



**CITY OF KOTZEBUE
AMENDED RESOLUTION NO. 24-24**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KOTZEBUE AUTHORIZING THE CITY MANAGER OR HER DESIGNEE TO NEGOTIATE AND FINALIZE A MEMORANDUM OF UNDERSTANDING (“MOU”) WITH THE NORTHWEST ARCTIC BOROUGH (“NWAB”) REGARDING THE ALASKA HOUSING FINANCE CORPORATION (“AHFC”) LAST FRONTIER HOUSING INITIATIVE PROGRAM

WHEREAS, late last year AHFC announced its Last Frontier Housing Initiative Program Last Frontier Housing Initiative Program, see Exhibit “A” attached hereto and incorporated by reference herein;

WHEREAS, the City Council in Resolution 23-56, dated December 14, 2023, directed the City Manager to participate in this AHFC Last Frontier Housing Initiative Program and therefore the City Manager and Administrative Staff took a leadership role in bringing local and regional partners together over the next several months in an effort to bring this Program to Kotzebue;

WHEREAS, AHFC requires a MOU between the local government entities, in this instance, the City of Kotzebue and NWAB, regarding how the funds will flow into the community and which entity will manage the funds, to wit: a draft MOU attached hereto as Exhibit “B” and incorporated by reference herein which has been developed as a result of the meetings with local and regional partners over the past several months;

WHEREAS, this proposed MOU must be finalized with the review and concurrence of the NWAB as soon as possible.

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NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Kotzebue authorizes the City Manager (working with the City Attorney, Planning Director and other senior Administrative Staff) to finalize and execute this MOU on the terms and/or terms substantially similar to those set out in the draft MOU attached hereto as Exhibit “B” and forward the final, fully executed MOU to AHFC for review and acceptance.

PASSED AND APPROVED by a duly constituted quorum of the City Council of the City of Kotzebue, Alaska, this 4th of April, 2024.

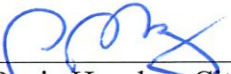
CITY OF KOTZEBUE



Saima Chase, Mayor



ATTEST:



Rosie Hensley, City Clerk

Attachment: Exhibit “A” – AHFC Last Frontier Housing Initiative Program [6 pages]
Exhibit “B” – Draft MOU [2 pages]

**INVESTING IN IN WESTERN ALASKA
FILLING CRITICAL STATE POSITIONS, BUILDING STRONGER COMMUNITIES**

New housing development funds to local governments in Bethel, Kotzebue and Nome

Commissioners from the State of Alaska identified hard-to-fill, critical positions in communities across the state. Western Alaska was identified as a region most in need and likely to benefit from state workers in hub communities.

With a minimum 15% match, AHFC is prepared to respond to this need with a capital investment up to **\$5 million** to be spent over an aggressive timeline to spur new housing construction in targeted communities. The housing project will be designed, developed and owned by the local government (or its designee).



15% community match

Funding comes from a combination of state and federal sources and targets two objectives: **\$3 million in state General Funds** made available through the Rural Professional Housing program to support construction of no fewer than six housing units for state professionals. **\$2 million in expiring federal funds** is targeted to support the affordable housing needs of each community by constructing three new units for families meeting the federal definition of low income.

\$5 million in AHFC grants



At least 9 new housing units

Communities are encouraged to leverage AHFC's contribution with local, philanthropic or other funds to the greatest maximum extent.

New construction must meet AHFC's minimum criteria for financing, including energy efficiency standards of 5-star-plus or greater.

TIMELINE:

- Week of Dec. 4, 2023: Stakeholder meetings
- 30-days from today: AHFC receives signed, non-binding letter of intent from local government to participate in this housing initiative with key contacts identified

Funds rejected by communities not interested/unable to participate will be re-allocated to communities able to advance these development resources.

- Jan. 1, 2024: AHFC publicly announces local government participation in this Last Frontiers Housing Initiative
- March 1, 2024: Local Government Team Identified; Materials Ordered
- September 1, 2025: Deadline for expenditure of use-it or lose-it federal funds

RESOURCES:

AHFC's Planning & Program Development Department is leading this effort and positioned to offer technical assistance to support an enhanced development project.

CONTACT: Daniel Delfino, Planning Director, ddelfino@ahfc.us

Rural Professional Housing

Last Frontier Initiative

Allocation Plan

Overview: Last Frontier Housing Initiative

The allocation plan summarizes and includes the following:

- Needs assessment: Public Safety and Commissioner survey
- Past allocations and gaps in housing coverage
- Allocation plan assumptions and implied investment limits

New Housing Developments in Focus Areas*

Community	Rural Professional Program	Affordable Housing Programs
Bethel	2015	2022
Kotzebue	2023, 2004	2001
Nome	2020, 2008	2022, 2008
Sitka**	N/A	2007
Ketchikan**	N/A	2022, 2009

Historically, these five communities have experienced challenges in utilizing development resources that serve “small communities” or urban hubs.

