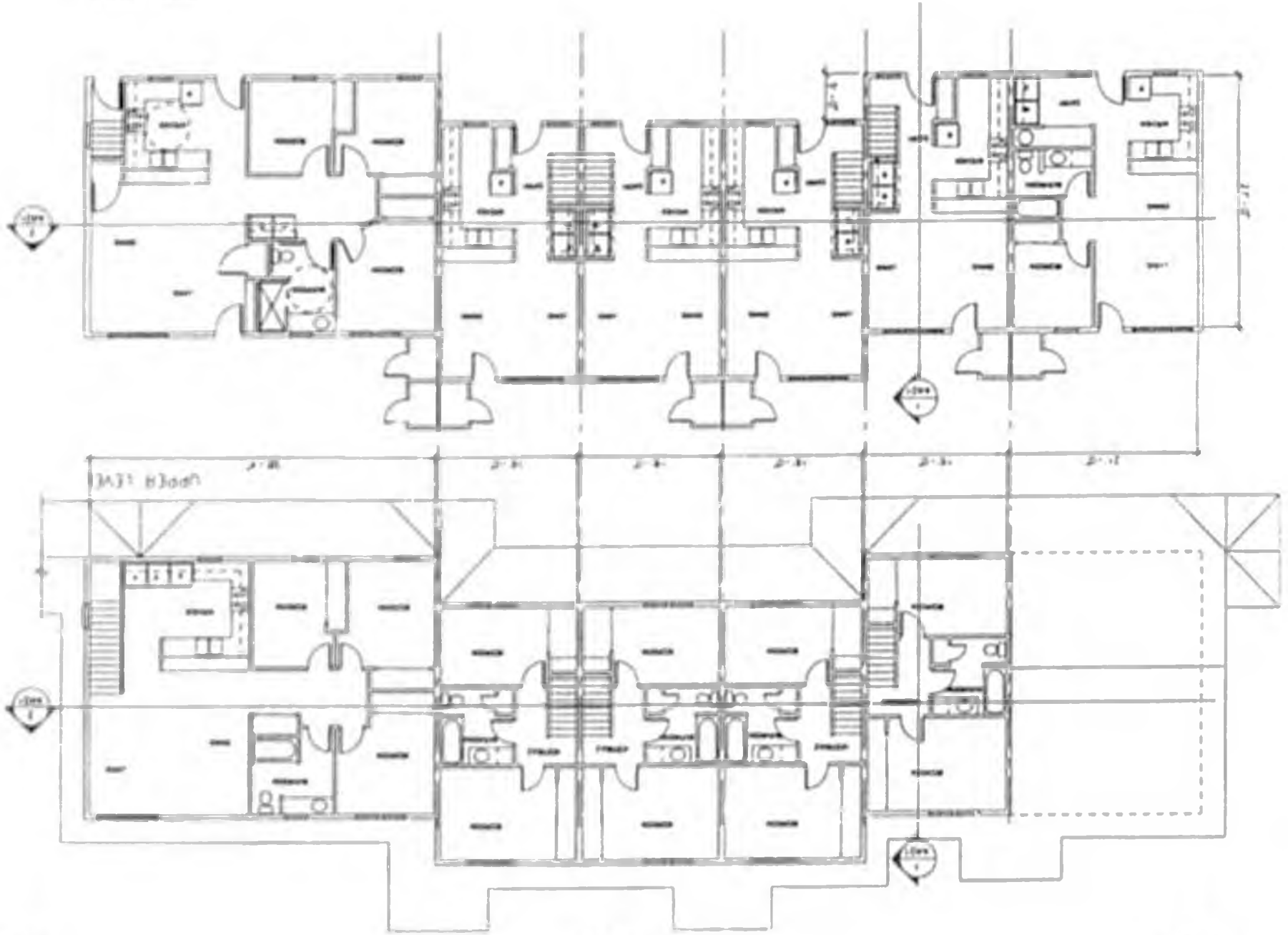


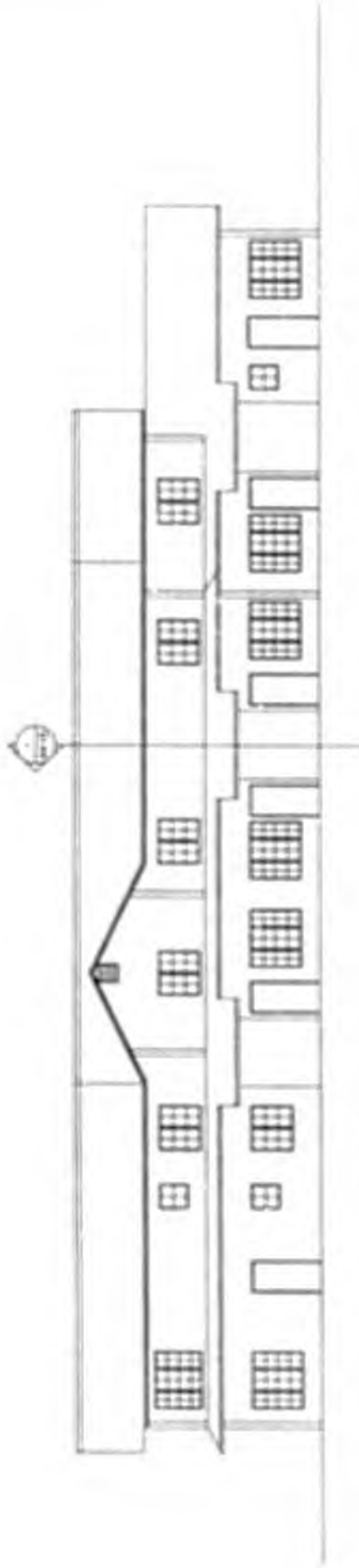
SCALE 1/8" = 1'-0"

BUILDING A

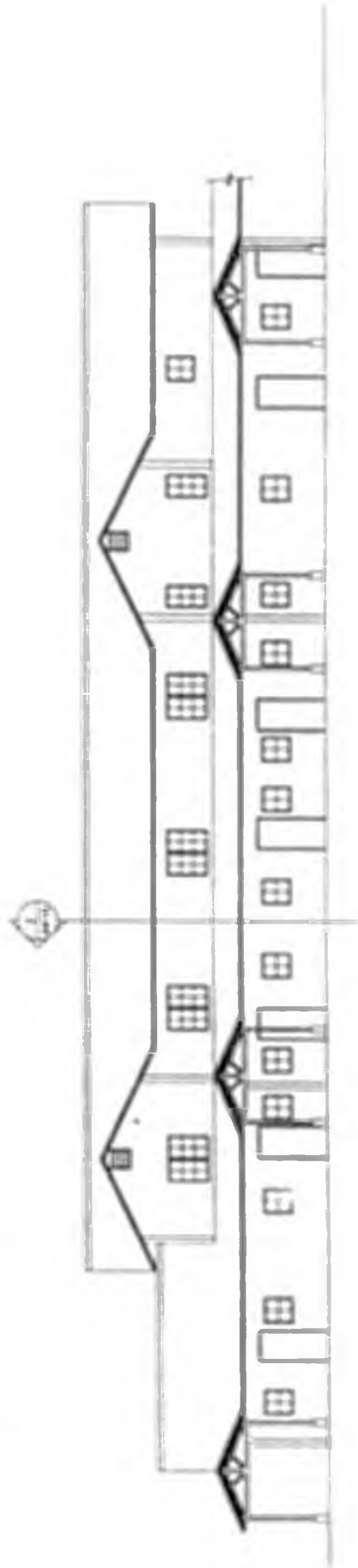
1

LOWER LEVEL





1. BACK ELEVATION BUILDING A



2. FRONT ELEVATION BUILDING A



LOW INCOME WEATHERIZATION PROGRAM

Priority #3

	Federal	Corp/nat	Corp
<u>Low Income Weatherization Program</u>	1,800.0		8,500.0

- Funds used to make cost-effective energy improvements to homes of low-income families.
- AHFC hired ISER in 1994 to evaluate the program. ISER concluded that the program is not cost effective. They determined that the simple payback period for the weatherization improvements is 81 years and that for every dollar we invested in the home we only got 14 cents of benefits.
- FY 95 funding split between operating and capital budgets --

FY95 Operating	1.7 federal	4.0 corp.
FY95 Capital		1.5 corp.
Total FY 95	1.7 federal	5.5 corp.

Recommendation: 1)

PROJECT TITLE Low Income Weatherization Program

PRIORITY: 3 COMPLETION DATE June, 2000
TYPE: Renewal & Replacement, Health & Safety LOCATION: Statewide
PROGRAM: Social Services, Health, Public Protection ELECTION DISTRICT 99

FUNDING	CAPITAL REQUEST	OPERATING COSTS	NEW POSITIONS (PFT)
1002 Federal Receipts	1,800 0		0
1003 General Fund Match			
1004 General Fund			
1005 General Fund Program Receipts			
1006 General Fund Mental Health Tru			
1022 State Corporation Receipts	8,500 0		
TOTAL	10,300 0		

PROJECT DESCRIPTION AND JUSTIFICATION:

This is an increase over FY95 of \$3,100,000. The FY95 appropriation was split between the Capital and Operating budgets \$5,700,000 and \$1,500,000, respectively. This increase is in accordance with the original five-year plan for the weatherization program.

CRITICAL LINK BETWEEN ENERGY EFFICIENCY AND HOUSING AFFORDABILITY A key goal of a housing finance agency is to assist low- and moderate- income families attain decent, safe, and affordable housing. There is a critical link between housing affordability and energy efficiency. The Alaska Housing Finance Corporation is fostering the long term affordability of the state's housing stock through encouraging the retrofitting of existing homes.

HIGH ENERGY COSTS CRIPPLE ECONOMIC DEVELOPMENT For many Alaskan communities, the cost of heating is placing a serious strain on local economies and family budgets. This is particularly true for those Alaskans on fixed incomes. Rural Alaskans spend between 16% and 37% of their incomes on energy bills. Overall, Alaskans spend over \$214 million a year just to stay warm. This represents a multimillion-dollar drain on the state's economy since most of Alaska's communities get their oil from Outside. This energy dollar drain is crippling economic development throughout Alaska.

CPI
CAPITAL PROJECTS
DESCRIPTION

Revised 1/2/94

AGENCY Department of Revenue

BRU Alaska Housing Finance Corporation

COMPONENT

Page 1 of 2

Revised Date

FY 96

P7
15

MISTAKES OF THE PAST CAUSE DRAIN ON LOCAL ECONOMIES. In the past, Alaskan homes and facilities were often constructed using Lower-48 standards and did not meet Alaska's climate conditions. A deplorable 28% of homes in rural Alaska cannot maintain a healthy indoor temperature of 70 degrees during our long winter months.

POTENTIAL OF THE LOW-INCOME HOME WEATHERIZATION AND REHABILITATION PROGRAM. The program makes the most cost-effective energy improvements to homes of low-income families. The improvements include replacement of inefficient and unsafe heating systems or improving the overall efficiency of the heating system, and increasing insulation levels and air-infiltration sealing. This results in the reduction of heating-oil consumption by an average of 12 percent nationally.

Additionally, health-and-safety needs which are beyond the basic federal weatherization program can be addressed to prolong the useful life of homes. Health and safety rehabilitation may include extensive foundation repair, proper electrical wiring, and major roof repair.

CPI
ADDITIONAL
EXPLANATION
FORM

AGENCY Department of Revenue

BRU Alaska Housing Finance Corporation

COMPONENT _____

Page 2 of 2

Revised Date

FY 96

Alaska
Housing
FINANCE CORPORATION

520 East 34th Avenue
Anchorage, AK 99503-4199
(907) 561-1900

P.O. Box 101020
Anchorage, AK 99510-1020

TO: Robert L. Brean
Director
Rural Housing Division

FROM:

Steve Bader

Frank D'Elia

Christine Steward
Affordable Housing and Energy Efficiency

RE: Effectiveness of Weatherization Program

DATE: June 17, 1994

.....

