



*Building communities, empowering Alaskans.*

## 2021 State Legislative Priorities

**Priority #1:** AAHA strongly supports the AHFC Supplemental Housing Development Grant (SHDG) to be fully funded in the amount of \$3 million in the FY 2021 Capital Budget.

- The SHDG funds up to **20% of the costs** of housing development so the State always sees at least a 5X return in investment.
- In FY2019, the state's investment was only 8% of capital used with SHDG, leveraging nearly \$20 million in additional private and federal funding.

**Priority #2:** AAHA strongly supports restoring funding to the AHFC Weatherization (Wx) Program in the amount of \$5 million in the FY 2021 Capital Budget.

- Weatherization is a state-wide program with approximately 58% of participating households in urban centers.
- Approximately 14,600 housing units in Alaska are estimated to be very inefficient.
- The Wx Program is often leveraged with additional funding by Regional Housing Authorities (RHAs). For example, one RHA received \$280,000 State Wx Funding and added Indian Community Development Block Grant funds (\$600,000), Indian Housing Block Grant funds (\$90,000) and additional Tribal funds (\$93,000) to expand the Wx project from 8 homes to the entire community of Clarks Point.
- Participating households have generally been the people most in need of energy savings and increases in health: 34% had an elder member, 24% had at least one child under 6 years old, and 14% had at least one person with a disability.

**Priority #3:** AAHA strongly supports the AHFC Senior Citizens Housing Development Grant Program (SCHDF) for \$1.75 million in the FY 2021 Capital Budget.

- The requested amount will provide necessary “gap funding” to allow leveraging of additional funding sources. For example, an RHA application proposal included \$500,000 SCHDF funding. That is mixed with 8 other sources for a project total development cost of \$13.8M. Without the SCHDGP, the other funding sources would not be leveraged and the project would not happen.

**Priority #4:** AAHA strongly supports the AHFC Teacher, Health Professional, and Public Safety Housing Grant Program (THHP) for \$1.75 million in the FY 2021 Capital Budget.

- This funding source leverages grant funding more than 4:1. For example, a new 5-unit project consisted of State Grant Funding in the amount of \$328,955 and the project total development cost was \$1,716,813.00.



## About AAHA

The Association of Alaska Housing Authorities (AAHA) is a 501(c)(3) non-profit corporation whose membership consists of 14 Regional Housing Authorities (RHAs) created pursuant to Alaska Statute, and the Alaska Housing Finance Corporation (AHFC). AAHA is dedicated to increasing the supply of safe, sanitary and affordable housing in Alaska. In partnership with AHFC and our other state, federal and private sector partners, AAHA members serve residents and communities in every part of Alaska, both rural and urban.

Alaska's Regional Housing Authorities (RHA's) have built thousands of housing units since their inception in 1971. Tens of thousands of Alaskans live in housing built, improved and/or managed by RHA's. Regional Housing Authorities, along with their partners, are among the largest employers in rural Alaska and play a critical role in sustaining many local economies. They are also a major player in the state's urban centers – Cook Inlet Housing Authority has built more new, affordable housing in Anchorage in the last ten years than any other organization. Alaska's economy, urban and rural, benefit from RHAs activities: building material, supplies, professional services and logistics are procured from mostly Alaskan companies.

## Alaska's Housing Crisis

Alaska's housing stock is overcrowded, energy inefficient, and we need more of it for everyone including seniors, public safety officers, health care providers and educators. In 2018, the Alaska Housing Finance Corporation's 2018 Alaska Housing Assessment gives us a startling statistics: to keep up with population changes, Alaska as a whole must increase its home construction by 11% over current rate of construction. Further, in order to alleviate overcrowding and keep up with population changes, Alaska will need to increase home construction by 90% (over 2011-2015 five-year average).

Many of our families migrate to hub or urban communities in search of safe, sanitary and affordable housing. Younger generations for school and do not return because of lack of housing. The housing crisis is also a barrier to attract and retain professionals in our communities that protect, educate and provide health care to our people. According the nonprofit, ProPublica, they report that under state regulations, local village governments are expected to provide housing and utilities for some police officers. But housing shortages are common in villages, and in 31 Alaska Villages a majority of homes have no running water or sewer service<sup>1</sup>.

An inadequate public service labor force negatively impacts a community's potential, health, and resilience. For example, an inadequate number of health care workers may result in delays in the delivery of life-saving medical care. A low number of public safety personnel may delay response and prevention for crime or disaster. The frequent turnover of teachers impacts the fabric of a community where trust is never given an opportunity to thrive nor do students receive continuity. Schools have an average graduation rate of only 50%.

