



ASSOCIATION OF
ALASKA HOUSING AUTHORITIES

Building communities, empowering Alaskans.

Addressing Alaska's Housing Shortage

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About AAHA

The Association of Alaska Housing Authorities (AAHA) is a 501(c)(3) non-profit organization 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 other state, federal and private sector partners, AAHA members serve residents and communities in every part of Alaska, both rural and urban.

Alaska's RHAs 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](#) provides startling statistics: to keep up with population changes, Alaska as a whole must increase its home construction by 11% over current rate of construction. Add in the need 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 leave 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 to 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 do not have running water or sewer service¹.

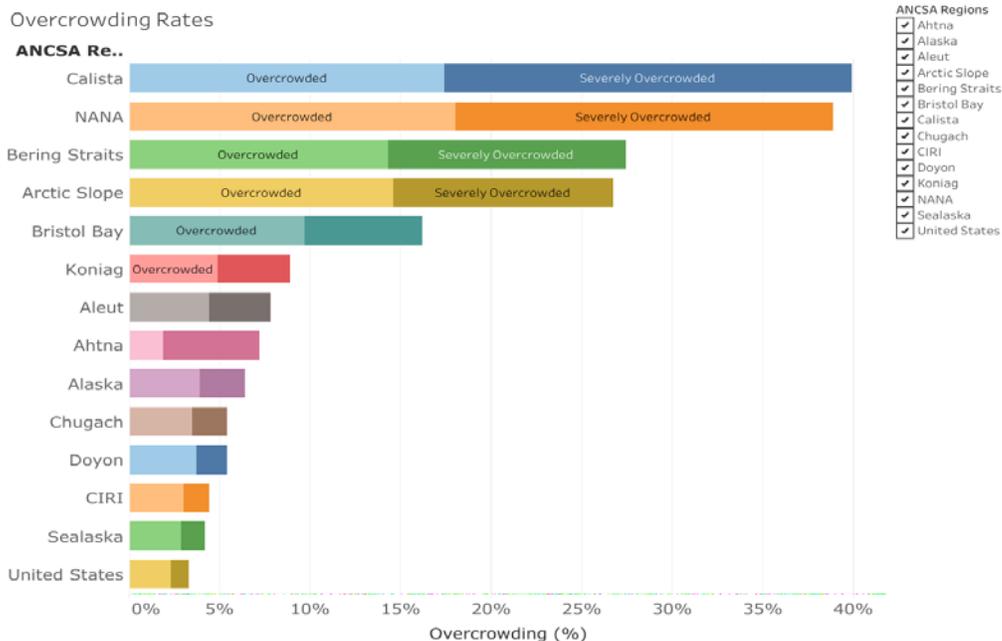
An inadequate public service labor force negatively impacts a community's potential, health, and resilience. For example, an inadequate number of health care workers may result in delays in the delivery of life-saving medical care. A low number of public safety personnel may delay response and prevention 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.

¹ <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 15-18 people residing in a 1,200 square foot house.



HUD defines a home as overcrowded if it has more than 1 person per room, and severely overcrowded if it has more than 1.5 people per room

