

HOUSING



The Association of
Village Council Presidents
Housing Authority

Box 767

Bethel, Alaska 99559

~~(907) 543-2602~~ ~~(907) 543-2603~~ 543-2604

March 23, 1976

Senator Frank A. Ferguson
Pouch V
Juneau, Alaska 99811

Dear Senator Ferguson:

You recently received a letter from the village of Emmonak requesting your assistance in resolving the problem of past due wages for a construction project undertaken by the A.V.C.P. Housing Authority. Our Authority is presently participating in a special housing program funded through a Memorandum of Agreement between H.U.D., B.I.A. and P.H.S., under which we are developing 80 houses for the villages of Emmonak, Hooper Bay, and St. Mary's. Within this program we were limited to a development budget of \$30,000 per unit which was arbitrarily established back in Washington, D.C. three (3) years ago without the consultation of any Regional Housing Authorities.

It was apparent that this budget limitation was inadequate and in September of 1975 we submitted a revised budget to H.U.D. with complete justification for all additional costs. Since that time we have received continual delays from H.U.D. and the matter is now becoming of extreme urgency.

Attached is a copy of our recent letter to H.U.D. providing further information and justification, and our responding letter to James Hart. This problem has caused severe problems for the people of Emmonak, and we request your support.

Sincerely,

Michael B. Jones
Executive Director

cc: James Hart

MBJ/m3a



The Association of
Village Council Presidents
Housing Authority

Box 767
Bethel, Alaska 99559
(907) ~~543 2693~~ ~~543 2693~~

March 23, 1976

Mr. James E. Hart
and the Workers of the AVCP Housing and Citizens of Emmonak
Emmonak, Alaska 99581

Dear Mr. Hart:

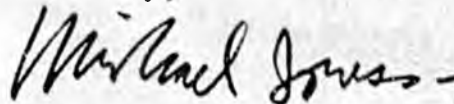
This is in response to the letter you have written to Governor Hammond concerning non-payment of wages for our housing project in Emmonak. I know that this has been a serious problem for you and the workers on this project, and it's been a very serious problem for us too. We have tried over and over again to obtain from HUD the additional funds that are required to complete the projects and to pay all of the back wages that are owed. In October of 1975 we submitted to HUD our amended budgets with a request for additional funding. Since that time, HUD had delayed and delayed, and now they are arguing with BIA as to which agency will pay the necessary additional costs. Your letter to Governor Hammond, and all of the copies that you sent out to other people, will help us to bring this problem to the attention of the right agency officials, and to put the needed pressure so that we can get much needed action from HUD.

Attached is a copy of my recent letter to Roger Riddell, Director of HUD's Office in Anchorage, in which we clearly state and justify our request for additional funding. Even though we provided detail justification in the amended budget which we submitted to HUD last October, a month ago they asked us again to provide another justification. It is very clear that the original budget of \$30,000 per house imposed on us from Washington, D.C. was never adequate to complete our housing projects funded under this program. This is now admitted by both HUD and the BIA, however HUD is claiming that the BIA, having signed a special Memorandum of Agreement with HUD and PHS, is now responsible for paying any additional costs over \$30,000 per house. The BIA, on the other hand, is arguing that they do not have that responsibility, and that HUD as the funder of the program should pay for additional costs. While these two agencies are arguing, houses lie incomplete and the people of Emmonak have suffered.

Mr. James E. Hart
and the Workers of the AVCP Housing and Citizens of Emmonak
Page 2

We are told that a decision regarding this matter will be made in Washington, D.C., however we were also told that three and four months ago. The attached copy of a letter to Roger Riddell represents only a part of the effort that we have been making to get some action on this serious problem. We very much regret that this problem has happened, and we ask for your support in our efforts to obtain the necessary additional funding, and to complete the houses as quickly as possible so that families can at last enjoy their new homes.

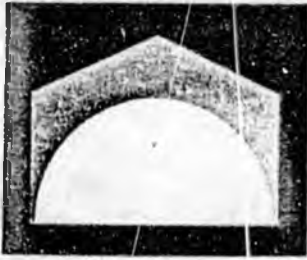
Sincerely,



Michael B. Jones
Executive Director

cc: Governor Jay S. Hammond
Lowell Thomas, Jr., Lieutenant Governor
W.I. Palmer, Executive Assistant
Neil Thomas, Executive Director, Human Rights Commission
Myron Angstman, Public Defender
Edmond K. Orbeck, Department of Labor
William Edward Spear, Department of Labor
E.T. Lee Leland, Department of Labor
Tom Evans, Department of Labor
Sterling Gallagher, Department of Revenue
Phillip Guy, Legislative Rep.
James. H. Huntington, Legislative Rep.
Larry H. Davis, Legislative Rep.
George H. Hohman, Senator
Frank A. Ferguson, Senator
A.V.C.P., Inc., Bethel
H.U.D., Anchorage,
B.I.A., Anchorage

MBJ/msa



The Association of
Village Council Presidents
Housing Authority
Box 767
Bethel, Alaska 99559
(907) 543-2632 or 543-2633

Mr. Roger Riddell,
Director,
Anchorage Area Office,
Department of Housing and Urban Development,
334 West 5th, Avenue,
ANCHORAGE, Alaska, 99501.

March 5th, 1976

Dear Roger:

RE: COST OVER-RUNS ON SPECIAL 500 UNIT HOUSING PROGRAM
FOR EMMONAK, HOOPER BAY AND ST. MARY'S (AK-9-1 (3))

As you know, the AVCP Housing Authority, along with the other Regional Housing Authorities, has experienced cost over-runs in implementing the special 500 unit housing program. Although we submitted an amended budget to your office during SEPTEMBER of 1975, which was forwarded to the HUD Seattle office, OCTOBER 16th of 1975 for review and transmittal to HUD's central office with complete back up by line item for requested budget increases, no action has yet been taken. Pursuant to your request for additional information on the causes of the over-runs, I am providing that explanation below in narrative form, as a line item back-up has already been provided.

Let me say first that the term over-run is a misnomer from the authority's perspective. The original budget of \$30,000 per house was seriously inadequate. It was not a budget that we built, and represented only the BIA's guesstimation as to what they could build the houses for three years ago. In no way did the BIA budget relate to the actual cost of constructing houses in the villages of our region.