The Alaska Housing Finance Corporation annually allocates over \$8 million a year to improve the energy efficiency of lower income Alaskans homes through the Weatherization Program. Due to this significant investment, the Affordable Housing and Energy Efficiency Department funded a study of the effectiveness of the program.

The University of Alaska's Institute of Social and Economic Research (ISER) was contracted to measure the effects of the weatherization of 102 households in South Central Alaska who received assistance through the Weatherization Program. The analysis compared the utility costs of heating a home before and after weatherization improvements were made. The ISER analysis found that heating costs were reduced by an average of 5.7% as a result of the energy improvements made by the weatherization crews. This number is considerably lower than the estimate of savings that has been historically made by the program. I have attached a copy of the analysis completed by ISER.

Concurrent to the Alaska study the U.S. Department of Energy (DOE) released the results of a multi-million dollar evaluation completed by the Oak Ridge National Laboratory (ORNL) of the national weatherization program. The ORNL study found that in the cold weather states of the Lower 48, the weatherization program was

Robert L. Brean
April 18, 1994
Page Two

This comparison found that the Alaskan savings through the Weatherization Program was less than half of the savings achieved by the cold weather states in the Lower 48. A second study was commissioned with ISER to compare the ISER evaluation methodologies with ORNL's to ensure that both studies used the same methodologies. ISER after consultations with ORNL's weatherization evaluation team found that both studies used the same methodologies and could be compared with each other (I have attached a copy of the ISER analysis).

In addition we commissioned ISER to undertake a cost-effective analysis of the Weatherization Program based upon the documented savings. ISER found that the program was far from being cost-effective for the gas-heated homes. The simple payback period for the weatherization improvements is 81 years and that for every dollar we invested in the home we only got 14 cents of benefit.

We also asked ISER to compare the Weatherization Program's cost-effectiveness with the Home Energy Rebate Program. This program provides consumers with a rebate to undertake energy improvements recommended by an energy rating from Energy Rated Homes of Alaska. ISER found that with the cost of the rating and program administration included that the simple payback period for the rebate program is 2.3 years (compared to Weatherization's 81 years) and that for every dollar AHFC invested in Energy Rated Homes and the rebate we net a benefit of \$4.20 (compared to Weatherization's 14 cents). (I have also attached a copy of this analysis.)

These numbers suggest that there should be concerns over the cost-effectiveness of the Weatherization Program, especially in these times with the concern over the budget. It is critical that we immediately begin reviewing the Weatherization program with an eye of making it more cost effective. Can you imagine what certain members of the Alaska Legislature would do with our budget if this analysis become public?

Some guidance on what needs to be done is provided by the national weatherization effectiveness study. The ORNL study credited the success of the Lower 48 states weatherization efforts on the following factors:

- Using an integrated energy audit of the heating system, air infiltration, and building envelope efficiency.
- Targeting high energy users for weatherization assistance.

- Addressing distribution system heat loss.
- Addressing air leakage.
- Comprehensive heating system efficiency.

Alaska does not fully address any of these strategies in the Weatherization Program. This can explain the reason why our weatherization program is not able to achieve the savings as our sister cold state programs.

To address these issues with the goal of improving the performance of the Alaska Weatherization Program and increasing the return on AHFC's investment in the program, the staff of the Affordable Housing and Energy Efficiency Department have the following recommendations:

- (1) That AHFC adopt an integrated and comprehensive energy audit program that will guide cost effective weatherization improvements of homes.

The Affordable Housing and Energy Efficiency Department is currently developing a comprehensive/state-of-the-art home energy rating and weatherization assessment software program, "AkWarm". The program will treat the home as a "whole system" and recommend cost-effective energy improvements in a rank order according to their economic attractiveness. Staff recommends that it be a high priority to provide the needed resources to complete the software program, field test the program and properly train weatherization assessors to effectively use the system.

APPROVE _____ DISAGREE _____

- (2) An effective monitoring program be developed and implemented by AHFC that will evaluate the effectiveness of weatherization decisions and provide technical assistance to improve weatherization field decision making and installation procedures.

Mimi Burbage and Scott Waterman are developing a comprehensive administrative and field monitoring program to improve the performance of the weatherization program. It should a priority of AHFC to provide the support necessary to develop and implement this vital effort.

APPROVE _____ DISAGREE _____

- (3) A comprehensive training program be developed and implemented to train weatherization crews and assessors in northern building science in order to improve the effectiveness of the weatherization program.

Memorandum of Agreements have been established with the Alaska Craftsman Home Program and Energy Rated Homes of Alaska to develop a five year plan for a comprehensive training program on northern building science and cost-effective retrofits for weatherization crews, home energy raters and staffs of the Public Housing Division and regional housing authorities. The proposed ACHP amendment allocates the resources necessary to implement this.

APPROVE _____ DISAGREE _____

- (4) Target weatherization assistance to identified high energy user households.

Historically weatherization assistance has only been allocated according to demographics of low income families (senior citizens, Alaskans with disabilities, Alaskan natives, families with children, etc) and not according to the families energy use patterns. If the program is to maximize its effectiveness it must also consider the energy use patterns of the home. This could be identified thorough the AkWarm program.

APPROVE _____ DISAGREE _____

- (5) Address heating system distribution problems.

Heating distribution systems presents serious energy use and health problems for Alaskan households. Staff of the Affordable Housing and Energy Efficiency Department recommend that AHFC develop a comprehensive effort in this area over the next few years.

APPROVE _____ DISAGREE _____

- (6) Develop a comprehensive efficiency heating system program.

It has been demonstrated that the most cost-effective home energy improvements that can be made is addressing the heating system. Alaska currently does not have a comprehensive heating system program. The current state weatherization program provides for such a program and

Robert L. Brean
June 17, 1994
Page Five

funding has been allocated. What is lacking is staff to develop and implement the program. Staff of the Affordable Housing and Energy Efficiency Department recommends that AHFC provide the staffing resources required to implement this vital program.

APPROVE _____ DISAGREE _____

(7) Address air leakage in a comprehensive fashion.

It has been demonstrated that air leakage is a major cause of heat loss and building failure in Alaska, yet the weatherization program does not address this issue in an consistent manner. The staff of the Affordable Housing and Energy Efficiency Department recommends that this issue be addressed through clearer policy and procedures, training, monitoring and adoption of the new AkWarm assessment program.

APPROVE _____ DISAGREE _____

In addition, staff is exploring other administrative options to ensure that the services provided by the Weatherization Program is achieved in as efficient, responsible and cost-effective manner as possible.

cc: Will Gay
Judith DeSpain

**Cost-Effectiveness Analysis of the
Home Energy Rebate Program and the
Low-Income Weatherization Program**

prepared for

**Alaska Housing Finance Corporation
Affordable Housing and Energy Efficiency**

prepared by

**Steve Colt
Institute of Social and Economic Research
University of Alaska Anchorage
3211 Providence Drive
Anchorage AK 99508
907-786-7710 / fax 907-786-7739**

May 9, 1994

Cost-Effectiveness Analysis of the Home Energy Rebate Program and the Low-Income Weatherization Program

This memorandum compares the economic costs and benefits of two programs designed to reduce Alaskans' home energy consumption. The two programs are the Home Energy Rebate Program (HERP) and the Low Income Weatherization Assistance Program (LIWAP).

The HERP program provides for partial public funding of specific measures recommended by an energy rater from the Energy Rated Homes Program. The LIWAP program provides for full funding of weatherization measures for eligible households under a means test. This analysis looks at the overall social costs and benefits of both programs. That is, the combined cost to the homeowner and the State is counted as a cost of the HERP program. The benefits are measured as the dollar value of energy savings, using retail market prices for fuels.

Houses Considered in this Analysis

Due to data limitations, only gas-heated single family homes and mobile homes are considered in the LIWAP analysis. The actual homes analyzed are the 102 single family and mobile homes used in our previous PRISM analysis. These homes all passed the continuous occupancy screening and had a completed interview as part of the PRISM analysis. The HERP analysis considers homes heated by all types of fuels. Also, LIWAP energy savings are from actual utility bills, while the HERP analysis on estimated savings. Overall, these differences imply that the cost-effectiveness of the HERP program is likely to be biased up relative to that of the LIWAP program.

HERP Program Costs and Benefits

Table 1 presents the analysis of the HERP program based on a full year of data from 1993. The top half of the table shows monthly data on actual costs of upgrade measures, taken from the management database. The bottom half of the table considers the cost of the energy raters (estimated at \$150 per home) and the total cost of administering the program (estimated at \$100,000 per year).

The analysis in Table 1 indicates that the HERP program is highly cost-effective. Assuming a 15-year average economic lifetime for improvements and a 4% real discount rate, the 1993 HERP program will deliver about \$6.4 million in benefits for a total investment cost of \$1.5 million. The overall benefit to cost ratio is 4.2. Considering only the cost of the measures taken, the benefit to cost ratio is 4.7.

**Table 1:
Costs and Benefits of the Home Energy Rebate Program for 1993**

Economic Assumptions:

Assumed Lifetime of Improvements 15 years
 Real fuel price escalation 0.0% % per year
 Real Discount Rate 4.0% % per year

Cost-Effectiveness of Measures (Ignoring Raters Cost and Program Admin Cost)

Month	Number Of Houses	Total Upgrade Cost	Estimated Annual Energy Savings	Simple Payback Period (Yrs)	Present Value Of Energy Savings	Present Value Of Net Benefits	Benefit-Cost Ratio
JAN	42	\$ 192,477	\$ 84,049	2.3	\$ 934,409	\$ 742,012	4.9
FEB	39	118,058	58,938	2.0	655,296	539,237	5.6
MAR	53	202,072	90,194	2.2	1,002,812	900,740	5.0
APR	49	161,724	82,975	1.9	922,548	750,624	5.7
MAY	34	114,245	39,359	2.9	437,564	323,319	3.8
JUN	39	123,984	47,984	2.6	533,505	409,521	4.3
JUL	20	80,053	41,987	1.9	466,605	386,553	5.8
AUG	17	73,595	27,504	2.7	305,800	232,205	4.2
SEP	13	53,025	19,273	2.8	214,289	161,260	4.0
OCT	7	21,757	10,450	2.1	118,187	94,430	5.3
NOV	23	83,015	35,750	2.3	397,482	314,468	4.6
DEC	33	121,225	34,249	3.5	389,794	259,568	3.1
TOTAL	369	1,343,231	572,688	2.3	6,367,367	5,024,156	4.7

Cost-Effectiveness of Program

	Total	per House
Total Cost of Measures	\$ 1,343,231	3,640
Rater Cost at \$1.50/house	55,350	150
Program Admin Cost	100,000	271
Total Cost of Program	1,498,581	4,061
Present Value of Benefits	6,367,367	17,256
Net Benefits of Program	4,868,786	13,195
Program Benefit/Cost ratio	4.2	

LIWAP Program Costs and Benefits

Table 2 shows estimated costs and benefits for a subset of LIWAP houses and mobile homes weatherized in program years 1991 and 1992. Only homes for which we have PRISM data on actual energy savings are considered. Materials costs for these homes are taken from the LIWAP management data base. Estimated labor costs are added to each home based on the average labor cost per home from the MatSu region, which did report labor cost items in the database. Grantee admin costs and AHFC central admin costs are allocated to each house on a pro-rata basis. The net result of these cost assignments is to assign the overall program average cost from the Southcentral region (MCA and CDC) to these houses.

Table 2 clearly shows that the LIWAP program is far from cost-effective for gas-heated homes. The simple payback period is 81 years, and the discounted benefits from 15 years of useful life are a mere 14% of the average program costs. Sensitivity tests show that even with fuel costs twice as high and escalating over time the program is far from cost-effective if it can only generate savings averaging 99 ccf per year, as we found for the PRISM sample.

