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FIRST AMERICAN BAPTIST CHURCH

HOWARD H. BESS
MINISTER

1200 East 27th Avenue, Anchorage, Alaska 99504 (907) 278-3233

May 14, 1983

The Honorable Senator Richard I. Eliason
Chairman, Senate Labor and Commerce Committee
Alaska State Legislature
Pouch V (MS 3100)
Juneau, Alaska 99811

Dear Senator Eliason:

It is my understanding that the Senate Labor and Commerce Committee will be considering Senate Bills 251 and 252 in the near future. Both bills have been introduced by Senators Josephson and V. Fischer. SB 251 establishes a program for the building of low-income housing by municipalities or by tax exempt nonprofit corporations. SB 252 transfers money from Alaska Industrial Development Authority to the Department of Community and Regional Affairs to fund the program established by SB 251.

I am writing to you in support of both bills.

I am writing to you as the President of ALASKA HOUSING MINISTRIES, an Alaska tax exempt corporation specifically formed to build, own, and operate housing built under such a program as that established by SB 251. We have formed the corporation with the intent to operate across the entire state.

ALASKA HOUSING MINISTRIES is sponsored by the Catholic Archdiocese of Anchorage and the statewide organizations for American Baptists, Presbyterians, American Lutherans, Episcopalians, and Methodists. Thus we are operating from a very broad base of sponsorship.

Our use of funds under this program would be targeted to offer affordable rental housing to families with incomes under \$20,000 per year. This particular group of people are under a very tight squeeze in the housing market. They do not qualify to purchase homes. Many find themselves spending as much as 50% of their income for housing.

This particular group of citizens represents a very needed part of the labor market. They typically work in service professions for relatively low wages. Their upward mobility in the job market is not particularly good. (I am not talking about the unemployed or indigent poor, rather regularly employed persons who work for low wages.) Their plight in the housing market has been documented by the recent housing study by C. M. Hill, which was commissioned by the Housing Division of the Department of Community and Regional Affairs.

In any housing complexes which we would develop, a sizeable number of units specifically designed for handicapped persons would be included. The need for units for handicapped persons is also well documented.

We believe it is urgent that tax exempt nonprofit corporations such as ours be given a place in the provision and management of housing for low income families and handicapped persons.

Church based nonprofit corporations such as ALASKA HOUSING MINISTRIES have for many years played an important role in providing housing for low income people across the lower 48. (Before moving to Alaska 3 years ago, I served as the president of such a nonprofit corporation in California for 10 years.) In the past these nonprofit corporations operated under one or more of the federally sponsored housing programs. Today none of these programs are being funded and thus are not available to address our needs here in Alaska. This is the reason that it is urgent that SB 251 and 252 be passed and such programs be established here in Alaska.

Tax exempt nonprofit corporations are able to provide low rent housing using a combination of methods.

- 1) Removing profit from the operation of the housing.
- 2) Receiving grants and gifts from Churches and individuals.
- 3) Receiving grants and gifts from governmental bodies.

Naturally, we are both legally and morally committed to nondiscriminatory practices in both hiring and renting.

During the formation of ALASKA HOUSING MINISTRIES, we have been assisted by National Housing Ministries, a Church sponsored nonprofit corporation with nation wide experience and reputation. With their experienced judgment, we estimate that the money proposed by SB 252, when mixed with gifts and loan funds, would produce approximately 600 living units for low income families and handicapped persons.

This is a very significant step in addressing the housing needs of people who need the help desperately.

Please, allow me to point out one other reality. Mortgage interest subsidies, which allow middle and upper middle income people to buy homes, is regularly provided by State programs here in Alaska. The indigent and unemployed poor receive subsidies in many ways. Meanwhile, the hard working low income person finds no relief. Senate Bills 251 and 252 provide the needed relief.

Since I believe that it is important for you to know that a responsible tax exempt nonprofit corporation exists ready to use the program established by SB 251, I am listing the names of the members of the Board of Directors of ALASKA HOUSING MINISTRIES.

