
From: Susan A <[REDACTED]>
Sent: Tuesday, May 07, 2024 9:34 PM
To: House Finance
Subject: SB 205

I am writing to express my concerns regarding Senate Bill 205 (SB 205) as written, which authorizes the Alaska Housing Finance Corporation (AHFC) to acquire or purchase a building it occupies for an amount not exceeding \$8,000,000 or \$9,000,000.

While I recognize the intent behind this bill, I believe there are several pitfalls that need careful consideration. We urge you to address these issues to ensure responsible implementation.

Cost Overruns:

Acquiring buildings at the maximum authorized amount could lead to cost overruns. Unforeseen expenses during acquisition, renovation, or maintenance may strain AHFC's budget.

Addressing the Pitfall:

Conduct thorough risk assessments before acquiring buildings.

Establish a robust budgeting process that considers all costs.

Regularly review financial projections and adjust as needed.

Market Distortions:

AHFC's acquisitions may inadvertently distort the real estate market. Property values, rental rates, and market dynamics could be affected.

Addressing the Pitfall:

Collaborate with real estate experts for market analyses.

Monitor market trends and adjust acquisition strategies accordingly.

Maintenance Burden:

Owning and managing buildings require ongoing maintenance. Neglecting maintenance could lead to deteriorating housing conditions. Ones their own maintenance personnel may not be certified to repair.

Addressing the Pitfall:

Develop comprehensive maintenance plans for acquired buildings.

Regular inspections and preventive measures are essential.

Equity Concerns:

The bill doesn't specify which buildings AHFC can acquire. It does show one, but does not limit its purchase. Disproportionate benefits to certain areas or demographics could exacerbate inequalities.

Addressing the Pitfall:

Prioritize equitable distribution of resources.

Consider social equity factors when selecting buildings.

Tenant Displacement:

Acquiring occupied buildings may lead to tenant displacement during renovations or changes in ownership.

Addressing the Pitfall:

Prioritize tenant protections.

Provide relocation assistance if needed.

Lack of Transparency:

Clear guidelines for building acquisition are lacking. Transparency in decision-making processes is essential.

Addressing the Pitfall:

Develop transparent guidelines.

Involve communities, tenants, and stakeholders in decision-making.

Competing Priorities:

AHFC has multiple responsibilities beyond building acquisition. Balancing priorities is challenging.

Addressing the Pitfall:

Collaborate with local governments and align goals.

Ensure AHFC's actions complement broader community development plans.

Long-Term Viability:

Straining AHFC's resources could impact its ability to fulfill other critical functions.

Addressing the Pitfall:

Continuously assess AHFC's financial health.

Balance short-term goals with long-term sustainability.

Flexibility and Contingency Plans:

Unforeseen circumstances (economic downturns, disasters) could impact AHFC's plans.

Addressing the Pitfall:

Maintain flexibility and adaptability.

Prepare contingency plans.

Performance Metrics and Accountability:

Lack of clear performance metrics and accountability mechanisms.

Addressing the Pitfall:

Define metrics for housing initiatives.

Establish accountability measures.

In conclusion, while SB 205 aims to address housing issues, thoughtful implementation and proactive measures are necessary to avoid pitfalls. We appreciate your attention to these concerns and urge you to consider the well-being of Alaskans in your decision-making before considering SB 205 ready for passage.

Thank you

Susan Allmeroth
Two Rivers