Table 2:
Costs and Benefits of the Low Income Weatherization Program
 (Data from 102 houses and mobile homes weatherized in PY91 and PY92)

Economic Assumptions	
Assumed Lifetime of Improvements	15 years
Real fuel price escalation	0.0% % per year
Real Discount Rate	4.0% % per year
Program Costs	
Average Materials Cost per home	\$ 649
Average Labor Cost per home	775
Average Grantee Indirect Cost per home	1,128
Average AHFC Admin Cost per home	97
<u>Average Total Cost per home</u>	<u>2,649</u>
Program Benefits	
Average Annual Energy Savings per home	99 ccf
Energy cost per ccf	0.35 \$/ccf
Average Annual Energy Savings	35 \$/year
Present Value of 15 years savings (4% real discount rate)	\$ 385
Measures of Cost-Effectiveness	
Simple Payback Period	81 years
Total Benefits per home	\$2,430
Benefit to Cost Ratio	0.14

Conclusion

This analysis shows that the Home Energy Rebate Program appears to be far more cost-effective than the Low-Income Weatherization Program. Although some allowance must be made for the fact that MERP savings are estimated while LIWAP savings are actual and confined to gas-heated homes, the basic conclusion is too strong to be affected by these caveats.

**Measured Energy Savings from Weatherization:
Alaska vs. National Results**

April 6, 1984

prepared for

Alaska Housing Finance Corporation
Rural Housing Division

prepared by

Steve Coll
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9071 786-7736
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Measured Energy Savings from Weatherization:

Alaska vs. National Results

Summary of Conclusions

Alaska's lower level of percentage gas savings, relative to the US cold-climate region, cannot be attributed to differences in sampling, data retention, or analytical technique using PRISM. When measured by gas consumption per degree-day, the Alaska sample of weatherized homes appears to have higher thermal integrity prior to weatherization. From different starting points, both Alaska and US single-family homes appear to be achieving a post-weatherization thermal integrity of about 195 ccf per degree-day. Alaska mobile homes reach a roughly similar final level of 142 ccf per MCO, commensurate with their smaller size.

Introduction

This memorandum reviews the differences in measured energy savings from 102 Alaska weatherized homes (ISER 1993) compared with savings from a "cold-climate" region of the United States (CRIL 1993). The national study found a significantly higher level of gross energy savings (12.5%) in its sample of 1,040 gas-heated homes than the Alaska study found (9.7%) in its sample of 102 homes.

Both studies were conducted by adjusting utility billing data for changes in weather patterns using the PRISM software, and then comparing normalized energy consumption before weatherization with consumption after.

This review considers the following factors, in turn, which might explain this difference in measured energy savings:

1. Composition of the eligible housing stock
2. Screening of homes to generate the sample for analysis
3. Differences in analysis methods
4. Statistical uncertainty of Results
5. Adjustment for Climate Differences

2. Review of Differences Between Alaska and National Results

For comparison with Alaska results, the cold-climate, gas-heated sample of the US study is clearly the relevant comparison group. Hereafter, we refer to these cold-climate homes as the "US homes." Table 1 compares the results of the US study for this cold-climate region (CRIL Table 9.2) to the Alaska results for the 102 screened homes (ISER 1993 Table 2). We focus on gross savings, without regard to the "control group" savings. (The main reasons for ignoring the control groups and associated "net" savings is that the control groups represent peculiar responses to different time periods and economic circumstances. Also, the Alaska control group results are statistically very uncertain.)

Table 1: Summary of Savings from Weatherization:
U.S. Cold Climate compared to Alaska Results

Unadjusted Results	US - Cold	Alaska	Difference AK-US	% Difference
All Homes				
Number of Homes Analyzed	1,040	102		
Average Pre-Wx Consumption (ccf)	1,327	1,731	404	30%
Average Post-Wx Consumption (ccf)	1,161	1,632	471	41%
Average Savings	166	99	-67	-40%
Percent Savings	12.5%	5.7%	-6.8%	
Single-Family Homes				
Number of Homes Analyzed	929	58		
Average Pre-Wx Consumption (ccf) (*)	1,327	1,831	504	38%
Average Post-Wx Consumption (ccf) (*)	1,161	1,710	549	47%
Average Savings	166	121	-45	-27%
Percent Savings	12.5%	6.6%	-5.9%	

(*) Average values for National results are for all homes as results for Mobile homes separately are not available. Mobile homes are only 11% of sample.

Table 1 shows that Alaskan weatherized homes used 30% more gas than the US homes pre-weatherization, and 41% more gas post-weatherization. US homes saved 166 ccf/year on average, vs only 99 ccf/yr for Alaska homes. In percentage terms, the US sample showed a 12.5% reduction while the Alaska homes showed only a 5.7% reduction.

Adjustments for the Composition of the Housing Stock

One immediate adjustment to this comparison is to exclude mobile homes, because only 11% of the U.S. gas-heated sample (for all regions) is mobile homes. No region-specific mobile home percentage is available, but based on our review of the available data on the sample (ORNL tables 3.2 and 3.3) it seems reasonable to conclude that mobile homes form a similarly small part of the cold-climate sample as they do of the overall sample.

The second panel of Table 1 therefore compares US homes (including mobile homes, because we have no way of separating them out) with Alaska single-family homes. Since the Alaska results show stronger savings for single-family homes (6.6%), the difference between Alaska and US results is smaller. Alaska absolute savings are 121 ccf/yr, vs at least 166 ccf/yr for US single family homes.

This adjustment shows two things. First, the US results are basically results for single family homes, and a consistent comparison with Alaska single-family homes shows a smaller disparity in savings. Second, however, this comparison of single-family results shows that the large difference in percentage savings cannot be explained by the fact that Alaska homes start with a higher base consumption. In fact, US homes had higher *absolute* savings than Alaska homes. Therefore, one of the simplest hypotheses about why Alaska might have smaller percentage savings -- because it has a higher base consumption -- is not very useful in explaining Alaska's lower savings percentage.

Differences in the Sampling and Screening Methodology

The Alaska population of 508 weatherized homes (PY91 and part of PY92 -- see ISER 1993 p 61) was screened for occupancy changes. Only 15 homes were eliminated because of known occupancy changes, but an additional 201 homes were eliminated due to phone numbers being out of service or reassigned.

The US study did not specifically eliminate homes for lack of continuous occupancy, for fear of too much attrition (ORNL 1993, p. 2, 13). However, the US study had to drop over 65% of the weatherized homes for which utility data was requested (ORNL 1993, p. 3, 6). It is likely that much of this attrition was due to the inability to catch up with a changing customer base to obtain utility release forms or accurate billing histories.

The US study eliminated 10% of its remaining homes which exceeded certain criteria for reliability of the PRISM results. Specifically, they dropped homes where the estimate of weather-normalized consumption ("NAC") was unreliable and homes which seemed to use way too much or way too little gas. The Alaska sample had no homes which failed these criteria, so eliminations for these reasons were not an issue.

Overall, then, it appears that both studies suffered roughly the same amount of attrition in sample points due to changes in occupancy, even though the US study did not specifically control for them. It also appears that both studies ended up with similarly reliable estimates of pre-weatherization and post-weatherization normalized consumption.

Differences in Analysis

There were no significant differences in the analysis of the PRISM normalized consumption data. As we pointed out in the Alaska study, PRISM guidelines recommend dropping houses from the analysis as "unreliable" when the ratio of savings divided by std error of savings is low. We strongly disagreed with this theory and did not drop such data points from our study, but initially feared that the US study had employed such a procedure, which tends to raise the average savings results.

Our review of the US study clearly shows that it did not follow this dubious procedure. In fact, both studies used identical analyses of grouped data in determining results.

Mean vs Median Results

Although the US study did not report medians, PRISM documentation and other research suggests the use of median values rather than average values to eliminate the effects of extreme outliers. Extreme outliers would tend to have a greater effect on the small Alaska sample than they would on the larger US sample. Therefore, we computed and report in Table 2 the median values of savings for the Alaska sample of weatherized homes. Both the median value of absolute savings and the median value of percent savings are lower than the mean values, indicating that if extreme outliers are a source of bias, they are biasing the savings upward rather than downward.

Having noted these results, however, we continue to believe that the average savings are a more useful result than the median values when the purpose of the program is to reduce the overall energy consumption of the targeted housing stock.

Statistical Uncertainty of Results

Since all of the results from both studies are built up from uncertain statistical estimates, this uncertainty should be considered when comparing one study to the other. This is particularly important since the Alaska study has a smaller sample size than the US study. Generally, smaller sample sizes produce less precise results.

Table 2 of our 1993 study (reproduced at the end of this memo) showed that the Alaska results for weatherized homes had a fairly narrow confidence interval. For all 102 weatherized homes, we are 95% certain that absolute savings were between 4.2% and 7.3% of the mean pre-weatherization consumption level. So even the highest conceivable savings level (7.3%) is still significantly lower than the US result of 12.5%.

A review of the precision of the US estimates (ORNL 1993, table 5.2) shows that in fact the Alaska average consumption levels were estimated more precisely than the US levels. We suspect this is due to the greater variability in climate through the year, which allows PRISM to do a more precise job of estimating how weather affects consumption. In any event, the precision of both the US and Alaska estimates is high enough that statistical uncertainty cannot be used to explain the difference in savings.

Table 2: Average vs Median Energy Savings from Weatherized Homes

	Before	After		%
All Homes (102 in sample):	Wx	Wx	Savings	Savings
Average gas Consumption (ccf)	1,731	1,632	99	5.7%
Std Error of Avg Consumption	12	7	14	
Median Value of Savings			69	
Median Value of Percentage Savings				4.6%
Houses (58 in sample):	Before	After	Savings	% Svcs
Average gas Consumption (ccf)	1,831	1,710	121	6.6%
Std Error of Avg Consumption	19	10	21	
Median Value of Savings			72	
Median Value of Percentage Savings				4.8%
Mobile Homes (44 in sample):	Before	After	Savings	% Svcs
Average gas Consumption (ccf)	1,600	1,529	71	4.4%
Std Error of Avg Consumption	14	11	18	
Median Value of Savings			67	
Median Value of Percentage Savings				4.4%

Adjustment for Differences in Climate

A more fundamental adjustment to the way the results should be interpreted may be appropriate when comparing Alaska to US results. This adjustment springs from the fact that the Alaska homes are in a climate with about 10,800 heating degree days (base 65), while the US cold-climate sample faces an average of about 7,500 HDD. Alan Mitchell has suggested that this difference would be further magnified if one looks at HDD to base 55, which is the temperature below which one generally needs externally supplied heat.

The significance of this difference lies in the fact that Alaska homes may simply be better insulated (before program participation) than their US counterparts, because our cold climate requires it. If this hypothesis is true, it means there may be fewer "opportunities" for savings from the Alaska program. Mitchell (personal communication, 4/6/94) suggests that much of the aggregate savings at the national level have been attributed by researchers to the saving of large amounts of energy in a small number of houses (the "guzzers"), including houses which have no insulation at all prior to treatment.

To investigate this idea, we expressed the savings results in terms of gas consumption per HDD. An even better comparison would be ccf per *square foot* per HDD, but it appears that average house size is the same for the Alaska and US samples, and in any event the data are not available to make this adjustment.

Table 3 shows the adjusted results in terms of ccf per HDD. The table shows that the Alaska homes have a *lower* pre-weatherization gas consumption level per HDD (.160 ccf/HDD) than the US sample (.177 ccf/HDD). For all homes, Alaska also shows a lower post-weatherization ccf per HDD level. For single-family homes only, Alaska also starts out with a lower level (.170 ccf/HDD) than the US and ends up at about the same level (.158 ccf/HDD).

For single-family homes, Table 3 suggests that one reason why Alaska savings from weatherization are lower than US savings is because Alaska homes are better insulated to begin with. Weatherization measures aimed at conductive heat loss act directly on ccf per degree day, NOT total ccf. Table 3 suggests that both US and Alaska single-family homes are being brought to the same post-weatherization level of thermal integrity, as measured by consumption per degree day. Since Alaska homes start out with a lower level of consumption per degree day, there is less to save in reaching this common final level.