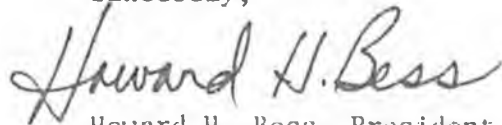
The Rev. Howard Bess, (American Baptist) President
 The Rev. Allen Price, (Episcopalian) Vice-President
 Mr. Joseph Henri, (Roman Catholic) Secretary-Treasurer
 The Rev. Fredric Youra, (Lutheran) Member, Executive Committee
 The Rev. Alonzo Patterson, (Baptist) Member
 The Rev. Richard Madden, (Presbyterian) Member
 The Rev. Steven Moore, (Roman Catholic) Member
 The Rev. Chuck Eddy, (Episcopalian) Member
 Mr. Frank Willis, (Methodist) Member

We stand ready to serve. We ask you, Honorable Senator and the Labor and Commerce Committee, to give SB 251 and 252 favorable consideration, so a very real need can be met.

I am enclosing a brochure describing National Housing Ministries, the group that has been so very helpful to us.

If I can be of any assistance to you and the committee, please call on me.

Sincerely,

A handwritten signature in cursive script that reads "Howard H. Bess". The signature is written in dark ink and is positioned above the typed name and title.

Howard H. Bess, President
ALASKA HOUSING MINISTRIES

cc Senator Mulcahy
Senator Bennett
Senator Rodey
Senator Sackett

NATIONAL HOUSING MINISTRIES



... THROUGH OUR PURPOSES—



Today, one out of every eleven people in the United States is 65 or over—a total of more than 18,800,000 people. Since 1900, the percentage of elderly persons in the population has more than doubled. According to current statistics, the number of people 65 or over will climb to approximately 25,600,000 in the next 20 years.

According to recent surveys by the Department of Health, Education and Welfare, only 25% of those couples, 35% of elderly men, and 41% of elderly women live with their children. The survey also disclosed that hardly anyone in his fifties today expects to live with his children in retirement. It becomes obvious that more housing is required and needs to be designed for persons over 65. Thus, in addition to family housing and other services, is one of our major purposes.

National Housing Ministries has come into existence because the church must minister to both the affluent and the poor. Rich or poor, all people have basic needs. These needs are inextricably linked to the church's missionary task.

Programs of housing and care constitute one area of human need. Like the Good Samaritan, we have seen this particular need and we have gone to work to do something about it. Christian justice, as a result of providing adequate housing and care for the elderly, the ill, the mentally retarded, and families with limited incomes, makes National Housing Ministries one of the church's most treasured assets.

The gospel must be demonstrated where people live. We do that by being there—sometimes by helping, or sometimes by suffering with them. That's why we translate abstract words about 'caring' into virile action through the development of projects for people in urgent need of adequate housing, and by managing that housing with efficiency and care.

National Housing Ministries operates out of a strong Biblical base. The idea of a church organization becoming involved in the development and management of projects of housing and care grows out of a Biblical concern for people first expressed by Isaiah who called his people to care for the homeless. Through our ministries in today's world, the church is in a position to exert a strong and effective influence on the entire field of housing and care.

Housing in our nation is benefited by the participation of **National Housing Ministries**—particularly as Christian goals and concepts are defined and articulated. These goals serve as a guideline for growth and help us constantly highlight—not the bricks and mortar that generally come to mind—but people to whom we are sent as servants and ministers.

