



The Economic Impact of Alaska's Regional Housing Authorities

Executive Summary

Alaska's Regional Housing Authorities (RHA) play a key role in increasing the supply of quality affordable housing in Alaska. They provide housing, assistance in purchasing a home, renter and home buyer education, infrastructure for housing development, community facilities and employment opportunities to benefit Alaska Natives as well as non-Alaska Natives.

In rural communities, these organizations provide the vast majority of new housing units for local residents and they are a key player in increasing the supply of affordable housing in urban communities. The impacts to the lives of the people who receive housing are easy to understand, but housing authorities also provide benefits to all Alaskans in less direct ways. In addition to providing housing and other benefits to clients in substantial numbers, they also employ Alaskans throughout the state and contribute to the whole state by stimulating economic activity. RHAs have a nearly 100 percent resident hire rate.

The Association of Alaska Housing Authorities (AAHA) contracted with Information Insights to identify the statewide economic impacts of Alaska regional housing authorities, including the direct benefits to urban and rural Alaska as well as indirect economic benefits to the state as a whole. The study also highlights the work housing authorities are doing to provide safe, affordable and energy efficient housing stock in the state and the non-housing projects that improve the lives of Alaskans and benefit their communities. Finally, it provides regional details on housing authority economic activity.

Key Findings

TOTAL ECONOMIC IMPACT

The total economic impact of Alaska's regional housing authorities on the state's economy includes both direct and indirect benefits. Direct impacts include wages and benefits paid to employees of the regional housing authorities as well as purchases made by the housing authorities from vendors and contractors in Alaska. Indirect impacts include the additional revenue, employment and earnings created by the companies from which RHAs purchase goods and services, as well as the economic activity generated throughout the economy when employees of all impacted companies or organizations spend their paychecks.



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Total impacts of housing authority activity from all sources

The total (direct + indirect) economic impact of RHA activity in the state in 2008 was significant:

- \$177 million in economic activity statewide
- 2,831 jobs statewide

Of the jobs generated by RHAs in 2008, approximately 51.5 percent (1,457) were full-time jobs, 47.5 percent (1,345) were seasonal and temporary jobs, and the remainder (29) were part-time jobs.

Direct economic impacts statewide

In 2008, direct impacts statewide totaled:

- 1,757 people employed with housing authorities
- \$46.6 million in direct payroll
- \$78.1 million in spending with Alaska-based vendors and contractors

Nearly one third of the 1,757 direct jobs were full-time year round positions. The proportion of full time year round workers is lower in the direct jobs count than in the jobs generated by RHA vendor spending owing to the highly seasonal nature of construction in Alaska.

Indirect impacts

In 2008, indirect impacts of RHA activity statewide included:

- 495 jobs primarily in Alaska's construction, freight, government and professional services as a result of RHA purchases from Alaska-based vendors and contractors
- 579 additional jobs primarily in the service sector created when employees of both housing authorities and vendors spent their paychecks on Alaska goods and services
- \$45.5 million in additional economic activity resulting from RHA purchasing and payroll spending

BUILDING AND RETROFITTING ALASKA'S LOW-INCOME HOUSING STOCK

Direct benefits also include all the new housing units constructed in the state as well as renovations to existing housing by Alaska regional housing authorities. In 2008, these totaled:

- 200 new housing units built at a cost of just under \$48.1 million dollars
 - 137 new urban housing units built at a total cost of more than \$26.7 million dollars
 - 63 new rural housing units built at total cost of nearly \$21.4 million dollars

- Approximately 1,000 housing units rehabilitated and renovated at a total cost of more than \$18.2 million dollars
- 260 housing units - valued at more than \$23.6 million - were “conveyed” to individual owners through a variety of housing authority programs designed to make home ownership possible for the people they serve.

The 200 new units built in 2008 represent all types of homes, both single and multi-family units, including units that are designed to serve special populations like the elderly and people with disabilities. It is also important to note that site remediation and infrastructure development becomes part of total costs for many projects in both urban and rural communities. Examples include extending utilities or road systems to un-served areas in rural communities and providing demolition and environmental remediation in challenging urban neighborhoods.

In addition to building, renovating and transferring ownership of homes to individuals, regional housing authorities reported having nearly 4,500 housing units currently under management and conservatively estimate serving more than 10,000 people.

BRINGING MONEY AND JOBS TO RURAL AND URBAN ALASKA

In the four years from 2005 to 2007, RHAs contributed to the economies of 125 Alaska communities. In 2008 alone, the direct economic impact of RHA projects in the state’s rural and urban communities were as follows:

Direct impacts on rural Alaska, 2008

- More than 1,250 people employed
- \$26.5 million in payroll
- \$13.9 million spent with vendors and contractors located in rural Alaska

RHAs are creating work across the state, including some of the most remote communities where unemployment rates are extremely high. The impact of job creation in these small communities, with few employment opportunities, has far reaching positive implications beyond just local spending of disposable income.

Direct impacts on urban Alaska, 2008

- More than 500 people employed and \$20.2 million in payroll in 2008
- \$64.1 million spent with vendors and contractors located in urban Alaska¹

A KEY ROLE IN EXPANDING WEATHERIZATION SERVICES

For the past 30 years there have been five active weatherization entities in the state; now the Alaska Housing Finance Corporation has signed agreements with the

¹ The total purchasing by RHAs of \$78.1 million includes six percent that cannot be allocated as either urban or rural.

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housing authorities to do this important work as well. Alaska's regional housing authorities will play a key role in meeting the state's goal of weatherizing 13,000 housing units over the next five years. Regional housing authorities have the infrastructure and relationships throughout the state that will be invaluable in achieving rapid expansion in weatherization services.

NON-HOUSING IMPACTS

The flexibility of Native American Housing and Self Determination Act (NAHASDA) funds has made it possible for RHAs to invest in the infrastructure needed to support new quality housing units, even when the infrastructure goes beyond the buildings themselves. Examples include projects to extend utilities (water, electric, gas), extending access into new neighborhoods, building community facilities and providing financial support.