

**ALASKA STATE LEGISLATURE**  
**HOUSE LABOR AND COMMERCE STANDING COMMITTEE**

March 25, 2022

9:06 a.m.

**MEMBERS PRESENT**

Representative Zack Fields, Co-Chair (via teleconference)  
Representative Ivy Spohnholz, Co-Chair  
Representative Calvin Schrage (via teleconference)  
Representative Liz Snyder  
Representative David Nelson  
Representative James Kaufman  
Representative Ken McCarty

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

PRESENTATION: AFFORDABLE HOUSING

- HEARD

**PREVIOUS COMMITTEE ACTION**

No previous action to record

**WITNESS REGISTER**

MARK ROMICK, Deputy Executive Director  
Alaska Housing Finance Corporation  
Anchorage, Alaska

**POSITION STATEMENT:** Presented about affordable housing challenges in Alaska.

MEG ZALETEL, Interim Executive Director  
Anchorage Coalition to End Homelessness  
Anchorage, Alaska

**POSITION STATEMENT:** Presented a PowerPoint presentation, titled "Housing and Homelessness."

MICHELE BROWN, Senior Fellow  
Rasmuson Foundation  
Anchorage, Alaska

**POSITION STATEMENT:** Presented about affordable housing in Alaska.

COLLEEN DUSHKIN, Executive Director  
Association of Alaska Housing Authorities  
Anchorage, Alaska

**POSITION STATEMENT:** Presented a PowerPoint, titled "An Overview of Alaska's Housing Shortage."

CAROL GORE, President and CEO  
Cook Inlet Housing Authority  
Anchorage, Alaska

**POSITION STATEMENT:** Discussed affordable housing in Alaska.

ANDRE SPINELLI, Director  
Alaska State Home Building Association  
Anchorage, Alaska

**POSITION STATEMENT:** Discussed challenges in the construction industry in Alaska.

#### **ACTION NARRATIVE**

[9:06:00 AM](#)

**CO-CHAIR IVY SPOHNHOLZ** called the House Labor and Commerce Standing Committee meeting to order at 9:06 a.m. Representatives McCarty, Kaufman, Snyder, Nelson, Fields (via teleconference), Schrage (via teleconference), and Spohnholz were present at the call to order.

#### **PRESENTATION: Affordable Housing**

[9:06:46 AM](#)

CO-CHAIR SPOHNHOLZ announced that the only order of business would be a presentation on affordable housing.

[9:07:51 AM](#)

MARK ROMICK, Deputy Executive Director, Alaska Housing Finance Corporation (AHFC), described the housing market in the state and the affordable-housing challenges. He stated that the mission of AHFC is to provide access to safe, quality, and affordable housing to residents of the state. He continued that AHFC works with nonprofit and for-profit organizations, along with community groups to build affordable housing. He noted that some funding comes from the federal government. He pointed

out that the emergency rental assistance programs have helped stabilize the rental market and reduce homelessness, and, from loss of income during the COVID-19 pandemic, homeowner assistance programs help homeowners to pay their mortgage. He noted that the Homeless Stabilization Program has helped 126 people move into more permanent housing. He explained that none of these programs would be successful without the help of nonprofit organizations and local governments throughout the state. In general, the housing market currently is producing strong sales. Vacancy rates are at lower rates across the state; however, as interest rates rise, supply-chain issues will be exacerbated by the cost of debt. When it comes to availability of affordable housing, he said there is an uneven capacity, and the pandemic has exacerbated this problem. He added that these challenges have created new opportunities.

