

Grant Approval Memo



Grantee: Kenai Peninsula Housing Initiatives, Inc
Request Amount: \$350,000.00
Project Title: Rainbow Flats II & III
Grant Term: 12/1/2026 to 6/30/2027
Trust Staff: Kelda Barstad

Staff Analysis:

- What does this project do?
Trust funds provide capital funding to complete the remaining phases of the Rainbow Flats senior and low-income housing development in Kenai. Rainbow Flats II includes three permanent units set aside for AMHTA beneficiaries, while Rainbow Flats III includes two additional beneficiary set-aside units.
- Who is receiving the funds?
Kenai Peninsula Housing Initiatives (KPHI), a nonprofit affordable housing developer serving multiple Kenai Peninsula communities, will receive the funds. KPHI specializes in housing for seniors, low-income households, and individuals with special needs and manages properties in Homer, Ninilchik, Seward, Soldotna, and Kenai.
- Why is staff recommending this project?
Rainbow Flats II and III are intentionally designed to serve AMHTA beneficiaries by expanding access to safe, stable, and affordable housing in the central Kenai Peninsula. This request will complete Rainbow Flats II, a six-unit senior housing development, and Rainbow Flats III, an eight-unit affordable housing development serving low-income households, with a total of 5 units to be set aside for Trust beneficiaries. Both developments provide substantive social services tailored to the individual needs of each resident, helping beneficiaries maintain housing stability, independence, and successful community living. Housing has consistently been identified as one of the top five concerns for Trust beneficiaries and communities for many years. Additional affordable housing units, especially those that consider Trust beneficiary needs, are needed across Alaska. KPHI consistently serves significantly more AMHTA beneficiaries than required. Approximately 60% of residents living in KPHI properties that are not specifically designated for AMHTA beneficiaries identify as beneficiaries, demonstrating both the tremendous need for affordable housing and KPHI's commitment to providing housing opportunities throughout its portfolio. KPHI is committed to continuing this practice by offering beneficiaries a variety of housing options rather than limiting them to designated units.
- Will this be a multi-year project?
No, this is a one-time funding request.

Trust Five Year Funding History

Fiscal Year	Project Title	Amount	Status	Final Expended
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2025	Rainbow Flats & Eagle Heights	\$350,000	Active	Grant ends 11/30/2026
2022	Tyee Court Security and Safety upgrades	\$9,801	Closed	\$9,801

Comp Plan - Area of Focus	Strategic Priority Area
Area of Focus 3: Economic & Social Well-being	Priority 4: Ongoing Support & Wellbeing

Project Description (from grant application)

Kenai Peninsula Housing Initiatives (KPHI) is seeking support from the Alaska Mental Health Trust Authority (AMHTA) to complete the remaining phases of the Rainbow Flats senior and low income housing development in Kenai. AMHTA previously partnered with KPHI to support the development of Rainbow Flats I and Eagle Heights in Homer. This request will complete Rainbow Flats II, a six-unit senior housing development, and Rainbow Flats III, an eight-unit affordable housing development serving low-income households.

Rainbow Flats II includes three permanent set-aside units for AMHTA beneficiaries, while Rainbow Flats III includes two additional beneficiary set-aside units. Both developments include accessible units designed for individuals with mobility, hearing, and vision disabilities. Tenant selection priorities include individuals experiencing homelessness, veterans, and households on the Alaska Housing Finance Corporation voucher waiting list.

Both projects provide substantive social services tailored to each tenant's needs. KPHI works collaboratively with case managers, guardians, healthcare providers, behavioral health organizations, and other community partners to promote housing stability and connect residents with resources that support long-term independence and successful community living.

The central Kenai Peninsula continues to experience a critical shortage of affordable housing. Seniors, low-income households, and AMHTA beneficiaries are disproportionately affected by the lack of safe, affordable housing. Stable housing provides the foundation for recovery, independence, and long-term wellbeing while allowing beneficiaries to remain connected to healthcare, behavioral health services, employment, and other community supports.

The project will serve residents throughout the central Kenai Peninsula, with a primary focus on AMHTA beneficiaries, including individuals living with mental illness, developmental disabilities, substance use disorders, traumatic brain injuries, and Alzheimer's disease and related dementias. Expected outcomes include increased access to affordable housing, improved housing stability, expanded opportunities for Trust beneficiaries to live independently, and stronger connections to community-based supports.

Rainbow Flats reflects KPHI's longstanding partnerships with AMHTA, AHFC, the City of Kenai, Rasmuson Foundation, local healthcare providers, behavioral health organizations, and nonprofit service agencies. Completion of Rainbow Flats II and III will expand affordable housing opportunities on the central Kenai

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Peninsula while building on KPHI's long history of successfully housing AMHTA beneficiaries throughout its affordable housing portfolio.

Grantee Proposed Evaluation Measures (from grant application)

KPHI will evaluate the success of Rainbow Flats II and III by tracking project completion, occupancy, housing stability, and the number of AMHTA beneficiaries served. As part of the application process, KPHI asks whether any member of the applicant household is an AMHTA beneficiary, allowing us to accurately measure the number of beneficiaries served throughout the life of the project. KPHI will monitor occupancy, housing stability, and the number of AMHTA beneficiaries served. Success will be measured by maintaining stable occupancy, providing individualized supportive services, and helping residents remain stably and safely housed.