The basic reasons for the over-runs for Emmonak, Hooper Bay and St. Mary's are as follows:

(1) TRANSPORTATION

The BIA originally budgeted for an average materials transportation cost of \$5,000 per unit. The actual transportation billings per house were as follows:

VILLAGE	BUDGETED		ACTUAL		DIFFERENCE	
	PER UNIT	TOTAL	PER UNIT	TOTAL	PER UNIT	TOTAL
EMMONAK	5,950	178,500	9,981.07	299,432.10	4,031.07	120,932.10
HOOPER BAY	5,950	178,500	9,981.07	299,432.10	4,031.07	120,932.10
ST. MARY'S	5,950	119,000	9,981.07	199,621.40	4,031.07	80,621.40
TOTALS		476,000		798,485.60		322,485.60

It is apparent that the actual costs of barge transportation were substantially above BIA budget estimates. A major reason for this was an inflation rate in transportation costs in Alaska of 68 per cent between 1973 and 1975. The increased cost of transportation alone accounts for 56 per cent of our cost over-run figure.

It should be noted that transportation costs were not uniformly high for all regional authorities. For example, the BIA charged the Bering Straights Housing Authority \$5,000 per house, for transporting materials on its ship the Northstar. This difference is obviously very significant, and was never reflected in the original budget.

(2) NON-BUDGETED COSTS FOR REPLACEMENT AND ADDITIONAL MATERIALS REQUIRED, MATERIALS AND TRANSPORTATION COSTS

There were a number of required materials which either arrived damaged or did not arrive at all. These constituted unavoidable and non-budgeted items in our budget, summarized as follows:

DESCRIPTION	PER UNIT	TOTAL
1. Added cost of transporting air freight containers of stove vent pipes/assemblies to Emmonak and St. Mary's which were deposited in St. Michael's and not loaded on the next barge	50.00	1,500.00

2. Additional 4" x 12" beams for house foundations in Emmonak	690.00	20,700.00
3. Additional materials purchased in Bethel, including: cases of nails additional lumber to cover shortages, space heaters, visqueen and other miscellaneous:		
Emmonak	116.60	3,498.00
Hooper Bay	39.02	1,170.70
St. Mary's	18.89	377.00
4. Our budget for water/sewer hook-up, per house was \$500.00. The per unit charge in St. Mary's was \$750.00 per unit.	250.00	5,000.00
5. Additional electrical supplies for all units. Freight charges:	75.00 41.36	6,000.00 3,308.89
6. PHS requires special 200 gallon holding tanks with special external hook-up for haul-type sewage system in Emmonak (materials, labor, transportation).	655.00	19,650.00
TOTAL ADDITIONAL COSTS		56,204.59
AVERAGE ADDITIONAL COST PER UNIT	702.56	

(3) LABOR

The BIA estimated labor costs at their force account rate of approximately \$6.00 per hour. It happened that during the summer of 1975 a school was under construction in each of our villages of Emmonak, Hooper Bay and St. Mary's, where the contractors were paying \$11.50 per hour for laborers. We were informed that we would be unable to organize a labor force with such wages in view of the competing jobs. We adopted the following wage scale to attract as many workers as we could:

Laborers	\$ 8.00 HR.
Lead Men	\$ 9.00 HR.
Assistant Supervisor	\$ 13.00 HR.
Construction Supervisor	\$ 15.00 HR.

To insure that all houses would be closed in before winter, we authorized our crews to work 60 hour weeks, payable at straight time. Near the end of the summer we received a letter from the State Department of Labor instructing us that time-and-a-half would have to be paid for all over-time work. This factor alone had a large impact on our budget.

Labor budget and over-run figures are summarized below:

	PER UNIT	TOTAL
Original Labor budget	8,000.00	640,000.00
Revised estimate to construct	9,583.00	266,677.00
Difference	1,583.45	126,677.00

It is note-worthy that the projected labor over-run is 22 per cent of the total over-run, while transportation cost increases represent 56 per cent of the total over-run.

(4) SITE PREPARATION

A uniform amount of \$500.00 per unit was budgeted for site preparation in Emmonak, Hooper Bay and St. Mary's. Our actual costs ran higher, as follows:

VILLAGE	ACTUAL COST PER UNIT	OVER- RUN	TOTAL OVER-RUN
EMMONAK Heavy brush had to be cleared by hand.	709.03	209.03	6,270.90
HOOPER BAY Extremely close proximity of existing houses and rough terrain prevented a power auger from being used. Holes for 360 piling were hand dug.	847.43	347.43	10,422.90
ST MARY'S Steeply sloping ground required site grading and gravel fill for seating foundations.	1,170.90	670.00	13,410.00
TOTAL OVER-RUN			30,103.80

This cost information is summarized below:

ORIGINAL BUDGET	40,000.00
ACTUAL TOTAL COST	70,103.80
DIFFERENCE	(30,103.80)

(5) MATERIALS MOVEMENT WITHIN PROJECT AREAS

Our budget did not anticipate difficulties in moving materials about within the project site areas, described below:

VILLAGE

COST

EMMONAK

Sites are scattered about a mile along the Yukon River. Billing for rental of fork-lift with driver from the Ghemn-Mason-Osberg Company for movement of our materials to construction sites

8,932.00

HOOPER BAY

Two village sites are separated by about a mile. A helicopter lift set all materials at a point midway. The only vehicle was a pick-up truck. The owner's price was \$10.00 per load/trip. 650 trips at \$10.00 per trip, plus 1300 man hours loading/unloading (including cost times) at \$8.00 per hour

TRUCK RENTAL \$ 6,650.00

LABOR \$10,640.00

TOTAL \$17,290.00

17,290.00

ST. MARY'S

A network of good roads existed in St. Mary's, as well as readily available equipment. No extraordinary costs were incurred

TOTAL

26,222.00

The cost increases described in this report are summarized in the table below:

<u>CATAGORY</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>DIFFERENCE</u>
Transportation	476,000.00	798,485.00	322,485.60
Materials replacement*		56,204.00	56,204.00
Labor	640,000.00	766,677.00	126,677.00
Site preparation	40,000.00	70,104.00	30,104.00
Materials movement in site area*		26,222.00	26,222.00
TOTALS	1,156,000.00	1,717,692.00	561,692.60

These represent the major items in our amended budgets, previously submitted when cost increases in all line items are considered, the total figures are as follows:

TOTAL INITIAL DEVELOPMENT BUDGET	2,415,061.00
AMENDED BUDGET	2,992,845.00
DIFFERENCE AND REQUEST FOR BUDGET AMENDMENT INCREASE	577,784.00

* These items are not reflected in the original budget as line items, but represent a magnitude of cost unanticipated anywhere in the initial development budgets.

