

ALASKA STATE LEGISLATURE
SENATE HEALTH, EDUCATION AND SOCIAL SERVICES STANDING COMMITTEE

January 28, 2008

1:34 p.m.

MEMBERS PRESENT

Senator Bettye Davis, Chair
Senator Joe Thomas, Vice Chair
Senator John Cowdery (via teleconference)
Senator Kim Elton

MEMBERS ABSENT

Senator Fred Dyson

COMMITTEE CALENDAR

SENATE BILL NO. 231

"An Act relating to the Alaska housing trust fund and to the Alaska Council on the Homeless; and providing for an effective date."

HEARD AND HELD

SENATE BILL NO. 233

"An Act relating to the teachers' and nurses' housing loan program in the Alaska Housing Finance Corporation; and providing for an effective date"

HEARD AND HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 231

SHORT TITLE: LOW-INCOME HOUSING; HOMELESSNESS

SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

01/18/08	(S)	READ THE FIRST TIME - REFERRALS
01/18/08	(S)	HES, FIN
01/28/08	(S)	HES AT 1:30 PM BUTROVICH 205

BILL: SB 233

SHORT TITLE: TEACHERS/HEALTH CARE PROFESS HOUSING LOAN

SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

01/18/08	(S)	READ THE FIRST TIME - REFERRALS
01/18/08	(S)	HES, FIN
01/28/08	(S)	HES AT 1:30 PM BUTROVICH 205

WITNESS REGISTER

MARK ROMICK, Director
Planning & Program Development
Alaska Housing Finance Corporation
Anchorage, AK
POSITION STATEMENT: Supported SB 231

DAN FAUSKE, CEO
Alaska Housing Finance Corporation (AHFC)
Anchorage, AK
POSITION STATEMENT: Supported SB 231 and SB 233

JEFF JESSE, CEO
Alaska Mental Health Trust Authority
Anchorage, AK
POSITION STATEMENT: Presented an overview of the Housing Trust Fund.

STEPHANIE WHEELER
Office of Faith-Based and Community Initiatives
Chair, Statewide Homelessness Ends in Alaska Advisory Team
Anchorage, AK
POSITION STATEMENT: Supported SB 231.

BILL HOGAN, Deputy Commissioner
Family and Community Integrated Services
Department of Health and Social Services
Anchorage, AK
POSITION STATEMENT: Supported SB 231

MARIE DARLIN, Coordinator
AARP Capitol City Task Force
Juneau, AK
POSITION STATEMENT: Supported SB 231

BRIAN BUTCHER, Director
Governmental Relations and Public Affairs
Alaska Housing Finance Corporation
Anchorage, AK
POSITION STATEMENT: Supported SB 233

MELISSA STONE, Director
Behavioral Health
Department of Health & Social Services (DHSS)

Juneau, AK

POSITION STATEMENT: Supported SB 233.

NANCY DAVIS, RN, Coordinator
Recruitment and Retention of Nurses Project
Division of Public Health
Department of Health & Social Services
Anchorage, AK

POSITION STATEMENT: Supported SB 233

ACTION NARRATIVE

CHAIR BETTYE DAVIS called the Senate Health, Education and Social Services Standing Committee meeting to order at [1:34:14 PM](#). Present at the call to order were Senators Thomas, Elton, and Chair Davis. Senator Cowdery attended via teleconference.

SB 231-LOW-INCOME HOUSING; HOMELESSNESS

CHAIR DAVIS announced the consideration of SB 231.

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MARK ROMICK, Director, Planning and Program Development, Alaska Housing Finance Corporation (AHFC), Anchorage, AK, said that in 2005, Governor Murkowski appointed the Governor's Council on Homelessness and tasked it with a number of recommendations on how to address the issue. The Housing Trust was one of its major recommendations and this bill is a culmination of that effort by the council and other advocacy groups.

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DAN FAUSKE, CEO, Alaska Housing Finance Corporation (AHFC), Anchorage AK, said the issue is getting worse with high fuel costs. He said he supports SB 231.