*AHFC: 2018 Alaska Housing Assessment

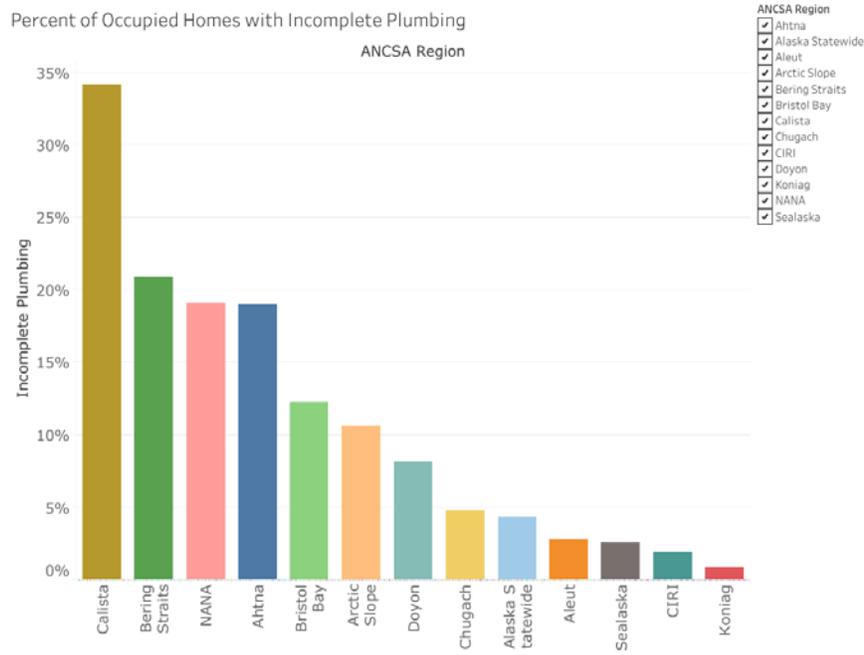
*“How is it that they’re living with 20 people in a home and there’s only five beds? How does that work? They truly sleep in shifts. If you’re a mom and a child, then you get the regular shift because you got to deal with school and homework and things like that. Then you have others that are staying 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.



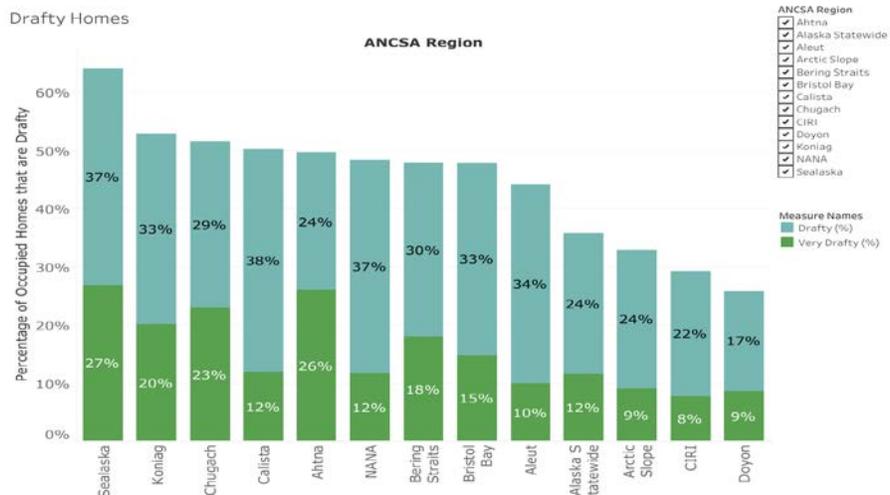
According to AHFC, more than 12,600 homes in Alaska lack complete plumbing and/or kitchens. The highest number of these are in rural areas. Approximately 1/3 of homes in the Calista region lack complete plumbing.



Homes lacking hot and cold running water, a tub or shower, or a flush toilet are considered to have incomplete plumbing.

*AHFC: 2018 Alaska Housing Assessment

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.



Drafty homes are uncomfortable for occupants, use more energy and may be an indicator of additional maintenance issues. 'Drafty' is defined as >7 ACH50 and 'Very Drafty' is defined as >12 ACH50.