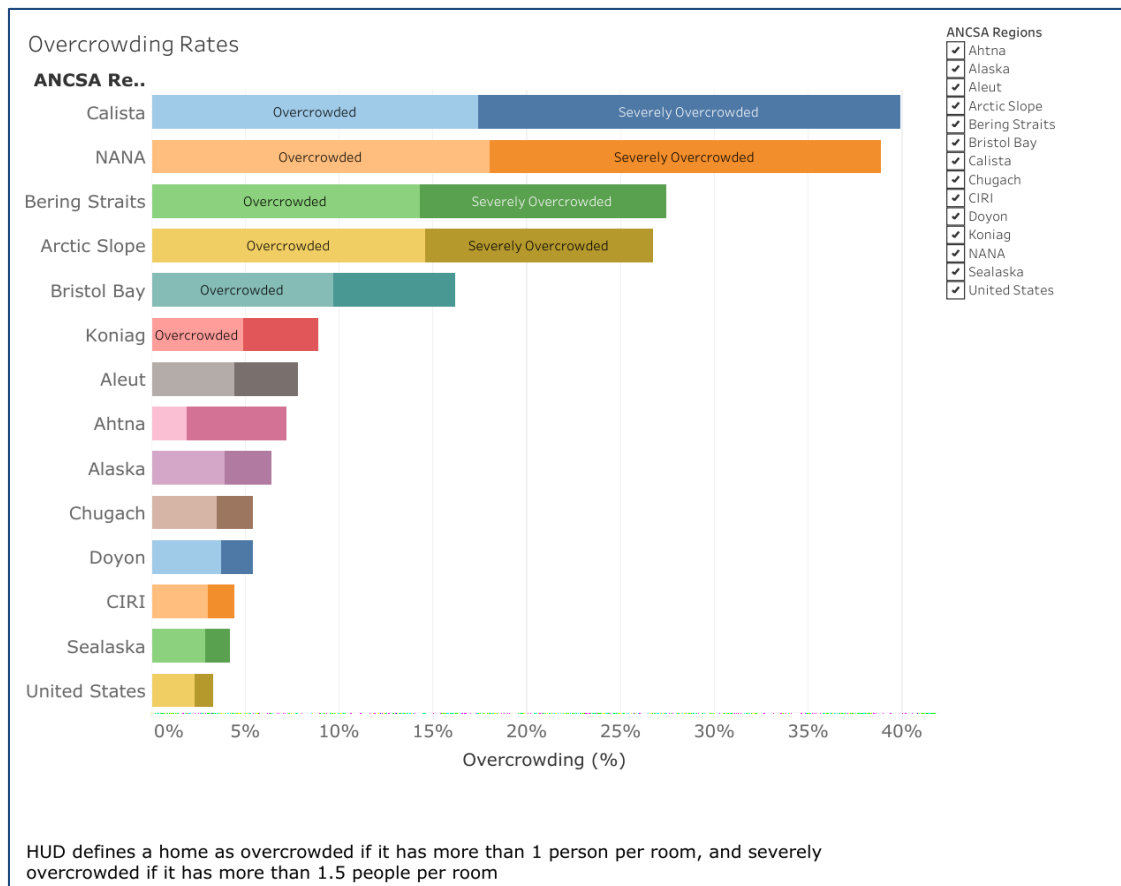
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<sup>1</sup> <https://www.propublica.org/article/alaskas-uneven-rural-law-enforcement-system-often-leaves-remote-villages-with-no-cops>



## Overcrowding

The rate of overcrowding, or severe overcrowding, is such that Alaska needs more than 16,100 housing units to alleviate overcrowding. The rates of overcrowding in every region of Alaska are higher than the rest of the United States. In the Calista region, nearly 40% of homes are overcrowded or severely overcrowded. Anecdotally, it is common for RHAs to hear of houses that have 15-18 people in a 1,200 square foot house.



*“How is it that they’re living with 20 people in a home and there’s only five beds? How does that work? They truly sleep in shifts. If you’re a mom and a child, then you get the regular shift because you got to deal with school and homework and things like that. Then you have others that are staying up all night so that they can have the bed during the day. And that could be because there’s three or four generations living in a household...there are no shelters in the village...So you end up going to Nome or Kotzebue or Anchorage even because that’s where you can find shelter.”*  
~Savoonga



