

ALASKA STATE LEGISLATURE
SENATE STATE AFFAIRS STANDING COMMITTEE

April 11, 2024

3:32 p.m.

MEMBERS PRESENT

Senator Scott Kawasaki, Chair
Senator Matt Claman, Vice Chair
Senator Jesse Bjorkman
Senator Bill Wielechowski
Senator Kelly Merrick (via teleconference)

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

SENATE CONCURRENT RESOLUTION NO. 3

Recognizing the shortage of affordable housing available in the state; supporting public- private partnerships that maximize the impact of public funding; and urging the state to support Housing Alaskans.

- HEARD and HELD

PREVIOUS COMMITTEE ACTION

BILL: SCR 3

SHORT TITLE: HOUSING SHORTAGE;PUBLIC-PRIV. PARTNERSHIP

SPONSOR(S): SENATOR(S) DUNBAR

05/05/23	(S)	READ THE FIRST TIME - REFERRALS
05/05/23	(S)	STA
04/11/24	(S)	STA AT 3:30 PM BELTZ 105 (TSBldg)

WITNESS REGISTER

ARIELLE WIGGIN, Staff
Senator Forrest Dunbar
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented the sponsor statement for SCR 3 on behalf of the sponsor.

MICHELE BROWN, Program Manager
Housing Alaskans Public Private Partnership (HAPPP)
Anchorage, Alaska

POSITION STATEMENT: Invited testimony for SCR 3.

TIMOTHY BEERS, representing self
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SCR 3.

ACTION NARRATIVE

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CHAIR SCOTT KAWASAKI called the Senate State Affairs Standing Committee meeting to order at 3:32 p.m. Present at the call to order were Senators Claman, Bjorkman, Merrick, and Chair Kawasaki. Senator Wielechowski arrived thereafter.

SCR 3-HOUSING SHORTAGE;PUBLIC-PRIV. PARTNERSHIP

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CHAIR KAWASAKI announced the consideration of SENATE CONCURRENT RESOLUTION NO. 3 Recognizing the shortage of affordable housing available in the state; supporting public- private partnerships that maximize the impact of public funding; and urging the state to support Housing Alaskans.

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ARIELLE WIGGIN, Staff, Senator Forrest Dunbar, Alaska State Legislature, Juneau, Alaska, presented the sponsor statement for SCR 3 on behalf of the sponsor:

[Original punctuation provided.]

SENATE CONCURRENT RESOLUTION 3

Senate Concurrent Resolution 3 addresses the lack of affordable housing in Alaska, one of the most urgent needs facing our state.

This resolution calls for the Alaska State Legislature to officially recognize the affordable housing crisis and advocates for the support of public-private partnerships such as Housing Alaskans. These partnerships aim to leverage state, federal, and municipal resources with individual donations to increase the supply of affordable housing across the state.

Alaska faces a critical shortage of affordable housing, affecting the economic stability of low and middle-income families, leading to overcrowding, and putting additional stress on finances. Lack of housing negatively impacts our state's ability to attract and retain a skilled workforce, which in turn, affects the state's ability to retain young families and plan for the future. We urgently need to increase the housing supply and ensure the preservation of the existing housing stock, much of which is over 40 years old.

I urge your support for Senate Concurrent Resolution 3.

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CHAIR KAWASAKI announced invited testimony for SCR 3. He introduced Michele Brown, Program Manager for Housing Alaskans Public Private Partnership (HAPPP), highlighting her extensive background in public service and contributions to housing and homelessness initiatives in Alaska.

[Key points from the introduction below.]

- **Previous Positions:**

- President and CEO of the United Way of Anchorage for 17 years.
- Senior Fellow for Housing and Homelessness at the Rasmussen Foundation.
- Commissioner, Alaska Department of Environmental Conservation (1996-2002).
- Manager of U.S. Government environmental aid assistance in Russia through USAID.
- Assistant Attorney General at Alaska's Department of Law.
- Law Clerk at the Alaska and California Supreme Courts.

- **Accomplishments:**

- Led efforts at Rasmussen Foundation to build public-private partnerships that added hundreds of housing units and established Alaska's first complex care shelter for people experiencing homelessness.
- Recipient of numerous awards, including the U.S. Department of Housing and Urban Development National Award, Alaska Woman of Achievement, UA Meritorious Service Award, Shining Lights Award, and induction into the Anchorage Athena Society.

- **Education:**

- Bachelor's degree in philosophy from the University of California, Berkeley.
- Juris Doctor (JD) from the University of California, Davis.

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SENATOR WIELECHOWSKI joined the meeting.

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MICHELE BROWN, Program Manager, Housing Alaskans Public Private Partnership (HAPPP), Anchorage, Alaska, provided an in-depth overview of Alaska's housing challenges and the work of the Housing Alaskans Public-Private Partnership to address them. She highlighted the pervasive housing shortage and its far-reaching economic impacts, noting that rising costs have outpaced wage growth, making housing unaffordable for many workers in critical sectors like healthcare, education, and food services. This shortage is a key reason businesses struggle to grow, further inhibiting economic development. Housing production has declined significantly since its peak in the 1980s, and the lack of new construction, coupled with aging housing stock, has led to overcrowding and one of the nation's highest rates of homelessness. Alaska requires at least 27,500 new or rehabilitated housing units over the next decade to address these issues. To tackle these challenges, Housing Alaskans employs creative financing tools inspired by national best practices. She explained the adoption of a housing trust model, which combines public and private funds to accelerate housing development. The organization has taken a unique approach by focusing on "shovel-ready" projects that are nearly fully funded but require final-stage financing. Using \$750,000 of an initial \$1 million fund, Housing Alaskans supported projects in six communities, enabling the construction of 84 new housing units that otherwise would not have been completed. The model aims to accelerate housing development by leveraging both public and private funds.