The above explanations and tables summarize the major cost increases and the reasons for them. It is apparent that the initial budgets were inadequate. Had the budgets been built to reflect development costs based on actual circumstances in each village (site problems, true transportation costs, availability of equipment, and etc.), the initial budgets would have been considerably higher and over-runs would not have occurred.

Our authority anticipated over-runs last summer in the early stages of construction. We projected those over-runs in detail last September. Representatives of both HUD and the BIA with whom we spoke admitted that the development budgets were inadequate. We were advised by HUD legal counsel in Seattle to prepare and submit amended budgets. We did so without delay in an effort to avoid any interruption in our construction program. Our goal was to have every family moved in by Christmas, and we were on schedule. A HUD official in Seattle advised us that, with proper documentation, our amended budgets should be approved and funded within a period of six weeks.

As we neared the end of our existing budgets, we met with participant families and employees in each village. We told workers we would have to lay them off, but if any wished to continue working to keep the projects from shutting down entirely, we would keep track of their time and catch their payrolls up when supplemental funding arrived. Most workers agreed to do so. In Hooper Bay we had to push our construction program forward, because a number of families had torn their old houses down and were living in tents and winter had arrived. As weeks went by, we anxiously inquired about the status of our amended budgets, and were expectedly assured that they would be funded - just a matter of two or three weeks.

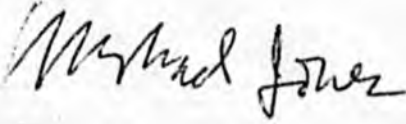
We shut down all construction activity in January. Although our projects are 85 per cent complete, there are a number of dissolutioned families and workers in each village. Back wages are owed in the amount of \$ 164,284.00, and many families have gone into debt to local stores, anticipating pay checks. Some workers are talking of legal recourse.

Our amended budgets, previously submitted, are fully documented. The explanations embodied in this letter further demonstrate that the over-runs are valid and legitimate, and I personally assure you that they are. I urgently request that you recommend to the appropriate officials in the HUD central office, that our amended budgets be approved and funded without delay.

Thank you for your help, and please let me know if there are any points which require clarification.

Best Regards,

THE ASSOCIATION OF VILLAGE COUNCIL PRESIDENTS HOUSING AUTHORITY



MICHAEL B. JONES
Executive Director

CC: Sen. Ted Stevens

Mr. James Young

City Councils of : EMMONAK

HOOPER BAY

ST. MARY'S

MBJ/M

THE FOLLOWING PAGES WERE TREATED AS
A UNIT IN THE ORIGINAL FILE.

RONALD G. NELSON

Professional Civil Engineer

1500 AIRPORT WAY - Box 888

FAIRBANKS, ALASKA 99701

(907) 456-4654

March 17, 1976

The Honorable Frank R. Ferguson
Alaska State Senate
Pouch V, State Capitol Building
Juneau, Alaska 98111

Dear Senator Ferguson:

REF: House Bills 684 & 829

I would like to express very strong opposition to the referenced bills which I believe are unnecessary, unwise and in certain respects unconstitutional.

I'm presently developing and operating a 180 unit mobile home park near Fairbanks and in so doing have acquired a reasonable degree of knowledge concerning the subject addressed by the referenced bills. Had these bills been law when I started development I would not have been able as a private individual, unsubsidized by government, to employ the persons I have, purchase the required goods and create a needed commodity which has added considerably to the Fairbanks North Star Borough tax base.

HB 829 Sec. 2 AS34.03.040 Paragraph C Part 1

I require each tenant in my court to enter into a written lease. This lease is with a particular tenant NOT a mobile home. If a tenant sold his mobile home to a third party who refused to enter into a rental agreement with me this bill would prevent me from requiring that the mobile home be moved resulting in a conveying of my ownership rights in the lot to whoever happens to hold title to the mobile home. Surely this is unconstitutional.

HB 829 Sec. 2 AS 34.03.040 Paragraph C Part 2

I require as a condition of tenancy that each tenant make certain improvements to the lot he leases all of which are associated with landscaping and include such items as planting a lawn, trees and shrubbery, and installation of fences and walks. Since these improvements are fixed to the land and not to the mobile home, I could not as a court owner require that they be done. The result would be in too many cases no effort by the tenant towards maintenance of their lots.

HB 829 Sec. 2 AS34.03.040 Paragraph C Part 4

I currently charge an entry fee for initial placement of each mobile home within my park. This is strictly a result of a superior product, and the law of supply and demand. Legislation which removes the possibility of this form of income for the developer also removes an incentive for further development which is needed if a balance is to be obtained between available housing and a communities need for such housing.

HB 829 Sec. 34.03.225

Wording of this section implies that a mobile home is something other than personal property of an individual and that indeed it can be evicted. Lease or rental agreements are between landlord and tenant NOT landlord and a mobile home.

A fifth part should be added which clearly allows any lease or rental term agreed upon in writing between landlord and tenant. The overall effect of of this section prohibits a normal month to month rental agreement and therefore prohibits a park owner from exercising control over his property. It literally prohibits any owner from terminating a tenancy and thus confers ownership rights to the tenant which is definitely unconstitutional.

Sec. 45.30.070 Part b

This disallows a mobile home dealer from paying a park developer to reserve spaces and would again have the effect of removing an incentive for development of needed mobile home parks and subdivisions. Financial institutions literally REQUIRE before committing funds that a substantial portion of the proposed project have rental commitments. The only practical source of such commitments are the various mobile home dealerships. A condition for financing of my park was such a commitment for reservation and rental of spaces. As an owner I do not believe I should be denied the opportunity of reserving and renting spaces in my park to what is potentially the greatest market.

HB 684 Section 1 AS45.50.471 (b) Part (23)

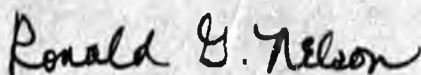
Again this would prevent a park or subdivision owner from entering into an agreement with a mobile home dealer to reserve spaces or lots on which the dealer could set up homes to sell to the public. As a park owner I've made such an agreement. By so doing I was able to obtain the necessary commitment for rental of spaces, a prerequisite to my being able to obtain financing. I believe it is unconstitutional to deny an owner the right to reserve or rent lots to anyone he so choses.

Additionally this bill would prevent a dealer from constructing his own park or subdivision and placing therein only homes his dealership sells. Perhaps you should pass a law to prevent a developer of conventional housing lots from also being the only builder in any particular development.

I would hope that you consider these comments, keeping in mind that the free enterprise system is the greatest system ever, as long as government controls and regulations do not over control or over regulate.

Thank you for your much valued time.