## Dilapidated or Inadequate Housing

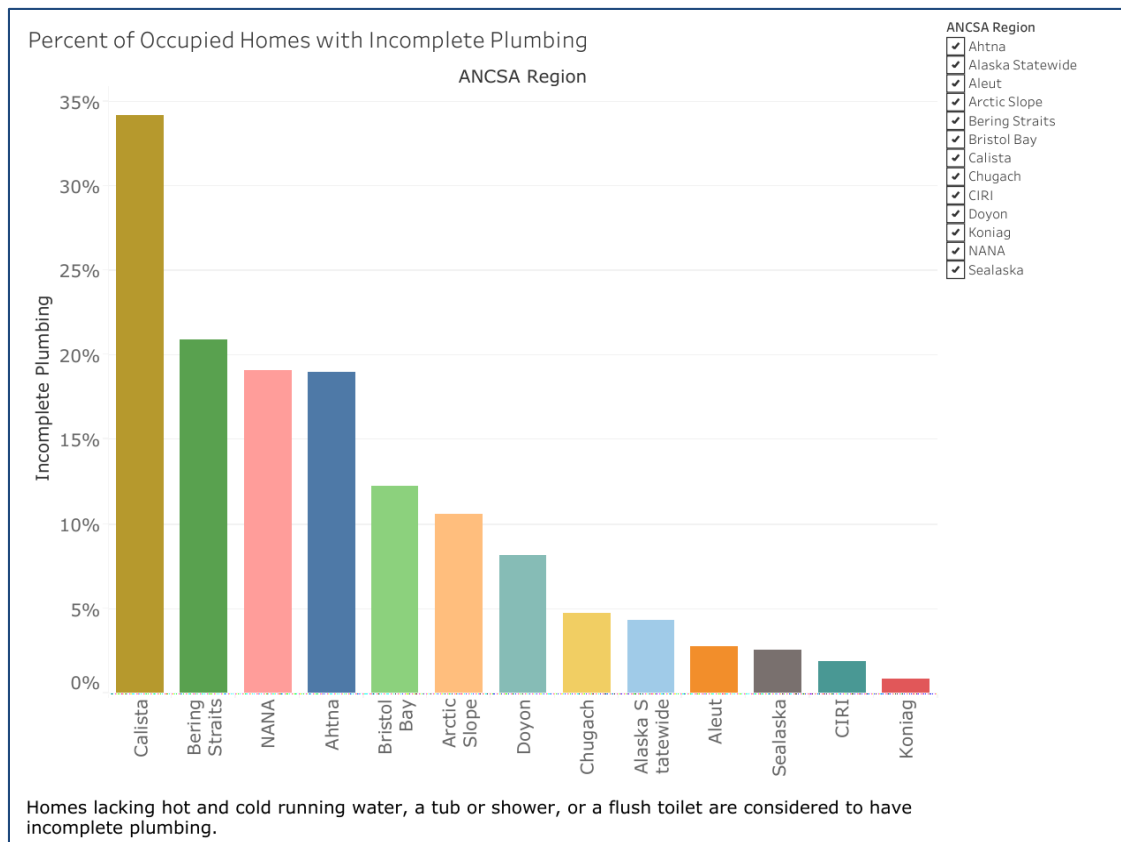
Housing age and condition affects its ability to be inhabited. Houses with incomplete plumbing present health issues for occupants such as increased infections and missed days of school. In addition, homes that are energy inefficient burden residents with high costs, especially in rural areas where heat is sourced from heating fuel that can cost as much as \$10.00 per gallon.

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*“Cold air drifts from my mom’s room into my little sister’s room. All winter long, we’ve got to turn on the oven for heat. High electricity and high cost of stove oil. Light bill...In December and January, I think it was \$700 when it was cold. Because of that, me and my family had to move out. We take care of our elderly parents and because of that, we had to move out. Just kept getting colder...We couldn’t keep it warm enough to stay in there.” ~Savoonga*

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According to AHFC, more than 12,600 homes in Alaska lack complete plumbing and/or kitchens. The highest number of these are in rural areas. Approximately 1/3 of homes in the Calista region lack complete plumbing.



\*AHFC: 2018 Alaska Housing Assessment

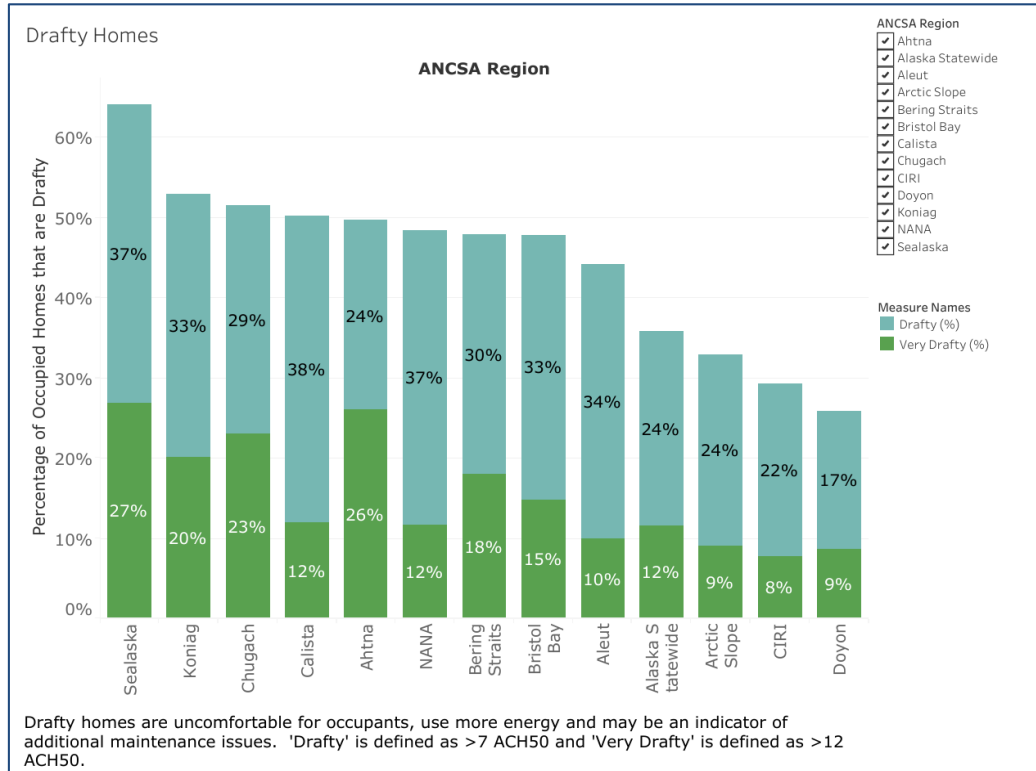
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*“My son bring it (water) in a jug every day, five times a day by walking. He got used to it. When we hear if the water is going to get shut off, he’ll get 10 gallons. Sometimes they have problems, and they’ll have to shut it off. My kids and I wish to wash dishes and to cook on our oven, to look out through the window.” ~Savoonga*