For mobile homes, Table 3 is not very useful since no disaggregated data are available for US mobile homes in cold climates.

Table 3: Savings Results Adjusted for Climate

	US-Cold	Alaska	Difference	% Diff.
All Homes:				
Average Degree Days base 65 (apprcx)	7,500	10,800	3,300	44%
Average ccf/HDD pre-WX	0.177	0.160	-0.017	-9%
Average ccf/HDD post-WX	0.155	0.151	-0.004	-2%
Average Savings in ccf/HDD	0.022	0.009		
Single-Family Homes:				
Average ccf/HDD pre-WX	0.177	0.170	-0.007	-4%
Average ccf/HDD post-WX	0.155	0.158	0.003	2%
Average Savings in ccf/HDD	0.022	0.011		
Mobile Homes				
Average ccf/HDD pre-WX	not	0.148		
Average ccf/HDD post-WX	available	0.142		
Average Savings in ccf/HDD		0.007		

Conclusions and Recommendations

This review has shown that Alaska's lower level of percentage savings, relative to the US cold-climate region, cannot be attributed to differences in sampling, data retention, or analytical technique using PRISM. We have also suggested that when measured by gas consumption per degree-day, the Alaska sample of weatherized homes appears to have higher thermal integrity prior to weatherization. From different starting points, both Alaska and US homes appear to be achieving a post-weatherization thermal integrity of about .155 ccf per degree day.

Based on this review, we feel that PRISM is a valid and reliable analysis tool. Future analyses should be based on more than 6 data points where possible, even though this may mean collecting data covering more than one calendar year.

- Finally, the benefits of any weatherization program must be measured in comparison with the costs. We have not been able to make this comparison at this time, and would urge caution in comparing Alaska to US results on the basis of benefits alone.

References

Institute of Social and Economic Research, 1993, *Measured Energy Savings from the Alaska Low-income Weatherization Assistance Program* Prepared for Alaska Housing Finance Corp.

Oak Ridge National Laboratory, 1993, *National Impacts of the Weatherization Assistance Program in Single-Family and Small Multifamily Dwellings*, ORNL/CON-329

Table 2: Summary of PRISM Results for Weatherized Homes

	Before Wx	After Wx	Savings	% Savings
All Homes (102 in sample):				
Average gas Consumption (ccf)	1,731	1,632	99	5.7%
Std Error of Avg Consumption	12.2	7.5	14.3	
95% Confidence Interval:				
Lower Limit:	1,707	1,617	71	4.2%
Upper Limit:	1,756	1,647	128	7.3%
Percent of Homes showing Savings	73%			
Houses (58 in sample):				
Average gas Consumption (ccf)	1,831	1,710	121	6.6%
Std Error of Avg Consumption	18.6	10.0	21.2	
95% Confidence Interval:				
Lower Limit:	1,794	1,690	79	4.4%
Upper Limit:	1,868	1,730	164	8.8%
Percent of Homes showing Savings	76%			
Mobile Homes (44 in sample):				
Average gas Consumption (ccf)	1,600	1,529	71	4.4%
Std Error of Avg Consumption	14.0	11.1	17.9	
95% Confidence Interval:				
Lower Limit:	1,572	1,507	35	2.2%
Upper Limit:	1,628	1,552	106	6.5%
Percent of Homes showing Savings	68%			
"Reliable" Homes per PRISM criteria (36 in sample)				
Average gas Consumption (ccf)	1,803	1,605	199	11.0%
Std Error of Avg Consumption	13.3	11.2	17.4	
95% Confidence Interval:				
Lower Limit:	1,777	1,582	164	9.2%
Upper Limit:	1,830	1,627	234	12.8%
Percent of Homes showing Savings	86%			

note: PRISM guidelines define a "reliable" data point as one where the change in consumption is more than 1.8 times the standard error of the change.

SUPPLEMENTAL HOUSING DEVELOPMENT PROGRAM

Priority #4

	Federal	Corp/mat	Corp
<u>SUPP. HOUSING DEV. GRANT PROG.</u>	*50,000.0	10,000.0	235.0

- Federal funds do not show-up in the budget b/c; the regional housing authorities use the corp. funds to match the federal funds themselves. AHFC is strictly a funding source and not an administrator for this program.
- Funds to be used to alleviate shortage of decent, safe and sanitary housing for rural Alaska natives.
- Ten million dollars will leverage approx. 50 million dollars from HUD Indian Housing to construct approx. 320 houses for rural Alaska Natives in approx. 20 communities. Additionally, 4 million dollars in Indian Health Service funding is leveraged for construction of offsite water and sewer facilities for these projects.
- Program was established by AK State Legislature in 1981 in order to leverage funds available through HUD Indian Housing. A 20% leverage of HUD funds is required.
- FY 95 funding level -- \$8,200.0 corp.
- ADDITIONAL GRANT RECIPIENTS - \$235.0 Corp.

Assoc. of AK Housing Authorities \$175.0
(For hire of a coordinator and related office expenses)
-received \$175.0 in FY94 for start-up costs
-Regional Housing Authorities can transfer \$25.0 each (there are 12)
if they want under federal guidelines.

Alaska Native Health Board \$60.0
(For support of the Rural Sanitation Coalition)

Recommendation: 1)

PROJECT TITLE: Supplemental Housing Development Program

PRIORITY: 4
 TYPE: Construction
 PROGRAM: Development/Health/Social Services

COMPLETION DATE: June, 2000
 LOCATION: Statewide
 ELECTION DISTRICT: 99

FUNDING	CAPITAL REQUEST	OPERATING COSTS	NEW POSITIONS (PFT)
1002 Federal Receipts			0
1003 General Fund Match			
1004 General Fund			
1005 General Fund Program Receipts			
1008 General Fund Mental Health Trust			
1022 State Corporation Receipts	10,235 0	0 0	
TOTAL:	10,235 0	0 0	

PROJECT DESCRIPTION AND JUSTIFICATION:

SUPPLEMENTAL HOUSING DEVELOPMENT GRANT PROGRAM - \$10,000 0

The funding in this program helps to alleviate the shortage of decent, safe and sanitary housing for rural Alaska Natives.

A recent rural housing needs assessment showed an immediate need for approximately 6500 houses throughout rural Alaska. The state's supplement of \$10 million in FY96 will leverage federal U.S. Department of Housing and Urban Development (HUD) Indian Housing Construction funds of approximately 50 million dollars to the Regional Housing Authorities to construct approximately 320 decent, safe and sanitary houses which are affordable to rural Alaska Natives in approximately 20 communities. Additionally, approximately \$4 million in Indian Health Service/Public Health funding is leveraged for construction of offsite water and sewer facilities for these housing projects. Each state Capital dollar leverages approximately 5 dollars in federal HUD Indian Housing funds and nearly half of the Supplemental program amount in Indian Health Service leveraged funds.

CP1
 CAPITAL PROJECTS
 DESCRIPTION
 Revised 7/2/96

AGENCY: Department of Revenue
 BRU: Alaska Housing Finance Corporation
 COMPONENT: _____

Page 1 of 5
 Revised Date

FY 96

27
 10

The program is limited by statute to 20% of HUD's Total Development Cost of a project. The funds can be used for on site water and sewer facilities, roads to project sites, electrical distribution systems, and energy efficient design features in homes constructed by the Regional Housing Authorities with HUD Indian Housing Development funds.

The funding provided by HUD is not adequate for the high cost of construction in remote Alaska. For this reason, in 1981 the Alaska State Legislature established the Supplemental Housing Development Grant Program to supplement Indian Housing Development funds provided by the HUD for Indian Housing projects constructed by the Regional Housing Authorities.

Funding for this program is approved each year by the Alaska Legislature in the Capital Budget. Housing construction cost are determined by the actual cost to develop a project from inception to occupancy. At the beginning of each year, HUD notifies AHFC of the amount of development funds that the HUD Headquarters in Washington D.C. has tentatively approved for Indian housing construction in the State of Alaska. AHFC uses the figure from HUD to compute the amount that will be needed in the Capital Budget for the program in order to meet the 20% leverage of HUD funds.

There is no operating costs to the State of completed projects. Upon completion of the houses, the housing authority, HUD and/or the occupants pay for the operating costs.

The program operation is under the direct supervision of the Director of Research and Rural Development. There is one project coordinator who administers the grant program. This person also travels to each housing authority each year to monitor project records and conduct occasional on-site inspections with HUD and/or housing authority personnel. This position coordinates with HUD on project specifics and handles required duties of grants administration.

This Capital budget request represents the only phase of the projects. We commit funds to a project based on a HUD-approved development program budget. We expend funds to the housing authority for the project only after issuance of a construction contract. Upon completion of the project, we are no longer involved; we then close the grant out.

If the Capital budget is not funded for this program, there is a likelihood of Alaska losing the Indian HUD funds to other states. Following the first Rural Housing Needs Assessment study, state personnel traveled to Washington D.C. to personally show the results of the study to our Congressional Delegation and HUD Headquarters. Up to that time, the HUD funds allocated to the State of Alaska for Indian housing construction was between 17 million and 21 million dollars each year. With the results of the rural housing needs assessment, we were able to convince HUD that more funding from HUD was necessary if we were ever going to make a dent in the need. With the commitment from HUD to provide more Indian housing funds to Alaska, we also had to continue our commitment of providing 20% leverage to the HUD funds. Since the first Rural housing needs assessment study, the HUD Indian housing funds have continually increased each year to where this year there is 46 million dollars for the State of Alaska. If we do not continue our commitment, we most likely will not continue to receive the HUD Indian housing funds.

CP1
ADDITIONAL
EXPLANATION
FORM

AGENCY Department of Revenue

BRU Alaska Housing Finance Corporation

COMPONENT _____

Page 2 of 5

Revised Date

FY 96

Prior appropriations include: FY 82 thru FY95 \$78,158,667 in state Capital funding. FY95 \$8,200,000, FY94 \$8,200,000, FY93 \$8,200,000; HUD FY82-95 \$400,000,000. Houses completed are approximately 3650.

ASSOCIATION OF ALASKA HOUSING AUTHORITIES- \$175 0

The Alaska State Legislature authorized establishing the Regional Housing Authorities in the State of Alaska in order to assist in the development of adequate housing throughout the state. Included in their powers is the capability to seek state and federal funds to provide housing projects

The Alaska State Legislature authorized establishing the Supplemental Housing Development Grant Program to supplement Indian Housing projects developed by the regional housing authorities with HUD Indian Housing Funds

The Association of Alaska Housing Authorities (AAHA) was incorporated in 1977 as a Corporation of all the Regional Housing Authorities in the State of Alaska. The purpose of the Corporation is to secure funding and development of programs tailored for Alaska's conditions which will provide decent, safe, and sanitary housing for Alaska's Natives.

AHFC works directly with the Regional Housing Authorities in many capacities but specifically with the Supplemental Housing Development Grant Program. The Regional Housing Authorities' responsibilities have been growing substantially in Alaska during the past few years. The number of housing units being developed and subsequently the number of housing units transferring into homeownership and/or management by the housing authorities have continued to grow. Additionally, new federal HUD housing programs are being developed which the housing authorities are required to administer, i.e. homeless programs, HOME program, etc. Funding for these new programs is competitive throughout the United States.

With the continued growth, demands and responsibilities placed on the regional housing authorities, the Association of Alaska Housing Authorities decided that it was essential to have someone in charge to research new programs, and distribute regulations, applications, etc. They needed a central point of contact and someone who could provide training and technical assistance to the housing authorities.

AHFC, being the statewide housing agency and working directly with the housing authorities with the Supplemental Housing Development Program for HUD Indian Housing and improving on and promoting quality, safe housing for all Alaska, passed Resolution 93-59.