Sincerely,



Ronald G. Nelson

Mauneluk Association
P.O. Box 256
Kotzebue, Alaska 99752

January 12, 1976

Frank:

This is a classical example of how public programs can get out of control. I believe letters like this will remind some individuals of the reality and bring them back to help the people that are so desperately in need.

Thank you for your continuous support in our efforts to serve rural communities such as Buckland.

Sincerely,

MAUNELUK ASSOCIATION

P. O. Box 256
Kotzebue, Alaska 99752

Phone
(907) 442-~~3262~~ 3311
or
(907) 442-~~3164~~ 3312

January 12, 1976

Mr. George Ashby
Bureau of Indian Affairs
Nome, Alaska 99762

Dear Mr. Ashby:

It has been brought to my attention by the City Council of Buckland during my most recent visit that the Bureau of Indian Affairs has yet to complete the construction of three (3) BIA sponsored residential homes. I was informed that all of the building materials are landed in Buckland with the exception of insulation since the summer of 1973. Another words, for at least two summers, BIA has failed to even put up the frame of these three (3) homes in order to protect the lumber from weathering.

Furthermore, you have personally prohibited their construction due to the one missing item as mentioned earlier. It is unfortunate that your shortsightedness has not only irritated the patience of the people of Buckland but as a result, caused much of the lumber to warped or altered substantially in their structure as to render it useless when needed for the "eventual" building.

In addition, Mr. Warren Thomas, former Mayor of Buckland has repeatedly requested your office and you directly to authorize the construction of these houses with the understanding that insulation will be added when provided by BIA. In short, for two (2) full calendar years and entering the third year, Nome's BIA office has remained deaf-eared to Buckland's plea.

Again, the building materials in question have obvious manifestation of deterioration, and it is doubtful that a structurally safe house can be built without first replacing the damaged materials. Essentially, we recommend a full inspection of the building supplies and inform us as to what action you might undertake to resolve this horrible mess, or will it remain as relics?



MEMBER VILLAGES

Ambler, Buckland, Deering, Kiana, Kivalina, Kobuk, Kotzebue, Noatak, Noorvik, Selawik, Shungnak

page 2

Please bear in mind that as a consequence of your non-action, three (3) families in Buckland are living below the Federal Housing standards. We shall await anxiously for your reply.

Sincerely,

MAUNELUK ASSOCIATION

Dennis J. Tiepelman, President



Bernard Souphanavong
Economic Planner

cc: City Council of Buckland
Mr. Warren Thomas, President, Nunachiak Corporation
Mr. Clarence Antiquia, Area Director, BIA/Juneau
Mr. Frank Ferguson, U.S. Senator, Kotzebue ✓
Mr. Robert Schaeffer, Director NANA Housing Authority
Mr. Sam Kito, President, AFN

BS:dkn

Alaska STATE HOUSING AUTHORITY

January 8, 1976

Mr. Don Perkins
Executive Director
Bering Straits Regional Housing Authority
P.O. Box 995
Nome, Alaska 99762

File

Dear Mr. Perkins:

Thank you for your letter of December 23, 1975, relating to the possible transfer of the turnkey III project in Nome from the Alaska State Housing Authority to the Bering Straits Regional Housing Authority. I am happy to hear the Bering Straits Regional Housing Authority is interested in the possible transfer of the project in Nome.

I have several questions and comments concerning your letter:

1. You state that you are prepared to assume the responsibilities of a permanent management and interim ownership. I am sorry, but I don't understand the term "interim ownership." Being new to this position, I assume it is ignorance on my part. Hopefully, you will be able to give me an idea of what you mean. ASHA's position is one that centers on rapid and complete turnover of the project to you.
2. As with other projects that are being proposed for transfer to a local housing authority, the operating reserves would remain with the project as you wish.
3. The Target Proposal Project (TPP) grant allocation is somewhat out of our hands. We support TPP funds for the Nome project, regardless of the ultimate ownership of the project. Should HUD concur in the transfer, and should we work out equitable arrangements, ASHA has no objection whatsoever to the TPP grant going to the Bering Straits Regional Housing Authority. Should you wish to assume ownership, we will actively support this position. However, prior to assumption of ownership, ASHA will retain the final direction as to the use of TPP funds. In either case, your advice is solicited.
4. As in our other negotiations and as mentioned above, ASHA feels that operating reserves and future grant monies should remain with the project, regardless of ownership. However, upon transfer of

Alaska STATE HOUSING AUTHORITY

Mr. Don Perkins

-2-

January 8, 1976

the project all liabilities would pass to the new owner. ASHA feels quite strongly that if it transfers the assets of a particular project, all liabilities should also be transferred.

5. Since the pickup truck, used in the Beringvue Project, is considered an asset of the project, it seems, as you request, it, too, would be transferred to the Bering Straits Regional Housing Authority.

Hopefully, this letter has answered some of your questions and given you a more concrete idea of ASHA's policy on this matter.

I would appreciate your comments as soon as possible.

Sincerely yours,

ALASKA STATE HOUSING AUTHORITY

Bill Miles
Executive Director

MM:RXTG

cc: Mr. Roger A. Riddell, HUD
Mr. Robert Prescott, HUD
Mayor Robert Renshaw, Nome

bcc: Senator Frank R. Ferguson

FILE

Alaska STATE HOUSING AUTHORITY

February 18, 1976

Dear Legislator:

Please find attached seven chapters of proposed regulations that the Alaska State Housing Authority (ASHA) intends to adopt. Notice of public hearing is being published in the newspapers; please find attached a copy of that notice. Hopefully, you will take the opportunity to carefully review these regulations and propose to us those changes or modifications that you believe would make the regulations more useable. We would like your written comments by the close of business on March 22, 1976.

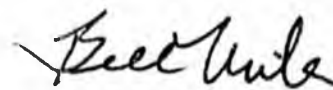
We are not particularly happy about incorporating, by reference, HUD regulations. However, in those areas where we are forced to incorporate by reference, we did so because HUD regulations and procedures are mandatory. Moreover, in each one of those areas where we had to incorporate by reference, the HUD procedures or regulations consist of a document that is over an inch and one-half thick. Therefore, it would have been useless for us to attempt to crib the language of the HUD regulations. Hence, what we have attempted to do is simply fill-in those areas where the HUD regulations permit us to do so. We believe that we have covered all of those gaps that are not covered by HUD.

It is anticipated within six weeks time, ASHA, in conjunction with HUD, will promulgate another chapter of regulations concerning Federally-assisted public housing. However, since that area is so heavily regulated by HUD, the regulations that ASHA drafts must be carefully reviewed and checked with the HUD people to insure that there does not exist conflicts or ambiguity.

