Enterprise

Module 2: Development Finance & Leveraging Resources

ASSOCIATION OF ALASKA HOUSING AUTHORITIES

Building Communities, Empowering Alaskans.

Welcome from Enterprise and AAHA

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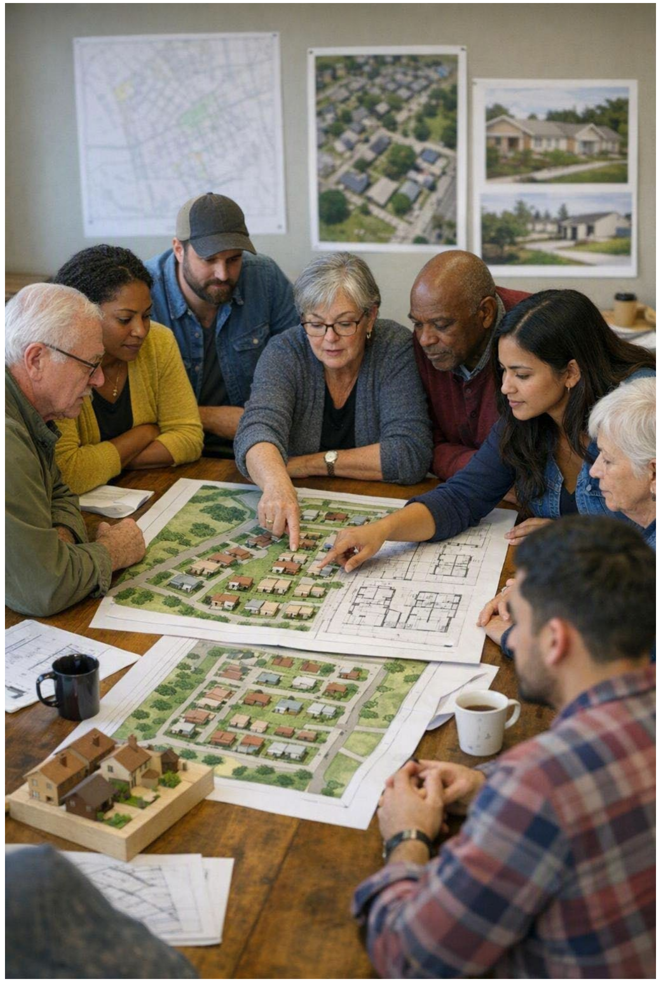

Enterprise

Development Finance & Leveraging Resources

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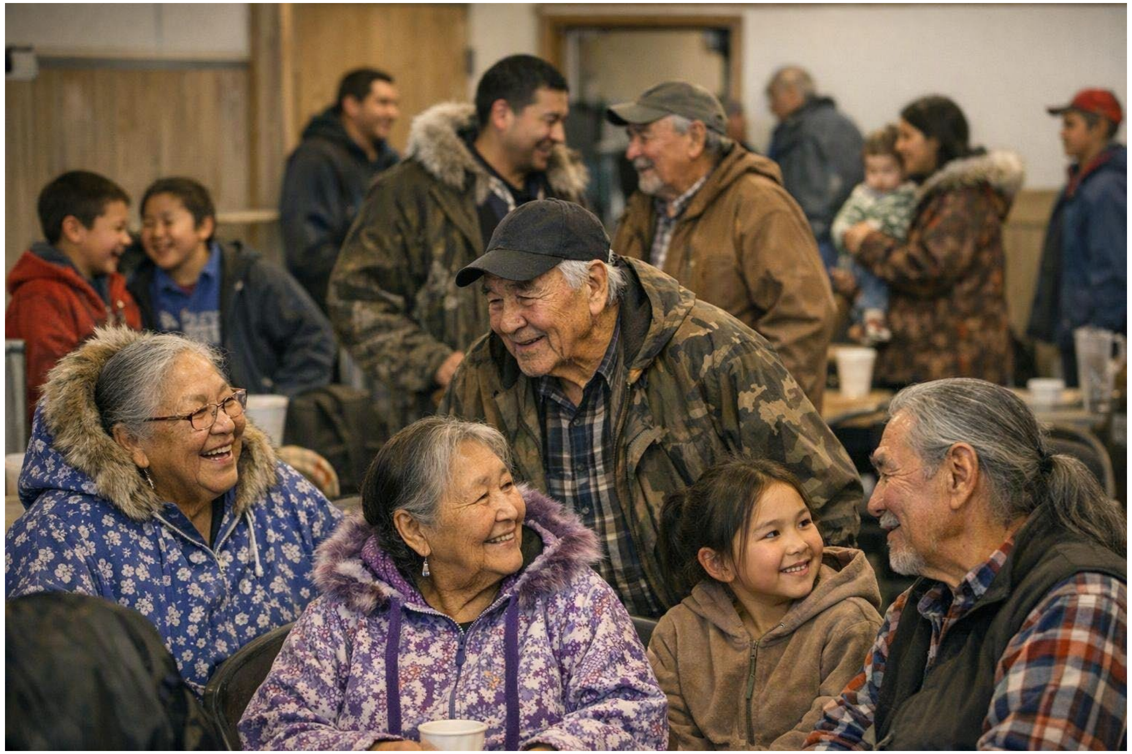
Participant Introductions

I. **YOUR REGION** WHICH COMMUNITY OR REGIONAL HOUSING AUTHORITY YOU SERVE

II. **YOUR ROLE** DEVELOPMENT, FINANCE, OPERATIONS, OR LEADERSHIP

III. **YOUR PROJECT** ONE DEVELOPMENT YOU ARE TRYING TO MOVE FORWARD

IV. **YOUR GOAL** WHAT YOU MOST WANT TO LEAVE TODAY KNOWING



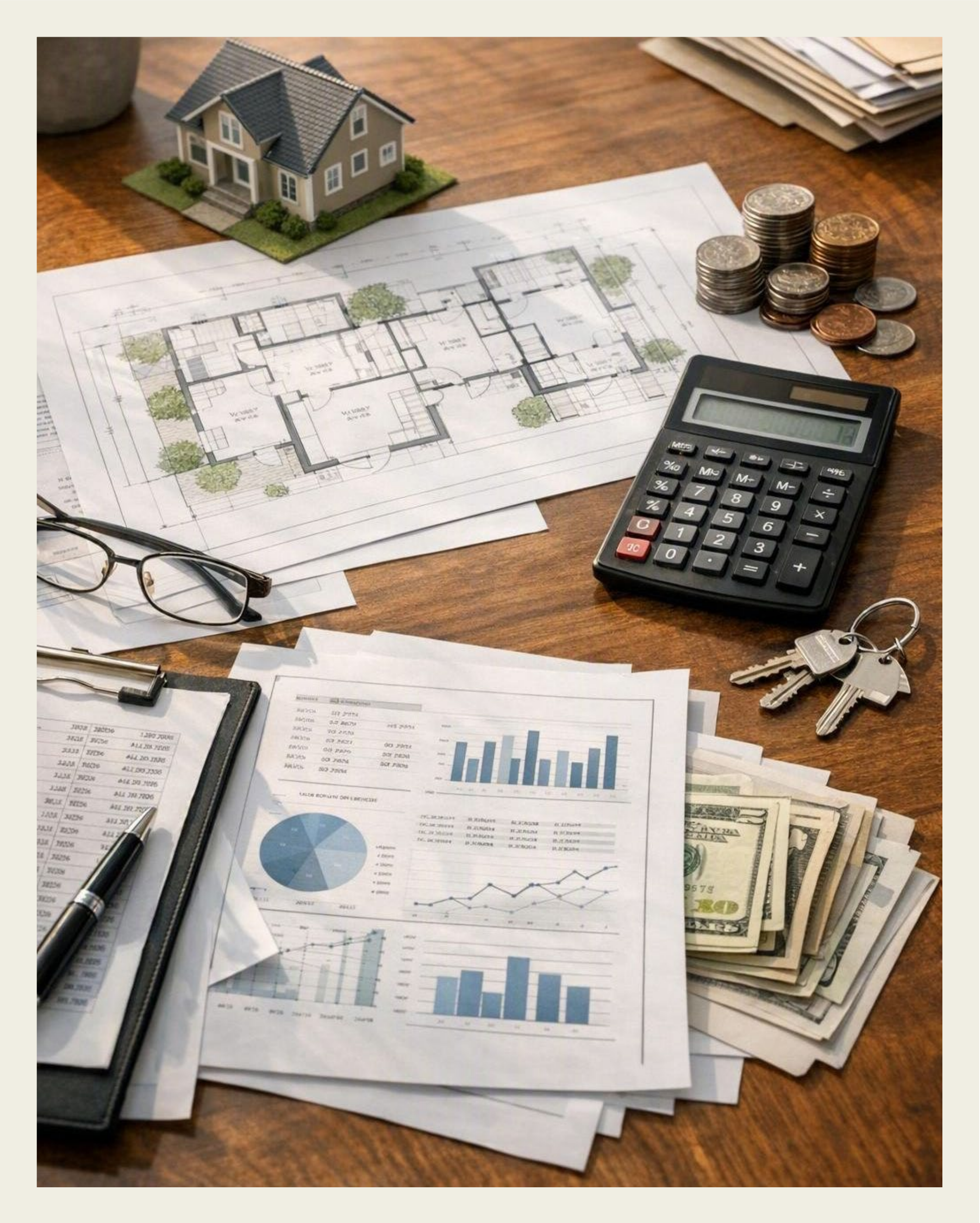
Learning Objectives

1. Capital stacks Layer NAHASDA, LIHTC, HUD 184 and more for Tribal projects

2. Funding sources Map federal, state, philanthropic and private dollars

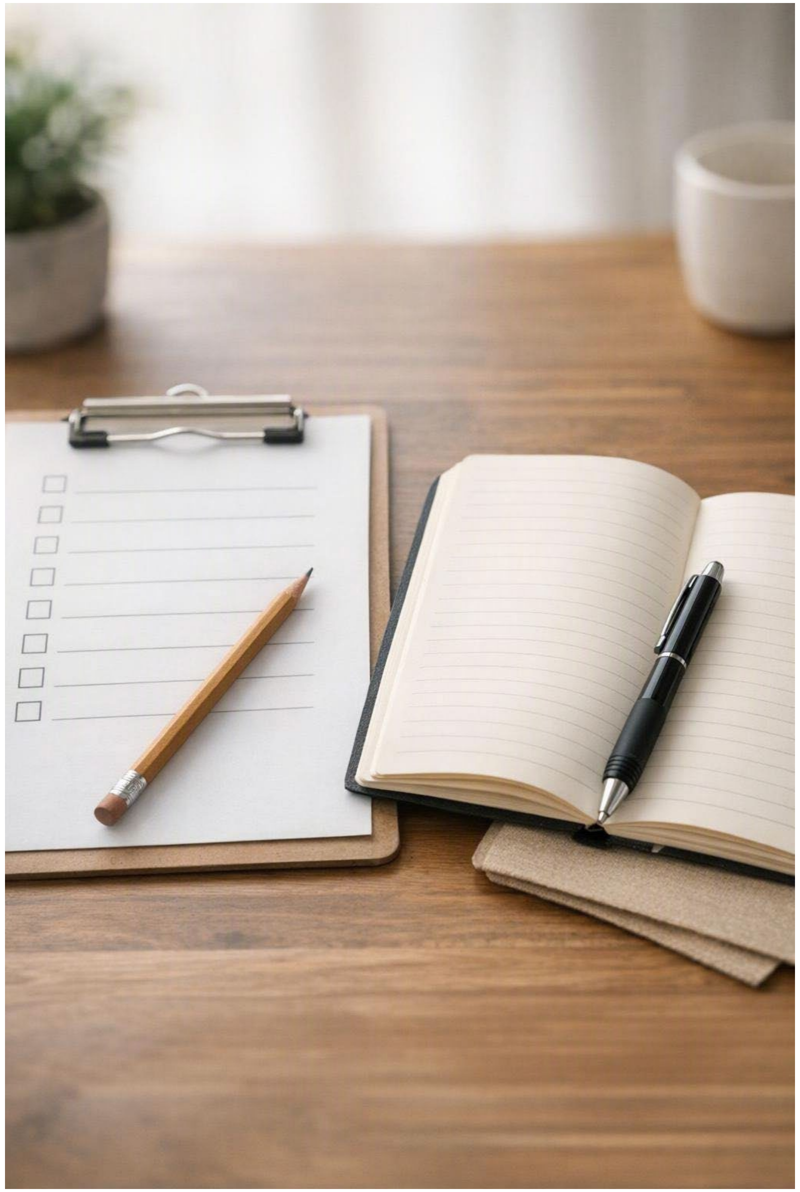
3. Underwriting Read a pro forma and size debt with confidence

4. Leverage Braid and layer resources to close funding gaps



How this Module Works

1. Case-study driven Every concept is tied to a real Alaska development
2. Applied finance We work with example numbers, not just theory
3. Discussion Peer learning across regions is part of the design



Part 1

The Alaska Housing Finance Landscape

Alaska by the Numbers

The scale of need sets the context for every financing decision.

27,500

New homes Alaska needs over the next ten years

578

New units authorized statewide in 2022

16,000

Estimated statewide housing unit shortage

Why Alaska is Different

- Remoteness Many villages are off the road system, served only by barge or plane
- Climate Permafrost, erosion and flooding raise design and siting costs
- Short season Building is compressed into a few summer months
- Thin markets Few contractors and suppliers drive prices up

The Cost of Building Remote

Logistics, not land, often drive the budget in rural Alaska.