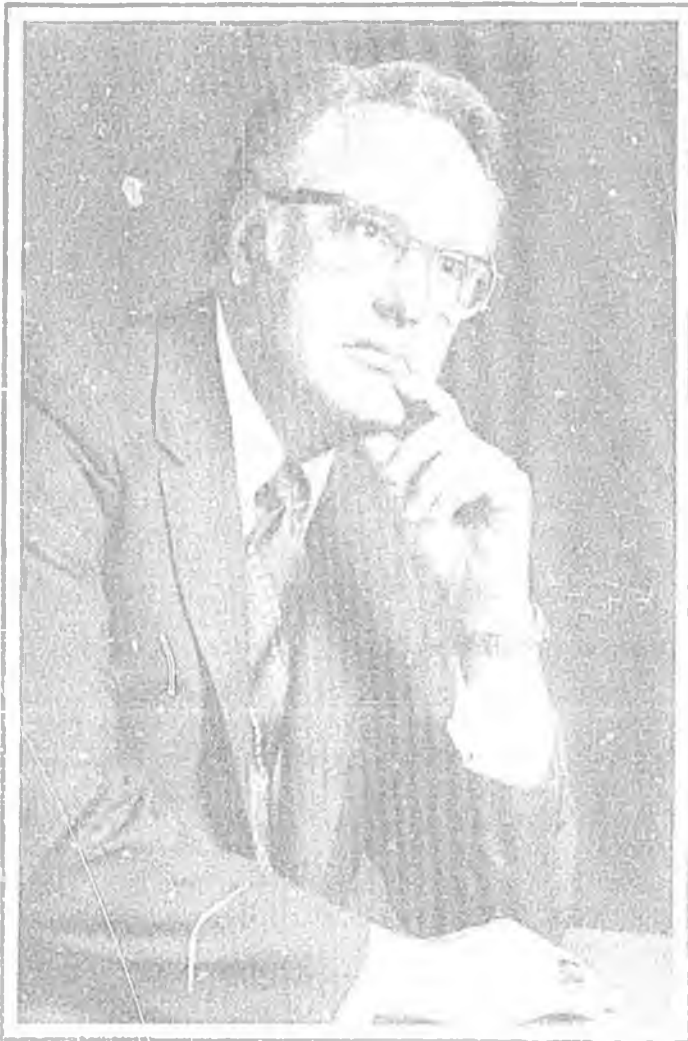


. . . . THROUGH OUR PEOPLE--

Over the past decade, the leadership of **National Housing Ministries** has demonstrated its competence and gained national recognition from governmental agencies, banking institutions, professional organizations, and the public news media.

Recognition of that wealth of experience is the result of years of ministry as staff members of The American Baptist Service Corporation and The American Baptist Management Corporation, agencies which were originally organized to do the work of the Board of National Ministries, American Baptist Churches USA. The new corporation, **National Housing Ministries**, has retained the staff of these previous agencies. **National Housing Ministries** will continue to serve American Baptists through a contract with the Board of National Ministries. It will also serve other denominations and the Interreligious Coalition for Housing (ICH) through individual contracts.

We proudly introduce you to our present staff of highly qualified people, beginning with our president, Dr. H. John Vanderbeck.



From his birth on an Indian mission station where his parents were field missionaries, to the present, Dr. Vanderbeck has been related to and involved in a deep commitment to the Christian church.

Dr. Vanderbeck has held successful pastorates in Illinois, Texas, Iowa, and California. While in the pastorate in California he also gained experience serving as the Western Representative for the Foundation for Specialized Group Housing, Washington, D.C., and later entered the housing field as an executive for Institutional Mortgage Company, Beverly Hills, California. Before coming to his present position he served American Baptists as Program Associate, Retirement Projects, for the Division of Health and Social Ministries of the Home Mission Societies and as President of both The American Baptist Service Corporation and The American Baptist Management Corporation.

Under his leadership, approximately 250 million dollars worth of projects have been developed. Currently 48 projects are under management with a total value of approximately \$36.5 million. He was featured in an August 28, 1971, column by Associated Press syndicated columnist, George Cornell. He and The American Baptist Service Corporation were given feature coverage on the NBC Nightly News Show, September 13, 1971, and in "You Shall Know The Truth: The Baptist Story," by Jessyea Russell Gayer in 1973. He is listed in "Outstanding Personalities of the West and Midwest," "Dictionary of International Biography," and "Who's Who in Religion."

Dr. Vanderbeck is a graduate of North American Baptist Seminary, St. Edward's University, Lewis Hotel Training School, and Harvard Graduate School of Business Administration. He has also been trained in mortgage banking. He received a Doctor of Divinity degree from Judson College and also holds the honorary degree of F.R.G.S. (Fellow Royal Geographical Society, London, England). He resides in Norristown, PA., with his wife and two children and is active in the First Baptist Church of Malvern.

GUYS. PAULTRE is the corporate Treasurer and has been a staff member of housing programs since 1966. As Treasurer, he not only guides the financial operations and audit, but also implements financial policy and keeps a constant check on all projects—in both development and management stages. He lives with his wife and two sons in Glenside, Pennsylvania, where they are active members of the First Baptist Church. He previously served as senior accountant for the Board of National Ministries, American Baptist Churches, USA, prior to joining the housing staff.