Again, we would appreciate your attention and review of these proposed regulations.

Sincerely,

ALASKA STATE HOUSING AUTHORITY



Bill Miles
Executive Director

BM:def

Enclosures



tingit & haida regional housing authority



COURTESY COPY
TLINGIT & HAIDA
REGIONAL HOUSING AUTHORITY

ROBERT W. LOESCHER
Executive Director

March 3, 1976

Mr. Roger Riddell
Area Director
U.S. Department of Housing &
Urban Development
334 West 5th Avenue
Anchorage, Alaska 99501

Re: 400 Indian Housing Allocation and
Future Allocations.

Attention: Patricia Stevens
Jack Smodey
Loren Cole

Dear Mr. Riddell:

Thank you very much for the invitation to attend the HUD meeting at Anchorage, Alaska, February 11, 1976 related to the four hundred (400) unit allocation of low income Indian housing under program authority by the HUD Anchorage Area office, scheduled for dispersment to applicant housing authorities/communities across the State of Alaska. As I began to go over my notes and evaluate the positions I represented on behalf of the communities in our region of Alaska, I felt that in retrospect of other housing meetings and significant moments in Alaska housing history that it would be best to record the events of the Anchorage meeting in a letter to HUD.

The Meeting

The Tlingit-Haida Regional Housing Authority and other Alaska Native housing authorities met and received the presentations by the HUD Anchorage Area Office staff with regard to a four hundred (400) unit allocation of low income Indian housing under program authority by the HUD Area Office scheduled for dispersment to applicant housing authorities/communities throughout the State of Alaska. It was noted that 200 of the units were being reprogrammed from the earlier AFN 1200 unit program. Of these units, (127) were scheduled back to the North Slope area, (43) to the Kotzebue region and the remaining (30) were not designated. An additional 200 units have come from HUD Central Office to be distributed.

FRANK SEE — Chairman, Hoonah
CYRIL GEORGE — 1st Vice Chairman, Angoon
SAM DEMMERT — Yakutat

ROBERT SANDERSON — Treasurer, Hydaburg
BERTHA CAVANAUGH — Member at Large, Kake

Mr. Roger Riddell
Re: 400 Indian Housing Allocation
3/3/76 - Page 2

The regional authorities received copies of a Memorandum from HUD Undersecretary, David S. Cook to James Young, HUD Region X, Administrator, dated February 6, 1976 regarding the aforementioned 400 housing units. Highlights of the Memorandum (attached) are as follows:

1.) HUD encouraged the application of the BIA/HUD 500 unit program method as a condition of the development process of the 400 unit allocation. This includes the design, construction method, BIA participation, special processing procedures, etc.

2.) If the Alaska native housing authorities found the extension of the Special 500 unit program provisions unacceptable, HUD agreed that "...a program should be offered which is administratively simpler than the regular Mutual Help Program and which would give the RNHA's more flexibility and control than the special program does, but which would set an absolute ceiling on the amount of subsidy HUD will provide and bind the Regional Corporations to provide the funding for any cost over runs. If this course of action is taken, Central office will design the program and transmit it to Region X for review and concurrence."

3.) By the Memorandum authority was transmitted by HUD Central office to Region Office to acquire interest in property to put the 400 units upon using an "after acquired title" method to document future interest until lands are conveyed by US DOI - BLM to the village corporations and municipalities.

4.) The use of the "Force Account" method of construction is approved subject to the utilization of Davis-Bacon wage rates as determined by the Secretary of Labor.

5.) HUD - Central office requested HUD Region X to confirm that cost over runs on the previous BIA-HUD 500 units are valid - the total development cost per unit limit was set at thirty thousand dollars (\$30,000). Additionally, HUD - Central Office requested the following:

a.) a statement whether the terms and conditions of the Memorandum of Understanding relating to the BIA responsibility for mechanical management of construction were honored in these cases and if not, why not?

b.) evidence that the expenditures are inevitable increases which were unforeseeable and are not the result of inadequate or extravagant management.

6.) and lastly, HUD said: "Finally, in order to implement successfully these new initiatives, it will be necessary to maintain constant contact among HUD and

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BIA staff in Washington, Seattle and Alaska. The common goal is the provision of adequate housing to low-income Alaska natives. With a positive attitude and cooperation there is no reason that the issues cannot be resolved and the necessary houses built. We pledge the full support and cooperation of this office and look forward to working with you in this area."

An ambiguity was presented to the effect that the HUD new Indian Housing Regulations and HUD 741⁰ processing regulations would simultaneously apply; however, the BIA/HUD program is an approvable method and is recommended. Further, related by HUD Area staff, was the fact that a forty thousand dollar (\$40,000) per unit total development cost figure was approved to limit the development costs for the new four hundred units. Additionally, it was HUD Area Office intent to disperse the units to regional housing authorities which did not have a great number of units in their region under administrative control in order that these authorities could become financially viable in their housing management programs and provide a base for housing development staff capability. And lastly, as a result of HUD Secretary - Carla Hills and Region X Director James Young, positive approach and desire to move housing into contract and production, HUD Area Staff related that it was their intent to allocate the units where the homes could be built and if it comes to pass that progress is not being achieved where allocated than the units will be pulled back and re-allocated to areas where the homes can be produced. The total effect being that if Alaska HUD can show production on these units, than the Area Office would be in a better position to work to secure more housing units for Alaska.

General Housing Authority Response

After a period of expressions of general anguish, anxiety, anger, frustration... and in no case, elation over the HUD presentation, the housing authorities generally evolved the following positions:

- 1.) the housing authorities would accept this time round, the 400 unit allocation of housing following the BIA-HUD guidelines with some modifications as to the design and delivery system; except, the Tlingit-Haida Regional Housing Authority stated with regard to 400 units and the conditions attached thereto, that it wished the other native housing authorities to have priority on this round of allocations; however, in the event other housing authorities experience difficulty in getting the housing units under production, the Tlingit-Haida Regional Housing Authority is prepared to receive and put under Annual Contributions Contract (meeting all the requirements of approvable sites, design requirements, construction and management, construction and management plans) within 30-45 days any and all housing program reservations not able to move into production by the other housing authorities.