$1M

What a single home can cost to build in some villages

23,000

Square miles served by one regional housing authority

17

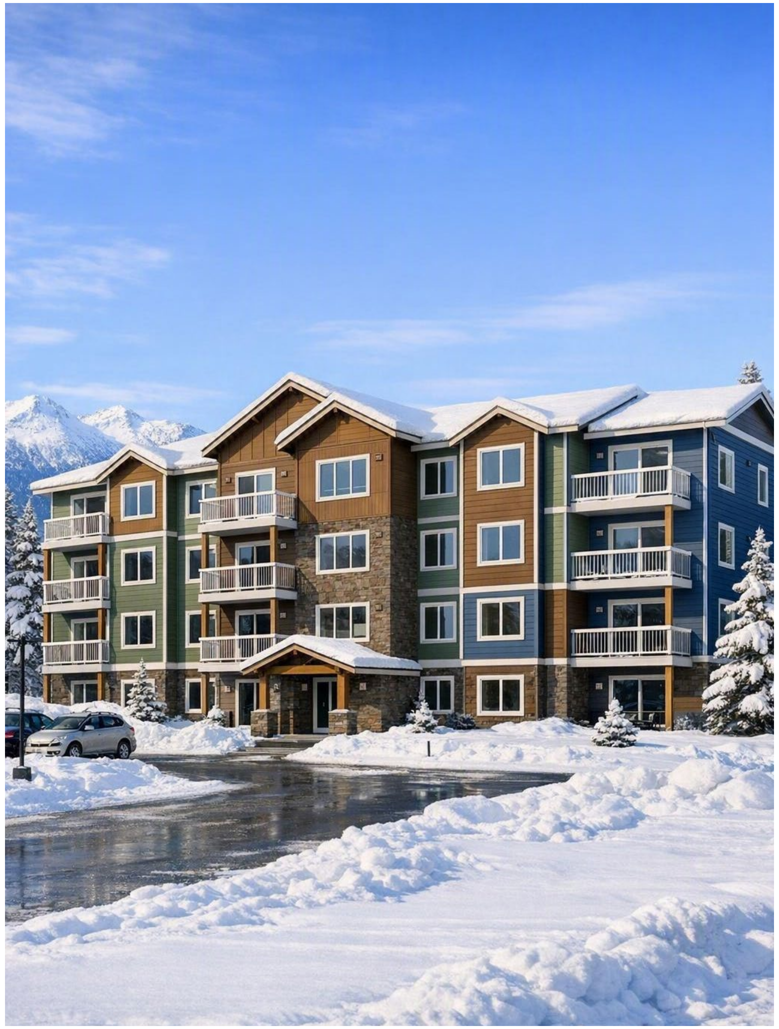
Villages that a housing authority supports from a single hub

Tribal Lands & Financing Barriers

- **Trust land** Land held in trust generally cannot be mortgaged
- **BIA approval** Liens on individual trust land require federal sign-off
- **Limited lending** Conventional mortgage markets are thin in Indian Country
- **The fix** Federal guarantees were built to bridge these gaps

The Regional Housing Authority System

- **TDHEs** Tribally Designated Housing Entities deliver most NAHASDA housing
- **Regional reach** Authorities serve clusters of villages and tribes
- **Capacity** They hold development, finance and property management roles
- **Partnership** Tribes designate them to act on their behalf

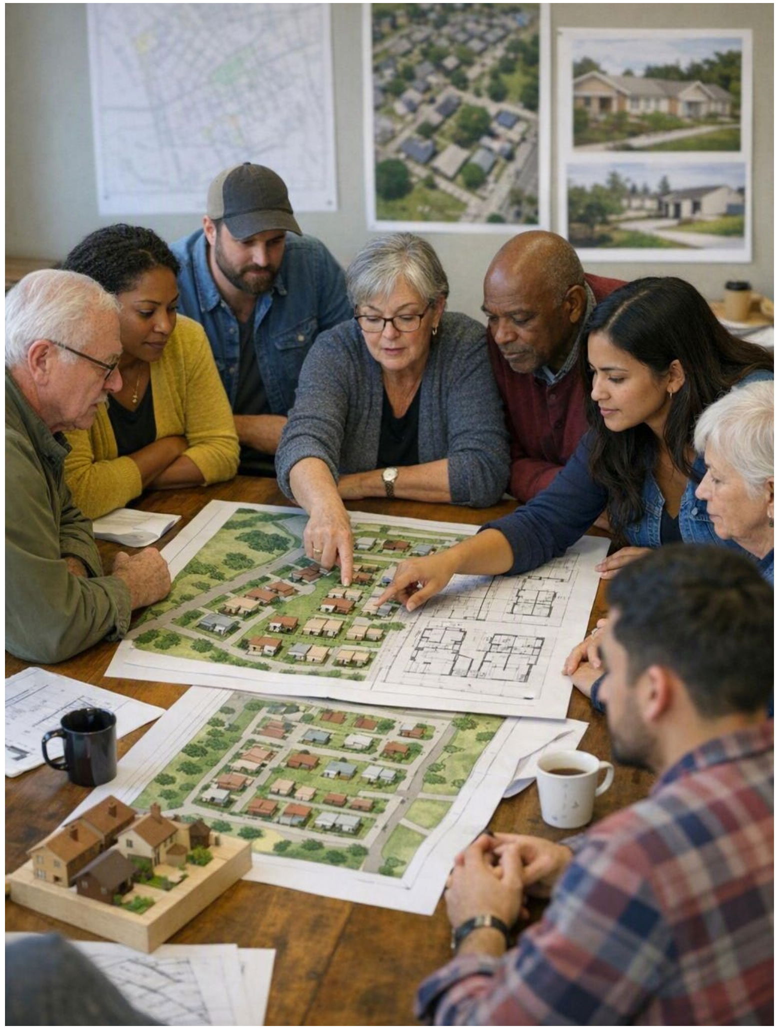


Who is Who in Alaska Native Housing

- Cook Inlet Anchorage-based; developer of Coronado Park / Qintali View
- Tlingit-Haida Juneau-based; serves 12 tribes across Southeast Alaska
- Bering Straits Nome-based; 17 villages across the region

Enterprise Community Partners Role

- **Capital** A national nonprofit that finances affordable housing
- **Technical assistance** Hands-on support for Tribal developers
- **Knowledge** Co-author of the Tribal Leaders Handbook on Homeownership
- **This Academy** The Accelerator Academy builds local capacity

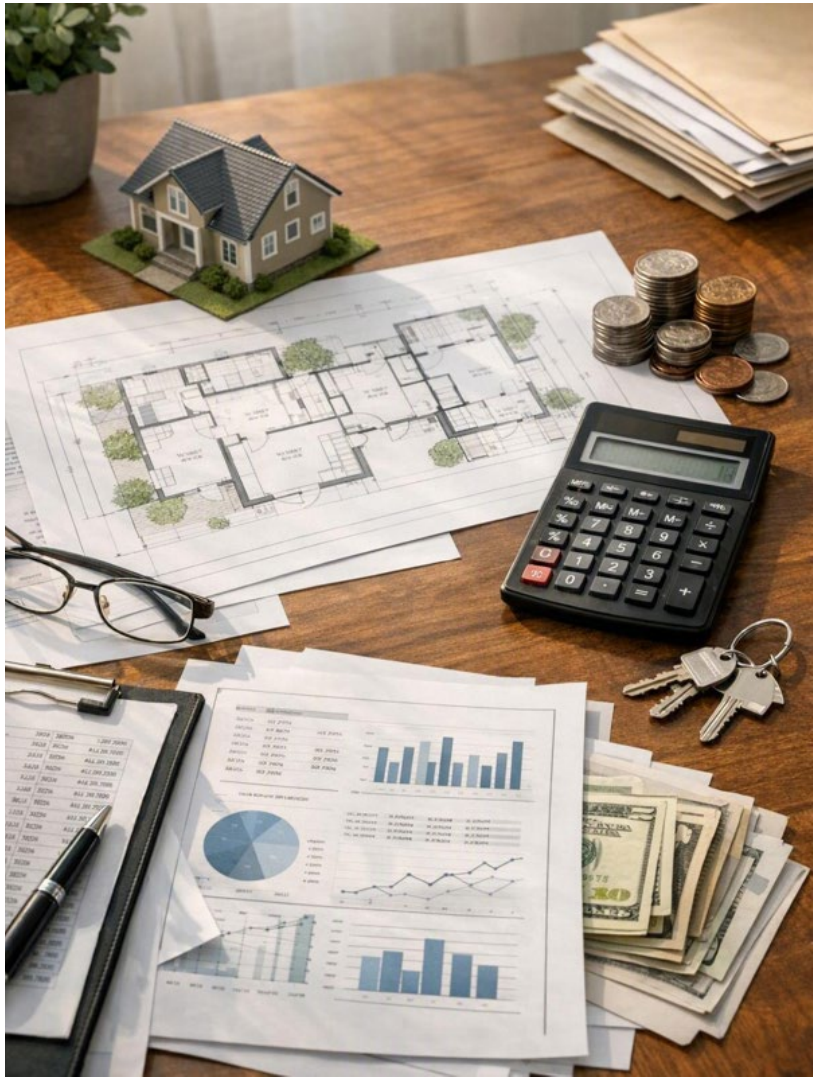


Part 2

What is a Capital Stack

What is a Capital Stack

- **Definition** The full set of funding sources used to pay for a project
- **Sources and uses** Every dollar in must match a dollar of cost
- **Layers** Grants, soft debt, hard debt and equity stack together
- **Why it matters** In Alaska, no single source can carry a deal alone



Development Budget

The Village-28 Units
Alaska
Development Budget

SOURCES	
First Mortgage	$ 2,430,100
Owner Equity/Def Fee	$ 300,000
Federal Credit L.P. Equity	$ 14,897,664
Local funds	$ 1,293,454
NAHASDA	$ 1,787,719
HOME	$ 790,563
Income during project	$ -
GAP	*$ 0*
Total Sources	**$ 21,499,500**

CALCULATION OF FEDERAL CREDIT EQUITY		
Eligible Basis (Acq.)		
Eligible Basis (NC/RH)	$ 21,499,500	
Deduction for Historic Credit	$ -	
Additional Basis Deductions-Grants	$ -	
QCT/DDA Increase	100.00%	
Total Qualified Basis (Acq.)		
Total Qualified Basis (NC/RH)	$ 21,499,500	
Applicable Fraction	100.00%	
Applicable Credit Rate (Acq.)	9.00%	
Applicable Credit Rate (NC/RH)*	9.00%	
Total Annual Credit	$ 1,934,955	$ 60,467.34
Maximum Allocated Credit	$ 1,934,955	
Total 10-Year Credit x 99.99%	$ 19,347,615	
Investment Rate	$ 0.7700	
Total Investor Equity	**$ 14,897,664**	

CONSTRUCTION LOAN CALCULATION	
Total Project Costs	$ 21,499,500
Deducted USDA	$ -
Deducted Post-Construction Costs	$ (1,806,250)
Deducted Reserves	$ (300,000)
Available Soft Funds	$ (3,475,962)
Estimated Construction Loan	**$ 15,917,288**

CONSTRUCTION LOAN INTEREST CALCULATION		
Estimated Construction Loan	$ 15,917,288	
Interest Rate	6.00%	
Construction Period (Mos.)	16	
Estimated Const. Interest	$ 764,030	
Plus rent up & stabilize	358,139	4.5
Total	$ 1,122,169	

USES		Total Cost
Land, lots 1 and 2		
Building Acquisition, lots 1 and 2		
Application Hard Const.		$ 15,000,000
Site Work		
General Requirements	6.0%	Inc above
Contractor Overhead	1.7%	Inc above
Contractor Profit	5.9%	inc above
Bond Premium		
Construction Contingency	5.0%	$ 790,000
Building Permits/Impact Fees		$ 75,000
Builders Risk		
Architect and Engineering		$ 1,200,000
ALTA Survey, Soils, Testing		$ 55,000
Furnishings and Fixtures		$ 65,000
Construction Interest		$ 1,200,000
Construction Loan Fees		$ 150,000
Construction Loan Costs		$ 12,000
Appraisal		$ 5,000
Market Study		
Environmental		$ 7,500
LIHTC Application Fee		$ 55,000
LIHTC Determination Fee	8.0%	
Compliance Monitoring Fee	$45/unit	
Loan Origination Fee	1.0%	$ 35,000
Perm Loan Guarantee Fee	0.0%	
Title and Recording		$ 25,000
Legal Fees		$ 20,000
Accounting		$ 15,000
Developer Fee		$ 2,125,000
Development Consultant Fee		$ 25,000
Organizational		$ -
Syndication Legal Expenses		$ 40,000
Operating Reserve	6 months	$ 300,000
Temporary Relocation		
Replacement Reserve	1.0%	$ -
Predev fee & interest		
CNA		
Construction rent loss		
Marketing Expenses		
Misc.		$ 300,000
Accrued Contingent Loan Int		
Soft Cost Contingency		
Construction Supervision		$ -
Total Costs		**$ 21,499,500**
		$ 767,839

Debt vs Equity

Debt

- Repayable Principal and interest paid back over time
- Secured Often backed by the property or a guarantee
- Coverage Sized by the income the project can service

Equity

- Invested Capital in exchange for ownership or credits
- LIHTC Tax-credit equity is the largest equity source
- Risk Paid after debt; absorbs more project risk

