

# PROGRAM 6 – SPECIAL NEEDS HOUSING GRANT PROGRAM

## ALASKA HOUSING FINANCE CORPORATION

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### I. PROGRAM OBJECTIVES

This program awards grants for the acquisition, rehabilitation, development of housing, leasing / rental assistance, housing operations, supportive services, and administrative costs for special needs populations, in particular mental health trust beneficiaries. Awards can be made for both the planning and the actual development of the housing, in addition to the operational and supportive services.

### II. PROGRAM PROCEDURES

Under the program, grants are made to municipalities or to public or private 501(c)(3) or (4) nonprofit corporations, and regional housing authorities.

### 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, development of housing, leasing / rental assistance, supportive services, and administrative costs for special needs populations. Development, operational and supportive services includes:
  - 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) Housing Operations / Leasing / Rental Assistance (as defined in 24 CFR Part 583);
  - g) Supportive Services (Food, outreach, transportation, non-clinical case management and program supplies).

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

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.

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### **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.

**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 amount of other funds applied to the project is 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 establish a repair and replacement fund.

**Suggested Audit Procedure:** For agencies receiving capital funding, review grant agreements and deed restrictions to verify that where the grant recipient owns the special needs housing, a repair and replacement fund has been required.