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Approximately 14,600 homes in Alaska are very inefficient. One marker of this inefficiency is Draftiness. Every region in Alaska holds an unacceptably large number of drafty homes which burden their occupants with high energy costs.



\*AHFC: 2018 Alaska Housing Assessment

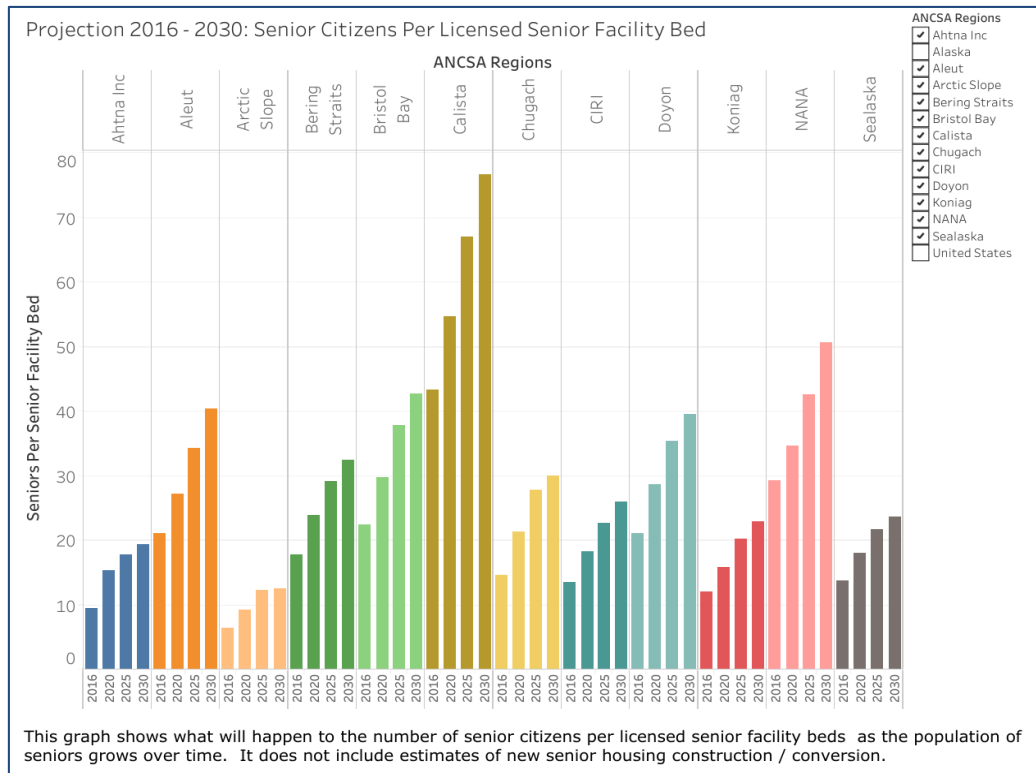
*“Everything isn’t insulated. The walls aren’t insulated. The flooring isn’t insulated, and it’s low to the ground. So every winter the floor is always frozen, and we can see frost. We’re always wiping that up. My son moved down to my mom’s, because of lack of room. And we moved down to her when my sister moved down to Seward last summer. So we moved in with her for a while. And the whole house is drafty.” ~Savoonga*





## Senior Needs

The senior population in Alaska is growing and according to the Alaska Department of Labor<sup>2</sup>, is estimated to double by the year 2030. AK DoL also estimates this population will grow faster than Alaska's overall population. AHFC estimates that 318 new senior living facility beds must be added annually just to keep up with that population growth and at that rate will not improve the ratio of senior living facility beds to population.