NAHASDA/Indian Housing Block Grant

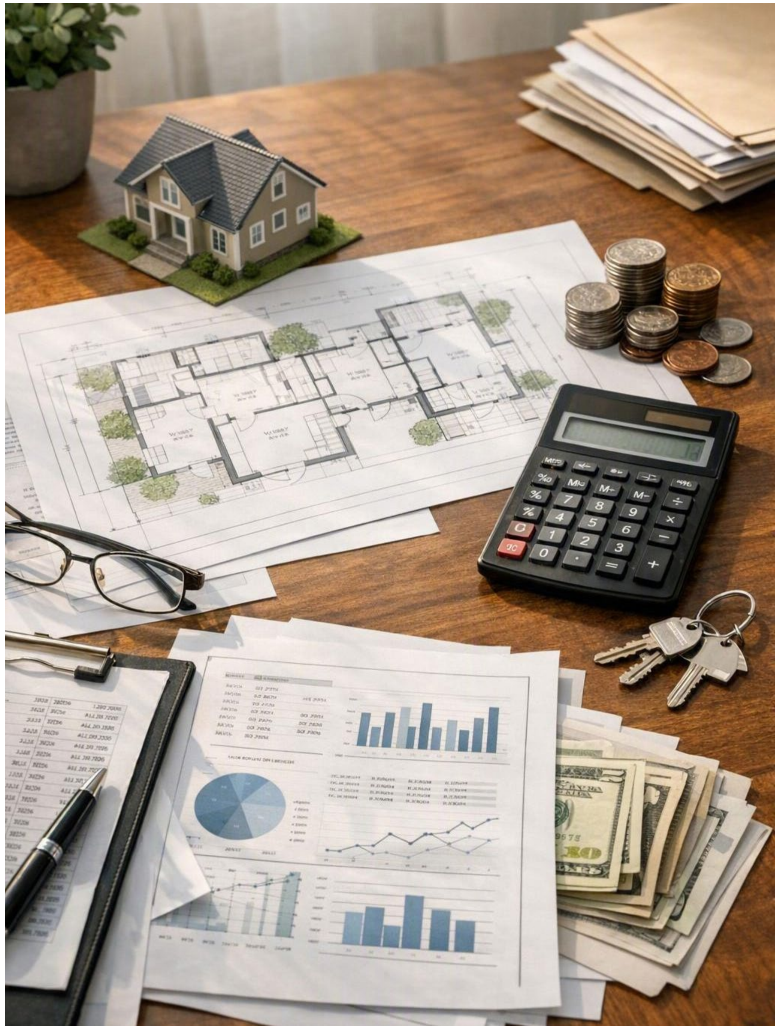
- The foundation NAHASDA is the cornerstone of Tribal housing funding
- Formula grant IHBG flows to Tribes and TDHEs by formula each year
- Often the only source In remote areas it may be the sole housing dollar
- Flexible Supports development, rehab, and housing services

NAHASDA in Practice

- Eligible uses New construction, acquisition, rehab and infrastructure
- Leverage tool IHBG can seed and match other federal programs
- Local control Tribes set priorities through their housing plan
- Predictability Formula funding supports multi-year planning

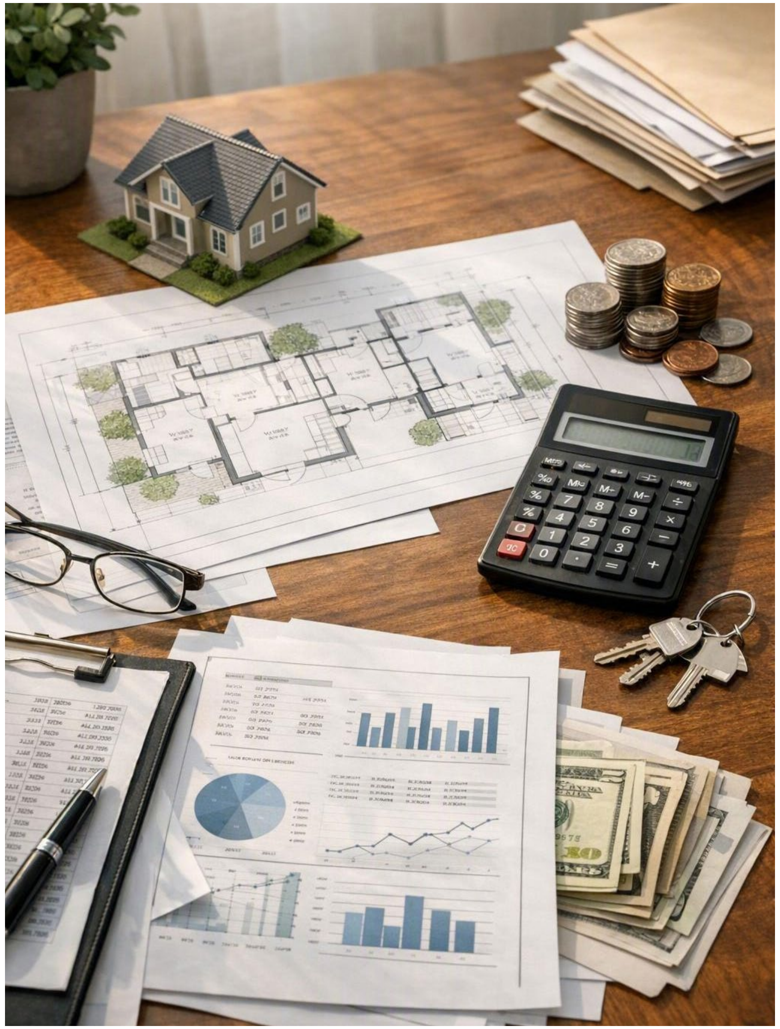
Low Income Housing Tax Credits (LIHTC)

- What it is Federal credits that fund rental housing for low incomes
- 9% vs 4% Competitive 9% credits versus as-of-right 4% with bonds
- AHFC allocates Alaska Housing Finance Corporation runs the program
- Real example 9% credits financed Cook Inlet Coronado Park



How LIHTC Equity Works

- **Syndication** Credits are sold to investors for upfront equity
- **Pricing** Investors pay cents on the dollar of credit
- **Compliance** Units stay affordable for a long compliance period
- **Cash in** Equity reduces the debt the project must carry

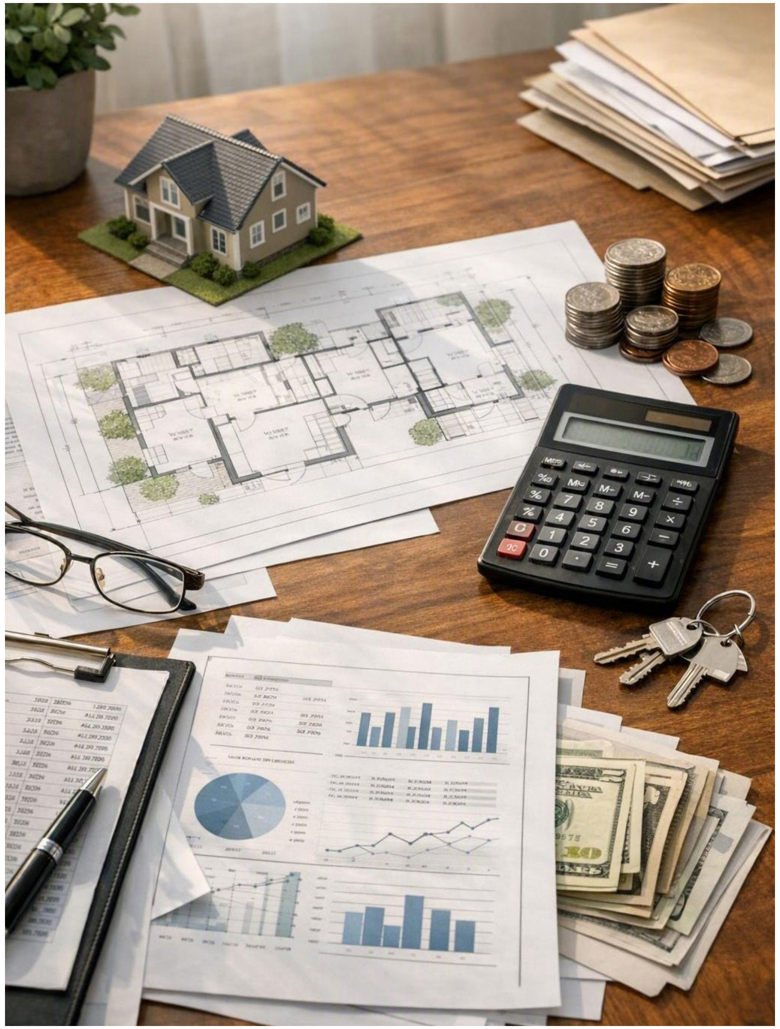


HUD Section 184 Loan Guarantee

- **Built for Indian Country** Created to fix the trust-land lending gap
- **Guarantee** HUD backs the loan, opening private capital
- **Homeownership** Widely used for Alaska Native home loans
- **Partner programs** Pairs with regional rural loan programs

Title VI Loan Guarantee

- **Leverage IHBG** Lets Tribes borrow against future block grant funds
- **Accelerate** Build now rather than saving for years
- **Guaranteed** HUD guarantee secures favorable terms
- **Strategic** Useful for larger or time-sensitive projects



CDBG & ICDBG

- **Block grants** Flexible federal funds for community development
- **ICDBG** The Indian set-aside serves Tribal communities
- **Infrastructure** Often funds water, sewer and site work
- **Gap filler** Pairs well with NAHASDA and LIHTC

USDA Rural Development

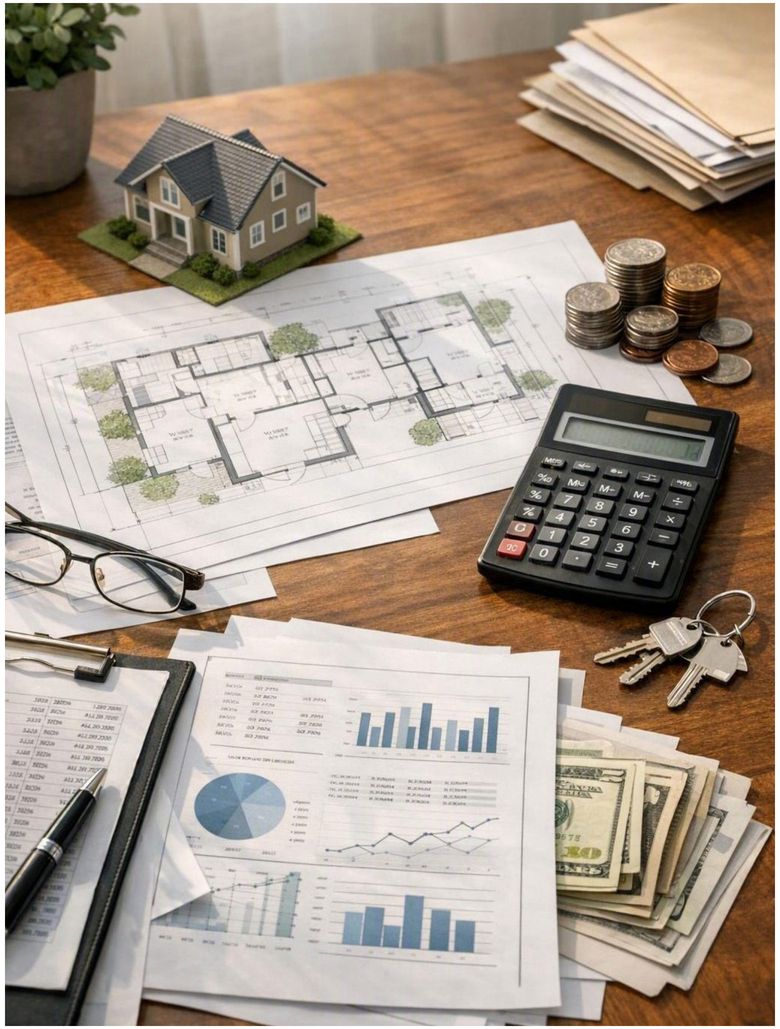
- **Rural Development mission** Programs to serve rural communities & an Office of Tribal Relations
- **Section 502** Direct and guaranteed homeownership loans
- **Section 523** Self-help and mutual housing models
- **Section 504** Home repair loans and grants
- **Section 515** and Section 538 Rural rental housing development
- Water and Wastewater Programs Grants for Rural and Native Alaskan Villages

FHLB Affordable Housing Program (AHP)

- **Competitive grants** Federal Home Loan Bank awards through members
- **Gap funding** Closes the difference between costs and other sources
- **Real example** A $650K AHP grant supported Coronado Park II
- **Bank partner** Apply with a member financial institution

