



ALASKA STATE LEGISLATURE

House Labor & Commerce Committee

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HB 404 Sponsor Statement

“An Act relating to the dividend made available to the state by Alaska Housing Finance Corporation.”

House Bill 404 directs the Alaska Housing Finance Corporation to use the annual corporation dividend to fund affordable and workforce housing. This funding will support programs such as the Teacher, Health Profession and Public Safety housing development program (professional housing); the Senior Housing Development Grant Program; the Weatherization Assistance Program and the Supplemental Housing Development Grant Funding. This is one small step towards addressing housing needs across Alaska.

Statewide, Alaska is facing significant challenges with affordable, senior, and workforce housing, further exacerbated by the pandemic. These challenges affect the sales and rental market, construction and development, and rural and urban Alaska. The need for funding to support housing in Alaska cannot be understated.

The housing market is seeing strong sales and high pricing, and rental vacancies have stabilized at lower rates in most markets. This industry dynamic is a major barrier to providing quality, affordable housing to young professionals, first-time homeowners, and people on limited income.

Cost escalation from land, labor, the cost of capital, and a rising interest rate environment are affecting all segments of the housing market supply. Private developers building high end homes, small private apartment owners, and non-profits building income or rent restricted property, are all facing supply chain issues and inflationary pressures.

Across Alaska, Regional Housing Authorities plan, build, and deliver affordable housing in remote areas with scarce resources, but until FY2022, these critical organizations were flat funded for nearly 25 years. Over the same period, transportation and material costs have continued to rise and historic inflation has occurred. Housing packages have increased \$70,000 per home in one region while another region's ability to drill pilings for a foundation went from \$36,000 per home in 2018 to \$103,000 per home today.

While the need to address these challenges is clear, and programs exist that can help solve these challenges, adequate funding continues to be lacking. The historic Bipartisan Infrastructure Law, which will fund water, sewer, transportation, and broadband infrastructure projects at historic levels, failed to include housing. The funding made available through HB 404 will provide immediate funding to increase affordable and workforce housing.

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