His educational and training background includes a degree in Accounting from the School of Commerce of Haiti, a Baccalaureate degree in Accounting from New York University, graduate work in specialized accounting at Temple University, and courses in Real Estate Management with the Institute of Real Estate Management.

RICHARD A. WHITE a staff member since 1972 is Vice President of Operations and serves as direct liaison to the President. In this position he has direct contact with Regional Vice Presidents and field staff. Prior to 1972 Dick worked for three years at Valley Forge with National Ministries. With his wife and two children he lives in Wayne, Pennsylvania, where they actively participate in the activities of Central Baptist Church.

His educational background includes a Bachelor of Arts degree in Sociology from William Jewell College, a Bachelor of Divinity degree from Colgate Rochester Divinity School, and a Master of Social Work degree from the State University of New York at Buffalo. Dick is a Certified Social Worker and a member of the Academy of Certified Social Workers. His experience includes staff positions with a family service agency, a children's institution, and a public welfare agency. An ordained American Baptist minister, he has also served in Christian Center work and in the parish ministry.

RICHARD J. HANSON, as a staff member since 1969, has served as Vice President for Development. His ministerial career has included being senior minister of a major Baptist congregation, Development Vice President for The Seminary of the West, and Director of Public Relations and Funding for the Salvation Army in New England and California. He also was in charge of the management of a wholly owned management and funding organization. He has recently assumed responsibility as our Western Regional Vice President.

His educational background includes McIntosh School of Business, Gordon College, Gordon Divinity School, Hartford Seminary, New York University, and Mount San Antonio School of Art. He has received a citation for outstanding work in an eleven hundred unit FHA development. He and his wife have recently moved to Morro Bay, California where they are attending the Calvary Baptist Church.





JOHN J. AUFFANT brought to us a wealth of experience when he joined the staff in 1969. As a real estate broker he had been a partner in a successful major New York City firm. His 27 years in the real estate profession in both sales and management adds to his strength as the new person assigned to implement the office of Eastern Regional Vice President. He is Vice President of the Board of Trustees of the First Baptist Church, Tarrytown, New York. He resides in Irvington on the Hudson, New York with his wife and three children.

His educational and training background includes New York University, Stanford University, Eastman School of Business, and the Institute of Real Estate Management. He is a Certified Property Manager, a MAI, a member of the Real Estate Board of New York, and a member of the New York Chapter of the Institute of Real Estate Management.



CARMEN PORCO has moved rapidly through training, into project management, and up to the level of Regional Director since joining the staff in 1972. As a young man he gained unique experience as part of the subculture of youth gangs. The trauma of the death of his closest friend turned him toward the calling to the ministry. He has never lost the ability to communicate with the people of the inner city. His early work in Community Centers paved the way for specialized ministry in housing and he and his wife reside in Madison, Wisconsin as he supervises our projects in Madison and Milwaukee.

Carmen has a Baccalaureate degree in Sociology from Alderson Broaddus College, a professional degree in Social Ethics, and a Master of Divinity degree from Andover Newton Theological School. He is also a Certified Property Manager.



RUTH M. GROCE, a member of the staff since 1968, is one of our capable Regional Directors (Western Region), a licensed Real Estate Broker, a member of the Institute of Real Estate Management, and an active participant in sales and management for the past 25 years. She is married, has three children, and is an active member of the First Baptist Church of Los Angeles, California. She has served as a Sunday School teacher, been active in church drama, a member of the choir, a Deaconess, and a Trustee. She has also been active in Girl Scouts, Job's Daughters, Eastern Star, and the Parent Teacher Association.

Her educational experience includes: real estate appraisal and finance, real estate tax, property management, maintenance, and accounting. She supervises the management of seven projects in California. Her outstanding Christian commitment to this field of human need has prompted the First Baptist Church of Los Angeles to appoint her as a church missionary.

JAMES V. MORRISON has been a staff member since 1966. Jim is a licensed Real Estate Broker and has managed a firm specializing in sales and development. He has taught "Principles of Real Estate" at Riverside City College and Loma Linda University. He is married, has two children, and is an active member of the First Baptist Church of Riverside, California, where at one time or another he has held every major office.