[9:20:42 AM](#)

MEG ZALETEL, Interim Executive Director, Anchorage Coalition to End Homelessness, gave a PowerPoint presentation, titled "Housing and Homelessness," [hard copy included in the committee packet]. She stated that the Anchorage Coalition to End Homelessness coordinates the geographic homeless prevention response system in Anchorage. She maintained that housing is the solution to homelessness; however, affordable housing is difficult to obtain in Anchorage. She stated that rent for a two-bedroom apartment would require a minimum hourly wage of \$23.74. She moved to slide 4, showing a map of Anchorage, indicating the minimum hourly payrate to afford a two-bedroom home in various zip codes. She stated that there was an average 5.9 percent vacancy rate statewide in 2021, with Anchorage's vacancy rate at 4.3 percent. She advised that any figure under a 5 percent vacancy rate becomes a very competitive market to find housing. She added that vacancy rates do not include properties used for Airbnb or VRBO. She expressed the opinion that these types of [vacation rentals] have created housing complications. Concerning permanent supportive housing, she said this is reserved for people who have experienced chronic homelessness, and most communities have no beds [for the programs which support this]. She stated that larger, urban areas have one to two beds per one thousand residents for supportive housing. She stated that there are currently 855 individuals in the Municipality of Anchorage run shelters, with over 150 of these individuals needing assistance from permanent supportive housing [programs]. She advised that finding housing for people who have a record of incarceration or behavioral health problems, and who have experienced chronic homelessness,

is extremely difficult. The workforce needs for these programs are high as well. She described this as a difficult issue in Anchorage and statewide. Addressing rapid rehousing programs, she said they have helped to reduce trauma for people experiencing temporary homelessness; however, there is less than one bed per 1,000 residents allotted for rapid rehousing. She pointed out that the numbers shown on slide 5 and slide 6 do not consider family rehousing possibilities; this is because the assumption is that shelters are a last resort.

9:38:19 AM

MS. ZALETEL detailed the single adult homeless-prevention response system. She explained that there is a continuum of services which respond to homelessness, including several paths to housing. She stated that workforce-supportive housing involves converting hotels into single-room occupancy domiciles. She related that support can be provided to landlords of private-market units who would consider renting to people experiencing homelessness. She advised, to combat the challenge of vacancy rates, diversification of housing types needs to be accomplished, and by leveraging rental assistance, federal relief affordable-housing units could be created. She expressed the difficulty in finding owners for capital projects, such as new shelters and hotel conversions, because maintenance and operation funding is not built in. She argued that the solution involves creating a community land trust specific to owning properties which service extremely low income and special needs people within the homeless prevention response system. She concluded that public and private partnerships could help to address the immediacy of the need to assist people experiencing homelessness.

9:42:35 AM

MICHELE BROWN, Senior Fellow, Rasmuson Foundation, spoke about the investments the Rasmuson Foundation has made in housing in the state. She described housing as the bedrock of community safety, stability, health, and economic development. She advised that affordable housing is not just a problem for people with low income or those experiencing homelessness. Many of the most common important and prevalent jobs do not provide the income which would pay the rate for housing. She pointed out the growing correlation between attracting and retaining a workforce and the housing shortage. She explained that the lack of housing access and the cost are both barriers to supplying a workforce in the state. She argued that the time has come to

work together and analyze tools the state could deploy to increase the availability and affordability of housing.

MS. BROWN suggested creating a housing trust, as this could provide a permanent source of funding for the development, preservation, and maintenance of housing stock. She pointed out that Alaska is one of three states in the country which lacks a housing trust. She notified the committee that the Alaska Coalition on Housing and Homelessness along with the Anchorage Coalition to End Homelessness are setting up a trust which will be brought to the legislature for possible funding this session. She outlined that a housing trust is a renewable resource which can be used to "top off" projects that otherwise may fail to come to fruition because of a lack of funding. There is an endowment being created through the Alaska Community Foundation to complement capital projects for housing in Alaska. The source of funding would be in perpetuity. She argued that housing trusts have worked well in other states. By integrating efforts between nonprofits, private groups, and government, these efforts can be streamlined to limit the overhead involved with fundraising, grant applications, and more. She added that, in Anchorage, the influx of seasonal tourism employees increases rental competition.

[9:28:17 AM](#)

MR. ROMICK, responding to a committee question, said that Alaska Housing Finance Corporation produced a dividend of \$42 million in fiscal year 2022 (FY 22); however, because of the current financial situation across the globe, in FY 23 the amount will be closer to \$22 million.