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JEFF JESSE, CEO, Alaska Mental Health Trust Authority, Anchorage AK, said he was on the Homelessness Council. Although all our low income housing dollars come from the federal government, the majority of those funds are used to serve 70 percent of those with area median income and above. But when you look at the numbers of people in desperate need of housing to avoid homelessness, most of those people are at 50 percent of area median income and below. The reason is that every low income housing project has to pencil and if you're a developer and you're trying to put one of these projects together, they usually have blended funding that gets convoluted. Somewhere in

the business plan you have to show some revenue source from actual tenants. If you target higher income population you'll have better luck demonstrating on your business plan a better likelihood that this project will pencil.

In addition, he said, people at 50 percent of median income and below are usually in that category for a reason: substance abuse, mental health issues, domestic violence, all those things that make it difficult to get a job in order to afford a decent place to live. In order to be successful in housing even if they get it, they need support services, treatment and employment programs, et cetera, to be able to stay in their houses. The issues are how to help these projects pencil for lower income people and how to create a system that incorporates support services into housing. They looked around the country to find successful ways of dealing with these issues. Many evidence-based studies show that first getting people into housing and then providing support to be very effective. Denver, Boston, Los Angeles, and New York have made significant inroads on their homeless problems by looking at this housing-first model. The idea is partner up social service providers that don't know how to get affordable housing to pencil with the housing providers that don't know how to provide support. They can accomplish this by combining capital funds to buy down the cost, contributing social service funds that have a 5 year commitment and working with AHFC on project basing section 8 rental vouchers so they can be included in the business plan. This legislation implements that model by creating the Housing Trust Fund. This bill is essential even to hold on to the housing programs already in place.

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STEPHANIE WHEELER, Office of Faith-Based and Community Initiatives, and Chair of the Statewide Homelessness Ends in Alaska- Advisory Team, Anchorage, AK, said Homeless Ends is a group of local policy makers to address this issue. Its two goals are increasing affordable housing through the creation of a housing trust fund and promoting locally delivered family services. Families are the fastest-growing homeless. Because the shelters are often full, families move from place to place, which affect school attendance and learning ability. She quoted a study stating that about 4,000 children went homeless during school year 2004-2005, sleeping in shelters, campgrounds, tents, and vehicles. To illustrate this impact, an average elementary school in Anchorage contains about 435 children; 4,000 children represent more than 9 elementary schools filled with children. Research also shows that these children get sick twice as often,

have symptoms of anxiety, have more learning problems and are twice as likely to repeat a grade because of frequent absences. A housing trust would prevent families from entering into the cycle of homelessness.

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BILL HOGAN, Deputy Commissioner, Family and Community Integrated Services, Department of Health and Social Services, Anchorage AK, said the department supports this bill. Housing is the number one issue for all of these compromised groups that have been mentioned by others testifying. Stable affordable housing will reduce the incidence of a multitude of the social problems mentioned.

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MARIE DARLIN, Coordinator, AARP Capitol City Task Force, Juneau, AK, said that 11 percent of homeless Alaskans are over the age of 65. She made note that there is no consumer member required in the composition of the council in SB 231. She recommended a change of wording in the bill regarding designated substitutes for commissioners who are unable to attend. She also questioned why membership is only for two-year terms instead of three. AARP supports the bill.

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SENATOR THOMAS clarified Ms. Darlin's concern and agreed.

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SENATOR ELTON also expressed concern about the language regarding substitute members and that there would always be more state employees than public members. The bill only allows for a substitute for a state member and he wanted to take a couple of state employees off of the council and add a consumer member.

MR. ROMICK said that one of the four public members appointed by the governor is a consumer of affordable housing (page 3, lines 15 and 16).

CHAIR DAVIS asked if there ought to be more than one consumer on the board.

SENATOR ELTON said according to the bill, the governor can choose someone with other kinds of expertise, but that doesn't ensure that it will be a consumer.

CHAIR DAVIS said that will be addressed in a committee substitute.

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MR. JESSE said his office is supportive of consumer input and will work on the bill to reflect that.

SENATOR ELTON said that according to the bill, the fund will be capitalized from four different entities. The history of the Mental Health Trust is that it likes to get things going, but doesn't continue to participate. He asked if the Mental Health Trust will continue to contribute if state funding has a bigger role.