*RESOLUTION OF THE ALASKA HOUSING FINANCE CORPORATION APPROVING THE AWARD OF A SUPPLEMENTAL HOUSING GRANT TO THE ASSOCIATION OF ALASKA HOUSING AUTHORITIES TO HIRE A COORDINATOR AND PAY FOR RELATED OFFICE EXPENSES *

CP1
ADDITIONAL
EXPLANATION
FORM

AGENCY Department of Revenue

BRU Alaska Housing Finance Corporation

COMPONENT _____

Page 3 of 5

Revised Date

FY 96

This Resolution provides funding for the AANA for a position to coordinate all the activities of the housing authorities. This position is a key element to AHFC in working with the housing authorities because of the Supplemental Housing Grant program which ties directly to HUD Indian Housing Funding only to the housing authorities.

This Capital Budget request to maintain this position is consistent with the goals of AHFC in continuing our commitment to provide decent, safe, and sanitary affordable housing for Alaska's residents.

ALASKA NATIVE HEALTH BOARD - \$60.0

The Alaska Housing Finance Corporation provides funding for development of safe and sanitary water and sewer systems to the Regional Housing Authorities through the Supplemental Housing Development Grant program for housing projects built by the housing authorities with HUD Indian Housing Development funds.

Alaskans living in over 135 rural communities throughout the state have substandard and inadequate water and sewer facilities. This lack of basic facilities results in many of these rural Alaskans having to drink untreated water from ponds, creeks, or rivers and having to use a bucket as a toilet or an outhouse as a bathroom facility. This often results in uncontained sewage pooling in close vicinity to homes, in liquid wastes leaching into the waters used for drinking, and in exposing children to raw sewage in their play areas. This is causing a critical human health and safety crisis in rural Alaska as evidenced by an alarmingly high incidence of potentially life-threatening diseases, such as hepatitis A and meningitis.

The Alaska Native Health Board is a statewide Alaska Native Organization organized in 1968 to advocate on behalf of health concerns of all Alaska Natives. The Board has representation from thirteen regional Alaska Native organizations providing health services under P L 93-638 contracts with the Indian Health Service. These organizations in turn advocate health issues on behalf of the 220 plus native communities throughout Alaska.

In April of 1993 the Governor and the Alaska State Legislature passed Legislative Resolve #12 urging the federal government to recognize the dire water and sanitation conditions in rural Alaska and to become a full partner with the state in improving this health threatening situation.

The Commissioner of the Alaska Department of Environmental Conservation established the Alaska Sanitation Task Force. This group consists of 27 federal, state, Native and regional organizations to analyze the important issues and provide recommendations for action. Through 1993 the Alaska Native Health Board participated in the meetings of the Alaska rural Sanitation Workgroup, and provided testimony before the U.S. Congress and the Alaska State Legislature concerning the need for increased appropriations for these services.

CP1
ADDITIONAL
EXPLANATION
FORM

AGENCY Department of Revenue

BRU Alaska Housing Finance Corporation

COMPONENT _____

Page 4 of 5

Revised Date

FY 96

AHFC played an important role in the workgroups because of our involvement in sanitation issues with the housing authorities and Public Health Service through the Supplemental Housing Development Grant Program. With AHFC being the State Housing Agency, the solutions to the water and sewer crisis is of significant importance to AHFC.

A statewide inter-regional coalition for the purpose of addressing sanitation issues on an on-going basis was established.

On February 14, 1994, the AHFC Board of Directors passed Resolution 94-12 to provide funding to the Alaska Native Health Board.

RESOLUTION APPROVING MATCHING GRANT FUNDS NOT TO EXCEED \$60,000 TO THE ALASKA NATIVE HEALTH BOARD FOR THE SUPPORT OF THE RURAL ALASKA SANITATION COALITION

The funding requested for this project for FY96 is consistent with our goals which includes responding to the sanitation needs of rural Alaskans through the Supplemental Housing Development Grant Program.

CP1
ADDITIONAL
EXPLANATION
FOBM

AGENCY Department of Revenue

BRU Alaska Housing Finance Corporation

COMPONENT _____

Page 5 of 5

Revised Date

FY 96

GOLDEN TOWERS MODERNIZATION

Priority #5

	Federal	Corp/mat	Corp
<u>Golden Towers Modernization</u>	0.0	0.0	7,750.0

- Funds will be used to improve AHFC owned parking facilities; add trash-handling facility; replace boiler and heat exchangers; paint and recarpet common areas; add emergency call-feature to all units; renovate 10 units for ADA compliance; repaint, recarpet and replace appliances in all units; weather seal the atrium; replace lighting in common areas; replace case work and plumbing as needed in units; upgrade elevators.

- HUD contracts w/ AHFC to operate the housing projects. Residents are charged 30% of their income for rent and HUD pays AHFC the additional amount needed to operate and provide basic maintenance needs.

- New project

Recommendation: 1)

PROJECT TITLE		Golden Towers Modernization		
PRIORITY	5	COMPLETION DATE	May 1998	
TYPE	Renewal & Replacement, Renovation & Remodeling	LOCATION	Fairbanks	
PROGRAM	Development	ELECTION DISTRICT	31	
FUNDING		CAPITAL REQUEST	OPERATING COSTS	NEW POSITIONS (NET)
1002	Federal Receipts			0
1003	General Fund Match			
1004	General Fund			
1005	General Fund Program Receipts			
1006	General Fund Mental Health Trust			
1022	State Corporation Receipts	7,750.0		
TOTAL		7,750.0		

PROJECT DESCRIPTION AND JUSTIFICATION

Golden Towers is a five story senior housing facility in Fairbanks. The 96-unit building was built in 1976 with full repair in 1991 being the only major renovation of the structure. Ten of the units are listed as handicap units, however, they do not meet either current codes or tenant needs. The facility is critically short of parking and needs more outside lighting. This request uses corporate funds to modernize the facility and increase operational efficiency, decrease operational costs, and provide a better environment for AHFC tenants.

This project will provide increased parking, outside lighting and headlamp heaters, add a new trash handling facility, replace the existing boiler and heat exchangers, paint and recarpet all common areas, upgrade the fire alarm system and add an emergency call feature to each unit, renovate 10 units so they are in compliance with current handicap accessibility codes, repair, recarpet, and replace appliances and lighting in the units, weather seal the atrium, replace common area lighting, replace case work and plumbing as required in units, and upgrade the existing elevators to better meet the tenants' needs.

A recent independent architectural and engineering firm estimate places the cost of this renovation at approximately \$7,100,000 including contingency. With the addition of A/E design services, project administration and relocation of tenants of \$650,000 brings the total to \$7,750,000.

CPI
CAPITAL PROJECTS
DESCRIPTION
Revised 10/94

AGENCY Department of Housing
 DIV Alaska Housing Finance Corporation
 COMPONENT _____

Page 1 of 1
 Revised Date 12/94

FY 96

27
 27

ENVIRONMENTAL CLEANUP/ABATEMENT

Priority #6

	Federal	Corp/mat	Corp
<u>Environmental Cleanup/Abatement</u>	0.0	0.0	1,000.0

- Replacement of underground storage tanks from a priority list. Public Housing Division has experienced two emergency situations where USTs have been found leaking. Funds could also be used for asbestos removal.

- \$500.0 corp. funds would complete the first 8 projects on the list

- FY 95 funding level -- \$250.0 corp (funded replacement of 25 tanks at Paxon Manor in Sitka)

Recommendation: 1)

PROJECT TITLE: Environmental Cleanup / Abatement

PRIORITY: 6
TYPE: Renewal & Replacement, Health & Safety
PROGRAM: Development

COMPLETION DATE: September, 1998
LOCATION: Statewide
ELECTION DISTRICT: 1, 4, 6, 8, 30, 31, and 35

FUNDING		CAPITAL REQUEST	OPERATING COSTS	NEW POSITIONS (PFT)
1002	General Receipts			0
1003	General Fund Match			
1004	General Fund			
1005	General Fund Program Receipts			
1008	General Fund Mental Health Trust			
1022	State Corporation Receipts	1,000 0		
TOTAL		1,000 0		

PROJECT DESCRIPTION AND JUSTIFICATION

For the last two years, the AHFC Public Housing Division (PHD) has been working to identify significant environmental problems that could impact both residents and the physical environment in housing units operated by the PHD. The most immediate problem identified was old and deteriorating underground storage tanks (USTs). There are 42 USTs in PHD sites throughout the state that are over 12 years old, with 18 over 20 years old. These single walled, unprotected tanks with copper plumbing must be tested frequently and removed as soon as possible, according to state and federal oil discharge regulations. The PHD has already experienced two emergency situations where USTs have been found leaking. All sites that currently have USTs are dependent on them for heating fuel storage, there are no alternatives. The PHD Environmental Specialist has identified and cataloged all the USTs on PHD sites and will remove and replace them in priority order. The PHD plans to complete the UST project by 1998. Replacement installations will be equivalent to double walled, cathodically protected tanks with leak detection systems, overflow prevention, and secondary piping containment.

Remediation of the USTs began with the FY95 capital budget appropriation of \$250,000. That appropriation funded the removal and replacement of twenty five 250-gallon steel tanks and copper lines at Paston Manor, a 24 unit (located in 12 separate buildings) facility in Sitka. This second phase request of \$1 million will continue to address the UST priority list. As much as possible will be done of the following work, listed in priority order:

CP1
CAPITAL PROJECTS
DESCRIPTION

Revised 7/2/98

AGENCY: Department of Revenue

BRU: Alaska Housing Finance Corporation

COMPONENT

Page 1 of 3

Revised Date

FY 96

18
P7

District

- | | | |
|------|---------------------------------|---|
| (1) | 1. Schoenbar Park, Ketchikan: | (1) 1,500-gallon steel tank with copper lines. 1969 installation. (Abandoned in place.) |
| (31) | 2. Golden Ages, Fairbanks: | (1) 1,500-gallon steel tank with copper lines. 1973 installation. |
| (35) | 3. Valdez Arms, Valdez: | (8) 500-gallon steel tanks with copper lines. 1973 installation. |
| (31) | 4. Golden Towers, Fairbanks: | (1) 8,000-gallon steel tank with copper lines. 1975 installation. |
| (4) | 5. Mountain View, Juneau: | (1) 1,500-gallon steel tank with copper lines. 1977 installation. |
| (1) | 6. Sea View Terrace, Ketchikan: | (1) 2,000-gallon steel tank with copper lines. 1977 installation. |
| (35) | 7. Sunset View, Cordova: | (1) 1,000-gallon steel tank with copper lines. 1980 installation. |
| (8) | 8. Glacier View, Seward: | (1) 2,000-gallon steel tank with galvanized lines. 1980 installation. |
| (8) | 9. Pacific Terrace, Kodiak: | (22) steel tanks: (19) are 300 gallon and (3) are 1,000 gallon. 1982 installation. |
| (30) | 10. Southall Manor, Fairbanks: | (1) 3,000-gallon steel tank with copper lines. 1983 installation. |

The average cost to remove and replace tanks if they fail and cause pollution is two to three times the cost of removing a tank that still has containment integrity. Estimates used in calculating this request were based on the price of materials, shipping costs, labor, and miscellaneous expenditures on a site-by-site appraisal. For example, the cost of gravel and fill is significantly higher in Cordova than in Fairbanks.

Subsequent phases of the plan to address environmental concerns will focus on hazards that pose a significant risk to maintenance personnel, tenants, and contractors. PHD properties constructed prior to 1978 contain substances banned by the Consumer Protection Agency and the Environmental Protection Agency. Banned substances include lead-based paint, asbestos, creosote, and PCBs. The PHD will conduct environmental site assessments for all PHD properties constructed prior to 1978. Environmental hazards identified in the assessments will be included in subsequent capital budget requests.