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MS. BROWN noted that while the state has lacked a statewide Housing Trust, Housing Alaskans seeks to fill this gap by pulling together resources from various sources to help fund housing projects more effectively. Current housing development often happens on a project-by-project basis, with each project needing to secure loan or grant dollars, which can be a decades-long process, especially when building a capital stack. With

initial funding of approximately \$1 million, Housing Alaskans decided to take a different approach than traditional funding providers. Rather than setting requirements and waiting for applications, the organization sought out shovel-ready projects—those that already had 95 percent of their capital stack secured but lacked the final top-off funding to move forward. In a three-week grant cycle, the organization reviewed many such projects, which had already secured funding from five to 20 sources, including public funds that had been sitting unused for several years. The organization provided small top-off grants of \$100,000 to \$150,000 in the six communities to help close the gap and enable these projects to proceed. This funding resulted in the creation of 84 new housing units. She highlighted that while these units could not have been built without the full capital stack, the small grant from Housing Alaskans helped to overcome the final barrier. This approach, she said, accelerates housing development by unlocking funds that are already available in the community but not being fully utilized.

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MS. BROWN described the second line of work Alaska Housing does in assisting communities with developing comprehensive, community-driven housing action plans. Rather than having communities apply for grants or programs on an ad-hoc basis, the organization collaborates with them to design tailored plans addressing their specific housing and infrastructure needs to ensure affordability. She highlighted ongoing work with Kodiak and Sitka and expressed hope to expand this approach to additional communities. Although Alaska Housing has newly entered the market, it aims to complement and leverage existing housing programs, which often operate in a fragmented manner, to create a more coordinated and impactful response to housing challenges. The organization's flexible and responsive funding model allows it to adapt quickly to emerging needs and invited input from the committee to enhance its efforts. She welcomed input from the committee and expressed her appreciation for their interest in addressing Alaska's housing crisis.

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CHAIR KAWASAKI inquired about the estimate of 27,500 housing units needed in Alaska over the next decade. He expressed skepticism, noting recent discussions about out-migration of Alaskans and inquired whether this need accounts for population growth within the state, migration from other areas, or a combination of factors. He sought clarification on how these trends influence the housing demand projections.

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MS. BROWN clarified that the estimate of 27,500 housing units needed over the next decade includes both new construction and rehabilitated units, each accounting for roughly half of the total. She acknowledged the current out-migration trend but explained that Alaska's changing demographics, particularly the increase in single-person households, have sustained the demand for housing units despite population shifts. She noted that individuals leaving the state are often higher-income earners who can afford to relocate, leaving behind housing that is not affordable for the majority of Alaska's workforce. She offered to provide further information on these projections to address any additional questions.

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CHAIR KAWASAKI inquired about the geographic focus of housing investments, referencing new housing developments in areas like Nikolai and Sitka. He asked whether most of these investments are directed toward growth cities or regions experiencing population increases. Additionally, he sought clarification on how these efforts address housing needs in more isolated or off-road communities with limited job opportunities and economic security.

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MS. BROWN explained that the organization focuses on housing needs statewide and has made efforts to support smaller communities. She highlighted that the six grants issued included projects in Soldotna, Nikolai, Nome, Sitka, Wasilla, and one additional community. While Wasilla is somewhat larger, the grants primarily targeted smaller or more rural areas. She emphasized that housing challenges are pervasive across the state, and the organization is eager to fund projects wherever there is demonstrated need.

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CHAIR KAWASAKI closed invited testimony on SCR 3.

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CHAIR KAWASAKI reconvened the meeting and opened public testimony on SCR 3.

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TIMOTHY BEERS, representing self, Anchorage, Alaska, testified in support of SCR 3. He shared that he traveled to Juneau to advocate for a homeless bill of rights, emphasizing the severe housing crisis in Anchorage, Alaska, and across the country, particularly in the aftermath of the pandemic. Many individuals who were unable to pay rent during the pandemic have since been evicted, contributing to a growing homeless population. He highlighted misconceptions about homelessness, pointing out that not all homeless individuals struggle with addiction or other stigmatized issues, citing the example of Lahaina residents who became homeless after last year's devastating fire. He proposed revisiting the idea of a state lottery as a potential way to generate funds to address homelessness in Alaska. Drawing on his experience as a municipal court clerk in California during the 1980s, he described how the California Lottery was implemented to support the education system despite initial opposition from the governor. He suggested that a similar approach in Alaska could help fund shelters and housing for low-income residents. He acknowledged that Alaska currently has a lottery and mentioned potential conflicts with joining national lotteries like Powerball or Mega Millions but urged consideration of the idea to help alleviate the crisis.

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CHAIR KAWASAKI closed public testimony on SCR 3.

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SENATOR MERRICK noted for the record that Housing Alaskans has received a \$6 million appropriation in the Alaska capital budget.

[CHAIR KAWASAKI held SCR 3 in committee.]

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There being no further business to come before the committee, Chair Kawasaki adjourned the Senate State Affairs Standing Committee meeting at 3:52 p.m.