\*AHFC: 2018 Alaska Housing Assessment

*"After they do get a handrail, you don't have the falls and [elders] have a little more confidence moving about. They're more sure of themselves, and they can do it on their own and they can do it safely."*  
~Wales & Elim

*"You know the [elders] have really rickety stairs that can't really accommodate or get up the stairs. It's a barrier and a challenge to get resources to a home. You have a heating tank, but maybe the flooring needs to be done so it's not really safe in your bathroom to take a shower because there's a hole in the floor."* ~Nome

## Causes of Housing Shortage

The basic causes of a housing shortage is that construction of housing units did not keep up with population growth, that existing housing units were dilapidating to inhospitable conditions, or most likely a combination of both factors. The reasons behind both are financial.

<sup>2</sup> "Alaska Population Projections 2015 to 2045." Alaska Dept. of Labor and Workforce Development, 2016.

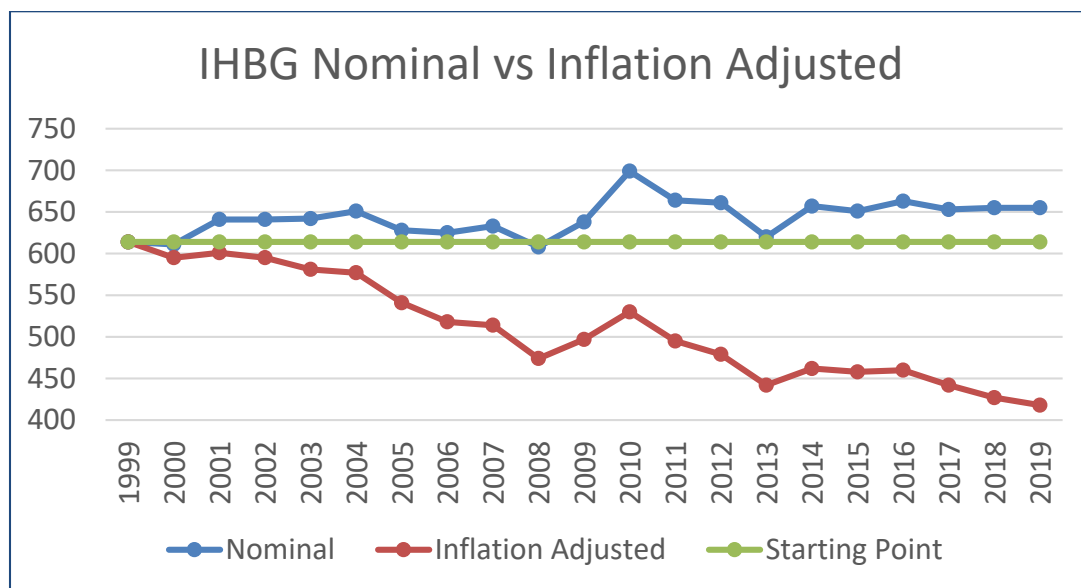




## Federal Funding for affordable housing

Federal funding for Indian Housing is the largest driver of affordable housing development in Alaska. Regional Housing Authorities (RHA) are the largest affordable housing developers in their regions, and often times are the largest or only developers of any housing in their regions. To construct affordable housing in communities, the majority of funding comes from the Indian Housing Block Grant (IHBG); a funding source under the Native American Housing Assistance and Self Determination Act (NAHASDA).

Federal funding for Native American housing has been eaten away by inflation over the last 20 years, with a cumulative loss of approximately 30% of purchasing power using the Consumer Price Index from 1999-2019.



But this is only half of the story. The largest cost drivers for Alaskan housing construction are construction wages, construction materials, and transportation. Over the last 20 years those factors increased in prices by 56% for construction labor,<sup>3</sup> 70% for construction material,<sup>4</sup> and 52% for water freight and 64% for air freight.<sup>5</sup>

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*"No window sales in town or door sales. You've got to order them out of town. Have to pay for freight, the crate, and the size. It gets pretty pricey when you order a window or door. Probably have to order a door from Nome. \$300-500. And then, they crate it up. Got to pay for a crate and freight. \$800-900 dollar or maybe even a \$1,000 door to get it out here." ~Savoonga*

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<sup>3</sup> BLS, Employment Cost Index: Wages and Salaries: Private Industry Workers: Construction  
<https://fred.stlouisfed.org/series/ECICONWAG>

<sup>4</sup> BLS, Producer Price Index by Commodity for Special Indexes: Construction Materials  
<https://fred.stlouisfed.org/series/WPUSI012011>

<sup>5</sup> BLS, Producer Price Index by Industry: Scheduled Freight Air Transportation  
<https://fred.stlouisfed.org/series/PCU481112481112P>



## Affordability

Affordability and overcrowding have convenient statistical similarities. According to the National Low Income Housing Coalition there is a housing shortage of 16,000 units for low income earning households in Alaska.<sup>6</sup> Families must earn \$23.25 per hour to afford the average statewide rent, but the average statewide renting family only earns \$17.76 per hour. Affordability is not only a barrier to families accessing housing, but also to RHA who are developing housing in our communities. In addition to direct construction cost increases, infrastructure in most rural communities have to be installed or upgraded to accommodate new housing units.