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2.) Generally, all the housing authorities are not in favor of continuing in the future with the BIA/HUD Special Program. The authorities present requested the HUD Area Director to advise the Regional Administrator James Young and HUD Secretary Carla Hills, that the Alaska Native Housing Authorities request HUD to provide for an Alaska Native Housing Program which follows the new Indian Housing Program regulations or current low-income housing regulations in its program requirements and processing. To say it another way, the housing authorities wish to be dealt with like all other Indian housing authorities across the nation and do not see any special benefit at this time in having a special housing program for Alaska Natives. Difficulties have been experienced all along the way with the design, construction, transportation, administrative procedures, etc. related to the BIA-HUD program, much of which has been out of the control of the housing authorities and managed by federal representatives. Across the board, all the housing authorities oppose the generation of any new housing program for Alaska by Washington, D.C. officials which are developed, as has been the case in the recent past, without any input from Alaska Natives.

3.) The recommended forty thousand dollars (\$40,000) (TDC) Total Development Cost limitation figure advanced by HUD has been discussed and meets with much controversy. All housing authorities, except for two - Bering Straits and Bristol Bay - are of the opinion that a \$40,000 limit is restrictive and an unreasonable approach realizing the unique problems of Alaskan environmental conditions, vast geographical areas creating higher logistics problems and costs than in the continental United States, limited materials and labor to build houses and higher costs by Alaskan housing authorities just to administer the construction and management of housing under their control. For the most part, it is unrealistic to say that houses for Alaskan Natives or anyone in rural Alaska can be built for \$40,000 TDC and meet the following technical requirements and social - economic conditions:

- a.) HUD - MPS - Minimum Property Standards for design of housing; and
- b.) Davis-Bacon Act - wage rates established by the Department of Labor which are generally comparable to levels established by labor unions.
- c.) Miller Act - requirement to advertise and bid jobs and bonding.
- d.) Provision for proper coordinated work along with the housing development of water/sewerage extensions and treatment, adequate roads and sidewalks, electrical line extensions and if necessary, a contribution to improvements in capacity of electrical generation and in some villages of Alaska - their fuel storage supply.

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e.) Provision for proper (PLC) Preliminary planning funds to identify and solve problems in ordinary planning relating to approvable sites, securing of surveys and soils tests, family interviews and eligibility processing, title searches, deed preparation, utility coordination problems, municipal code platting requirements, etc.

f.) Transportation of housing supplies, materials, construction equipment and qualified men to meet a variance in project transportation costs of \$2,000 per unit to as high as \$15,000 per unit some locations of Alaska

g.) The limited construction season in Northern Alaska, where in only the summer months, an effective efficient construction program can be waged. It should be noted that these are the months when rural Alaska Natives handle their subsistence food gathering and hunting. Force account or mutual help contributions to the housing developments are effected by this seasonal occurrence.

h.) To build homes that are adequate and modest which are safe and sanitary, easily and economically heated and are complimentary to the natural environmental conditions where the home is physically located. Additionally, to build homes that vary in size and bedroom count so as to adequately serve the family needs and to provide for the future housing stock of the community.

It should be pointed out that all of the above requirements and conditions have been ignored or implemented in a much less stringent manner than required by law or what the situation actually demands in the present BIA/HUD 500 unit program. Except for the requirements to meet Davis Bacon wage rates, and, if any changes to the BIA - 3 bedroom house plans are to be initiated - each should be an effort toward meeting HUD-MPS, the new 400 units of housing are to follow the same BIA/ HUD agreed upon program guidelines. It should be further pointed out that the BIA/ HUD units were sold on the concept that each could be built within \$30,000 TDC. At this time all the authorities participating in the program are requesting budget amendments to the tune of TDC \$40,000 or more for the non-compliant housing units. As earlier stated, a bit of irony and ambiguity is recognized in the promotion of the BIA/ HUD program requirements and the request to also use simultaneously, the new HUD Indian Housing regulations and existing low income processing requirements.

The BIA/ HUD program guidelines and the HUD regulations are contrary to one another. HUD should consider either one or the other set of processing procedures.

4.) The Housing Authorities were concerned that the acceptance of the 400 unit

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program not be considered precedence as an element of HUD policy in advancement of future housing allocations to Alaska.

5.) The regional housing authorities, by State statute are the offspring of the regional Alaska native non-profit associations. For the most part, the regional housing authorities do not share the attention of the for profit regional or village corporations established pursuant to the Alaska Native Claims Settlement Act. HUD Undersecretary, David S. Cook, in his Memorandum, February 6, 1976, stated the following:

"If extension of the Special Program to cover the additional 400 units is unacceptable to the RNHAs, we agree with you that a program should be offered which is administratively simpler than the regular Mutual-Help Program and which would give RNHs more flexibility and control than the Special Program does, but which would set an absolute ceiling on the amount of subsidy HUD will provide and bind the Regional Corporations to provide the funding for any cost overruns. If this course of action is taken, Central Office will design the program and transmit it to Region X for review and concurrence."

HUD infers that as a program condition, that the Native Regional Corporations must supply funds for housing development that the government is unwilling or unable to provide. Not only is the whole approach objectionable to the housing authorities, but the program requirement being advanced by HUD is contrary to federal law. I cite the following:

Alaska Native Claims Settlement Act December 18, 1971 (85 Stat. 688) Section 2(c):

(c) no provision of this Act shall replace or diminish any right, privilege, or obligation of Natives as citizens of the United States or of Alaska, or relieve, replace, or diminish any obligation of the United States or of the State of Alaska to protect and promote the rights or welfare of Natives as citizens of the United States or of Alaska; the Secretary is authorized and directed, together with other appropriate agencies of the United States Government, to make a study of all Federal programs primarily designed to benefit Native people and to report back to the Congress with his recommendations for the future management and operation of these programs within three years of the date of enactment of this Act;

This whole matter was further elaborated in the Omnibus Bill passed by Congress and signed by the President December, 1975, as follows:

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"SEC. 29. (a) The payments and grants authorized under this Act constitute compensation for the extinguishment of claims to land and shall not be deemed to substitute for any governmental programs otherwise available to the Native people of Alaska as citizens of the United States and the State of Alaska."

The U.S. Department of Housing and Urban Development is clearly in error in suggesting that the Regional Native Corporations should be bound "to provide funding for cost overruns."

Total Development Cost: Proto-Type Cost vs. Set Limit

The real issue at hand here is the ability of HUD to approve the Estimated Total Development Cost of projects following the legally recognized procedure of proto-type cost limits for unit construction costs with an approvable site development and extraordinary condition allowance precedence support 1.5 x proto-type cost or to set an arbitrary and capricious total development cost figure for the housing authorities to restrict their developments within.