KPHI provides substantive social services tailored to the individual needs of each tenant and works collaboratively with case managers, guardians, healthcare providers, behavioral health organizations, and other community partners to promote long-term housing stability. Success will be measured not only by placing 14 new affordable housing units into service, but also by maintaining high occupancy, connecting residents with appropriate supportive services, and helping beneficiaries remain stably housed.

KPHI recognizes that stable housing is the foundation for improved quality of life. We expect this project to increase access to affordable housing, expand housing opportunities for AMHTA beneficiaries, strengthen housing stability, and support greater independence for residents. While quantitative measures are important, KPHI also values qualitative outcomes. Tenant feedback and success stories provide meaningful insight into how stable housing improves quality of life and will continue to be an important component of evaluating the project's long-term success.

Proposed Project Performance Measures (developed by the Trust)

Provide a narrative describing the timeline, activities, successes, challenges, and any lessons learned during the final phases (phases II + III) of the Rainbow Flats senior and low-income housing development project. Be sure to include the following information:

- Selection process of contractor(s)
- Final list of funders
- Electronic photographs of each construction phase (before, during, after)
- Electronic renderings of architectural plans.

Sustainability (from grant application)

AMHTA's investment in Rainbow Flats II and III will create permanent affordable housing that will serve beneficiaries and other low-income households for decades after the one-time capital investment has

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been made. KPHI has committed both developments to a minimum 30-year affordability period, exceeding HUD's minimum affordability requirements. Ongoing operations, maintenance, resident services, and capital replacement will be supported through rental income, replacement reserves, and KPHI's ongoing property management and asset management practices.

Rainbow Flats II includes three units set aside for AMHTA beneficiaries, and Rainbow Flats III includes two additional beneficiary set-aside units. However, KPHI consistently serves significantly more AMHTA beneficiaries than required. Approximately 60% of residents living in KPHI properties that are not specifically designated for AMHTA beneficiaries identify as beneficiaries, demonstrating both the tremendous need for affordable housing and KPHI's commitment to providing housing opportunities throughout its portfolio. KPHI is committed to continuing this practice by offering beneficiaries a variety of housing options rather than limiting them to designated units.

While the number of apartments developed through this funding request is fixed, the number of beneficiaries served over the life of the properties is not. As households transition and new residents move into the developments over the next 30 years, Rainbow Flats II and III will continue providing housing opportunities for AMHTA beneficiaries and supporting stable, independent living throughout the Kenai Peninsula.

Who We Serve (from grant application)

Rainbow Flats II and III are intentionally designed to serve AMHTA beneficiaries by expanding access to safe, stable, and affordable housing in the central Kenai Peninsula. Rainbow Flats II includes three permanent units set aside for AMHTA beneficiaries, while Rainbow Flats III includes two additional beneficiary set-aside units. Both developments provide substantive social services tailored to the individual needs of each resident, helping beneficiaries maintain housing stability, independence, and successful community living.

KPHI's commitment to serving AMHTA beneficiaries extends well beyond designated units. Approximately two-thirds (66.7%) of occupied units in KPHI's affordable housing portfolio, excluding permanent supportive housing developments, are occupied by AMHTA beneficiaries. This demonstrates both the significant need for affordable housing among beneficiaries and KPHI's longstanding commitment to creating housing opportunities that support independence, recovery, and community integration.

KPHI works collaboratively with case managers, guardians, healthcare providers, behavioral health organizations, and other community partners to coordinate individualized supports based on each tenant's needs. Rather than providing a standardized service model, KPHI tailors housing stability services to each resident, helping connect tenants with community resources and addressing barriers that could jeopardize successful tenancy.

KPHI believes AMHTA beneficiaries should have access to a variety of housing options rather than being limited to designated supportive housing. Beneficiaries live throughout KPHI's affordable housing portfolio alongside seniors, veterans, working families, and other low-income households, providing

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residents with greater choice while promoting community integration. This approach has enabled KPHI to consistently serve substantially more AMHTA beneficiaries than required through designated set-aside units alone.

Estimated Numbers of Beneficiaries Served Experiencing (from grant application)

Mental Illness:	145
Developmental Disabilities:	20
Alzheimer's Disease & Related Dementias:	2
Substance Abuse	11
Traumatic Brain Injuries:	22
Secondary Beneficiaries (family members or caregivers providing support to primary beneficiaries):	185

Project Budget (from grant application)

Space or Facilities Costs	\$350,000.00
Space or Facilities Costs (Other Sources)	\$5,394,308.00
Space or Facilities Narrative	Budgets for the two project combined is attached. Total Development cost is \$5,744,308 Total cost/unit \$410,308. Total project cost has increased by \$484,308.27 since time of application.

Other Funding Sources (from grant application)

AHFC GOAL (HOME/NHTF/SCHDF) - Secured	\$4,238,000.00
Mortgage - Northrim Bank - Secured	\$906,308.27
Denali Commission - Pending	\$250,000.00
Total Leveraged Funds	\$5,394,208.27