CPI
ADDITIONAL
EXPLANATION
FORM

AGENCY Department of Revenue

BIU Alaska Housing Finance Corporation

COMPONENT _____

Page 2 of 3

Revised Date

FY 96

The environmental abatement/cleanup goal has been specifically designed to provide an environmentally safe habitat to PHD residents as well as to minimize Corporate liability. An alternative solution would be to maintain the hazards in place. However, this alternative would provide only limited protection, increase potential liability and operating costs, and escalate the cost of future remediation. State and federal regulatory agencies require the removal of existing hazards prior to renovation or demolition of a structure.

Funding of this request will enable AHFC to meet existing statutory, regulatory, and legal requirements pertaining to environmental cleanup and hazard communications. Noncompliance with these requirements will expose the Corporation to serious liability issues.

CP1
ADDITIONAL
EXPLANATION
FORM

AGENCY Department of Revenue

BRU Alaska Housing Finance Corporation

COMPONENT _____

Page 3 of 3

Revised Date

FY 96

EMERGENCY REPAIR AND REPLACEMENT

Priority #7

	Federal	Corp/mat	Corp
<u>Emergency Repair and Replacement</u>	0.0	0.0	500.0

- These funds would be used to provide one-time per person emergency grants for reconstruction of housing destroyed due to a natural disaster or catastrophic event.

- FY 95 funding level - \$0.0

Recommendation: 1)

PROJECT TITLE: Emergency Repair & Replacement

PRIORITY: 7

COMPLETION DATE: June, 2000

TYPE: Health & Safety, Transitional

LOCATION: Statewide

PROGRAM: Health, Social Services

ELECTION DISTRICT: 99

FUNDING		CAPITAL REQUEST	OPERATING COSTS	NEW POSITIONS (PFT)
1002	Federal Receipts			0
1003	General Fund Match			
1004	General Fund			
1005	General Fund Program Receipts			
1008	General Fund Mental Health Trust			
1022	State Corporation Receipts	500 0		
TOTAL:		500 0		

PROJECT DESCRIPTION AND JUSTIFICATION:

Due to natural disasters or catastrophic events, a housing unit may be destroyed or severely damaged. If the family is low income, they may be unable to afford to repair or replace the unit. Fire, extreme weather, heating-system failures, and other unforeseen events can cause life-threatening situations. This program will help families repair or rebuild their home if it is damaged or destroyed through unforeseen events.

This will be a one-time-per-person grant, for emergencies only. "Emergencies" will be strictly defined, and there will be restrictions on the expense of the construction, i.e. no luxury items. Priority will be given to lower-income families and families with special housing needs. For natural disaster relief, this program will be coordinated with the state's emergency services program.

CP1
CAPITAL PROJECTS
DESCRIPTION

Revised 7/2/94

Page 1 of 1

Revised Date:

FY 96

AGENCY: Department of Revenue

67
67

EMERGENCY HOUSING ASSISTANCE PROGRAM

Priority #8

	Federal	Corp/mat	Corp
<u>Emergency Housing Assist. Prog.</u>	0.0	0.0	250.0

- Helps local communities develop programs to alleviate homelessness.
- Funding approved in FY 95 under AHHF's operating budget at \$250.0
- 5 grants disbursed in FY 95/ 7 grants to be disbursed in FY 96

Recommendation: 1)

PROJECT TITLE: Emergency Housing Assistance Program

PRIORITY: 8

COMPLETION DATE: June, 1998

TYPE: Health & Safety, Transitional

LOCATION: Statewide

PROGRAM: Social Services, Public Protection

ELECTION DISTRICT: 99

FUNDING		CAPITAL REQUEST	OPERATING COSTS	NEW POSITIONS (PFT)
1002	Federal Receipts			0
1003	General Fund Match			
1004	General Fund			
1005	General Fund Program Receipts			
1006	General Fund Mental Health Tru			
1022	State Corporation Receipts	250 0		
TOTAL:		250 0		

PROJECT DESCRIPTION AND JUSTIFICATION:

Approved in FY95 under AHFC's operating budget, this program helps local communities develop programs to prevent homelessness by providing assistance to families in imminent danger of becoming homeless, or those who are currently homeless. The FY96 request is the same amount as requested in FY95.

CP1
CAPITAL PROJECTS
DESCRIPTION

Revised 7/2/94

AGENCY: Department of Revenue

BRU: Alaska Housing Finance Corporation

COMPONENT:

Page 1 of 1

Revised Date:

FY 96

P7
L10

SENIOR AND STATEWIDE DEFERRED MAINTENANCE

Priority #9

	Federal	Corp/mat	Corp
<u>Senior & Statewide Deferred Maint.</u>	0.0	0.0	1,750.0

- Provides funds for maintenance at Glacier View/Seward, Ptarmigan Park/Anch., and Sunset View/Cordova. Also provides funds for building-security improvements at Chugach View & Manor/Anch., Mountain View & Annex/Juneau, Golden Ages and Southall Manor/Fairbanks, Sunset View/Cordova, Glacier View/Seward, Sea View Terrace/Ketchikan and Swan Lake Terrace/Sitka.

(Most of the funds to be used on Senior Housing)

- Total cost of security system improvements -- approx. \$350.0

- FY 95 funding -- \$500.0 combined Senior Deferred Maint. and Renewal/Rep.
(Combined two requests last year)

Recommendation: 1)

PROJECT TITLE: Senior & Statewide Deferred Maintenance

PRIORITY: 9
TYPE: Deferred Maintenance
PROGRAM: Development

COMPLETION DATE: June, 1997
LOCATION: Statewide
ELECTION DISTRICT: 99

FUNDING		CAPITAL REQUEST	OPERATING COSTS	NEW POSITIONS (PFT)
1002	Federal Receipts			
1003	General Fund Match			
1004	General Fund			
1005	General Fund Program Receipts			
1006	General Fund Mental Health Trust			
1022	State Corporation Receipts	1,750 0		
TOTAL:		1,750 0		

PROJECT DESCRIPTION AND JUSTIFICATION:

This request funds work to reduce deferred maintenance at several facilities utilized by senior citizens and one which serves low-income families. HUD provides rental subsidy based on its determination of the "fair market rent" for a given area. This subsidy has only been adequate to provide normal daily operation and maintenance and a limited amount of extraordinary maintenance, therefore, over the years, a considerable number of deferred maintenance items have been accumulating.

This request will provide funds to address deferred maintenance at Glacier View, Seward, Ptarmigan Park, Anchorage, and Sunset View, Cordova; and much needed building-security improvements will take place at Chugach View and Chugach Manor, Anchorage; Mountain View/Mountain View Annex, Juneau; Golden Ages and Southall Manor, Fairbanks; Sunset View, Cordova, Glacier View, Seward, Sea View Terrace, Ketchikan; and Swan Lake Terrace, Sitka.

In senior facilities, deferred maintenance will be addressed as follows:

Glacier View, Seward; domestic chemical-water-treatment system, and roof replacement.

CP1
CAPITAL PROJECTS
DESCRIPTION
Revised 1/2/94

AGENCY: Department of Revenue

BRU: Alaska Housing Finance Corporation

COMPONENT:

Page 1 of 2
Revised Date 12/2/94

FY 96

P 7
111

Pfarmigan Park, Anchorage: community room and domestic chemical water-treatment system.

Sunset View, Cordova: parking-area pavement and drainage system, and domestic chemical-water-treatment system

In addition to the work outlined above, this request provides funds to begin renovation of 32 scattered-site Low Rent units in Anchorage. These units are 15-20 years old and have critical deferred-maintenance needs. Improvements will include roof covering, attic ventilation, window replacement, sliding door replacement, provision of adequate combustible air for heating systems, floor and wall covering, and exterior siding.

A professional assessment of the physical needs at Park View and Chugach View, Anchorage, Glacier View, Seward, and Sunset View, Cordova, will take place to detail projects for future capital requests.

CP1
ADDITIONAL
EXPLANATION
FORM

AGENCY Department of Revenue

BRU Alaska Housing Finance Corporation

COMPONENT _____

Page 2 of 2
Revised Date : 12/2/94

FY 96

SENIOR CITIZENS HOUSING DEVELOPMENT PROGRAM

Priority #10

	Fed	Corp/mat	Corp
<u>Senior Citizens Housing Develop.</u>	0.0	0.0	4,000.0

- Program originally funded through C&RA FY82-85 then discontinued. Funds used to assist the development of senior citizen housing by municipalities, and public or private non-profits. Funds can be used for all phases of construction or renovation of senior citizen housing. Funds disbursed through competitive grants.

- FY 95 funding was \$750.0 FY 96 request based on increased demand.
(6 projects expected in FY 96 -- mix of urban/rural)

Recommendation: 1)

PROJECT TITLE Senior Citizens Housing Development Program

PRIORITY: 10 **COMPLETION DATE:** June, 2000
TYPE: Transitional **LOCATION:** Statewide
PROGRAM: Development, Social Services, Health **ELECTION DISTRICT:** 99

FUNDING		CAPITAL REQUEST	OPERATING COSTS	NEW POSITIONS (PFT)
1002	Federal Receipts			0
1003	General Fund Match			
1004	General Fund			
1005	General Fund Program Receipts			
1006	General Fund Mental Health Trust			
1022	State Corporation Receipts	4,000.0		
TOTAL:		4,000.0		

PROJECT DESCRIPTION AND JUSTIFICATION:

Senior citizen housing is available to persons 60 years of age or older. Eligible applicants for this funding are those meeting the requirements of AS 18 56 810(a) and include municipalities and public or private non-profit corporations designated as tax exempt under 26 U.S.C 501 (c) (3) and (4) of the Internal Revenue Code of 1954 for the development of senior citizen housing.

The program was funded by the Legislature in FY95 for \$750,000. Based on the demand for the program in FY95, the FY96 request has increased. The funds assist in the development of senior-citizen housing in conjunction with other agencies and can be used for

- 1) Purchase of a building site, 2) Site preparation, 3) Preparation of plans and specifications, and 4) Purchase of materials and construction of senior citizen housing and appurtenant facilities rehabilitation, improvement or conversion of an existing building for use as senior citizen housing or appurtenant facilities.

Awards are made on a competitive basis.

CP1
CAPITAL PROJECTS
DESCRIPTION
 Revised 12/94

AGENCY: Department of Revenue

BRU: Alaska Housing Finance Corporation

COMPONENT: _____

Page 1 of 1
 Revised Date

FY 96

PA
 1/12

HUD FEDERAL HOME GRANT

Priority #11

	Federal	Corp/mat	Corp
<u>HUD Federal HOME Grant</u>	3,000.0	750.0	0.0

- Federal program designed to expand the supply of affordable, low and moderate income housing.

- FY 95 funding was \$3,000.0 fed & \$750.0 corp/mat

Recommendation: 1)

PROJECT TITLE: HUD Federal HOME Grant

PRIORITY: 11 COMPLETION DATE: June, 1998
TYPE: Renovation & Remodeling, Health & Safety, Construction LOCATION: Statewide
PROGRAM: Development ELECTION DISTRICT: 99

FUNDING		CAPITAL REQUEST	OPERATING COSTS	NEW POSITIONS (PFT)
1002	Federal Receipts	3,000 0		0
1003	General Fund Match			
1004	General Fund			
1005	General Fund Program Receipts			
1006	General Fund Mental Health Trust			
1022	State Corporation Receipts	750 0		
TOTAL:		3,750 0		

PROJECT DESCRIPTION AND JUSTIFICATION:

The HOME Investment Partnership Program is authorized as part of the National Affordable Housing Act of 1990 and is an annual entitlement to the state. The purpose of the HOME program is to expand the supply of affordable, low and moderate income housing, to strengthen the abilities of the state to design and implement strategies to achieve an adequate supply of safe, energy efficient, and affordable housing, and provide federal funds to accomplish these goals.

The HOME program follows the Comprehensive Housing Affordability Strategy (CHAS). The CHAS guides the way the HOME funds are expended. The state receives an annual entitlement of HOME funds which may be used within the state as specified in the CHAS. The Municipality of Anchorage has a separate CHAS and HOME program for which the municipality receives a separate entitlement.