Recently, our Authority has been in receipt of the National American Indian Housing Council - Indian Housing Monthly Report Analysis Contract No. K51C14200918. Of particular interest in this statistical report is the HUD Region X summary and the reports ending conclusions. Of the total 1028 units reflected for FY75/76 the 360 units in ten (10) communities of Southeastern Alaska completed and occupied, represent 35% of the Region X HUD total. It should be noted that of the 500 units BIA/HUD program maybe 20% is completed and occupied. Of the remaining units allocated to the region, very few outside of the State of Alaska have gotten out of the planning stage. In Southeastern Alaska, the Sitka forty (40) unit project and the Metlakatla twenty five (25) unit project remain outstanding. Mainly, this has occurred because HUD Area - Alaska has just issued the program reservation and the preliminary loan contract to the participating housing authorities.

A feature of the Alaska units that differs distinctly from allocations on the Continental United States is the (ETDC) Estimated Total Development Cost per unit of housing. At this point in history, the national average ETDC is \$34645. In Region X HUD, the average ETDC is \$39474. The report notes that there is great disparity between the costs of the BIA/HUD 500 Mutual-Help units presently under construction and their predecessor units which averaged around \$55,000 per unit.

The "predecessor units" were the 360 Turnkey III homes constructed by the Tlingit-Haida Regional Housing Authority at remote village sites in Southeastern Alaska.

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These units were within the proto-type cost limits set for the area and published in the Congressional Record. Further, the site development costs and other allowable costs outside of dwelling cost limits did not exceed the (1.5x) proto-type cost limits considered "rule of thumb" allowable by previous precedence of HUD programs.

The discussion of this point of how Estimated Total Development Costs are arrived at administratively in the different areas of Region X HUD evolves a point of conflict between the native housing authorities and HUD.

The Prototypes cost/plus additional site development and other cost method is set by law and regulation. The concept is that by securing costs for units of work, materials, transportation and other costs for related type projects of the government throughout the areas outlined in an annually published Prototype Cost statement - a standard cost per unit of housing will be arrived at. In the Continental U.S., this system is fairly accurate considering the volume of work that can be surveyed. However, it should be noted that with inflation in cost of materials and increased labor costs of the last few years, this systems reliability and accuracy has been under challenge to keep even on a day to day basis. In Alaska, the inequities are vast. The government secures prototype cost information from military and remote governmental construction projects which are hundreds and even thousands of miles apart. Modes of transportation and availability of skilled labor is extremely diverse. The validity of proto-type costs have been constantly challenged because of inconsistent set values in the various geographic areas, i.e., upstream villages having a lower value than downstream locations; a cost limit of a centralized village with an airport being established for a village a couple of hundred miles away - yet located in the same proto-type cost area.

The history of HUD establishing arbitrary and capricious ETDC limits is not without precedence. Let's look back for a moment. The AFN Housing Authority advertised the housing projects at Gambel and Savoonga and received bid prices in the ranges of \$70,000 plus per unit. Following the proto-type cost method with the attendant precedence for additional costs and some minor modifications, it could be said that these costs were approvable. Even today, with established proto-type cost limits in most areas of Northern Alaska, cost per unit could easily range from \$60 - 70 thousand dollars per unit for even modestly designed houses. The North Slope Borough Housing Authority dwelling units average ETDC. In the last few years, none of the Alaska State Housing Authority urban housing apartments have averaged less than 50,000 per unit. As stated before, the Tlingit-Haida 200 units had a set TDC figure of \$60,000 per unit for dwelling units built under close to conventional processing procedures and MPS standards.

The BIA/HUD house which does not meet code, M.P.S., uses force account labor without Davis Bacon wages, no Miller Act considerations and are not insurable

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under the HUD National Indian Housing Insurance program and receives technical assistance from the BIA and other agencies not counted in TDC totals - had a program established TDC of \$30,000. All of the housing authorities participating in the program are requesting amended A.C.C. contracts to \$40,000 T.D.C. or more. The irony is the units are nowhere near the criteria of the term "standard housing" and the life expectancy of the units is limited.

The bottom line is that HUD cannot live with the proto-type cost limit processing in Alaska nor can it live with a high (TDC) Total Development Cost limit in the \$60,000 - \$70,000 range per unit for low income housing. The reasons have never been related, even though the situations have honestly demanded a higher cost figure. Speculatively, the HUD administration has been extremely sensitive nationally to congressional inquiry. It is felt that such high dollar figures per unit would not be approvable to highly placed HUD executives, congressional oversight committees and the national conscience. This position leaves the Alaska Native in a paradoxical situation with regard to their need for homes/actual costs for construction and the limits HUD has established both technically and politically. The result is that the native leadership faces HUD with their hat-in-hand taking whatever type of program HUD is willing to advance whether the result be standard housing or substandard housing - with or without native involvement. What is even more sorry is the reality these native leaders face, when despite the reluctance these men feel for what each is doing in accepting a second rate program - the housing is desperately needed and it is impossible to turn one housing unit down, for whatever reason that may be justified because of the high level expectancy a housing program generates in each local community.

Somewhere between proto-type costs and the arbitrary and capricious establishment of total development cost ceilings, is an answer. Hopefully, an answer that is legally supportable and is realistic enough to get the Alaska Natives out their predicament and HUD into an administratively conscionable position.

The need for rural housing in Alaska, as heralded a few years ago, exceeds 6,000 dwelling units. The 1200 units presently underway or completed represent 20% of the goal. In a debate in Washington, D.C. with a HUD technician a few years ago, the same issue of total development cost was under discussion. It was said "that three (3) units of housing could be built in Alabama for everyone that could be built in Alaska." I disputed the fact, but the point was made. My rebuttle was "...provide Alaska their one unit pro-rata on a scheduled and planned basis and I believe Alaskans could live with it.

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With the above story in mind, I believe that if a not to exceed total development cost figure could be agreed upon in the neighborhood of \$55,000-60,000 ETDC per dwelling unit and the figure was dependable, it might be possible to develop a stable regional housing authority program following the guidelines of the Indian Housing regulations. A set figure would challenge the housing authorities and private industry to come up with designs, material innovations and construction methods which would meet the criteria and be acceptable to all concerned. Further, if the housing dollars could be allocated to the authorities on the basis of a minimum number of units to be constructed rather than a set figure, this would encourage variance in type of design, bedroom count, etc. Lastly, if some creditability could be built by HUD/Regional Housing Authorities in such a program, ANSCA regional corporation, non-profit associations and other groups might become more inclined to invest funds in the administrative budgets or even the construction programs of the regional housing authorities - on a re-imbursable basis or as tax credits. This will take time to develop.

The Tlingit-Haida Regional Housing Authority Position.

