



Association of Alaska Housing Authorities

2011

State Legislative Priorities

*** * * * ***

**“Dedicated to Increasing the Supply of
Quality, Affordable Housing in Alaska”**

Overview of the Association of Alaska Housing Authorities (AAHA)

The Association of Alaska Housing Authorities (AAHA) is a 501(c)(3) non-profit corporation whose current membership consists of 14 regional housing authorities created pursuant to Alaska State statute, plus the Alaska Housing Finance Corporation (AHFC). AAHA is dedicated to increasing the supply of quality, affordable housing in Alaska. In partnership with AHFC and our other state and federal partners, AAHA members serve residents and communities in every part of Alaska, both rural and urban. The regional housing authorities have built well over 11,300 housing units since their inception in 1971. *AAHA members, working with our partners like AHFC, are one of the largest employers in rural Alaska and play a critical role in sustaining many local economies.*

In an average year, Alaska's regional housing authorities:

- *Generate approximately \$177 million in economic activity statewide*
- *Provide and create over 2,800 jobs statewide*
- *Achieve an Alaskan-hire rate of 99%*
- *Construct 200 affordable, energy efficient new homes*
- *Rehabilitate approximately 1,000 existing homes*

Another critical function that AAHA serves is to provide a forum for private market lenders, housing-related agencies, and other housing partners to share expertise and information with the purpose of developing effective strategies for increasing the supply of affordable housing in Alaska.

AAHA members greatly appreciate the ongoing efforts of Alaska's Governor, State Legislators and staff in supporting affordable housing, job creation and economic development in our state. We look forward to working with you to advance our mutual interest in improving the lives of those we have the privilege to serve.

Detailed below are priority issues for which we are seeking your support, guidance and assistance to successfully advance.

Association of Alaska Housing Authorities 2011 State Legislative Priorities

Summary

Priority # 1: Need for Increased AHFC Supplemental Housing Development Grant Program funding to meet demonstrated project based need.

Priority # 2: Need for Additional Weatherization (Wx) and Energy Rebate Program funding to meet demand for known eligible participants..

Priority # 3: Need for a statutory change to AHFC's Senior Citizens Housing Development program to allow regional housing authorities to access the program to address growing senior housing needs in the state.

Detailed Discussion

Request #1: AAHA members support an increase in the Supplemental Grant Program to \$11.341 million to meet the demonstrated current year need.

Background: The AHFC Supplemental Housing Development Grant Program has been in existence since the late 1980's. The program has been incredibly valuable in supplementing federal, other state and private resources directed at meeting Alaska's low-income affordable housing needs. *It has been of particular value in terms of leveraging federal and private dollars to meet these critical needs in both rural and urban Alaska.*

The program is designed to provide a 20% match to U.S. Department of Housing and Urban Development (HUD) grants to designated regional housing authorities in the state for purposes of supporting design, energy efficiency and infrastructure costs. These HUD grants are provided under HUD's Native American Housing Assistance and Self-Determination Act (NAHASDA) program. The statewide NAHASDA grants to AAHA members average around \$98-100 million per year. While only a 20% share of project funding on many projects, these funds are often a critical piece of overall project funding and many projects simply would not be feasible or built without these funds.

According to current data, an FY12 Supplemental Grant Program distribution of \$11.34 million would result in the construction of 254 single family homes and apartments and the rehabilitation of 187 units and would leverage approximately \$56 million in federal funds.

In terms of the source of funding for the requested \$11.34 million, AAHA is appreciative of the Administration's support for \$7 million to come directly from AHFC. AAHA is requesting that the additional \$4.34 million be appropriated from the State General Fund.

This valuable program is a wise investment of state funds and combined with matching federal funds is a critical boost to struggling local economies throughout the State. Each fiscal funding year, the program creates hundreds of jobs, resulting in millions of dollars in new infrastructure and construction related purchases in both rural and urban Alaska.

We respectfully request your support for the Supplemental Housing Development Grant Program funding at the requested level of \$11.341 million.

* * * * *

Request #2: AAHA strongly supports a minimum of an additional \$100 million FY12 appropriation to the Wx and Energy Rebate Programs.

Background: The Wx and Rebate Programs have been overwhelmingly successful in meeting several important AAHA and legislative objectives:

- Job Creation (AAHA members have a 99% Alaska hire rate)
- Significant contributor to the local cash economy of rural Alaska
- Most cost effective means of addressing significant rural energy issues
- Significant reduction in use of and dependence by local communities on fossil fuels

AAHA greatly appreciates and strongly supports the Wx and Energy Rebate programs. AAHA members are at the forefront of completing Weatherization improvements to homes throughout Alaska. To date, the regional housing authorities have weatherized close to 40%, or approximately **1,900 of the 5,000 homes weatherized** under the Wx program, and, along with weatherization contractors, have provided approximately **1500 jobs** specifically related to weatherizing homes. It is estimated that improvements made through the Weatherization and Energy Rebate programs will **reduce home energy costs from 30-40%**.

According to AHFC, the expenditure of \$200 million Wx Program funding appropriated by the Legislature in 2008 will result in the weatherization of up to 13,000 housing units. This is estimated at 10% of the established need. The State has made a significant investment in the Wx & Rebate Programs and to realize the maximum return on this investment, it is in the long term interests of the State that the programs are supported with the requested additional and future appropriations.

Request #3: AAHA members, collectively one of the largest affordable housing providers in the state, request a minor statutory change so that they can utilize AHFC Senior Citizens Housing Development funds to increase the supply of senior housing in Alaska.

Background: The Alaska Housing Finance Corporation's Senior Citizens Housing Development fund was created for the purpose of providing funding to organizations to develop senior citizen housing.

Funding under this program is used to provide housing for senior citizens. Acquisition, rehabilitation, accessibility modification and new construction of senior housing as well as pre-development activities are all eligible for grant awards.

Although Alaska's regional housing authorities are some of the most experienced and qualified housing developers in the state, they are not able to access this particular program as a resource to address increasing senior housing needs throughout the state.

Currently, statutory language limits program eligibility to municipalities or public or private nonprofit corporations designated as tax exempt under 26 U.S.C. 501©(3) and (4) (Internal Revenue Code of 1954).

The Alaska Housing Finance Corporation fully supports an amendment to the statute to allow regional housing authorities to utilize these funds. Representative Bryce Edgmon has introduced legislation to make this change:

Sec. 18.56.810 Senior citizens housing development

- (a) There is created in the corporation a senior citizens housing development fund. Subject to direct appropriation or through proceeds of a bond issue, the corporation shall make grants to municipalities or public or private nonprofit corporations designated as tax exempt under 26 U.S.C. 501(c)(3) and (4) (Internal Revenue Code of 1954) or regional housing authorities created in AS 18.55.996(b) for the purpose of developing senior citizen housing. A grant from the proceeds of a bond issue may be made only to municipalities.

Thank you for your consideration of our concerns and priorities.

* * * * *

AAHA Contact Information:

Heather Arnett
Statewide Administrator
4300 Boniface Pkwy
Anchorage, AK 99504

Dan Duame
Board President
Chair, AAHA Legislative Committee
520 E. 32nd Ave.
Anchorage, AK 99503

907-338-3970
aaaha@alaska.net
Email: aaaha@alaska.net
housing.com
Website: www.aaahaak.org

907-563-2146
Dand@aleutian-housing.com
Email: dand@aleutian-housing.com

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