

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

February 8, 2023

3:15 p.m.

**MEMBERS PRESENT**

Representative Jesse Sumner, Chair  
Representative Justin Ruffridge, Vice Chair  
Representative Mike Prax  
Representative Dan Saddler  
Representative Stanley Wright  
Representative Ashley Carrick  
Representative Zack Fields

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

AFFORDABLE HOUSING HEARING

- HEARD: AFFORDABLE HOUSING HEARING

**PREVIOUS COMMITTEE ACTION**

No previous action to record

**WITNESS REGISTER**

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

**POSITION STATEMENT:** Gave a PowerPoint presentation on the Alaska Housing Finance Corporation during the Affordable Housing Hearing

ERIC VISSER, President  
Alaska Home Builders Association  
Anchorage, Alaska

**POSITION STATEMENT:** Gave a presentation on the Alaska Home Builders Association during the Affordable Housing Hearing.

TODD MCMANUS, President  
Alaska Bankers Association  
Ketchikan, Alaska

**POSITION STATEMENT:** Gave a Presentation on the Alaska Bankers Association

CHRIS KOLEROK, Legislative Committee Chair  
Association of Alaska Housing Authorities;  
Director  
Public Policy for Cook Inlet Housing Authority  
Anchorage, Alaska

**POSITION STATEMENT:** Offered information regarding the Association of Alaska Housing Authorities during the Affordable Housing Hearing.

#### **ACTION NARRATIVE**

[3:15:44 PM](#)

**CHAIR JESSE SUMNER** called the House Labor and Commerce Standing Committee meeting to order at 3:15 p.m. Representatives Prax, Ruffridge, Wright, Carrick, Fields, and Sumner were present at the call to order. Representative Saddler arrived as the meeting was in progress.

#### **AFFORDABLE HOUSING HEARING**

[3:16:14 PM](#)

CHAIR SUMNER announced that the only order of business would be the Affordable Housing Hearing.

[3:16:47 PM](#)

MARK ROMICK, Deputy Director, Alaska Housing Finance Corporation, gave a PowerPoint presentation on the Alaska Housing Finance Corporation during the Affordable Housing Hearing [hard copy included in the committee packet]. As shown on slide 2, he stated that the mission of AHFC is "to provide Alaskans with safe, affordable, quality housing."

[3:18:28 PM](#)

MR. ROMICK continued to slide 3 and stated the number of units and vouchers that AHFC has. He added an explanation on the difference between public housing and the voucher program for rental assistance. He said that they work closely with the regional housing authorities and have sub-groups for providing housing assistance to different groups of people.

[3:20:00 PM](#)

MR. ROMICK added that AHFC has job and skill training programs to help people end their reliance on housing assistance. He stated that 70 percent of its budget is federally funded. He added that AHFC does not compete with banks for mortgages; saying that AHFC buys them from banks and offers programs for housing assistance. He continued that there are several projects that will be completed by 2024 in the Fairbanks area.

[3:23:29 PM](#)

MR. ROMICK continued to slide 5 and gave the definition of affordable housing used by AHFC: "a household spending no more than 30 percent of their gross income on monthly payments, including utilities." He stated that income below 50 percent of median income is considered low, and added that in Alaska, that number is 60 percent.

[3:28:14 PM](#)

MR. ROMICK continued to slide 7 and gave the numbers for the COVID rental assistance program, stating that most of the money came from the state, but money was also received from the Municipality of Anchorage and the fourteen regional housing authorities. He stated that the emergency vouchers received from the Department of Housing and Urban Development were split evenly between Anchorage and the rest of the state.

MR. ROMICK continued to slide 8 and stated that the rental assistance program helped get money to landlords to keep the rate of eviction down during the pandemic. He continued that the leftover money from the program was used to help people with unstable housing find more permanent housing.

[3:32:54 PM](#)

MR. ROMICK continued to slide 9 and stated that the homeowner's rental assistance helped homeowners with three months of mortgage payments and helped those who were delinquent on their loans. He continued that the AHFC worked with the banks on behalf of the homeowners rather than paying the homeowners directly.

[3:35:47 PM](#)

MR. ROMICK continued to slide 10 and stated that AHFC does market studies on all developments financed by the corporation to meet federal requirements of not overbuilding in an area. He said that AHFC keeps a database of energy efficiency ratings for use on new construction and rehabilitation projects.

MR. ROMICK continued to slide 11 and stated that vacancies in rentals were lower in 2022 than the ten-year average. He continued that rents had been increasing but are now starting to level out. He said that there were not definitive numbers on the effects of short-term rentals, particularly in areas with high numbers of tourists.

[3:40:17 PM](#)

MR. ROMICK added that the rise in interest rates is causing the housing market to slow down, as homeowners have a more difficult time getting the price they would have been able to before. He continued that the cost of supplies is stabilizing but remains very high, and has caused some issues with overcrowding, particularly in rural Alaska. He concluded that there are not enough non-profits to help everyone, and the solution involved making it feasible for the private sector to build again.