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*“I feel that I’m ready to be a home buyer. I believe I have my finances in order, and I got to pay my bills and my biggest drawback with six kids is just that it’s hard to get ahead. There’s always a need because with kids growing up, when school starts, I got to buy my kids clothes and shoes and school supplies. It’ll be so wonderful when my youngest is in the first grade. I was lucky enough to find a sitter... At one point in time I was paying sitters \$10 to \$12 an hour so our child care is a big deal. It’s even worse in the villages.” ~Nome*

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*“It’s very hard to be able to buy in this town unless you have two people, two incomes generally. Because it’s expensive to buy but somehow more expensive to rent. And buying is tough because you need really good credit. And if you live in an environment or a community where rent is very expensive, it is hard to have great credit. Because you’re generally spending all of your money on rent. Especially for single people, there’s an absolute shortage of one-bedroom places in Kodiak. And the ones that are available are \$1,200 to \$1,600 average but they can go up to about \$2,400 for a single bedroom place or a studio apartment.” ~Kodiak*

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<sup>6</sup> National Low Income Housing Coalition. *Out of Reach*, 2016.





## AAHA Priorities to Relieve Housing Shortage

**Priority #1:** AAHA strongly supports the AHFC Supplemental Housing Development Grant (SHDG) to be fully funded in the amount of \$3 million in the FY 2021 Capital Budget.

- The requested amount for 2021 is a 74% reduction in funding since 2011. The SHDG funds no more than **20% of the costs** of any development, however, in FY 2019, the state's investment was 8% and leveraged nearly **\$20 million in additional private and federal funding**.
- The SHDG's return on investment **regularly exceeds 5X** the funding amount and many projects will not happen without the initial investment from the state.
- Although the RHA's have demonstrated an approximate annual need up to \$15 million for this critical housing program, AAHA strongly supports AHFC's requested appropriation in the amount of \$3 million to be funded in the FY 2021 Capital Budget.
- SHDG mandates energy efficient construction as a component of accepting the funds, resulting in housing that is less expensive to heat and more affordable to residents.
- Funding for new housing development requires assembling capital stacks from a multitude of sources of funding due to the increased material and labor costs and decreasing or stagnant Federal support. Many projects will not happen without the initial investment from the SHDG.
- SHDG provides a foundation for development, from architectural & engineering to permitting to infrastructure.

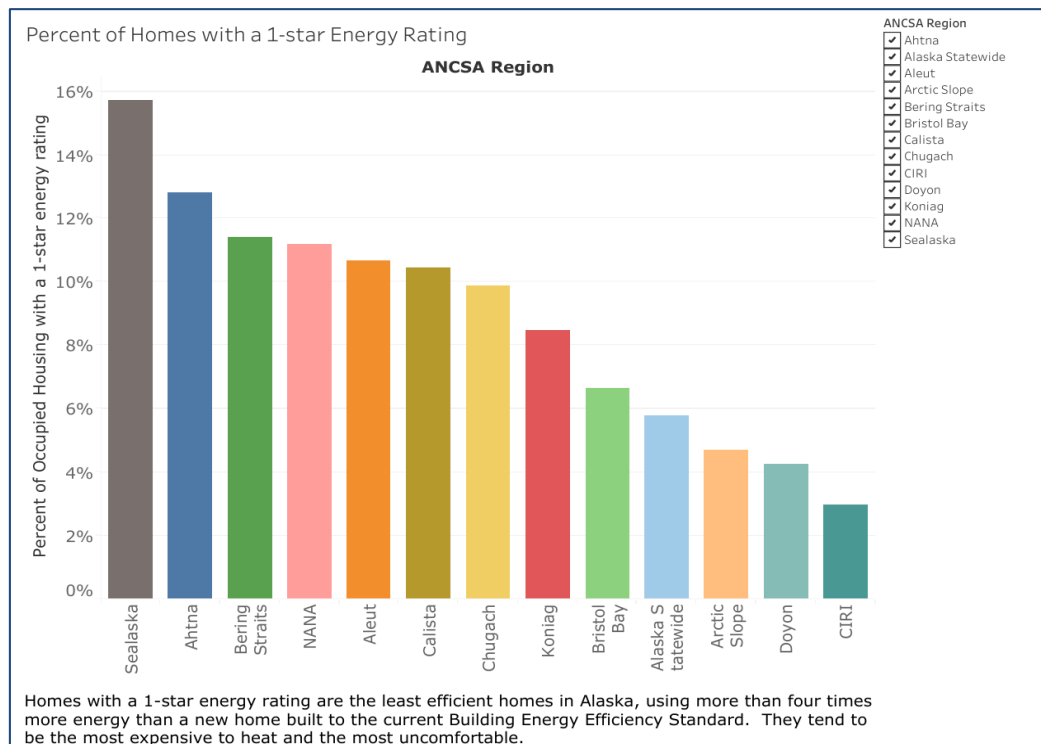
2019 Supplemental Housing Development Grant Projects				
Description	Units	Project Cost	NAHASDA	Supplemental Housing Grant Request
New Const.	85	\$29,334,734.00	\$16,384,966.00	\$2,060,210.00
Rehab	248	\$4,986,416.00	\$3,554,616.00	\$856,800.00
Total Units	333	\$34,321,150.00	\$19,939,582.00	\$2,917,010.00





