

PROGRAM 7 – RURAL PROFESSIONAL HOUSING GRANT PROGRAM ALASKA HOUSING FINANCE CORPORATION

I. PROGRAM OBJECTIVES

This program awards grants and loans for the acquisition, rehabilitation or new construction of housing for teachers, health professionals and public safety officials. Funds provided through this grant may be used for acquisition of vacant land and for predevelopment purposes (such as design) where undertaken with respect to completion of the development process resulting in occupant ready housing units.

II. PROGRAM PROCEDURES

This program is open to the following entities:

1. School District (including Regional Attendance Area School Districts REAA)
2. 501(c)(3) or (4) nonprofit corporation
3. Local government (village, municipality, borough, city)
4. Regional Housing Authority
5. Public Vocational Education Institution
6. Public University
7. Health Organization (Regional Health Corporations, Tribal Health Clinics)
8. Regional Native nonprofit corporation

Interested applicants must be able to provide evidence of incorporation, UEI, EIN/TIN, and/or business licenses (as applicable) and meet requirements outlined in *THHP Policies and Procedures*, and the *Notice of Funding Availability (NOFA) Rating Criteria and Award Plan* published for each fiscal year.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

A. TYPES OF SERVICES ALLOWED OR UNALLOWED -

1. **Compliance Requirement:** Although not specifically required by statute or regulation, grants made under this program are for the acquisition, rehabilitation or new construction of housing for teachers, health professionals, and public safety officials. Eligible activities include:
 - a) Purchase of suitable building sites;
 - b) Necessary site preparation;
 - c) Preparation of plans and specifications;
 - d) Financing the purchase of materials and actual construction;
 - e) Financing the rehabilitation, improvement, or conversion of existing structures.
 - f) Financing related project costs for grant close out and completion of development.

Suggested Audit Procedures: Test financial and related records to determine the purposes for which the funds were expended.

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2. **Compliance Requirement:** All interest earned on grant money must be returned to Alaska Housing Finance Corporation (AHFC) upon completion of the project. 15 AAC 154.040 (6)

Suggested Audit Procedures: Review financial and related records, and if appropriate, any previous audit reports, to determine interest accrued on grant funds to date; and verify that all interest earned on grant funds have been paid back to AHFC.

B. ELIGIBILITY -

The auditor is not expected to verify eligibility.

C. MATCHING, LEVEL OF EFFORT AND/OR EARMARKING REQUIREMENTS -

Compliance Requirement: Although not specifically required by statute or regulation, grant recipients typically include other sources of funds when applying for the grants. The grant agreement budgets will typically include the amounts and sources of other funds. Program grant funds may not exceed 85% of the Total Development Cost.

Suggested Audit Procedures:

- a) Review the grant agreement to identify any other sources of funds to be committed to the project;
- b) Review financial and project records to determine the source of funds; and
- c) Verify the amounts of other funds applied to the project are in accordance with the budgets.

D. REPORTING REQUIREMENTS -

Compliance Requirement: The grant agreements are to include a provision for regular, periodic reporting on grant sponsored activities. 15 AAC 154.040

Suggested Audit Procedures:

- a) Review the grant agreement and determine the reporting requirements;
- b) Examine copies of reports and determine completeness and timeliness of submission in accordance with the grant agreement; and
- c) Trace data in selected reports to underlying documentation.

E. SPECIAL TESTS AND PROVISIONS -

Compliance Requirement: Although not specifically required by statute or regulation, grant recipients must provide evidence of a repair and replacement fund (Note, some School Districts have a generic repair and replacement fund that covers all their facilities, including housing – This meets the Repair and Replacement Fund Requirement of the program)

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Suggested Audit Procedure:

- a) Review grant agreements and deed restrictions to verify ownership of the Teacher, Health Professional or Public Safety housing (Note: Sometimes a recipient will transfer ownership of a property to another eligible entity, e.g., a housing authority builds a housing unit for a tribe then transfers ownership to the tribe. In this case, covenants should reflect that the final entity in operation of the unit has ownership.
- b) Examine compliance practices verifying a repair and replacement fund has been established, if required.