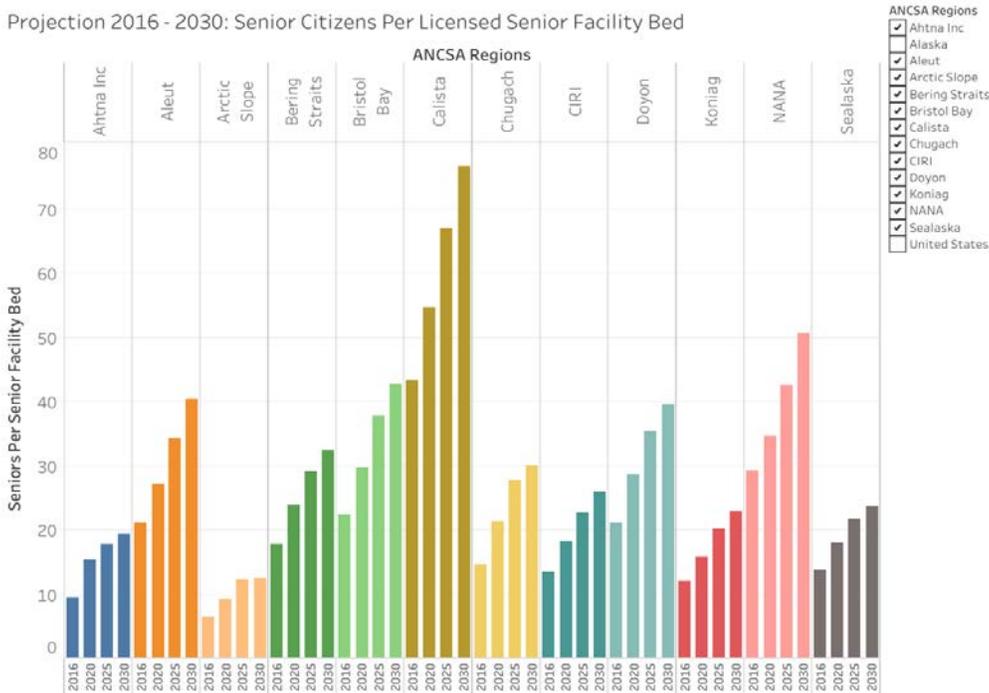
*AHFC: 2018 Alaska Housing Assessment



Senior Needs

The senior population in Alaska is growing and according to the Alaska Department of Labor², 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.

Projection 2016 - 2030: Senior Citizens Per Licensed Senior Facility Bed



This graph shows what will happen to the number of senior citizens per licensed senior facility beds as the population of seniors grows over time. It does not include estimates of new senior housing construction / conversion.

*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.

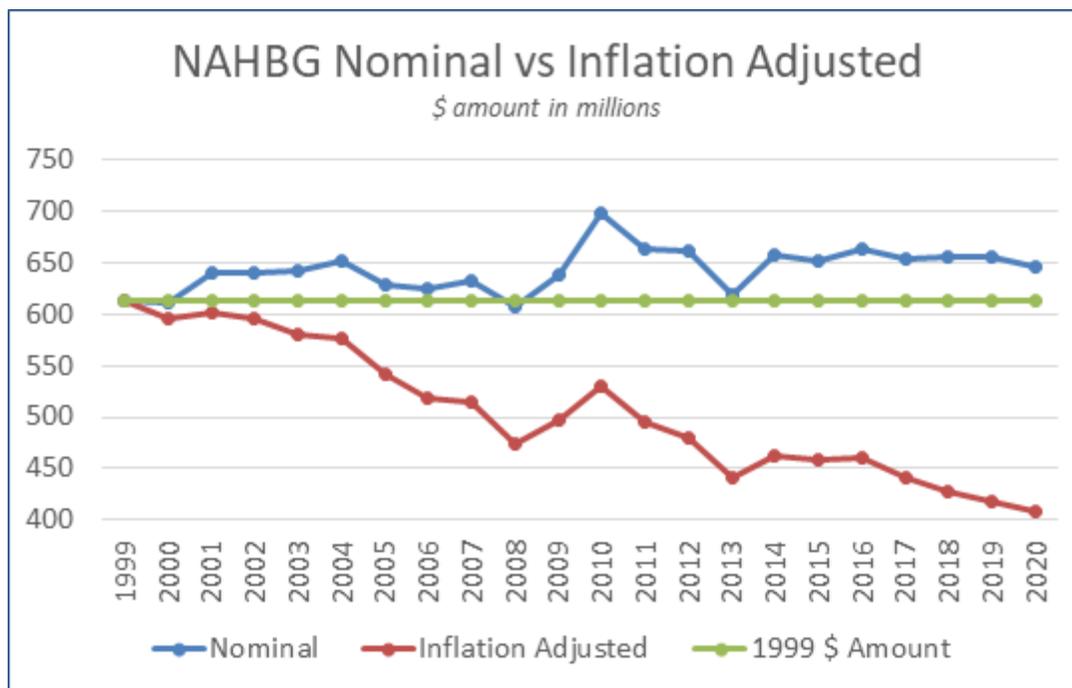
² “Alaska Population Projections 2015 to 2045.” Alaska Dept. of Labor and Workforce Development, 2016.