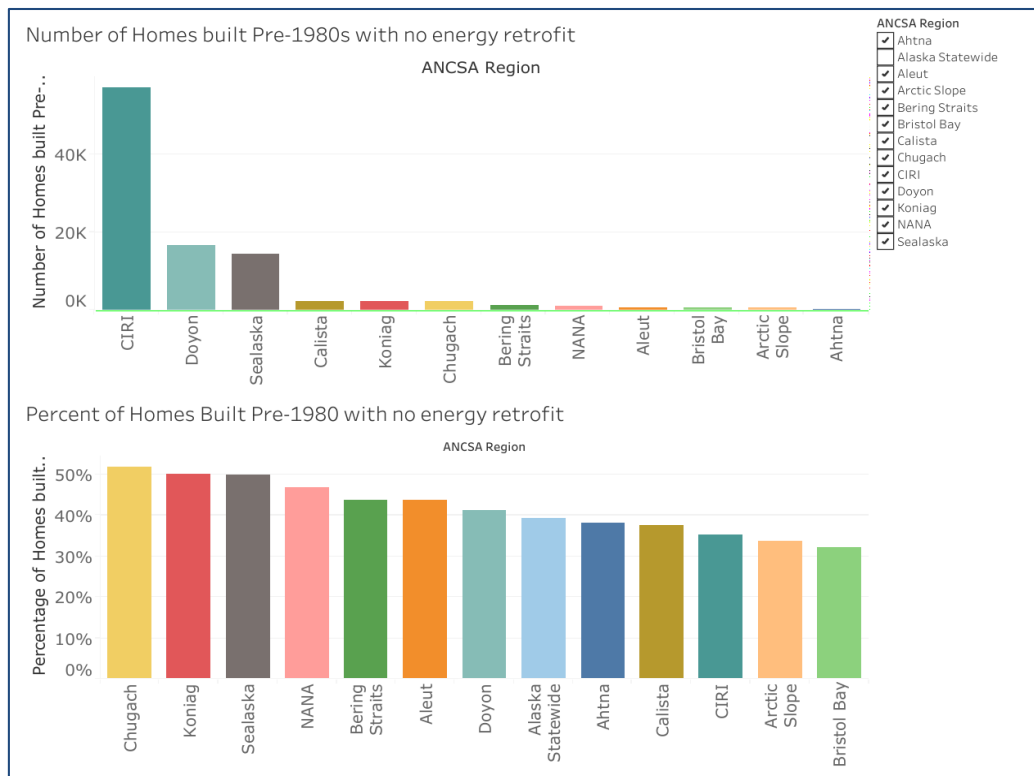
**Priority #2: AAHA strongly supports the AHFC Weatherization Program to be fully funded in the amount of \$5 million in the FY 2021 Capital Budget.**

- AAHA urges the legislature to continue to capitalize on its existing investment and provide access to this critical program for low- and moderate- income families to live in decent, safe and affordable housing.
- The AHFC Weatherization program is critical to preserving the current housing stock in danger of becoming inhabitable in rural communities. This will increase overcrowding in Rural Alaska or force families to out-migrate to urban areas.
- The AHFC Weatherization program is often leveraged by RHAs with other funding to increase the number of homes being weatherized.
- Participating households have generally been the people most in need of energy savings and positive health outcomes. Participating households (cumulatively) have had the following characteristics: 34% had an elder member, 24% had at least one child under 6 years old, and 14% had at least one person with a disability.
- The Weatherization Program has: improved the health and safety of Alaskans (benefit totaling over \$319.9 million); reduced the use of fossil fuels (47.4 million gallons saved) and energy bills (\$183 million saved); improved and preserved housing stock across the state (20,917 homes participated); reduced housing stock that is unsafe from carbon dioxide mold and other health risks; created jobs (5,460 jobs annually) and boosted struggling local economies (\$863.6 million in direct, indirect, and induced economic impact) <sup>7</sup>.