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REPRESENTATIVE FIELDS asked if AHFC had considered developing any of the empty lots in downtown Anchorage, Alaska, and whether fixing ground contamination in any of them would be a qualifying expense.

MR. ROMICK answered that while remediation is generally an eligible expense, it has the potential to limit the project that can be built due to the cost. He said that AHFC has been discussing the possibility of developing parking lot 102 in downtown Anchorage with the municipality for several years.

[3:49:17 PM](#)

REPRESENTATIVE CARRICK asked about the relation between the cost and availability of building materials and the inability of the private sector to develop more.

MR. ROMICK answered that availability of building materials has improved and costs remain high.

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REPRESENTATIVE SADDLER asked about the short-term and long-term effects of the emergency COVID assistance money on the housing rental market.

MR. ROMICK answered that in the short-term, the assistance money ensured that landlords would still receive payments, and that the long-term would depend on whether the renters were able to succeed on their own and stay in their current housing.

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REPRESENTATIVE GRAY asked about the structure of AHFC.

MR. ROMICK answered that any income generated by AHFC comes from interest payments, and that that money is used to support the operations of AHFC.

REPRESENTATIVE GRAY asked if the dividend provided by AHFC is required by statute or if it can be used for other purposes such as helping the homeless.

MR. ROMICK answered that the dividend is used to fund certain projects, including assistance for the homeless.

[3:55:50 PM](#)

REPRESENTATIVE PRAX asked about the focus of AHFC in relation to financing versus managing grants and subsidies.

MR. ROMICK answered that all of AHFC's mortgage activity is financing and makes up most of the corporation's activity. He continued that their project management duties are a result of contracts they have with the federal government.

[3:57:55 PM](#)

REPRESENTATIVE WRIGHT asked how many vouchers were given out the previous year and who decides the criteria for receiving a voucher.

MR. ROMICK answered that the vouchers coming from the federal government carried a stipulation to work with local and state homelessness coalitions.

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REPRESENTATIVE PRAX asked what AHFC's market share is.

MR. ROMICK answered that AHFC's market share of mortgages is roughly 20 percent, which he said has remained relatively stable. He added that AHFC manages 1600 rental units, which is a low number for the state.

[4:01:12 PM](#)

REPRESENTATIVE RUFFRIDGE asked what the timeline was for someone seeking mortgage assistance from AHFC.

MR. ROMICK answered that he was unsure of the exact number of days, but AHFC was working to automate certain processes to reduce the amount of time spent waiting.

[4:02:40 PM](#)

ERIC VISSER, President, Alaska State Home Builders Association, stated that the association is an organization that allows different trades in the residential construction industry to come together and work on challenges and problems together. He stated that another function of ASHBA is furthering construction education for contractors for the purpose of allowing them to renew their occupational licenses.

[4:05:49 PM](#)

MR. VISSER stated that AHFC's 2018 housing assessment projected a shortfall of approximately 16,000 housing units, and that Alaska would need 25,000 additional housing units by 2025.

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REPRESENTATIVE SADDLER asked about the residential construction workforce.

MR. VISSER answered that more homes would be built if there were more workers, and one idea that ASHBA had was to go to high schools and teach students about the possibilities of a career in residential construction.

[4:09:31 PM](#)

REPRESENTATIVE PRAX asked Mr. Visser if he was part of the housing discussion pertaining to the Fairbanks North Star Borough.

MR. VISSER answered that he was not.

[4:09:54 PM](#)

REPRESENTATIVE GRAY asked what the Legislature could do to create residential housing construction boom.

MR. VISSER answered that ASHBA believed it would be helpful if the energy rebate program was reinstated, and for larger developments such as Housing Alaska to help foster public and private partnerships to seek out tax credits.

[4:11:25 PM](#)

REPRESENTATIVE SADDLER asked what the parameters are for homebuilding operations in Alaska in relation to accessory dwelling units.

MR. VISSER answered that he is supportive of accessory dwelling units but that they are currently cost prohibitive.

[4:12:36 PM](#)

REPRESENTATIVE PRAX asked if Mr. Visser had looked at the locally graded lumber bill that the Governor is considering introducing.

MR. VISSER answered that he believes it would be beneficial for the state.

[4:13:18 PM](#)

REPRESENTATIVE RUFFRIDGE asked if the regulations for accessory dwelling units were decided on the municipal level and if the state could do anything to make building them more feasible.

MR. VISSER answered that accessory dwelling unit regulations are decided on the local level, and that the only state level legislation on them that he knew of was in Oregon.

[4:14:20 PM](#)

TODD MCMANUS, President, Alaska Bankers Association, stated that the Alaska Bankers Association is comprised of the seven banks with physical locations in the state of Alaska. He said that the member banks of the association provide 85 percent of non-public lending in the state of Alaska. He said that the

association supports any efforts to create housing for Alaskans, as it believes that it is an essential building block of the economy.