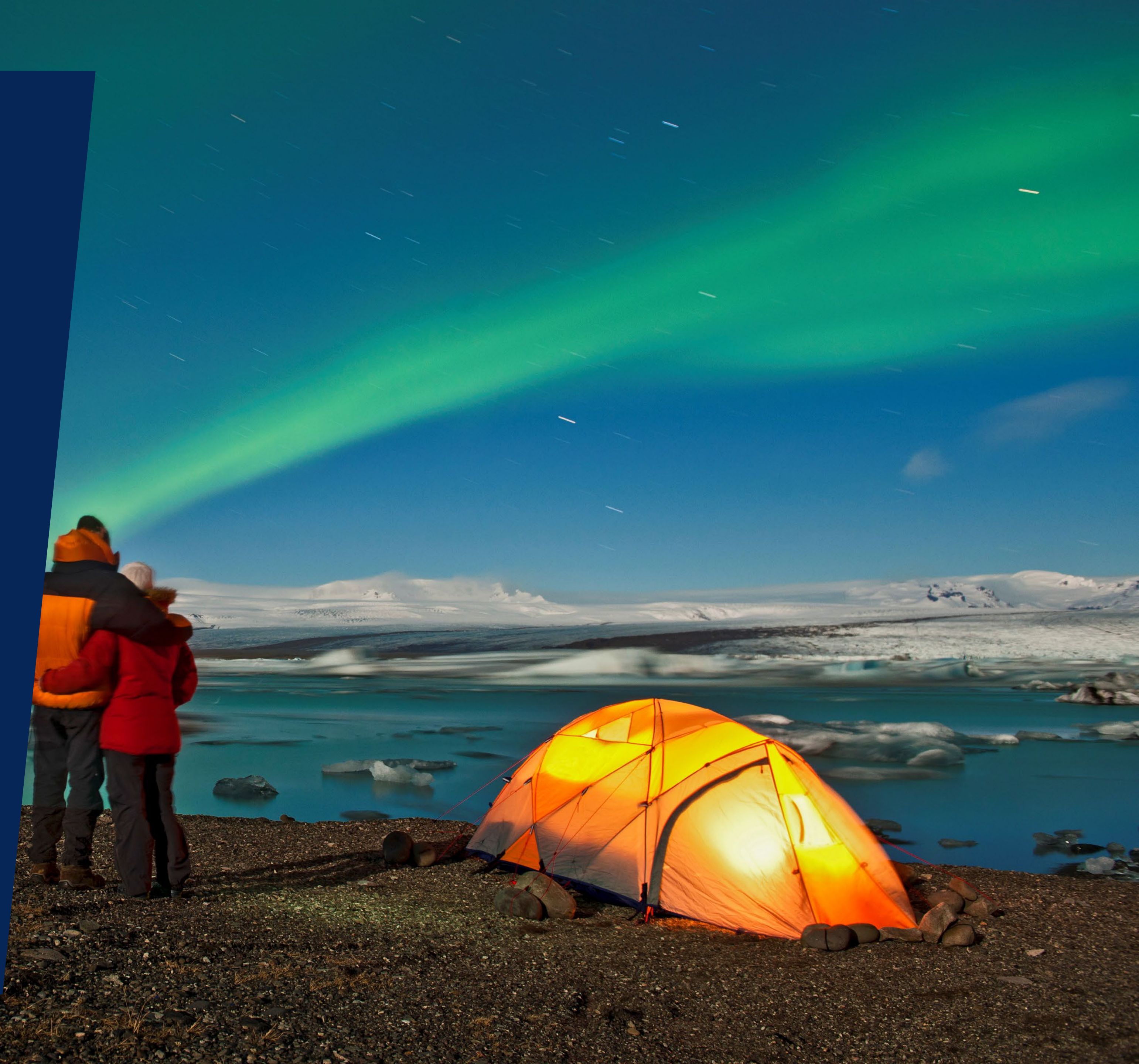
State & Philanthropic Sources

- **AHFC** Alaska Housing Finance Corporation grants and programs
- **Rural professional housing** AHFC invested $112M over twenty years
- **Foundations** Philanthropy seeds predevelopment and gap needs
- **ANCs** Alaska Native Corporations can be capital partners



Part 3

Leveraging & Braiding Resources



Braiding vs. Layering

Braiding

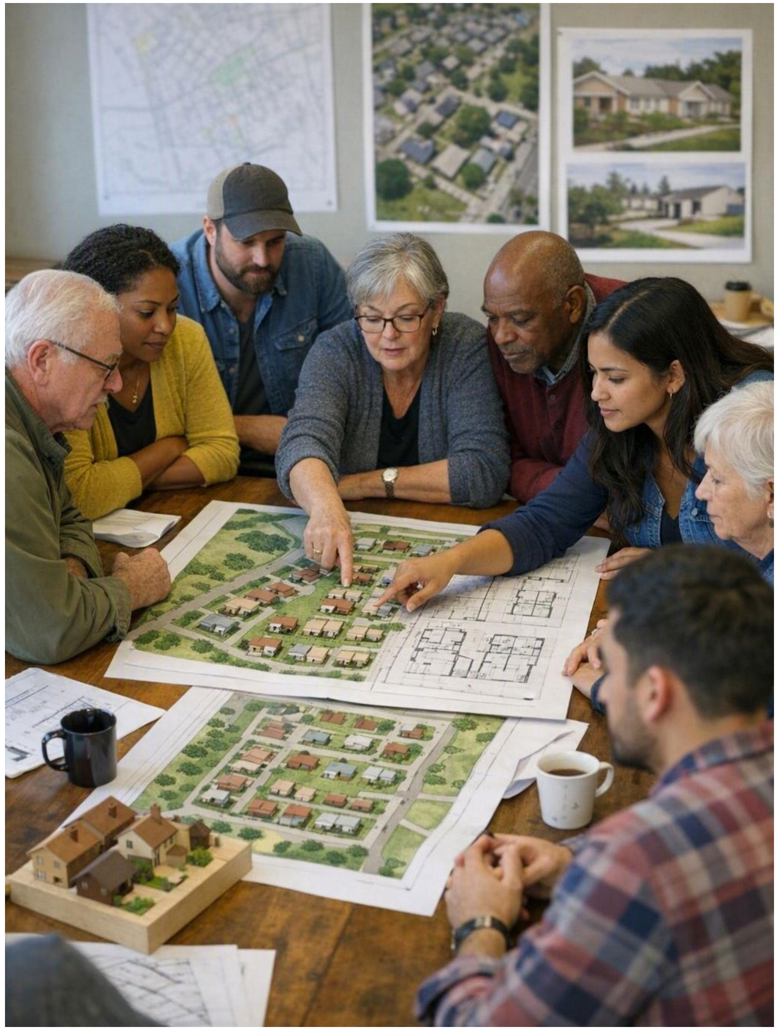
- Coordinated Multiple sources funding one project together
- Separate strands Each keeps its own rules and reporting
- Common The norm for Alaska affordable deals

Layering

- Stacked Sources applied in sequence or by use
- By cost type Different funds cover different line items
- Care needed Avoid duplicate funding of the same cost

Principles of Leveraging

- **Match terms** Align repayment and timing across sources
- **Sequence well** Line up commitments so none expires waiting
- **Respect rules** Each source carries its own compliance
- **Document everything** Funders want a clear sources-and-uses



Sequencing Your Funding

- **Predevelopment** Grants and soft money fund early studies
- **Construction** Bridge financing carries the build season
- **Permanent** Long-term debt and equity take out the bridge
- **Alaska twist** Barge schedules dictate when cash must be ready

Stacking in Action: Coronado Park II

A real Eagle River deal that braided several sources.

31

Affordable units delivered in phase two

650K

Federal Home Loan Bank AHP grant

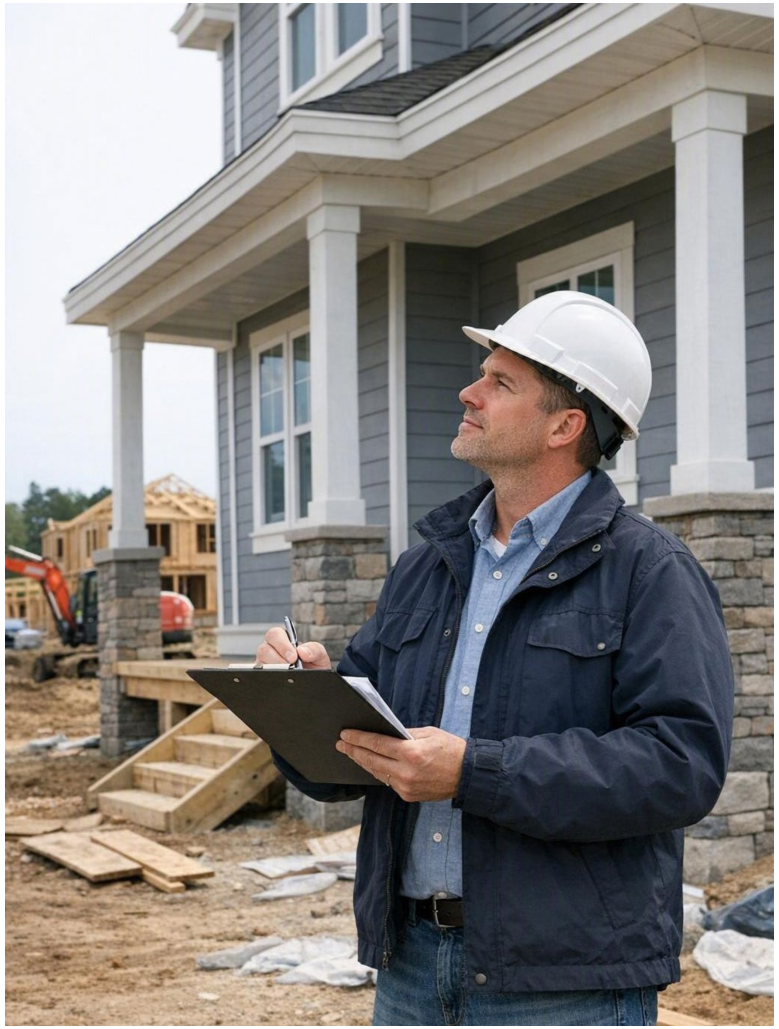
9 %

LIHTC credits anchoring the equity

Cook Inlet Housing Authority, Coronado Park II / Qintali View, Eagle River.

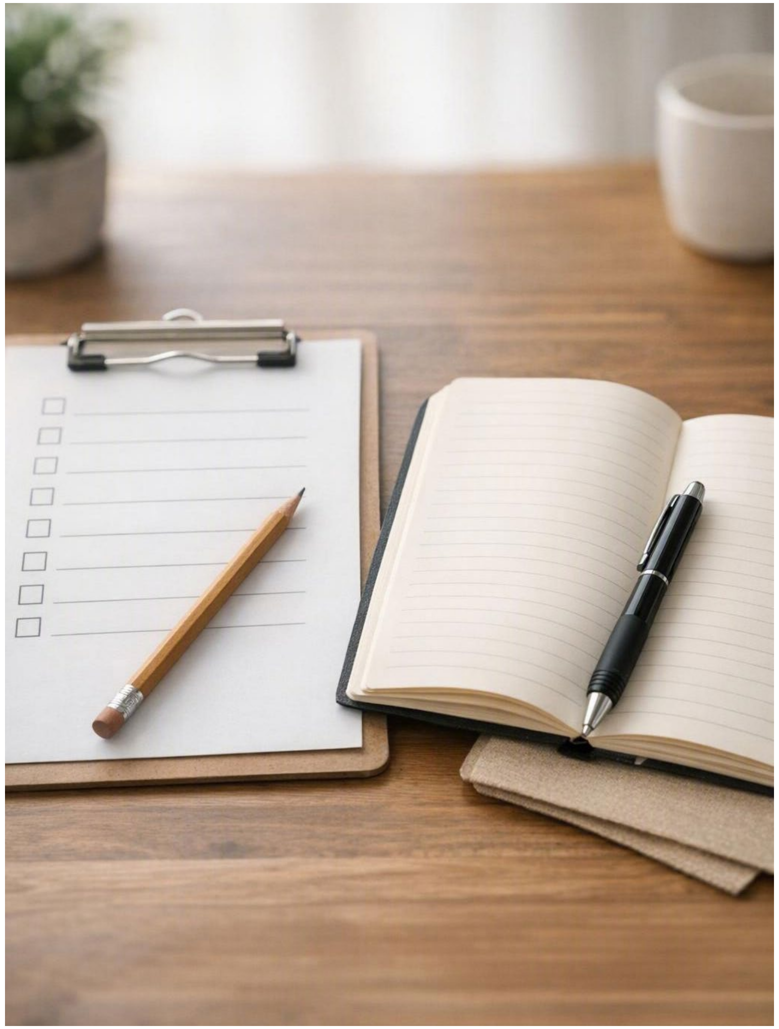
Managing Multiple Funders

- Compliance layering Track each sources rules side by side
- Reporting calendars Map every deadline in one place
- Single source of truth Keep one master sources-and-uses
- Relationships Communicate early and often with funders