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 oftentimes 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 Native American Housing Block Grant (NAHBG); 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 37% of purchasing power using the Consumer Price Index from 1999-2020.



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,³ 70% for construction material,⁴ and 52% for water freight and 64% for air freight.⁵

"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

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

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

⁵ 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.⁶ 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.

“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



“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

⁶ National Low Income Housing Coalition. *Out of Reach*, 2016.



Addressing Alaska's Housing Shortage

Increasing Affordable Housing

To increase affordable housing across in Alaska, the Regional Housing Authorities leverage funding from the state to begin building a capital stack of to make housing projects feasible. One program that has had a profound impact on the number of units developed is the AHFC **Supplemental Housing Development Grant (SHDG)**. This program 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**.



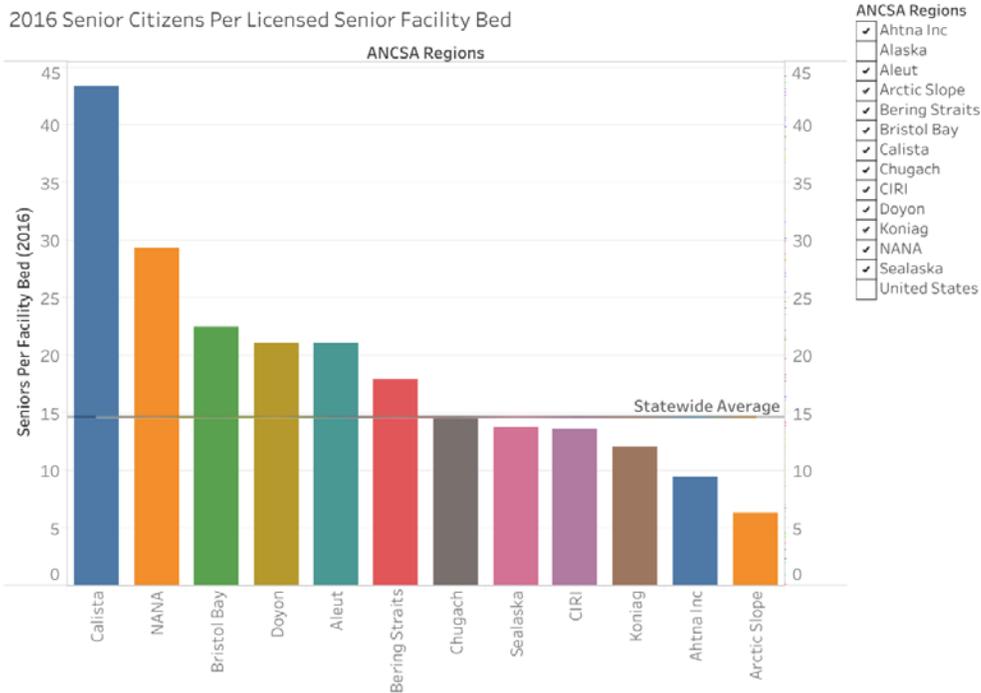
AHFC Supplemental Housing Development Grant (SHDG):

- 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.
- The RHAs have demonstrated an approximate annual need up to \$15 million for this critical housing program
- 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. RHAs build 100% of their homes to BEES standards.
- 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.

2020 Supplemental Housing Development Grant Projects				
Description	Units	Project Cost	NAHASDA	Supplemental Housing Grant Request
New Const.	63	\$23,889,102	\$11,198,950	\$2,461,995
Rehab	107	\$5,280,716	\$3,978,195	\$908,558
Total Units	170	\$29,169,818	\$15,177,145	\$3,370,553



Another program that helps to increase affordable housing is the Senior Citizen Housing Development Program. Senior Citizens are the fastest growing population in Alaska and having units specifically designed for aging in place will alleviate the need for our elders to be reside in assisted living situations. The **AHFC Senior Citizens Housing Development Grant Program (SCHDGP)** provides necessary “gap funding” to allow leveraging of additional funding sources which results in approximately three development projects or 30 new senior housing units for low- and middle-income seniors.