[4:17:30 PM](#)

MR. MCMANUS stated that the Alaska Bankers Association works closely with Alaska Housing on mortgage activities and said that Alaska Housing is a much-needed resource in Alaska as many of the federal programs do not cover certain areas in Alaska. He stated his belief that the state should open more land for building housing in the Southeast region of Alaska.

[4:20:00 PM](#)

MR. MCMANUS said that in addition to single family housing, there is a great need for additional workforce housing in Southeast Alaska to accommodate seasonal workers in the fishing and tourism industries.

[4:22:21 PM](#)

REPRESENTATIVE CARRICK asked how much of rural Alaska would qualify as a "loan desert" without in-state assistance programs.

MR. MCMANUS answered that large portions of Southeast Alaska would qualify due to limited road access and added that he was unsure about the rest of the state.

[4:23:47 PM](#)

REPRESENTATIVE GRAY asked what the legislature could do to build the workforce.

MR. MCMANUS answered that reigniting interest in trade school among high school students would help build the residential construction workforce. He added that for the general workforce, people need places to live and do business.

[4:26:22 PM](#)

CHRIS KOLEROK, Legislative Committee Chair, Association of Alaska Housing Authorities; Director, Public Policy for Cook Inlet Housing Authority, gave a PowerPoint presentation on the Association of Alaska Housing Authorities [hard copy included in the committee packet]. As shown on slides 3 through 5, he stated that AAHA is a membership organization of the fourteen

regional housing authorities in the state of Alaska. He said that the two main functions of AAHA are to provide training and technical assistance to the regional housing authorities and advocate for them.

[4:28:53 PM](#)

MR. KOLEROK added that the regional housing authorities develop affordable housing and provide maintenance and upgrades for older housing for the purpose of preservation. He said that one of the requirements for the grants that AAHA receives is building the homes to be highly energy efficient.

[4:31:52 PM](#)

MR. KOLEROK continued to slides 7 and 8 and stated that the AAHA member organizations have a great economic impact on Alaska through job creation and money being spent in the state.

[4:34:24 PM](#)

MR. KOLEROK continued to slide 10 and stated that 40 percent of housing is considered overcrowded in certain regions of Alaska, and that the problem is most prevalent in rural Alaska. He continued to slide 11 and said that the number of homes being built has dropped significantly since the 1990s.

[4:36:51 PM](#)

MR. KOLEROK continued to slides 12 and 13 and stated that the supplemental housing development grant is a flexible grant that can be used for building new housing, rehabilitating housing, and construction of utilities for housing. He continued that the grant only covers 20 percent of the cost, so when building a project AAHA must secure other funding to go along with it.

[4:38:01 PM](#)

MR. KOLEROK continued to slides 14 through 16 and stated that many homes in rural Alaska have incomplete plumbing. He continued that many homes have 1 star energy ratings and there is a great cost to keeping them heated during the winter. He said that weatherization is an important way to keep homes from becoming decrepit and improve their energy usage.

[4:40:54 PM](#)

MR. KOLEROK continued to slides 18 through 21 and stated that the greatest barrier to more housing is the cost of materials, labor, and logistics. He continued that infrastructure sometimes must be built to move the building materials to the site, adding to the cost.

[4:44:50 PM](#)

MR. KOLEROK continued to slides 22 through 26 and stated that a home building kit includes only what is within the walls of a house and not the concrete and steel used to support the foundation. He added that the cost of homes has increased at a greater rate than inflation. He said that federal funding for Indian housing has not kept up with inflation.

[4:49:39 PM](#)

MR. KOLEROK continued to slide 29 and stated that nearly half of the homeless population in Anchorage, Alaska, are people of Native Alaskan descent. He continued that 18 percent of people that are homeless in Anchorage became homeless before the age of 18, 38 percent have mental health or addiction issues, and 22 percent have experienced domestic violence.

[4:52:14 PM](#)

MR. KOLEROK continued to slides 30 and 31 and stated that there is more to helping the homeless than just giving them a place to live, because they have adapted to becoming homeless and have to unlearn certain habits. He said that AAHA has suffered \$1 million in damage as a result of moving homeless people into housing without any preparation.

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MR. KOLEROK continued to slides 32 through 37 and stated that there are several different levels of home living assistance, ranging from people living independently to group living facilities that offer in-home assistance to the people living there.

[5:01:00 PM](#)

REPRESENTATIVE GRAY asked: about the low number of houses being built in the Ahtna, Incorporated ANCSA region.

MR. KOLEROK answered that the area already has a low population and certain capital requirements.

REPRESENTATIVE GRAY asked about the possibility of 3D printed houses in Alaska.

MR. KOLEROK answered that building in rural Alaska requires using materials that anyone can build or fix, because of the immense cost in time and money that would occur if they needed to bring in a specialist for any new construction or repairs.

[5:04:33 PM](#)

**ADJOURNMENT**

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at 5:04 p.m.