*Notes the two most recent award cycles where AHFC funded new housing builds in the respective communities.

**Sitka and Ketchikan are the only two communities not connected by road to Anchorage with populations above the 6,500 threshold for “small communities.”

Allocation Plan: Summary

Allocate available funding through three channels:

- 1) Increase the funds available for the current Rural Professional Housing round to facilitate seven (7) statewide developments.

Awarded funding (11/21) to build / renovate 17 rural professional housing units in: Hoonah, Napakiak, Talkeetna, Thorne Bay, Togiak, Venetie, and Yakutat.

- 2) Announce targeted rural professional and affordable housing funds to governments in Bethel, Nome and Kotzebue.
- 3) Announce targeted affordable housing funds to governments in Ketchikan and Sitka.

Last Frontier Housing Initiative: West

Allocation Terms for \$5.0M (each) to Bethel, Kotzebue and Nome with local government* commitment for the following:

- Identifying / securing land
- Assembling / selecting development team (builder / architect)
- Identifying / recruiting property manager
- Securing at least 15% match to project cost
- Scope approval & vehicle to backstop cost overruns
- Delivering minimum of 6 new professional housing units and 3 new affordable housing units.

Regardless of the construction completion, all ERA funding must be paid out prior to 9/30/2025 to satisfy the Treasury program rules.

*Dedicated Alaska Housing staff will be available to provide technical assistance and support through the development process.

Memorandum of Understanding (MOU)

Between the Northwest Arctic Borough and the City of Kotzebue

Purpose: This Memorandum of Understanding (MOU) establishes a cooperative framework between the Northwest Arctic Borough (NAB) and the City of Kotzebue (CoK) for the implementation of the Alaska Frontier Housing Initiative, funded by the Alaska Housing Finance Corporation (AHFC) and the State of Alaska. The CoK will lead the allocation of funds into the community, with collaborative efforts aimed at addressing housing needs through a Request for Proposals (RFP) process.

Parties Involved:

1. Northwest Arctic Borough, represented by [Name and Title]
2. City of Kotzebue, represented by [Name and Title]

Background:

The Alaska Frontier Housing Initiative aims to address housing challenges within the Northwest Arctic Borough, particularly in Kotzebue, through strategic funding and collaborative partnerships. AHFC and the State of Alaska have allocated funds for this purpose, recognizing the critical need for accessible and sustainable housing solutions in the region.

Terms and Conditions:

1. **Lead Role of City of Kotzebue:** The CoK will take the lead in allocating funds received through the Alaska Frontier Housing Initiative into the community of Kotzebue.
2. **Release of Request for Proposals (RFP):** The CoK, in coordination with NAB and relevant stakeholders, will develop and release an RFP outlining the parameters, criteria, and objectives of the housing initiative. The RFP will be designed to solicit proposals from qualified entities capable of addressing housing needs effectively.
3. **Collaborative Decision-Making:** NAB and CoK will collaborate closely throughout the RFP process, including but not limited to: a. Reviewing and evaluating proposals received. b. Selecting projects for funding based on established criteria. c. Monitoring and assessing the progress and impact of funded projects.
4. **Budget Allocation and Reporting:** The CoK will manage the budget allocated for the Alaska Frontier Housing Initiative in adherence to AHFC and State of Alaska guidelines. Regular financial reporting and updates will be provided to NAB to ensure transparency and accountability.
5. **Partnership Engagement:** NAB and CoK will engage with relevant partners, including AHFC, State of Alaska agencies, housing developers, community organizations, and residents, to maximize the effectiveness and reach of the housing initiative.

Duration:

This MOU shall commence upon signing by both parties and remain in effect until the completion of the Alaska Frontier Housing Initiative projects or until terminated by mutual agreement in writing.

Amendments:

Any amendments or modifications to this MOU must be made in writing and agreed upon by both parties.

Signatures:

Northwest Arctic Borough:
[Signature] [Name] [Title] [Date]

City of Kotzebue:
[Signature] [Name] [Title] [Date]

This Memorandum of Understanding is hereby agreed to by the undersigned representatives of the Northwest Arctic Borough and the City of Kotzebue, acknowledging their commitment to the successful implementation of the Alaska Frontier Housing Initiative for the benefit of the community and its residents.

DRAFT for review at RCCM