The funds will be used to support the following activities aimed at providing affordable housing for lower income Alaskans: rehabilitation of substandard housing, tenant assistance, acquisition and new construction of affordable housing, capacity building of non profit Community Housing Development Organizations (CHDOs), rental housing development, and other activities which are eligible under the federal HOME regulations. AHFC will provide the required non-federal match of 25 percent.

CP1
CAPITAL PROJECTS
DESCRIPTION
Revised 1/2/96

AGENCY: Department of Revenue

AGENCY: Alaska Housing Finance Corporation

AGENCY: _____

Page 1 of 1
Revised Date

FY 96

PT
L/M

MULTI-FAMILY, SPECIAL NEEDS & CONGREGATE HOUSING

Priority #12

	Federal	Corp/mat	Corp
<u>Multi-Family, Spec. Needs & Cong.</u>	0.0	0.0	2,500.0

- Funds will be made available as grants to non-profits, state agencies, reg. housing auth., or municipalities for gap financing special-needs or congregate housing. These funds are used only as a last resort to make a project viable.

- New program

Recommendation: 1)

PROJECT TITLE Multi-family, Special Needs & Congregate Housing Grants

PRIORITY: 12 **COMPLETION DATE:** June, 2000
TYPE: Transitional **LOCATION:** Statewide
PROGRAM: Development **ELECTION DISTRICT:** 99

FUNDING		CAPITAL REQUEST	OPERATING COSTS	NEW POSITIONS (PFT)
1002	Federal Receipts			0
1003	General Fund Match			
1004	General Fund			
1005	General Fund Program Receipts			
1006	General Fund Mental Health Trust			
1022	State Corporation Receipts	2,500 0		
TOTAL:		2,500 0		

PROJECT DESCRIPTION AND JUSTIFICATION

These funds will be made available to private non-profit corporations, state agencies, municipalities, and regional housing authorities for gap financing of special-needs or congregate housing for the homeless, disabled, etc.

AHFC will determine the size of the grant based on the merits of the housing, the merits of the applicant and application, the community's need for the housing, the financial feasibility of the housing, the availability and utilization of alternate forms of assistance, and other pertinent considerations.

Organizations that target low- and very low-income families/individuals may not be able to make a project feasible without a grant, due to the target population's inability to pay market rents.

Grants will be used as a last resort to reduce the amount of the permanent loan to a level that makes the project viable, given the low income of the target population.

CPI
CAPITAL PROJECTS
DESCRIPTION
 Revised 7/27/96

AGENCY: Department of Revenue

BRU: Alaska Housing Finance Corporation

COMPONENT: _____

Page 1 of 1
 Revised Date

FY 96

2/15
 P7

STRIPPER WELL OIL OVERCHARGE RESTITUTION PROGRAM

Priority #13

Oil Overcharge Restitution Prog.

Other Funds \$2,000.0
(Listed as corp. repts. but actually other funds)

- Funds are a result of a court settlement between the federal government and various oil companies for restitutions.
- Provides incentives to homeowners to make improvements to their homes based on recommendations from an energy rating. Funds support programs listed on pg. 2.
- FY 95 funding was \$2,000.0 Other Funds

Recommendation: 1)

PROJECT TITLE Stripper Well Oil Overcharge Restitution Program

PRIORITY: 13 **COMPLETION DATE:** June, 2000
TYPE: Transitional **LOCATION:** Statewide
PROGRAM: Development **ELECTION DISTRICT:** 99

FUNDING		CAPITAL REQUEST	OPERATING COSTS	NEW POSITIONS (PFT)
1002	Federal Receipts			0
1003	General Fund Match			
1004	General Fund			
1005	General Fund Program Receipts			
1008	General Fund Mental Health Trust			
1022	State Corporation Receipts	2,000.0		
TOTAL:		2,000.0		

PROJECT DESCRIPTION AND JUSTIFICATION:

CRITICAL LINK BETWEEN ENERGY EFFICIENCY AND HOUSING AFFORDABILITY. A key goal of a housing finance agency is to assist all housing to be decent, safe, and affordable. There is a critical link between housing affordability and energy efficiency. The Alaska Housing Finance Corporation is fostering the long-term affordability of the state's housing stock through encouraging the construction of energy-efficient homes and retrofitting of existing homes.

HIGH ENERGY COSTS CRIPPLE ECONOMIC DEVELOPMENT. For many Alaskan communities, the cost of heating is placing a serious strain on local economies and family budgets. This is particularly true for those Alaskans on fixed incomes. Rural Alaskans spend between 16% and 37% of their incomes on energy bills. Overall, Alaskans spend over \$214 million a year just to stay warm. This represents a multimillion-dollar drain on the state's economy since most of Alaska's communities get their oil from the Outside. This energy dollar drain is crippling economic development throughout Alaska.

MISTAKES OF THE PAST CAUSE DRAIN ON LOCAL ECONOMIES. In the past, Alaskan homes and facilities were constructed using Lower-48 standards and did not meet Alaska's climate conditions. A deplorable 28% of homes in rural Alaska cannot maintain a healthy indoor temperature of 70 degrees during our long winter months.

CP1
CAPITAL PROJECTS
DESCRIPTION
 Revised 2/2/96

AGENCY Department of Revenue
AGENCY Alaska Housing Finance Corporation
AGENCY _____

Page 1 of 2
 Revised Date

FY 96

114
 88

ENERGY EFFICIENCY'S POTENTIAL. It is possible to cost effectively reduce Alaska's \$214 million annual heating bill by at least 25% by the year 2000. This will not only result in warmer and healthier homes, but a permanent annual injection of over \$50 million back into the economy that would otherwise go up the chimney in heat loss. These savings will be spent and re-spent throughout the Alaskan economy.

SELF-SUFFICIENT VILLAGE ECONOMIES To have healthy rural economies, we must have more self-sufficient homes. An obvious solution is to build energy-efficient homes and retrofit existing homes to be energy efficient. In turn, they would cost less to maintain and heat. For example, efficiency retrofits can reduce a home's energy costs by an average of 30%. Now, energy-efficient homes average 40% or less in heating costs than existing homes. New energy-efficient light bulbs can provide the same amount of light while using 35% less electricity and lasting four times longer. By reducing these operating costs, energy-efficiency programs strengthen local communities and economies. Because labor skills required to undertake the improvements are easily attainable in each community, this creates sorely needed local jobs, while at the same time ensuring long-term financial savings to the community.

ALASKA'S HOUSING POISED FOR THE FUTURE. Currently, Alaska's housing industry is at a major turning point. The recession of the 1980s is over, and the industry is poised for a new era. With the proper State investment, the housing industry can usher in a new era that will result in more affordable housing for all Alaskans through high-quality, energy-efficient homes. Because of the state's leadership position in this area, there is an excellent opportunity to export Alaskan know-how and technology to other northern states and countries.

WARM HOMES FOR ALASKANS INITIATIVE The Corporation offers a comprehensive approach to improving the quality and energy efficiency of housing in Alaska. This endeavor features market-driven efforts such as energy ratings of homes that are recognized by the secondary-mortgage market, marketing support and building science for homebuilders, and equity investments to home buyers and owners to purchase energy-efficient homes or improve their current homes. Programs include the Alaska Craftsman Home Program, Energy Rated Homes of Alaska, and technical assistance to rural Alaskans in building energy-efficient, affordable homes.

POTENTIAL OF STRIPPER WELL OIL OVERCHARGE RESTITUTION PROGRAM The Corporation has been designated as the trustee for these funds which were distributed to the states through court settlements between the federal government and various oil companies after the oil companies were charged with overpricing in the early 70s and 80s. These settlement funds are for restitution to the public through programs approved by the U.S. Department of Energy (USDOE). One of these approved programs is the Stripper Oil Overcharge Settlement Plan. This plan has been approved by the USDOE and contains several projects for restitution to the public. AHFC is requesting authority to implement the projects contained in USDOE-approved plans. Programs supported with these funds include the Home Energy Loan Program, Home Energy Rebate, Business Energy Assistance Program, and the Energy Rated Homes of Alaska program.

CP1
ADDITIONAL
EXPLANATION
FORM

AGENCY Department of Revenue

BRU Alaska Housing Finance Corporation

COMPONENT _____

Page 2 of 2

Revised Date

FY 96

Frank D'Elia
August 11, 1994
Page Two

(received from HUD utility allowance)

PROGRAM

Home Energy Loan Program/Home Energy Rebates



PURPOSE

The Home Energy Loan Program provides home buyers an incentive to purchase energy efficient homes. The program reduces a mortgage loan by an amount up to \$2,500 according to the energy efficiency of the home as documented through a energy rating from Energy Rated Homes of Alaska. The Home Energy Rebate Program offers rebates of up to \$2,500 to homeowners who have documented through a home energy rating that they have improved the energy efficiency of their homes. These programs are funded with oil overcharge settlement funds. AHFC has been designated as the trustee for those funds which were distributed to the states through court settlements between the federal government and a number of oil companies over oil pricing in the late 70's and early 80's. These settlement funds are for restitution to the public through energy efficiency programs approved by the federal government.

TOTAL FUNDING

\$2 million (oil overcharge settlement funds)

PROGRAM

Low Income Weatherization Program

PURPOSE

This program assist low income Alaska through the installation of energy saving improvements to their residences. The improvements include replacement of unsafe and inefficient heating systems, air infiltration sealing and increasing insulation levels.

TOTAL FUNDING

\$9.7 million (\$8 million corporate receipts* and \$1.7 million in federal funds)

Frank D'Elia
August 11, 1994
Page Three

PROGRAM

Alaska Craftsman Home Program

PURPOSE

Non-profit organization funded through AHFC that offers the latest building technology for northern climates. Homes built to the program's voluntary standard costs 60-80% less to heat. Program offers certification of homes and building science and training for the housing industry.

TOTAL FUNDING

\$350,000 (corporate) *

PROGRAM

Energy Rated Homes of Alaska

PURPOSE

Nationally recognized public/private partnership between AHFC and the housing industry that fosters the energy efficiency into the state's housing market. The program offers a uniform energy rating of the home according to its energy efficiency. The rating presents the information that is readily understandable to the builder, lender, appraiser, real estate agent and buyer. The documented energy savings is then credited in the mortgage loan. The program also market support to the housing industry and technical support on the various mortgage incentive programs that are available for energy efficiency.

TOTAL FUNDING

\$350,000 (corporate) *

* The corporate receipts requested for the weatherization, Alaska Craftsman Home Program and Energy Rated Homes of Alaska represents a five year funding commitment that AHFC has made to these programs under the Warm Homes for Alaskans Initiative. This is the second year of a five year commitment.

cc: Barbara Baker

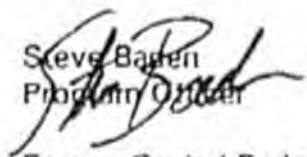


**Alaska
Housing**
FINANCE CORPORATION

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TO: Frank D'Elia
Program Coordinator
Planning Department

FROM: 
Steve Barten
Program Officer

RE: Energy Capital Budget Request

DATE: August 11, 1994

.....

The following represents the continuation of the energy programs that was contained in AHFC's FY 1995 capital budget request.

PROGRAM

Public Housing Energy Performance Contracting

PURPOSE

Low income Alaskans pay a higher proportion of their disposable income just to stay warm. The U.S. Department of Housing and Urban Development (HUD) has found that the energy efficiency of public housing units can be dramatically through installing cost-effective energy improvements. To provide an incentive to public housing authorities, HUD will let AHFC retain the energy savings resulting from the energy improvements made with corporate receipts for a period of 12 years through the energy performance contracting program. \$2 million is being requested in Corporation receipts to finance the needed improvements to public housing units and \$100,000 is being requested to program the energy savings resulting from the FY 1995 appropriation back into further energy improvements of other public housing units.