The Tlingit-Haida Regional Housing Authority (T-HRHA) is willing to allow the other regional housing authorities to have preference on this round of (400) units of low income housing; however, it, again wishes to re-iterate that it can meet the HUD terms and requirements for moving housing units to HUD ACC and construction at village locations in less than forty five (45) days in the event the other Regional Housing Authorities are unable to move their program to fruition this construction season as mandated by HUD. This Authority needs new construction programs in order to survive and to continue to meet the needs of low-income families in the Southeastern Alaska area. This Authority request consideration for any unit allocations which come available.

In Conclusion....

As stated at the beginning of this paper ... events and progress should be recorded. The comments contained herein are intended to be a part of continued positive discourse toward securing additional housing for all Alaskans.

Sincerely,

TLINGIT-HAIDA REGIONAL HOUSING AUTHORITY


Robert W. Loescher
Executive Director

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encl.

cc: All Alaska Housing Authorities
All ANSCA - Regional Corporations
All Non Profit Regional Associations
Rural Cap
Senator Ted Stevens
Senator Mike Gravel
Representative Don Young
James Young - HUD Regional Director
Secretary Carla Hills - HUD
Under Secretary David S. Cook
Herman Williams - HUD Region X
Reeves Nawhoosky - HUD - Wash. D.C.
National Indian Housing Council
Housing Assistance Council
Commissioner McAnerney - Community & Regional Affairs
Deputy Commissioner - James Edenso - State Dept. of Commerce
T-HRHA Board of Commissioners
T-HCC - Executive Committee
Southeast Alaska Communities - Mayors
Bush Conference - Alaska State Legislature
Alaska Native Foundation - Emil Notti
Rural Development Council - Bert Hall - HEW - Anchorage
USDA - Farmers Home Administration - Wally Kubley
Clay Antioquia - Area Director - BIA
Morris Thompson - Commissioner - BIA

RWL:lg

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FEDERAL HOUSING ADMINISTRATION
WASHINGTON, D. C. 20411

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ASSISTANT SECRETARY-COMMISSIONER

MEMORANDUM FOR James L. Young,
Regional Administrator
Region X, Seattle

Subject: Alaska Native Housing - Low Income Public
Housing Program

This is in response to your January 13 subject memorandum and confirms the results of your discussions the week of January 19 with Central Office staff.

For the 200 units which will be allocated to you shortly and the 200 units from recaptured Program Reservations, the BIA is willing to consider extension of the existing Special Program for 500 units to cover the additional 400 units, provided that the Regional Native Housing Authorities (RNHAs) agree to the extension. Whether the Special Program covers only the original 500 units or is extended to cover the additional 400 units, we will negotiate with BIA amendments to the Memorandum of Understanding to define more clearly the respective responsibilities of HUD, BIA and RNHAs, particularly with regard to cost controls and overruns and management after occupancy. Before final approval of any amendments, we will take into account the views and recommendations of the regional staff and Alaska personnel, including HUD, BIA and RNHAs.

If extension of the Special Program to cover the additional 400 units is unacceptable to the RNHAs, we agree with you that a program should be offered which is administratively simpler than the regular Mutual-Help Program and which would give the RNHAs more flexibility and control than the Special Program does, but which would set an absolute ceiling on the amount of subsidy HUD will provide and bind the Regional Corporations to provide the funding for any cost overruns. If this course of action is taken, Central Office will design the program and transmit it to Region X for review and concurrence.

Whether or not the Special Program is extended, this memorandum will constitute your authority to utilize for the additional 400 units the same basic house plan and design that was approved by Central Office for the Special Program 500 units. As you know, under the Special Program, minor variations were

40,000

permitted to be made by BIA for adaptation to the site(s) or, in order to make use of local building materials or to reflect local custom. If the Special Program is not extended, similar variations may be permitted at the request of the RNHAs, subject to the approval of your office or the Anchorage Insuring Office, as you may decide, and provided BIA and IES concur. <Major variations from the already approved basic house plan and design will, of course, require Central Office approval.>

With respect to land titles, this memorandum will also constitute your approval to accept for the additional 400 units title transfer documents of future interest in the land until the land titles can be conveyed by either a valid fee patent or a valid 50-year leasehold interest. This is an extension of the authorization granted for the 500 units of the Special Program, providing for a series of quit-claim type instruments of future interests for up to two years after execution of the Annual Contributions Contracts, and, we understand, is necessary because of the inability of the Bureau of Land Management to process promptly the large number of land title claims arising under the Alaska Native Land Claims Settlement Act.

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Decisions regarding use of Force Account construction and establishing a ceiling on HUD-assisted total development cost per unit are inextricably related to the question of extension of the Special Program as discussed in paragraphs two and three of this memorandum. Upon receipt of further information from you on this matter, we will be in a better position to advise you on these questions. It should be noted, however, that Force Account work is subject to Davis-Bacon wage rates and the new Indian Housing final regulations will do so. The rates and pay for laborers and mechanics employed in this construction cannot be less than the wages prevailing in the locality of the projects as determined by the Secretary of Labor. In this instance, it would appear that the RNHAs can make a valuable contribution in obtaining wage rates commensurate with those presently being paid to workmen by the proper completing of Department of Labor Form SF-303, Request for Determination. Your office should make certain that SF-303's are properly prepared and do in fact present accurate representation of wages actually being paid for the various classifications, including new or different classifications representing the actual types of work and actual skills involved. It should be emphasized that journeyman classifications and skills are not required or employed in many of the jobs involved.

Before closing, we need to address the requests for ACC List amendments for cost overruns involving the projects of the Association of Village Council Presidents (AVCP) Native Housing Authority under the Special Program. In order to validate the amounts requested, we would like a member

of your staff to reexamine the particulars of the requested amendments with the BIA and the AVCP, if necessary. Before recommending to the Secretary that she authorize the increases, it is necessary that we have (1) current information on the status of these projects, (2) a statement whether the terms and conditions of the Memorandum of Understanding relating to BIA's responsibility for technical management of construction were honored in these cases and, if not, why not, and (3) evidence that the expenditures are inevitable increases which were unforeseeable and are not the result of inadequate or extravagant management.

Finally, in order to implement successfully these new initiatives, it will be necessary to maintain constant contact among HUD and BIA staff in Washington, Seattle and Alaska. The common goal is the provision of adequate housing to low-income Alaska natives. With a positive attitude and cooperation there is no reason that the issues cannot be resolved and the necessary houses built. We pledge the full support and cooperation of this office and look forward to working with you in this area.

David S. Cook

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