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MR. JESSE said the trust has invested heavily in housing and continues to, but it's unlikely that it could sustain this over time. The trust has an annual allocation, and is not an endowment model. AHFC has generated earnings in excess of what it costs to run its programs, so it makes sense that the revenues from housing would be used to deal with the homeless problem. The Rasmussen Foundation and the trust both contributed a million dollars each, but it's unlikely that they can continue to do so.

SENATOR THOMAS said he'd like to see the Department of Labor involved in helping to get people back on their feet.

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CHAIR DAVIS said she would draft a new CS and bring the bill up again next Monday.

SB 233-TEACHERS/HEALTH CARE PROFESS HOUSING LOAN

CHAIR DAVIS announced SB 233 to be up for consideration.

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DAN FAUSKE, CEO, Alaska Housing Finance Corporation (AHFC), Anchorage AK, said the current bill is due to sunset in June. There's new language in the current bill to include additional people into a successful program that offers a zero down payment or a hundred percent loan to create housing for licensed or certified teachers and health care professionals. One of the concerns expressed in the past is that it is available to too many people and they also have that concern to some degree. His office supports the bill.

SENATOR ELTON said the difficulty is the expanding program. It's offering doctors a benefit he's not sure they need.

MR. FAUSKE said that is a concern that was raised. He doesn't think there'll be a rush on the program from doctors. He said there's a concurrent teacher health care/public safety grant program that is geared toward rural applicants and said that most applicants to this program are urban. A doctor could apply but it's not anticipated that there will be many.

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SENATOR ELTON asked if there was some kind of requirement to stay in Alaska for a year or two or a penalty. Getting people here is important. Keeping them here is also.

MR. FAUSKE said that has been discussed as well and it's been difficult to track.

CHAIR DAVIS asked if the committee needs more information and if they would like to know who has been served for the past year tenure of the program.

BRIAN BUTCHER, Director, Governmental Relations and Public Affairs, Alaska Housing Finance Corporation, Anchorage, AK, said there's a list in the committee member packets of all the communities involved over the five-year period. If there's an 'E' on the list, those were teacher loans. An 'H' indicates nurse loans.

The difficulty in recruitment and retention of these professions is what got it going. Because of its zero down payment provision, AHFC would have to provide 30 percent mortgage insurance instead of 20 percent.

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MR. BUTCHER said it makes no financial sense for a doctor who wants to buy a million-dollar house to use this program. But a doctor just out of medical school who had a large debt might want to take advantage of it.

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SENATOR THOMAS asked MR. FAUSKE about an income limit.

MR. FAUSKE replied that they would use tax exempt first-time home buyer guidelines that are already supplied in federal law. The limit would be 115 percent of median income.

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MELISSA STONE, Director of Behavioral Health, Department of Health & Social Services, said the proposed legislation adds health care professionals to the program and would specifically benefit the behavioral health provider system. Work force shortage is a problem. UAA conducted a study and found 29 percent vacancy in behavioral health, which was more than any other occupational group. Behavioral health clinicians had an 11.8 percent vacancy rate. The vacancy rate was 9.3 percent in urban areas and 22.9 percent in rural areas.

SENATOR ELTON said he's in sympathy, but sees one of the major reasons for the vacancy rates is because people are not paid what they're worth. He also asks why it is being done for this profession when there's a difficulty recruiting fisheries biologists, for example.

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MS. STONE said that in the behavioral health system, employees aren't part of the state, but generally part of a non-profit group.

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NANCY DAVIS, RN, Coordinator, Recruitment and Retention of Nurses Project, Division of Public Health, Department of Health and Social Services (DHSSAnchorage, AK, said that since the inception of the AHFC teacher and nurse housing loan, her organization has used it as an incentive in recruiting and retaining nurses all over the state. The field is very competitive and it makes Alaska more attractive.

CHAIR DAVIS asked members to contact her office about changes so a CS could be created.

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SENATOR COWDERY said he would like to sign off on the bills heard today.

CHAIR DAVIS said she understands that, but he can't do that because he's not present. She announced that she would hold SB 233 in committee and seeing no further business, she adjourned the meeting at [2:37:06 PM](#).