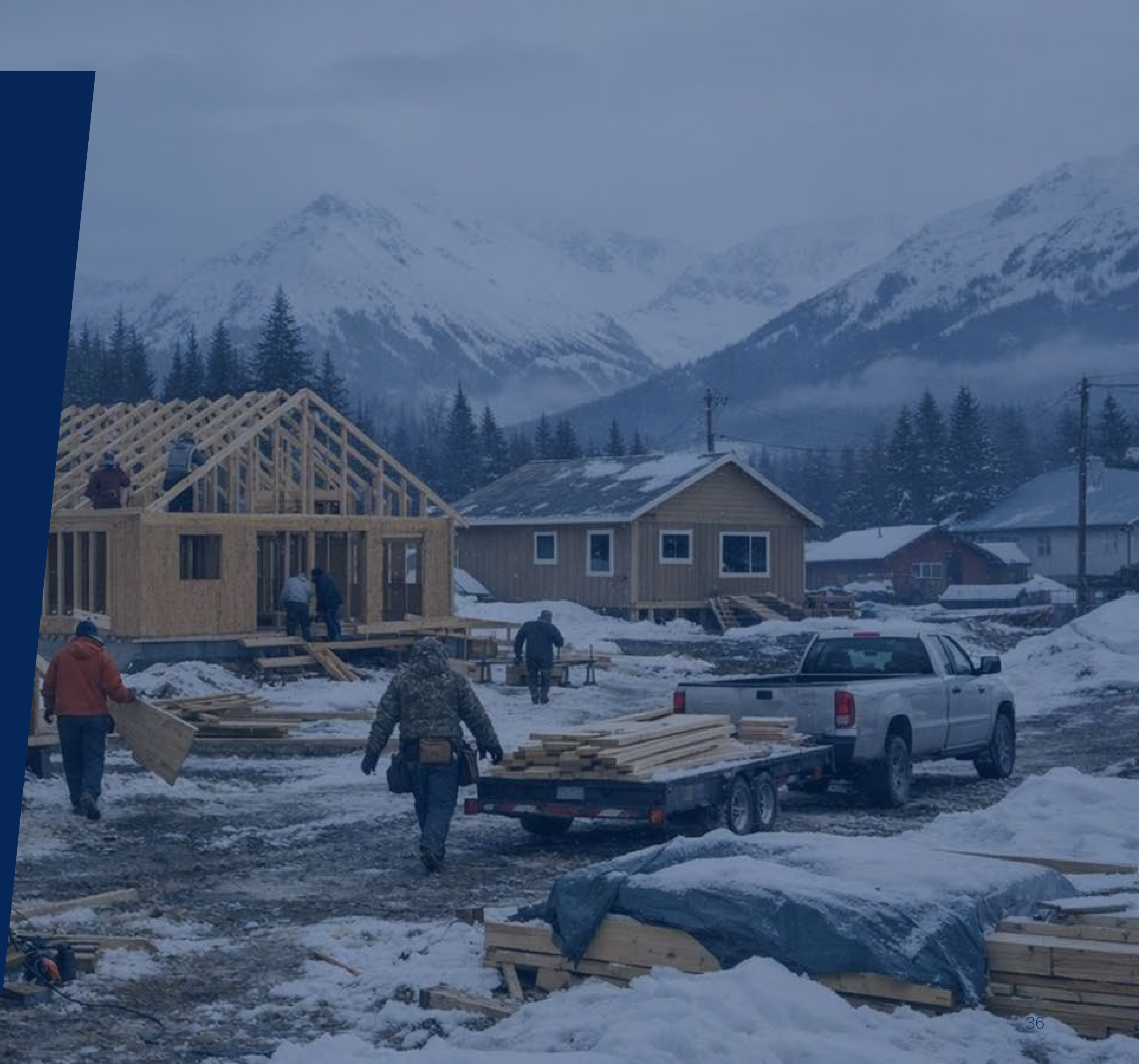
Common Leveraging Pitfalls

- Mismatched terms A short note crowding out long-term viability
- Timing gaps A commitment lapses before others close
- Hidden gaps Optimistic budgets that mask a real shortfall
- Compliance conflict Two sources with incompatible requirements



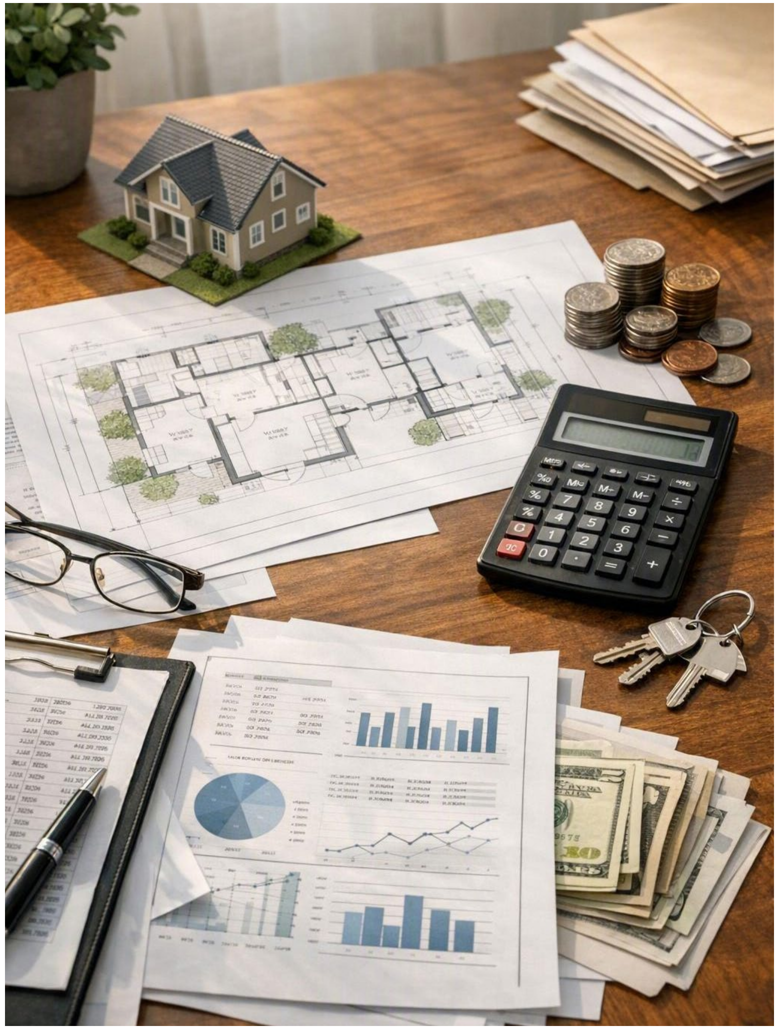
Part 4

Development Budgeting



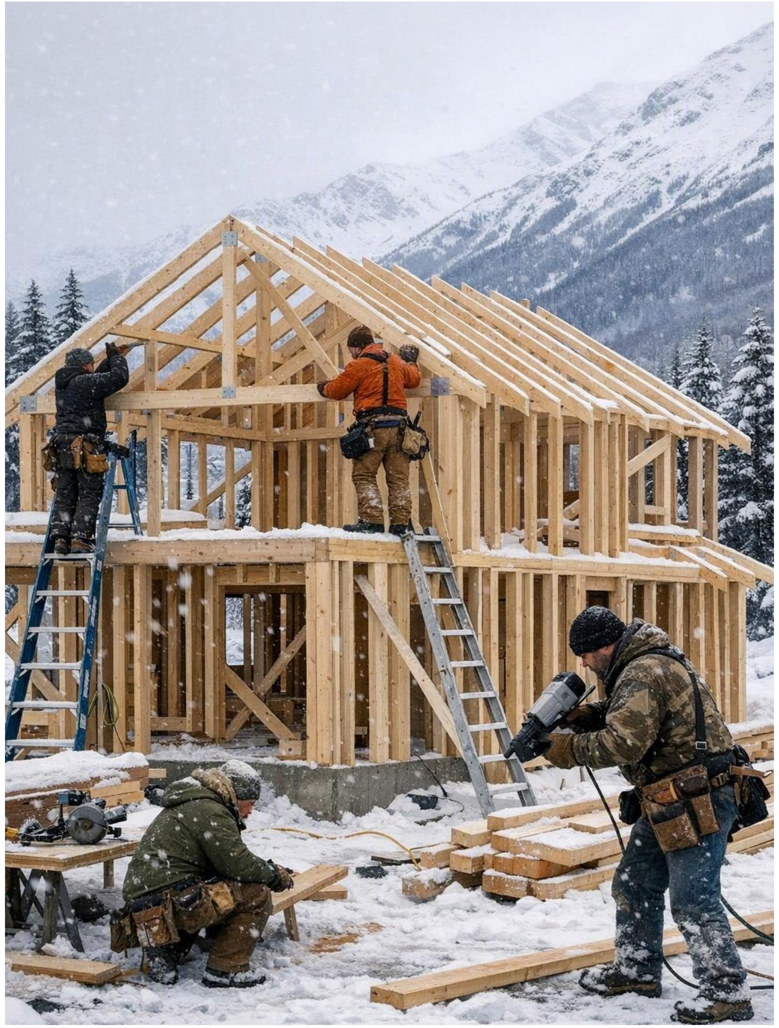
Anatomy of Development Budget

- Sources Every grant, loan and equity dollar coming in
- Uses Every cost the project must pay
- Balance Sources must equal uses, to the dollar
- Living document It changes as the deal evolves



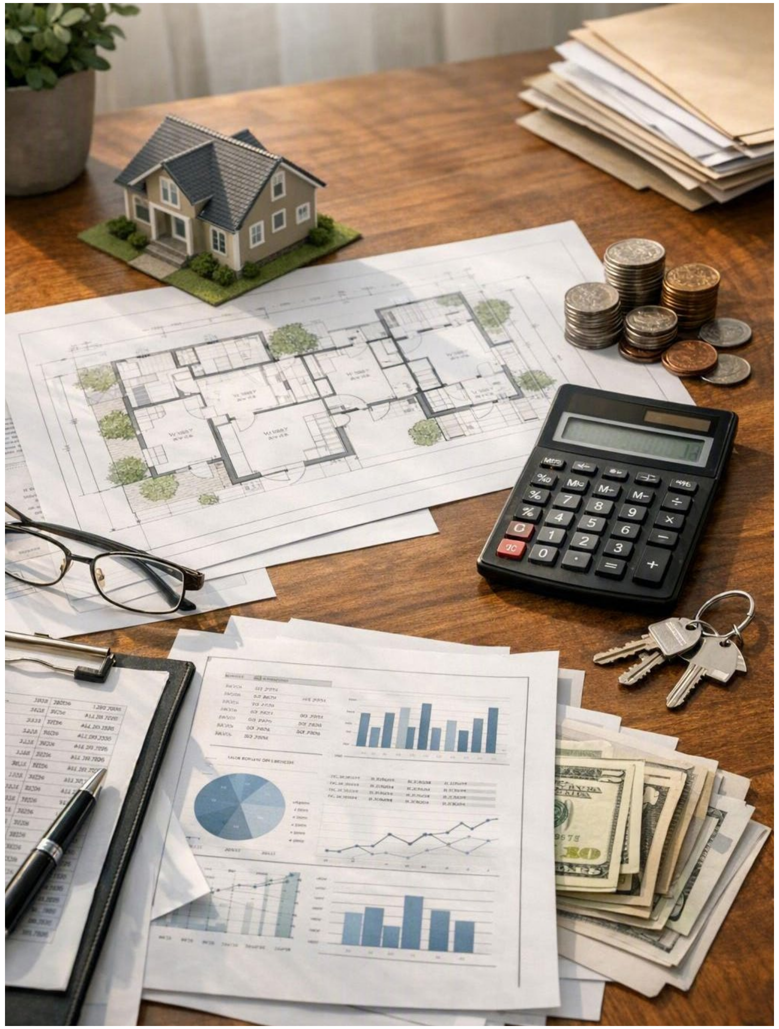
Hard Costs in Remote Alaska

- Materials Lumber and fixtures shipped by barge or air
- Mobilization Crews and equipment moved to remote sites
- Site work Foundations engineered for permafrost
- Premium Remote hard costs can far exceed urban norms



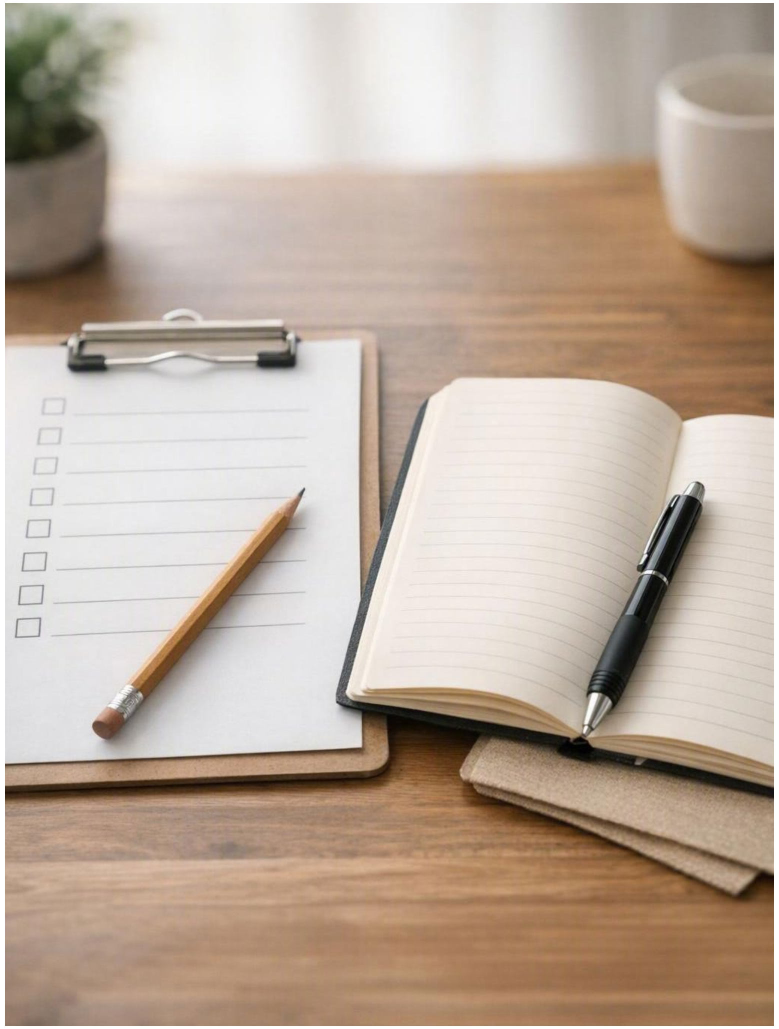
Soft Costs

- **Design & engineering** Architecture plus specialized cold-climate work
- **Legal & financing** Counsel and fees for a complex stack
- **Travel** Site visits to off-road communities add up
- **Permitting** Environmental and regulatory review