\*AHFC: 2018 Alaska Housing Assessment

<sup>7</sup> CCHRC Weatherization Program Impact Report, 2019



\*AHFC: 2018 Alaska Housing Assessment

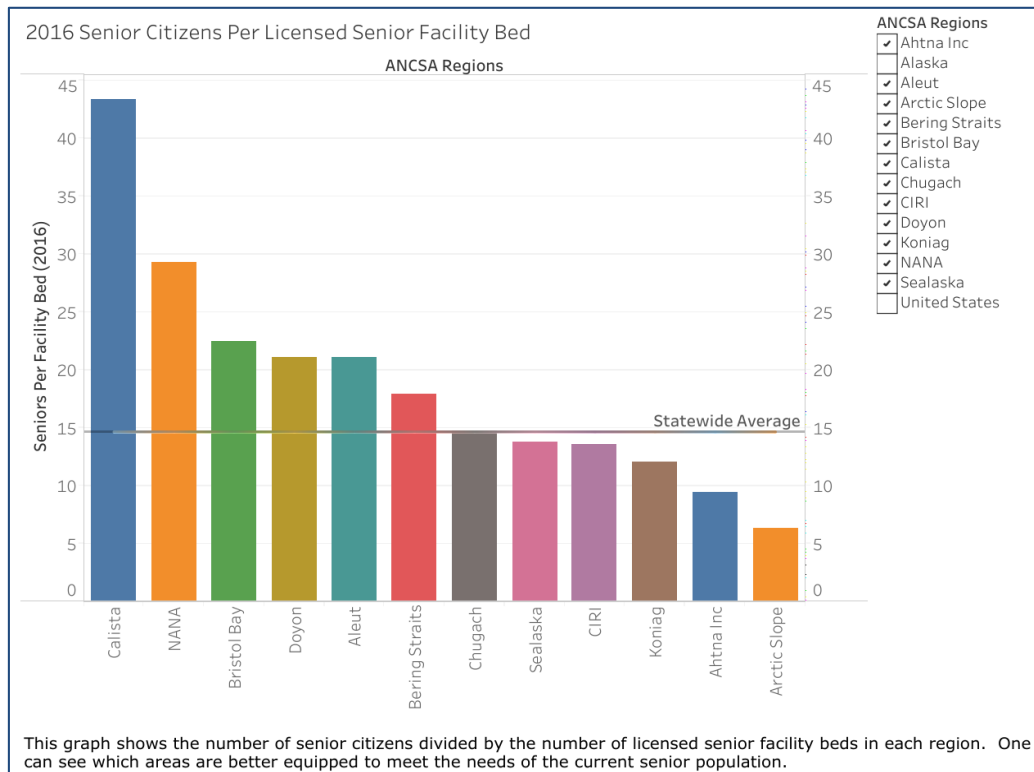
*Agnes is a handicapped elder in whose home was weatherized. She and her family are so grateful for the program. She has expressed not only how grateful they are for the reduction in utility bills, but how much more comfortable she is, how she feels healthier and basically, how her quality of life has been improved by the program. She stated that "before the work was done on my home, I was going through 200 gallons of fuel a month. After they installed the new heating system, windows and insulation, I now use about half of that." ~King Cove*





**Priority #3: AAHA strongly supports the AHFC Senior Citizens Housing Development Grant Program (SCHDGP) funding in the amount of \$1.75 million in the FY 2021 Capital Budget.**

- SCHDP funds are used to support the development of housing for the fastest growing population of Alaska, our senior citizens.
- The requested amount will provide necessary “gap funding” to allow leveraging of additional funding sources which will result in approximately three development projects or 30 new senior housing units for low- and middle-income seniors.



\*AHFC: 2018 Alaska Housing Assessment



\*Ketchikan Indian Community Elder Housing



**Priority #4: AAHA strongly supports the AHFC Teacher, Health Professional, and Public Safety Housing Grant Program for \$1.75 million in the FY 2021 Capital Budget.**

- The Teacher, Health Professional and Public Safety Housing Grant Program allows small communities in Alaska to recruit and retain teachers, health and public safety professionals.
- An inadequate public service labor force negatively impacts a community's potential, health and resilience. Housing these professionals have been a barrier for many small communities.
- A match of at least 15% of the Total Development Cost is required. Priority projects include those that leverage the program funds with multiple other funding sources.

Cost Category	AHFC (State Funding)	Other Funding	Total Project Cost
New Construction/Rehab Costs	\$304,955.00	\$1,283,752.00	\$1,588,707.00
Related Soft Costs- General	\$10,000.00	\$39,271.00	\$49,271.00
Contractor Fee/Overhead	\$00.00	\$00.00	\$00.00
Contractor Contingency	\$14,000.00	\$64,835.00	\$78,835.00
General Requirements	\$00.00	\$00.00	\$00.00
Developer Fee and Overhead	\$00.00	\$00.00	\$00.00
Total Funds	\$328,955.00	\$1,387,858.00	\$1,716,813.00
Permanent financing option- THHP loan	\$171,045.00		
Total Costs	\$500,000.00		\$1,716,813.00

\* Example cost break down of a Teacher Housing Project

**Thank you for your consideration of our concerns and priorities. Contact Information:**

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*(A list of all AAHA member contact information can be found on the AAHA website.)*

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*Most quotes within our priorities were collected from a story telling project conducted by an Alaska Fellow in the spring of 2019, mostly in the Bering Straits region.*

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