TOTAL FUNDING

\$2.1 million (\$2 million in corporate receipts and \$100,000 in energy savings)

ENERGY CONSERVATION RETROFIT

Priority #14

	Federal	Corp/mat	Corp
<u>Energy Conservation Retrofit</u>	0.0	0.0	500.0

- Provides the funds needed to implement energy cost saving measures in Public Housing statewide. (Weatherization, lighting & window projects in Juneau, Sitka, Wasilla and Ketchikan)

- FY 95 funding level- \$500.0 corp. was used to fund major gas conversion at Loussac Manor as well as air sealing, elect. domestic hot water heater conversions, energy-efficient lighting and other energy improvements throughout the state.

Recommendation: 1)

PROJECT TITLE: Energy Conservation Retrofit

PRIORITY: 14 COMPLETION DATE: June, 1999
TYPE: Renewal & Replacement, Renovation & Remodelling LOCATION: Statewide
PROGRAM: Development ELECTION DISTRICT: 99

FUNDING	CAPITAL REQUEST	OPERATING COSTS	NEW POSITIONS (PFT)
1002 Federal Receipts			0
1003 General Fund Match			
1004 General Fund			
1005 General Fund Program Receipts			
1006 General Fund Mental Health Trust			
1022 State Corporation Receipts	500.0		
TOTAL:	500.0		

PROJECT DESCRIPTION AND JUSTIFICATION:

In 1993, an audit conducted by the Regional Inspector General for Audit and the U.S. Department of Housing and Urban Development in a major finding of deficiency determined that the majority of the low-income public housing stock administered by the Public Housing Division (PHD) of AHFC did not meet current state standards for energy efficiency. As a result of that audit and subsequent internal review, the PHD has embarked on an energy-conservation- and-awareness program to bring the PHD's 14 locations and nearly 1,700 units into compliance. The FY95 capital appropriation of \$500,000 funded a major gas conversion at Loussac Manor as well as air sealing, electric domestic hot water heater conversions, energy-efficient lighting and various other energy improvements throughout the state. This request will fund continued work on energy-conservation priorities.

Using the State's Building Energy Efficiency Standards, the majority of the PHD's units have been rated and their baseline energy efficiency established. Energy-conservation-retrofit funding will be used to increase the efficiency of the units through the installation of energy-efficient windows, insulation, doors, energy-efficient hot water tanks, furnaces, boilers and lighting. Caulking, weatherstripping and sealants will be applied to reduce the flow of air. The program to increase resident awareness will be improved; employees will receive training through the Alaska Craftsman Home Program in air sealing, homebuilding and ventilation. A specialized retrofit-and-weatherization training class will be designed specifically for PHD employees.

CP1
CAPITAL PROJECTS
DESCRIPTION
Revised 7/27/94

AGENCY: Department of Revenue

AGENCY: Alaska Housing Finance Corporation

COMPONENT:

Page 1 of 2

Revised Date

FY 96

108
1/15

The intent is to increase the energy efficiency of PHD units and lower the level of expenses directly attributed to resident-purchased or PHD-provided utilities. The retrofit-improvement costs are based on the average statewide materials and labor costs used by weatherization contractors. Energy-efficient lighting and heating-and-mechanical-upgrade costs were derived using historical data, estimating software, and industry sources.

The immediate benefits of the energy-conservation retrofit program will be to reduce the PHD's future utility expenses by lowering the use of fuel oil and electricity, especially in rural communities; increase staff and resident awareness; assist in reducing maintenance expenses; and bring the PHD into compliance with state and federal energy-conservation standards.

CP1
ADDITIONAL
EXPLANATION
FORM

AGENCY Department of Revenue

BRU Alaska Housing Finance Corporation

COMPONENT _____

Page 2 of 2

Revised Date:

FY 96

PUBLIC HOUSING ENERGY PERFORMANCE CONTRACTING PROG.

Priority #15

	Federal	Corp/mat	Corp
<u>Pub. Housing Egrv Perf. Cont. Prog</u>	0.0	0.0	2,100.0

- Funds used to upgrade public housing through energy performance based contracts. (27 qualifying projects on the needs list)
- FY 95 funding level -- \$1,000.0 in the operating budget

Recommendation: 1)

PROJECT TITLE Public Housing Energy Performance Contracting Program

PRIORITY: 15 **COMPLETION DATE:** June, 2000
TYPE: Renewal & Replacement, Renovation & Remodeling **LOCATION:** Statewide
PROGRAM: Social Services, Health, Public Protection, Develop **ELECTION DISTRICT:** 99

FUNDING		CAPITAL REQUEST	OPERATING COSTS	NEW POSITIONS (PFT)
1002	Federal Receipts			0
1003	General Fund Match			
1004	General Fund			
1005	General Fund Program Receipts			
1006	General Fund Mental Health Trust			
1022	State Corporation Receipts	2,100 0		
TOTAL:		2,100 0		

PROJECT DESCRIPTION AND JUSTIFICATION:

This is an increase over FY95 of \$1.1 million. The FY95 appropriation was reflected in the Operating budget at \$1 million. This increase is in accordance with the original intent to upgrade all public housing residences within seven years through energy performance-based contracts.

CRITICAL LINK BETWEEN ENERGY EFFICIENCY AND HOUSING AFFORDABILITY. A key goal of a housing finance agency is to assist all housing to be decent, safe, and affordable. There is a critical link between housing affordability and energy efficiency. The Alaska Housing Finance Corporation is fostering the long-term affordability of the state's housing stock through encouraging the retrofitting of existing homes.

HIGH ENERGY COSTS CRIPPLE ECONOMIC DEVELOPMENT. For many Alaskan communities, the cost of heating is placing a serious strain on local economies and family budgets. This is particularly true for those Alaskans on fixed incomes. Rural Alaskans spend between 16% and 37% of their incomes on energy bills. Overall, Alaskans spend over \$214 million a year just to stay warm. This represents a multimillion-dollar drain on the state's economy, since most of Alaska's communities get their oil from Outside.

CP1
CAPITAL PROJECTS
DESCRIPTION
 Revised 7/27/94

AGENCY: Department of Revenue
BRU: Alaska Housing Finance Corporation
COMPONENT: _____

Page 1 of 2
 Revised Date: _____

FY 96

117
 P7

MISTAKES OF THE PAST CAUSE DRAIN ON LOCAL ECONOMIES. In the past, Alaskan homes and facilities were often constructed using Lower-48 standards and did not meet Alaska's climate conditions. A deplorable 28% of homes in rural Alaska cannot maintain a healthy indoor temperature of 70 degrees during our long winter months.

ENERGY EFFICIENCY'S POTENTIAL. It is possible to cost effectively reduce Alaska's \$214 million annual heating bill by at least 25% by the year 2000. This will not only result in warmer and healthier homes, but a permanent annual injection of over \$50 million back into the economy that would otherwise go up the chimney in heat loss. These savings will be spent and re-spent throughout the Alaskan economy.

SELF-SUFFICIENT VILLAGE ECONOMIES. To have healthy rural economies, we must have more self-sufficient homes. An obvious solution is to retrofit existing homes to be energy-efficient. In turn, they would cost less to maintain and heat. For example, efficiency retrofits can reduce a home's energy costs by an average of 30%. New energy-efficient light bulbs can provide the same amount of light while using 35% less electricity and lasting four times longer. By reducing these operating costs, energy-efficiency programs strengthen local communities and economies. Because labor skills required to undertake the improvements are easily attainable in each community, this creates sorely needed local jobs, while at the same time ensuring long-term financial savings to the community.

POTENTIAL OF THE PUBLIC HOUSING ENERGY PERFORMANCE CONTRACTING PROGRAM. Low-income Alaskans pay a higher proportion of their disposable income just to stay warm. The U.S. Department of Housing and Urban Development (HUD) has found that the energy efficiency of public housing units can be dramatically improved. To provide an incentive to make these improvements, HUD will allow AHFC to retain the savings through undertaking energy-efficiency measures for a period of up to 12 years under the energy performance-contracting program. It is proposed that \$2.1 million in Corporation receipts be authorized in FY96 to finance the needed energy improvements to public housing units and supplement HUD funds to ensure the new public housing units are built to the five-star home energy rating level.

CP1
ADDITIONAL
EXPLANATION
FORM

AGENCY Department of Revenue

BRU Alaska Housing Finance Corporation

COMPONENT _____

Page 2 of 2

Revised Date

FY 96

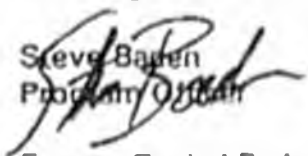
Alaska Housing

FINANCE CORPORATION

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Anchorage, AK 99510-1020

TO: Frank D'Elia
Program Coordinator
Planning Department

FROM: 
Program Officer

RE: Energy Capital Budget Request

DATE: August 11, 1994

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The following represents the continuation of the energy programs that was contained in AHFC's FY 1995 capital budget request.

PROGRAM

Public Housing Energy Performance Contracting

PURPOSE

Low income Alaskans pay a higher proportion of their disposable income just to stay warm. The U.S. Department of Housing and Urban Development (HUD) has found that the energy efficiency of public housing units can be dramatically improved through installing cost-effective energy improvements. To provide an incentive to public housing authorities, HUD will let AHFC retain the energy savings resulting from the energy improvements made with corporate receipts for a period of 12 years through the energy performance contracting program. \$2 million is being requested in Corporation receipts to finance the needed improvements to public housing units and \$100,000 is being requested to program the energy savings resulting from the FY 1995 appropriation back into further energy improvements of other public housing units.

TOTAL FUNDING

\$2.1 million (\$2 million in corporate receipts and \$100,000 in energy savings)

Frank D'Elia
August 11, 1994
Page Two

received from HUD utility allowance)

PROGRAM

Home Energy Loan Program/Home Energy Rebates

PURPOSE

The Home Energy Loan Program provides home buyers an incentive to purchase energy efficient homes. The program reduces a mortgage loan by an amount up to \$2,500 according to the energy efficiency of the home as documented through a energy rating from Energy Rated Homes of Alaska. The Home Energy Rebate Program offers rebates of up to \$2,500 to homeowners who have documented through a home energy rating that they have improved the energy efficiency of their homes. These programs are funded with oil overcharge settlement funds. AHFC has been designated as the trustee for these funds which were distributed to the states through court settlements between the federal government and a number of oil companies over oil pricing in the late 70's and early 80's. These settlement funds are for restitution to the public through energy efficiency programs approved by the federal government.

TOTAL FUNDING

\$2 million (oil overcharge settlement funds)

PROGRAM

Low Income Weatherization Program

PURPOSE

This program assist low income Alaska through the installation of energy saving improvements to their residences. The improvements include replacement of unsafe and inefficient heating systems, air infiltration sealing and increasing insulation levels.

TOTAL FUNDING

\$9.7 million (\$8 million corporate receipts* and \$1.7 million in federal funds)

Frank D'Elia
August 11, 1994
Page Three

PROGRAM

Alaska Craftsman Home Program

PURPOSE

Non-profit organization funded through AHFC that offers the latest building technology for northern climates. Homes built to the program's voluntary standard costs 60-80% less to heat. Program offers certification of homes and building science and training for the housing industry.

TOTAL FUNDING
\$350,000 (corporate)*

PROGRAM

Energy Rated Homes of Alaska

PURPOSE

Nationally recognized public/private partnership between AHFC and the housing industry that fosters the energy efficiency into the state's housing market. The program offers a uniform energy rating of the home according to its energy efficiency. The rating presents the information that is readily understandable to the builder, lender, appraiser, real estate agent and buyer. The documented energy savings is then credited in the mortgage loan. The program also market support to the housing industry and technical support on the various mortgage incentive programs that are available for energy efficiency.

TOTAL FUNDING
\$350,000 (corporate)*

* The corporate receipts requested for the weatherization, Alaska Craftsman Home Program and Energy Rated Homes of Alaska represents a five year funding commitment that AHFC has made to these programs under the Warm Homes for Alaskans Initiative. This is the second year of a five year commitment.

cc: Barbara Baker