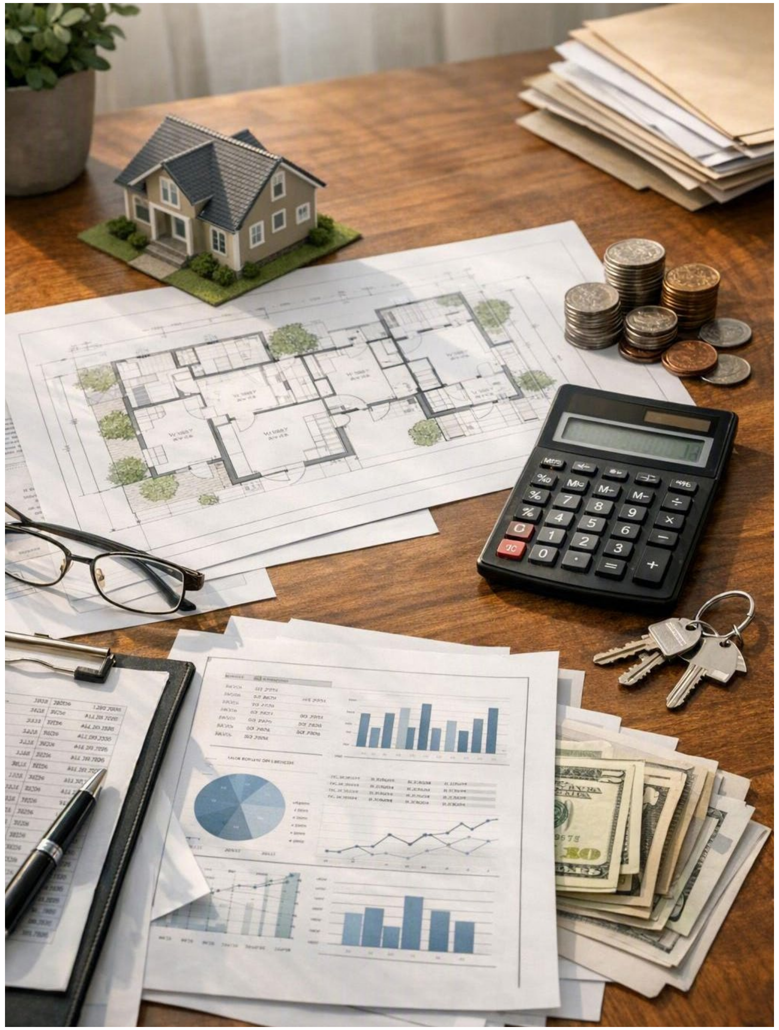
Contingency & Escalation

- **Contingency** Reserve for the unexpected during construction
- **Escalation** Account for prices rising before you build
- **Why higher here** Weather and supply chains add volatility
- **Funder expectation** Underwriters look for adequate reserves



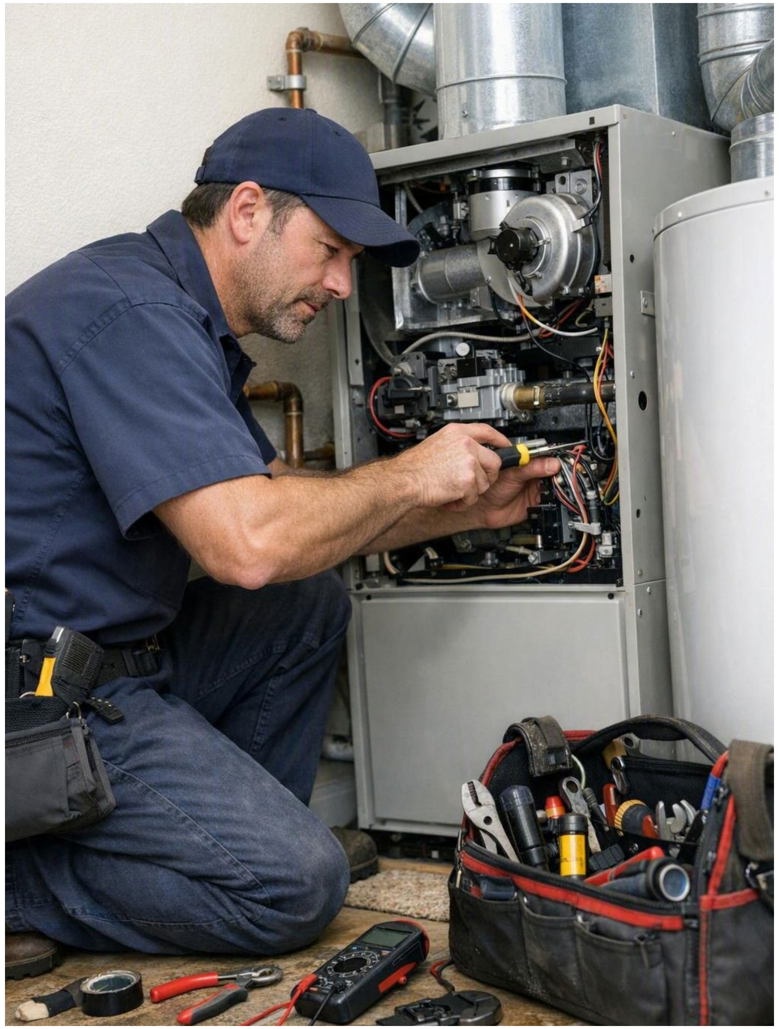
Operating Pro Forma Basics

- **Income** Rents set against limited village incomes
- **Operating expenses** High heating and utility costs in the north
- **Net operating income** Income minus operating expenses
- **Sustainability** The project must run for the long term



Reserves & Replacement Planning

- **Operating reserve** Cushion for lean months and surprises
- **Replacement reserve** Funds for roofs, heating and systems
- **Remote premium** Repairs cost more where contractors are scarce
- **Plan early** Reserves are sized during underwriting

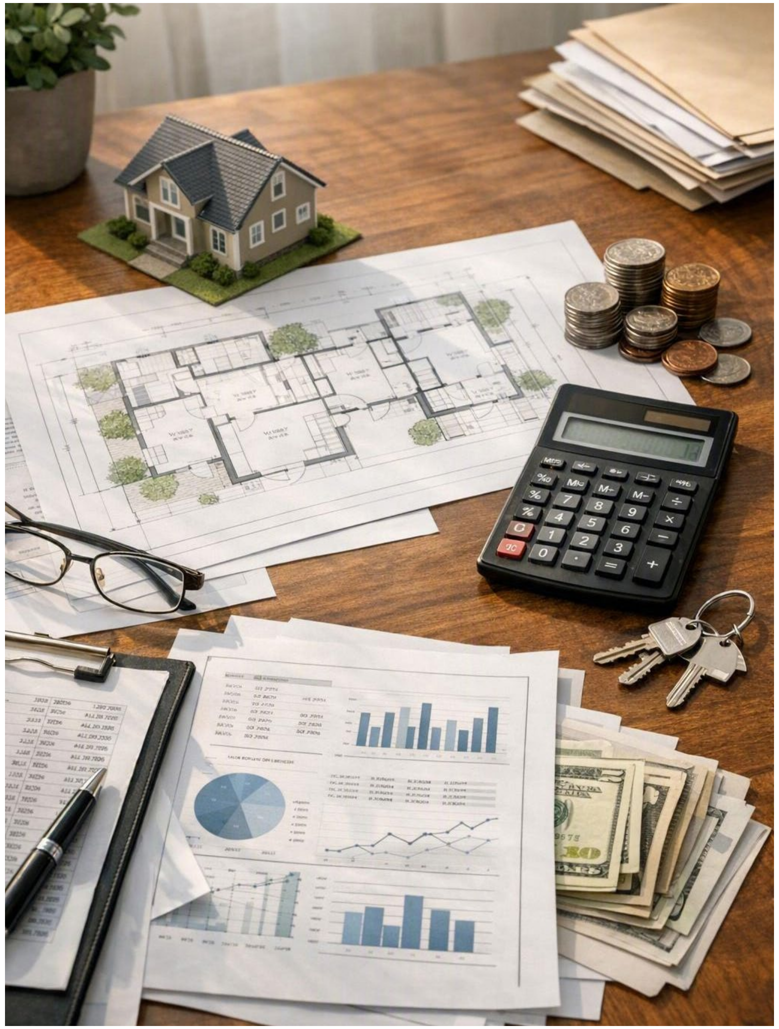


Part 5

Underwriting & Financial Feasibility

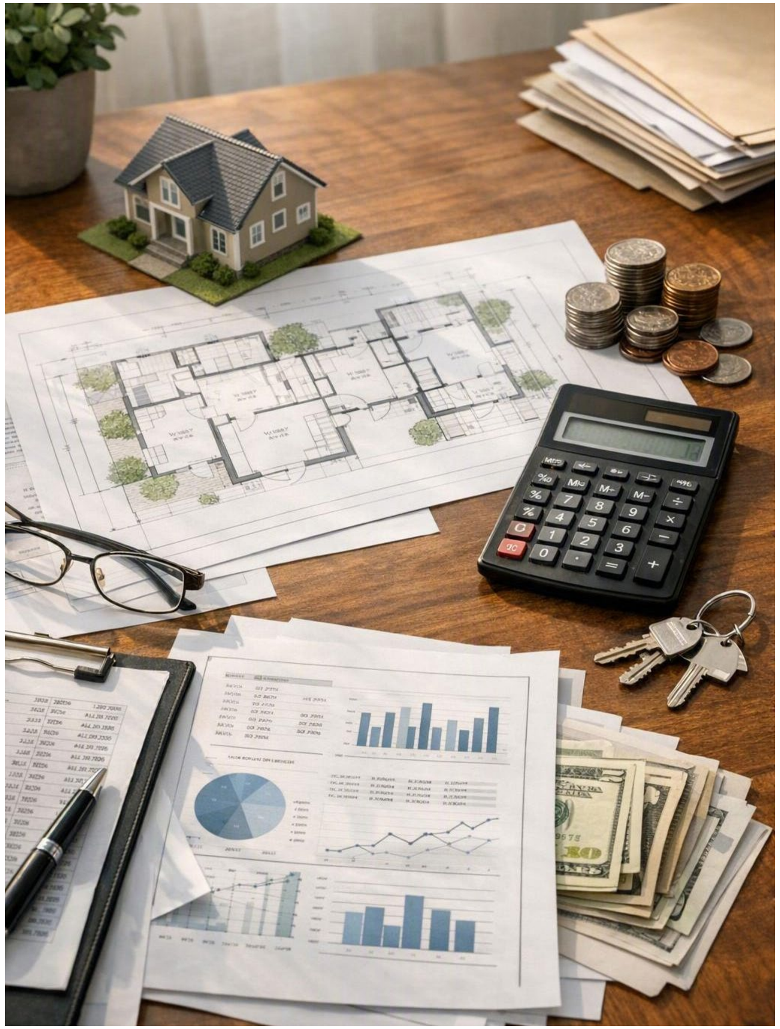
What Underwriters Look For

- Coverage Can the income safely cover the debt?
- Loan-to-value Is the loan reasonable against project value?
- Reserves Are cushions adequate for a remote asset?
- Sponsor strength Does the team have capacity to deliver?