[10:03:16 AM](#)

COLLEEN DUSHKIN, Executive Director, Association of Alaska Housing Authorities, presented a PowerPoint, titled "An overview of Alaska's Housing Shortage" [hard copy included in the committee packet]. She stated that the association includes 14 regional housing authorities, which provide affordable housing development and services to 196 tribes in Alaska. By working with local, state, and federal partners, housing authorities are the only developers of affordable housing in most of the state's rural communities. The Native American Housing Assistance and Self Determination Act of 1996 (NAHASDA) made it so homes could be constructed for weather conditions in Alaska, but funding through this entity has eroded by 30 percent. In addition, the cost of building materials has skyrocketed due to inflation;

therefore, regional housing authorities face a growing need for funding.

MS. DUSHKIN stated that [in the state] 12,600 homes are without plumbing, 14,000 homes are heated inefficiently, and in some regions nearly 40 percent of homes are overcrowded. She voiced that the construction of 16,000 homes would help to alleviate overcrowding. She advised that by 2030, the senior population is expected to double, and 300 senior-living beds would be needed. She stated that the Professional Housing Program is critical to ensuring that communities have housing available for professionals, which ensures a critical workforce and cuts down on costly turnover. The Professional Housing Program is a matching-grant fund and often a debt service for housing development. She continued that, as the population of seniors increases, having adequate housing for elders is critical for communities. She pointed out that the Weatherization Program extends the life of substandard homes, which otherwise might be on the brink of uninhabitability. The Supplemental Housing Development Grant Program requires a five to one match, with housing authorities often leveraging this program with an eight to one match. She opined that housing is the missing piece within the Infrastructure Investment and Jobs Act. She said that safe and affordable housing is necessary to thrive and contribute to a sustainable community, but Alaska communities lack this. She concluded that housing authorities welcome a partnership with the state to invest in affordable housing in all communities.

[10:15:18 AM](#)

CAROL GORE, President and CEO, Cook Inlet Housing Authority, advised that affordable housing is Alaska's biggest [missed] opportunity. She explained that housing is a top priority in every community in Alaska, because, without it, companies and employers cannot retain their workforce. Young professionals are leaving because of housing shortages, and rural communities face overcrowding. She stated that the Cook Inlet Housing Authority has been developing and managing multi-family housing for the last 20 years throughout Wasilla, Anchorage, and Palmer. Currently, housing authorities cannot meet the needs of the community on its own. She pointed out that in Anchorage, the rental market is very "tight," with only a 5 percent vacancy in affordable apartments; costs for rentals in the private market are up by 23 percent; and the private market is only at a 3 percent vacancy. She argued that land, capacity, and funding are needed to deliver housing to Alaskans; however, there is not

enough funding to meet this need. She stated that there has not been a significant amount of housing built in Alaska without help from the Alaska Housing Finance Corporation, which is the strongest partner to Alaska's housing authorities. She advised that housing construction alone will not solve the problem of homelessness; to keep our most vulnerable citizens housed, funding for case management and support services is needed, as well. She expressed the opinion that affordable housing has been underfunded for decades; without affordable housing the state risks losing critical workforce, families, seniors, and the opportunity for more economically viable communities.

[10:22:04 AM](#)

ANDRE SPINELLI, Director, Alaska State Home Building Association, listed the challenges of building affordable housing. He stated that the recent increase in the cost of supplies, along with the shortage of building materials, especially lumber, is a major challenge. He pointed out that there has been a 30 percent increase in the cost of constructing a house since 2019, which is drastic when compared to the previous 15 to 20 years. He continued that there is a labor shortage, as well as an increase in labor costs. There is also a lack of affordable land and the infrastructure to turn vacant land into developable lots. He concluded that a lack of supplies has raised the cost of housing to an unprecedented level.

[10:30:15 AM](#)

CO-CHAIR SPOHNHOLZ shared her concern that housing was not included in the Infrastructure Investment and Jobs Act.

[10:32:05 AM](#)

#### **ADJOURNMENT**

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at 10:32 a.m.