



HOUSING ALASKANS

A PUBLIC PRIVATE PARTNERSHIP

Alaska's Housing Challenge

Alaska is experiencing a housing crisis with three primary components:

- a housing shortage that hampers the economy and leads to overcrowding;
- unprofitable construction costs; and
- the high cost of housing.

These challenges are interconnected and impact rural Alaska more significantly than urban areas.

The greatest housing needs and most significant barriers to housing opportunities in Alaska are in rural communities. Overcrowding data and the cost of construction by region demonstrate these barriers. Rates of overcrowding in Alaska are more than double the national average, with some areas reporting overcrowding in one out of every two homes. Across the state, more than 16,000 homes are overcrowded, with rural communities disproportionately affected. Construction has considerably slowed because projects do not pencil for the rent or purchase prices consumers can afford. **Alaska is one of three states where new housing construction permits declined between 2019 and 2022.**

Safe, decent, and affordable housing for the wage earners in the most prevalent jobs is elusive. **Housing is consistently cited as a key barrier to attracting and retaining workers, harming Alaska's economic growth.** At the same time, housing costs have increased: the average sales price has risen 17% since 2019; rents rose 8% between 2021 to 2022. This is most economically harmful to middle and low-income households and leads to households being unable to afford childcare, food, transportation, medical, and other basic family needs.

Housing affordability is a significant challenge across the state. **More than 75,000 households in Alaska are con-**

sidered rent-burdened, paying more than 30% of their income toward housing. High housing costs hurt low-income residents in particular: more than 75% of low and extremely low-income households are considered rent burdened.

There needs to be more housing stock, and what is available needs to be better quality. Available housing is too expensive compared to the average income. When teachers, nurses, and first responders cannot afford housing, communities cannot thrive.

What is a state housing trust?

State housing trusts are the backbone of comprehensive housing development. They demonstrate what is possible, encourage local participation and the creation of local housing trusts, and build momentum to begin having a measurable impact on addressing critical housing needs. In 2022, Alaska became the forty-eighth state to create a housing trust.

State housing trust funds collected more than \$2.3 billion in 2022 to advance affordable housing initiatives. The average amount of public and private funds leveraged for every dollar invested in affordable housing by state housing trust funds is nearly \$7.00, ranging from a low of \$2.00 to a high of \$16.00 for individual trust funds. State housing trusts include three elements:

- **Administrative** – the entity that will administer the fund and make awards, the process by which proposals will be solicited and awarded, and reporting and oversight mechanisms;
- **Programmatic** – the types of activities that will be funded, who will be eligible to apply for funding, the populations that will benefit from the fund, and the requirements that will apply to funded projects; and
- **Revenue Sources** – how the housing trust fund will be funded.

The scale of Alaska's housing problem and the funding needed to address it requires creative funding solutions. Public-private partnerships can help maximize each sector's dollars for higher impact and complement existing public sources.

Housing Alaskans: A Public-Private Partnership

Housing Alaskans: A Public-Private Partnership (HAPPP) was formed to produce, preserve, and protect housing for all Alaskans and be a statewide funding source that leverages federal, state and municipal resources with philanthropic contributions to increase the housing supply throughout Alaska.

HAPPP funds are invested, managed, and granted by the Alaska Community Foundation through an independent Board of Directors that represents the geographic, ethnic, and cultural diversity of all Alaskans, including representation from Alaska's various regions, sectors affected by the housing crisis, and those who have expertise in Alaska's housing needs. The Board of Directors determines the funding available each year and the qualifying projects that meet the goals of identified community housing needs. For example, HAPPP may direct resources toward creating housing units by funding capital costs of rental and ownership housing, providing financial assistance for nonprofit developer capacity building, or offering capacity-building grants for rural organizations interested in developing housing.

HAPPP seeks to collaborate with other funding sources to leverage and combine various funding streams to make it easier for housing projects to develop an adequate capital stack more quickly and efficiently. HAPPP is complementary to, and will not compete with, Alaska Housing Finance Corporation (AHFC) or other housing enterprises. Instead, HAPPP will leverage AHFC assets (e.g., housing vouchers) to increase the impact of housing programs.

HAPPP will top off existing efforts to make projects pencil and get them across the finish line. When it comes to hous-

ing development, Alaska is in gridlock. HAPPP will jumpstart development, provide incentives to the construction industries, and improve community safety.

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