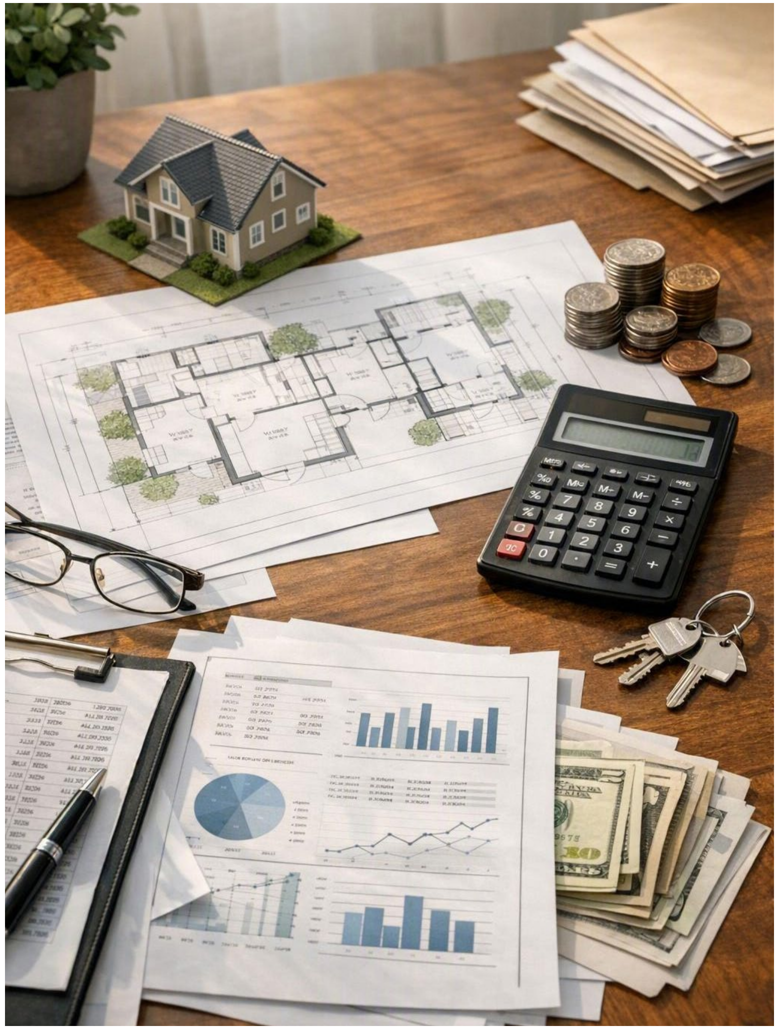
Debt Service Coverage Ratio

- **Definition** Net operating income divided by annual debt service
- **The cushion** A ratio above 1.0 means income exceeds payments
- **Typical target** Lenders often want roughly 1.15 to 1.25
- **Example** $125K NOI on $100K debt service is a 1.25 ratio



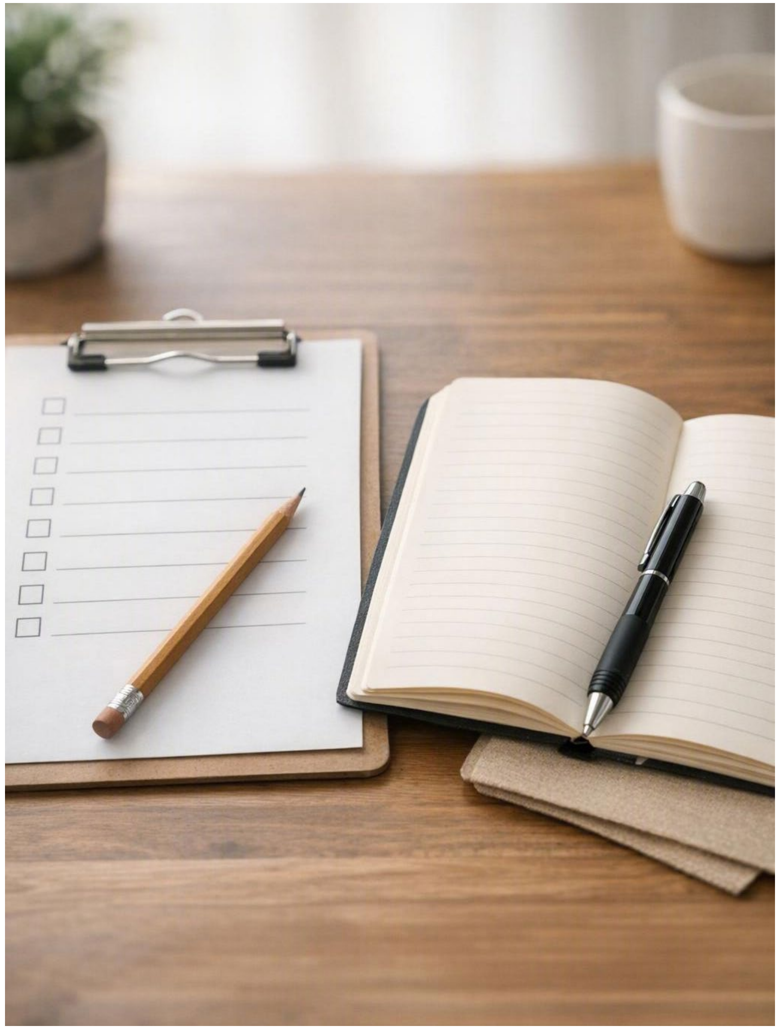
Sizing the Mortgage

- **Start with NOI** Begin from sustainable net operating income
- **Apply coverage** Divide available income by the target ratio
- **Solve for debt** That yields the supportable annual payment
- **Then the gap** Everything else must come from grants and equity



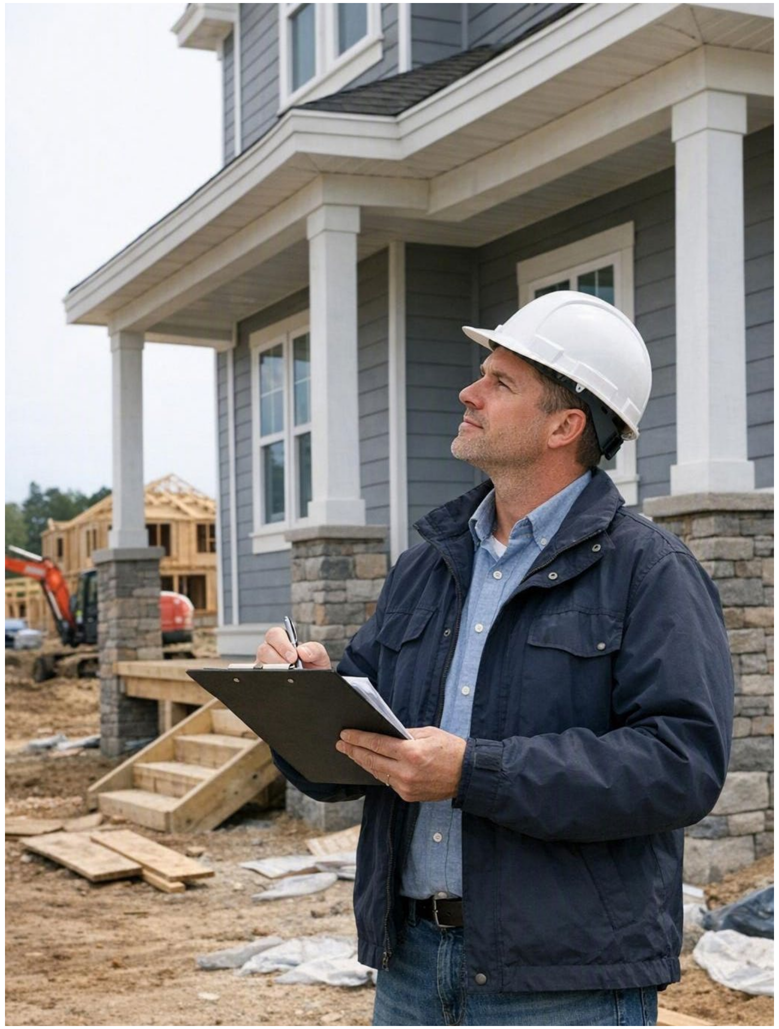
Gap Financing

- **What it is** The shortfall after debt and base equity
- **Why it is large** High Alaska costs widen the gap
- **How to close it** NAHASDA, AHP, CDBG and philanthropy
- **The skill** Matching gap sources to eligible costs



Feasibility Red Flags

- Thin coverage A DSCR that barely clears 1.0
- Fragile stack A deal that fails if one source slips
- Understated costs Budgets that ignore remote premiums
- No reserves Cushions too small for a remote asset

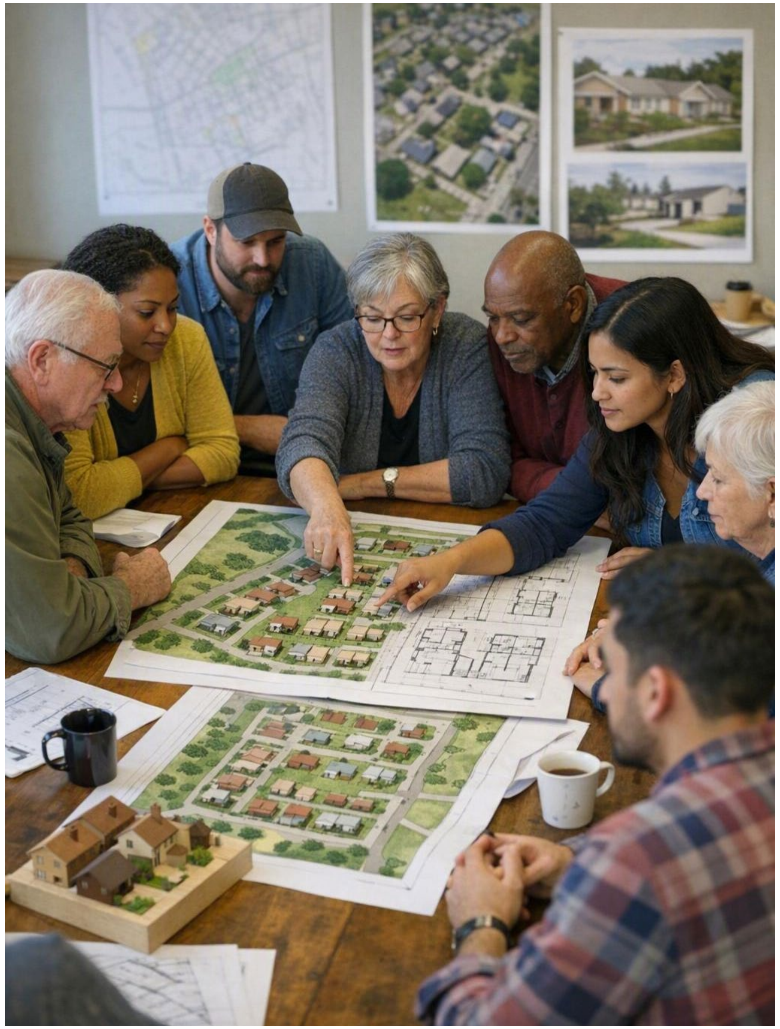


Risk Analysis & Sensitivity

- Fuel & utilities Test higher energy costs against NOI
- Vacancy Model softer occupancy in small markets
- Cost overruns Stress the budget for construction surprises
- Mitigation Reserves and flexible sources absorb shocks

From Feasibility to Closing

- **Commitments** Convert interest into binding letters
- **Due diligence** Funders verify costs, site and team
- **Aligned timing** Sequence closings so nothing lapses
- **Closing** All sources fund and construction begins



Part 6

Alaska Case Studies

Case Study 1

Cook Inlet Housing: Coronda Park

- **Where** Eagle River, within the Anchorage municipality
- **What** A mixed-income, multigenerational neighborhood
- **Mix** Senior apartments plus family rental and ownership
- **Recognition** Won a 2021 Edson Tax Credit Excellence Award

Coronado Park: The Capital Stack

How Cook Inlet braided sources to make the deal pencil

9%

LIHTC credits anchoring project equity

$650K

FHLB Affordable Housing Program grant

31

AHP-assisted units in phase two

Cook Inlet Housing Authority; FHLB Des Moines; R4 Capital; AHFC.

Coronda Park: Lessons Learned

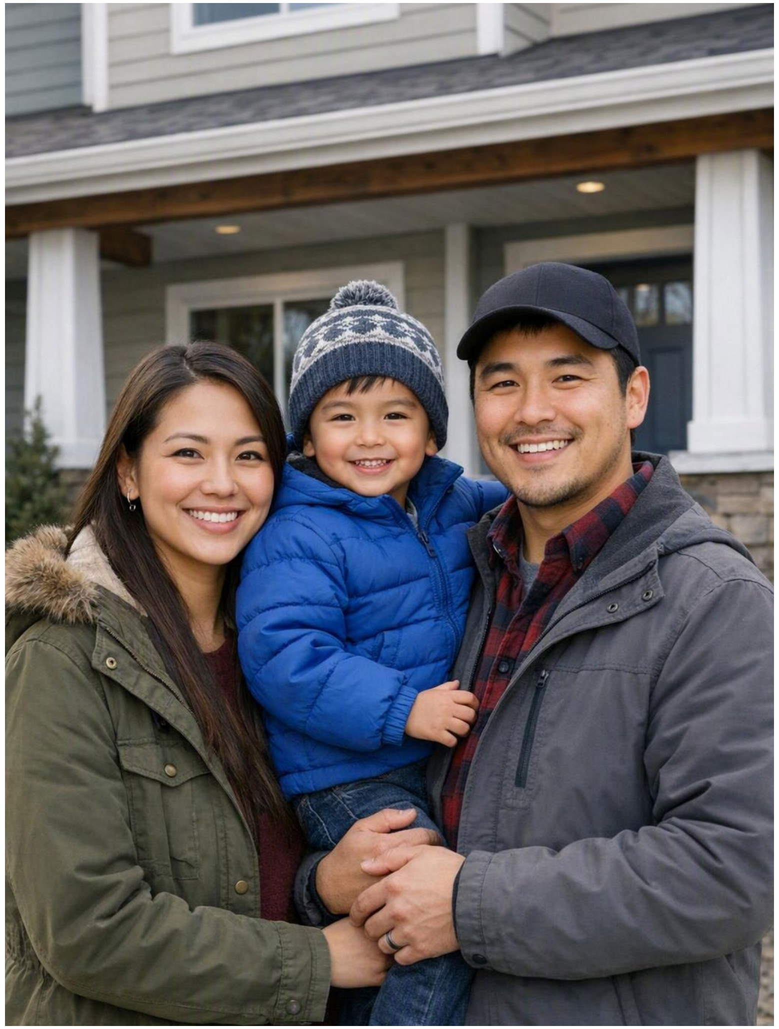
- Phasing works Building in phases managed risk and capital
- Mixed income Blending incomes broadened the funding toolkit
- Bank partners A member bank unlocked the AHP grant
- Services On-site engagement supports long-term success

