

Association of Alaska Housing Authorities

Statement of Issues and Recommendations –

Affordable Housing Needs in Alaska

The Association of Alaska Housing Authorities (AAHA) is a private, non-profit 501(c)(3) corporation whose membership consists of 14 regional Alaska Native housing authorities created pursuant to Alaska state statute, plus the Alaska Housing Finance Corporation (AHFC).

The regional housing authorities:

- *Have built 1,500 housing units in the past ten years*
- *Administer over \$100 million on an annual basis*
- *In 2007, spent over \$60 million to build new housing units in the state*

Affordable housing needs in rural Alaska are challenging to due to the remoteness, high cost of construction, high cost of transportation and the small window of opportunity for construction. The draft Alaska Housing Finance Corporation 2008 Housing Assessment highlights the following major findings:

- Remote communities in western and northwest Alaska have among the highest rates of overcrowding in the U.S.
- 1 in 5 of all homes in the state's smallest and most remote communities report overcrowded conditions, with fewer than 200 SF per resident. New units are needed to alleviate these overcrowded conditions in addition to replacing severely substandard homes.
- Energy costs in rural Alaska are much higher than in urban Alaska. In June, 2008, heating oil, the primary heating source in the most remote communities, averaged \$5.70 per gallon with Anchorage average cost averaged at \$2.95 per gallon.

Issue 1: Support a Funding Increase for the HUD Native American Housing Assistance and Self Determination Block Grant (NAHASDA)

Recommendation:

- The Indian Housing Block Grant is the single largest source of capital affordable housing opportunities. The National American Indian Housing Council (NAIHC) recommends an FY2010 funding level of \$854 million. This

level will not meet all Native American housing needs. President Obama's proposed budget amount, at \$645 million, flat-lines funding at FY 2009 levels. The Senate Appropriations Committee has recommended \$670 million for the Block Grant. *AAHA is in strong support of the House Appropriations Committee's budget amount of \$750 million, which more realistically addresses the severe unmet housing needs of Native Americans.*

Issue 2: Support better coordination between funding sources in the construction of water and sewer systems in rural Alaska and the creation of innovative delivery structures to develop and operate water and sewer systems in Alaska's rural communities

In 1994, only 37% of rural Alaska households had adequate sanitation facilities. Today, through funding from EPA, USDA, IHS and the State of Alaska, 77% of rural Alaskan homes have running water and flush toilets. Many homes, especially in the Y-K Delta, still have honey buckets and pit privies to dispose of human wastes.

The following is from the Y-K Delta Water and Sewer Survey done by AVCP Housing (populations from 2000 US Census):

- 15 villages with honey buckets – Pop.: 6184; No. of occupied units: 1,365; AVCP RHA units: 464
- 16 villages with piped w/s – Pop.: 7,322; No. of occupied units: 1,713; AVCP RHA units: 718
- 9 villages with Flush & Haul – Pop. 3,119; No. of occupied units: 766; AVCP RHA units: 324

Operating a water and sewer system in a small village can be very costly. To use economies of scale, creative and innovative solutions are needed so operational structures can be put in service that effectively and efficiently maintains these systems over the long term. In addition, when multiple federal and state funding sources are used for water and sanitation system development in rural Alaska, good coordination can be lacking which delays the completion of these systems.

Recommendation:

- Facilitate better coordination between federal and state agencies in the development of water and sewer systems, potentially through an interagency agreement, and support for the establishment of cooperative management entities that manage multiple community water and sewer systems. These entities could manage as few as two villages or could serve an entire region.

- Remove the HIS language that prohibits housing authority's housing units from receiving water and sewer funding.

Issue 3: Support the Development of Alaska Specific Total Development Cost Limits

Total Development Cost (TDC) limitations are imposed on the use of NAHASDA funds by its regulations. Under § 1000.156, "affordable housing must be of moderate design", while section 1000.158 allows a recipient to adopt written standards for its affordable housing programs that reflect the "moderate design" requirement. Tribes and TDHEs that adopt such standards may exceed published TDC limitations by up to 10% without seeking additional authorization from HUD. However, if a recipient has not adopted such standards, it may not exceed the published TDC limitations without first obtaining HUD approval through a variance process. HUD's TDC formula does not adequately take into account the nuances of construction in unique, atypical regions, like Alaska, nor does the process reasonably allow for variances. As an example, there is no consideration for the value of construction to mitigate energy cost. The results are low TDC limits set forth by HUD that threaten the viability of quality, energy efficient and safe housing construction in "special" areas that have a clear demonstrable need. Additionally, the variance process is cumbersome and costly.

Recommendation:

- permit the local HUD office to set Alaska's TDC limits
- give the local HUD office more autonomy and discretion to grant a variance
- Since shipping materials to Alaska, can add significant cost to housing development, exclude transportation costs from the TDC. For example, in 2009, materials for the \$1,444,976 Chevak 4-building, 12-unit multi-family housing project cost \$942,976; its transportation cost was \$502,000 or over half the cost of materials.
- Establish a process that would enable Tribes to set their own "Tribally Designated TDCs."

Issue 4: Support options for the delivery of federal funds in a manner that recognizes Alaska's unique infrastructure and service delivery mechanisms

When federal funds became available through the American Recovery and Reinvestment Act (ARRA), some agencies did not clearly allow Alaska's tribes to easily designate another recipient to apply on their behalf, if they so chose. For example, Energy Efficiency and Conservation Formula Block Grants, available through the U.S. Department of Energy, fell in this category. As a result, it is uncertain if tribes can designate a regional housing authority to apply or administer the funds on their behalf, thus using crews already completing

energy efficiency and conservation improvements in remote villages.

The grant applications were available over the internet and to be completed over the internet. Some rural Alaskan communities have limited and sporadic internet access and many have dial-up systems which do not always work well when submitting a large grant application.

Recommendation:

- When federal funding applications are developed, the federal agency should coordinate with agencies familiar with providing funds through Alaskan delivery mechanisms, and ensure that applications allow existing providers, such as regional housing authorities, to be easily designated to apply on the organization's behalf and provide the service, if requested.
- Allow federal funding applications to be submitted via an alternative method, if internet access is limited in a community.