

---

# Cornerstone Custom Homes & Designs

---

July 3, 2019

1808 Julie Anna Drive  
Kenai, Ak. 99611

As I stated at the beginning of this letter, we met last week as a legislative committee to discuss these vetos. For those that aren't familiar with our association, we are a trade association made up of builders, remodelers, suppliers, lending institutes, title companies and other support businesses that involve housing. We have 6 local associations from across the state including, The Kenai Peninsula, Anchorage, The Matsu Valley, Fairbanks, Juneau and Ketchikan. Our legislative committee is made up of members from each of these local associations. As you can see we are made up of areas with diverse industry that affects each local economy, so, to have met last week and voted almost unanimously to weigh in opposing these veto's is somewhat telling. Now that housing isn't directly targeted in these cuts is also worth noting. "you might ask why are we so opposed then since we aren't a special interest group with a dog in the direct fight and are typically thought of as a more right leaning organization. I think that can be summed up best this way. When we go out to DC or come to Juneau to talk about housing issues we are neither R's or D's or I's we are simply H's We are for housing, for shelter for our friends and fellow Alaskans. This economic recovery that we are starting to realize in Alaska is at best fragile in its beginning. Several things are needed to sustain a recovery and yet one significant event can send it back the other way or extend the bobbing along the bottom. I will tout the housing industry as being the best indicator as to economic recovery. Enticing new people into the state can easily be broken down to a few simple categories, ones I think we would all look at if we were a business or a family looking to make a move here. 1.) Job Opportunities, 2) The cost of living, 3) Public Safety, 4) the quality of education, and 5) the quality of health care. These deep cuts will affect each of these categories negatively. The governor has stated that the private sector will lead the recovery after these cuts go into effect. I believe what he isn't taking into account is one very

---

---

important factor that we all need to be cognizant of, it is Consumer Confidence. Consumer confidence is a very hard to quantify aspect of an economy, yet one that our industry keeps its finger on the pulse of all the time. People will buy groceries, clothes and essential necessities without consumer confidence, but they will not buy automobiles, remodel, buy or build a house and probably not even keep up on the maintenance of their properties if their confidence is not present. I saw this first hand when the Governor rolled out his proposed budget at the beginning of this session when Wildwood Prison in Kenai was in the crosshairs. The immediate reaction was one of panic and fear by the people personally impacted followed by tightening by those people that were looking to invest in a new home or remodeling their existing house. As it was stated in the earlier letter, every dollar spent on housing is circulated into the local economy 7 times before that dollar leaves the area, those dollars are spent on going out to dinner, going to a movie, signing your child up for dance classes or youth hockey. All things that stimulate a local economy. And finally I hesitate to dip my toe in the PFD water, and I do so from my own beliefs not necessarily from the Builders Association. I feel there are 2 types of people regarding the PFD, either you want your dividend or you need it. For those that truly need it, I believe they will feel more than \$1,400.00 in diminished services if they receive a full dividend and services are cut. Now I am in almost every way are right wing republican, but I am also aware that services in in which the government is here to provide must be funded. Can these services be tasked with running more efficiently? Absolutely, and they need to be. But this deficit wasn't created overnight and the fix should not and cannot be done overnight as well. You all have a heavy lift ahead of you and appreciate the job you do for the good people of this state. And I thank you for inviting the Alaska State Homebuilding Association to testify today.

Thank you