Tlingit-Haida Housing Authority

- Where Juneau-based, serving Southeast Alaska
- Reach Manages 540+ units across 17 communities
- Tribes served Acts as TDHE for 12 Southeast tribes
- Focus Both rental housing and homeownership

Tlingit-Haida: Homeownership Financing

- **Success Starts With Me** A program helping citizens become owners
- **$2M grant** Funding to support down payments and qualifying
- **HUD 184** Loan guarantee makes lending possible on trust land
- **Rural loan program** Local financing for remote Southeast homes



Tlingit-Haida: Lessons Learned

- **Homeownership builds stability** Ownership anchors families and communities
- **Wraparound help** Counseling and down-payment aid widen access
- **Guarantees matter** Section 184 is essential on trust land
- **Regional scale** One authority can serve many small communities

Bering Straits Housing Authority

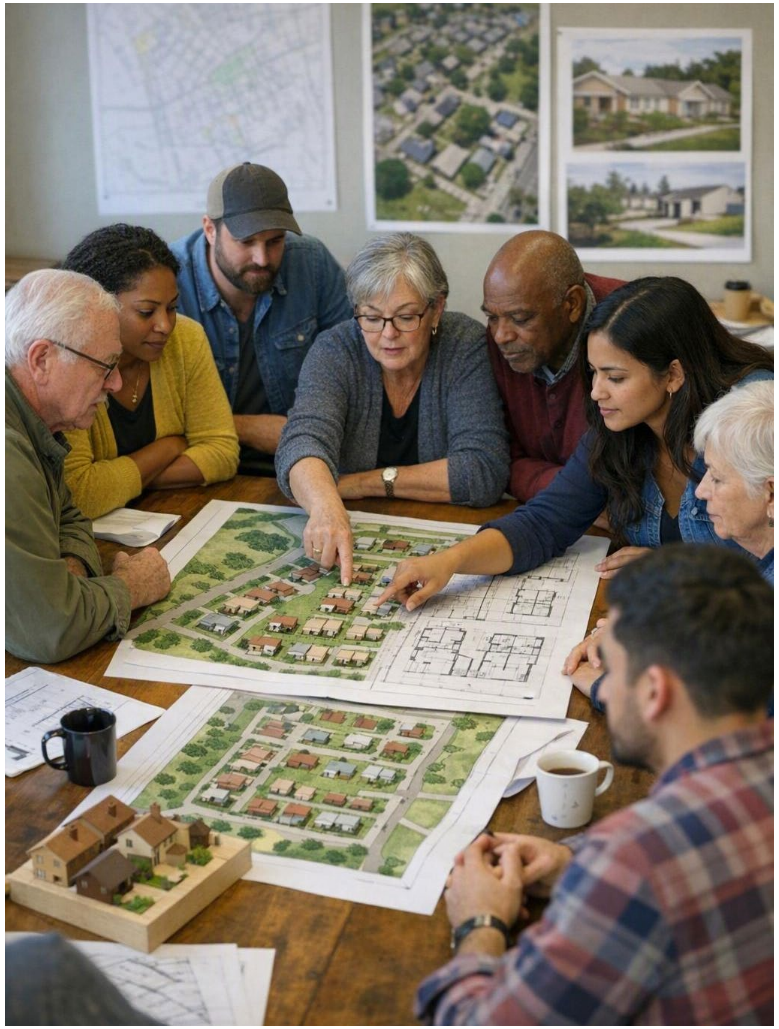
- **Where** Headquartered in Nome, on the Bering coast
- **Scale** 17 villages across roughly 23,000 square miles
- **Inventory** Over 400 units built and maintained
- **Cost reality** A single home can approach $1M to build

Bering Straits: Financing Remote Construction

- **Barge windows** Cash and materials staged before sealift cutoffs
- **Braided grants** NAHASDA layered with federal and state funds
- **Weatherization** Modernization and rehab extend scarce units
- **Workforce** Local hiring builds capacity alongside housing

Cross-Case Takeaways

- No single source Every case braided several funding streams
- Guarantees unlock lending 184 and Title VI bridge trust-land gaps
- Local capacity wins Strong authorities deliver complex deals
- Plan around logistics Alaska geography shapes every budget



Part 7

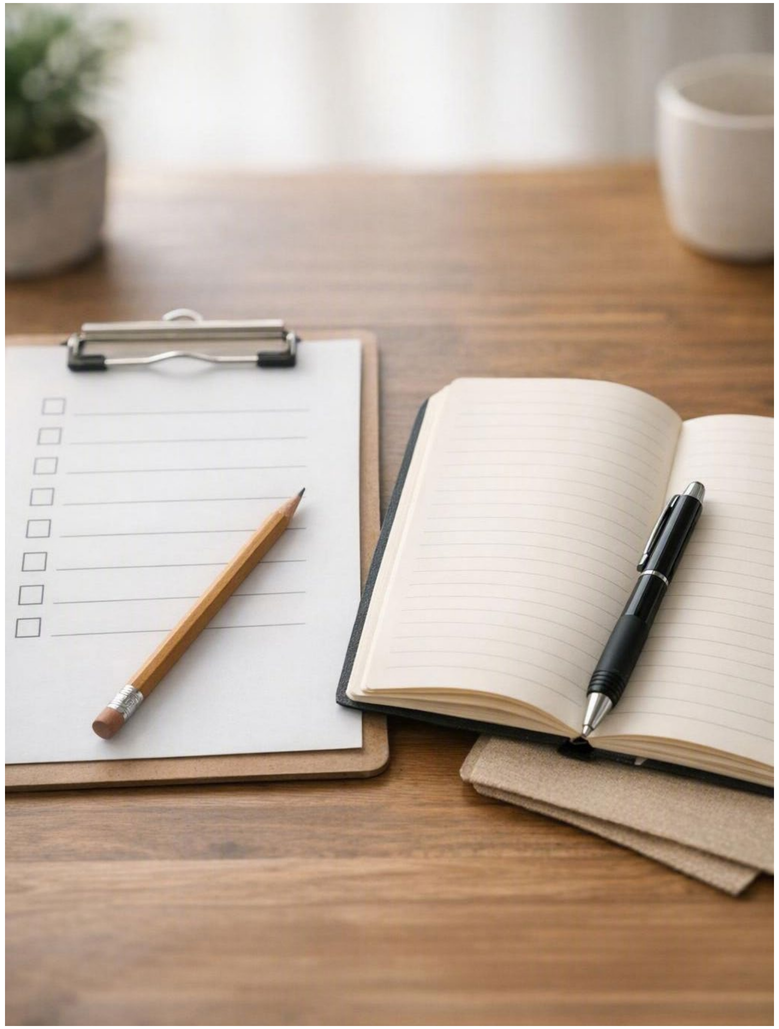
Homework Exercise: Build the Stack

The Scenario

- **The project** A 12-unit elder housing building in a hub community
- **Total cost** Assume a remote-inflated development budget
- **The community** Off the road system, served seasonally by barge
- **Your role** You are the development finance team

Your Task

- Assemble sources Choose a realistic mix from Part 2
- Size the debt Use DSCR to set supportable financing
- Find the gap Calculate what soft money must cover
- Justify Be ready to defend your structure



Worksheet: Sources & Uses

Uses

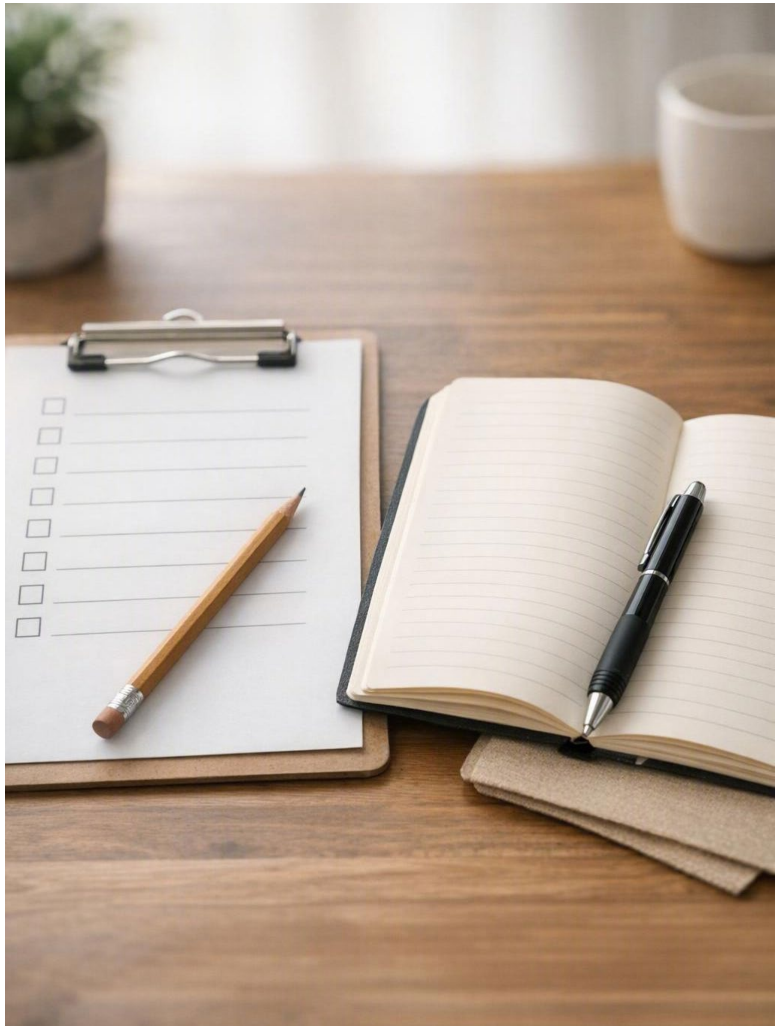
- Acquisition / site Land and site preparation
- Hard costs Construction and remote logistics
- Soft costs Design, legal, travel and fees
- Reserves Operating and replacement

Sources

- Debt Sized from supportable NOI
- LIHTC equity From syndicated credits
- Grants NAHASDA, AHP, CDBG
- Gap What still must be found

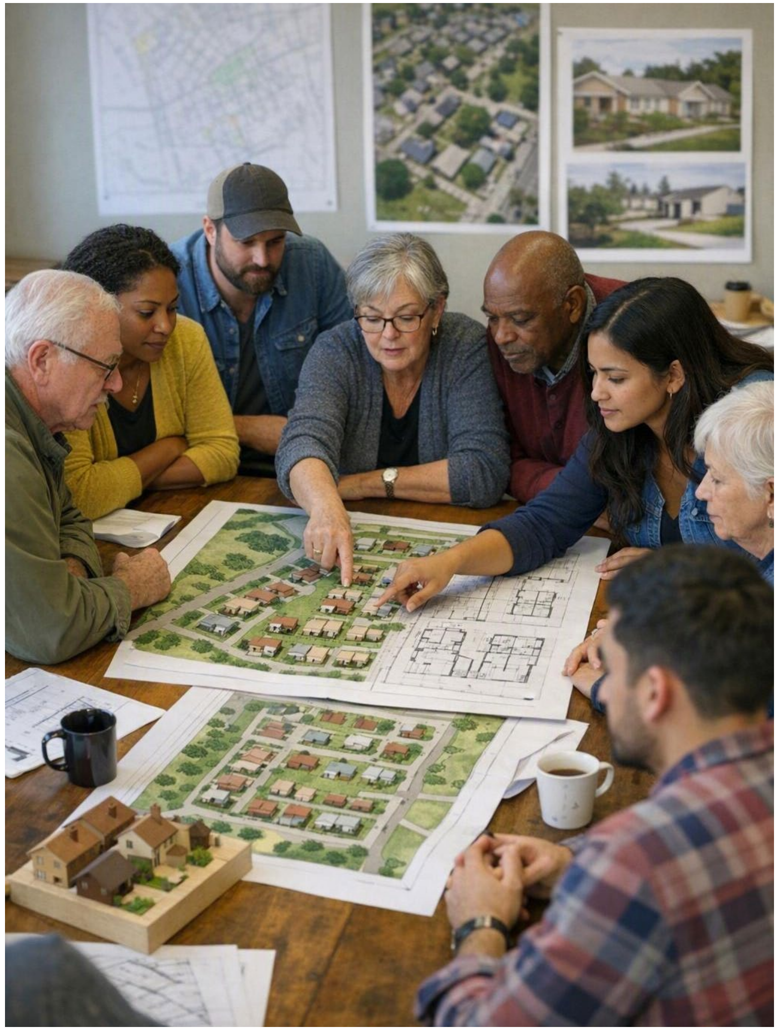
Action Planning

- **Near-term project** Name one deal to advance this quarter
- **Funding priorities** Sequence the applications to submit first
- **Partners to call** Identify banks, AHFC and funders to engage
- **Technical assistance** Flag where Enterprise support is needed



Resources & Next Steps

- Tribal Leaders Handbook Homeownership guidance for Tribal leaders
- Enterprise TA Direct technical assistance for your deals
- Funder contacts HUD ONAP, FHLB and USDA
- Peer network Stay connected with this cohort



Alaska Accelerator Academy

NEXT MODULE

Project Development & Construction Management

September 28, 2026

When groups come together and use their knowledge, resources and experience to invest in a community, incredible things can happen.

Thank You To Our Partners:

ASSOCIATION OF ALASKA HOUSING AUTHORITIES

Building Communities, Empowering Alaskans.

Enterprise