This graph shows the number of senior citizens divided by the number of licensed senior facility beds in each region. One can see which areas are better equipped to meet the needs of the current senior population.

*AHFC: 2018 Alaska Housing Assessment



*Ketchikan Indian Community Elder Housing

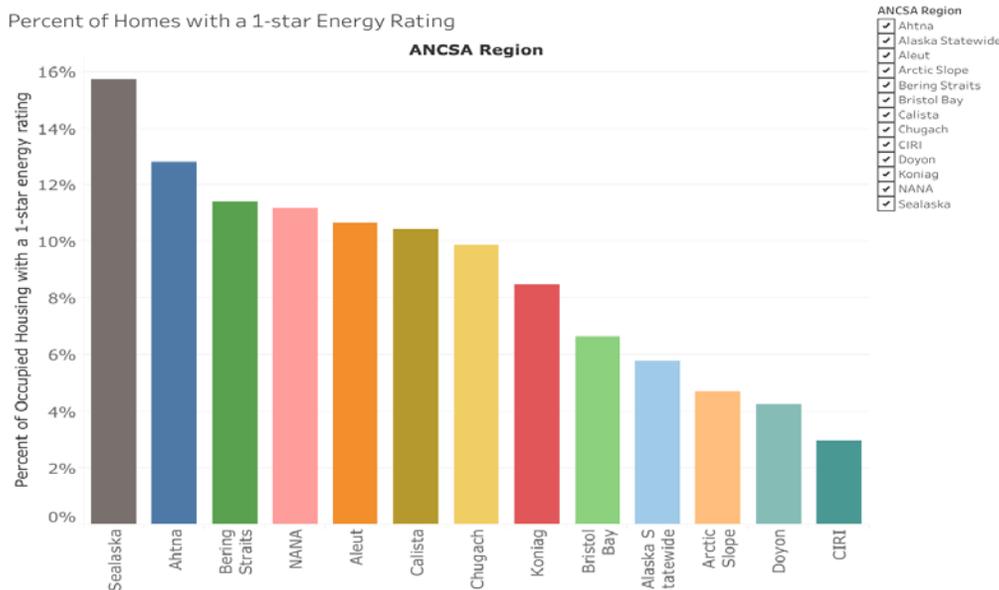


Preserve Current Housing Stock

It would be impossible, for many reasons (i.e. infrastructure needs, land availability, etc) to develop enough housing to address the current housing crisis. It is also important that we preserve the current stock that we have in rural communities that are in danger of becoming inhabitable; which can increase overcrowding conditions and force out-migration to urban areas. The AHFC Weatherization Program provides critical funding for low- and moderate-income families so their homes are decent, safe and affordable.

AHFC Weatherization Program:

- Is often leveraged by RHAs with other funding to increase the number of homes being weatherized.
- 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. These households have generally been the most in need of energy savings and positive health outcomes.
- 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) ⁷.



Homes with a 1-star energy rating are the least efficient homes in Alaska, using more than four times more energy than a new home built to the current Building Energy Efficiency Standard. They tend to be the most expensive to heat and the most uncomfortable.

*AHFC: 2018 Alaska Housing Assessment

⁷ CCHRC Weatherization Program Impact Report, 2019



Recruit and Retain Professionals in Rural Communities

The **AHFC Teacher, Health Professional, and Public Safety Housing Grant Program (THHP)** provides necessary housing funding to recruit and retain housing for teachers, public safety and health professionals in rural communities. Without an adequate public service labor force, a communities’ health and resilience may be negatively impacted. The THHP program requires a 15% match and prioritizes projects that include leveraging 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 breakdown of a Teacher Housing Project

Thank you for prioritizing safe, sanitary and affordable housing in Alaska.

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

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