His educational experience includes: Business School with majors in accounting and administration, U.S. Armed Services Institute (Bachelor of Military Science), and the University of Maryland. His military service, where he specialized in logistics, purchasing, and contracting, prepared him well for this career ministry. He was decorated with a Bronze Star and Oak Leaf Cluster and has received the Bank of America award for the realtor giving "Outstanding Service to Community Affairs."



SHERRILL M. WHITAKER has been a staff member since 1970. Sherrill is an ordained American Baptist minister with experience in a rural church and as a Minister of Christian Education in an urban setting. He has also served as a manager for the American Baptist Publication Society as well as serving in the field of aging programs since 1965. He is experienced as a sales and admissions counselor, an Assistant Administrator, and Administrator of a full-care retirement facility.

His educational experience includes: Denver University, Berkeley Baptist Divinity School, and continuing education with a Certificate in Health Care Facility Administration from the University of Washington. He has participated in numerous conferences, workshops, and seminars. Sherrill is married and has four children. He is an active member of the First Baptist Church of Kent, Washington, where he serves on various boards and committees.

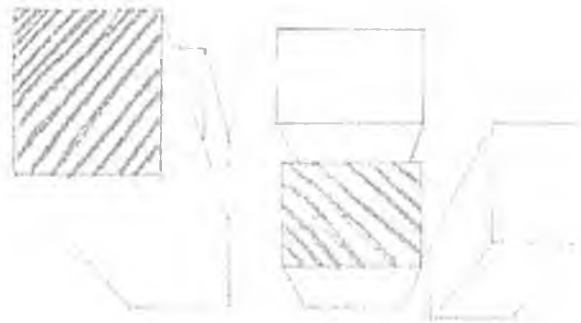


WILLIAM J. GREGSON has been added to the professional services of National Housing Ministries as Administrator of our new retirement facility, Oak Cove, Clearwater, Florida, where he lives with his wife and five children. Willis held pastorates in Indiana and Colorado before becoming a retirement center administrator in 1966. He was the administrator of full-care homes in Indiana and Michigan before serving as President of Michigan Baptist Homes, Inc., from which position he came to Oak Cove.

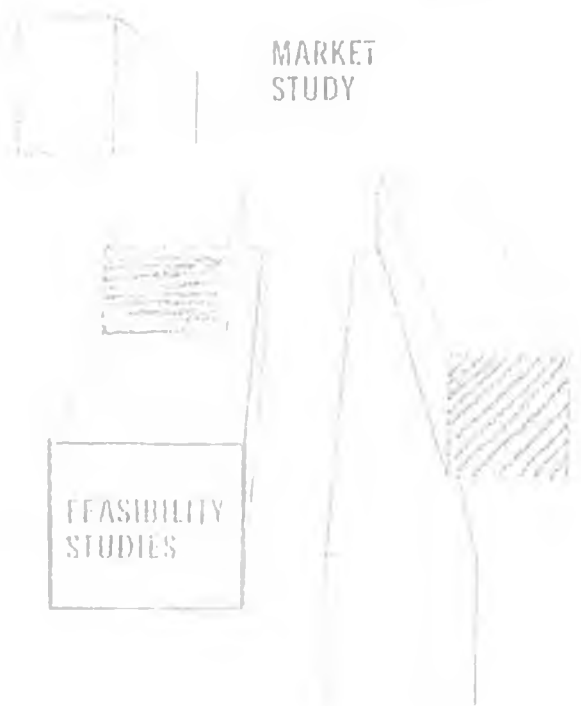
His educational experience includes: Washington University, Southern Theological Seminary, Certification in Clinical Training, and licensure as a Nursing Home Administrator. He has traveled extensively and has been a member of the Board of Directors of the Michigan Non-Profit Homes Association.



... THROUGH OUR PROGRAMS—



MARKET
STUDY



FEASIBILITY
STUDIES

MARKET STUDIES

Housing projects of many kinds are needed in many communities. Census projections indicate the need is growing. However, each community should thoroughly analyze its specific needs and potentials. This service is provided through a professional Market Study which is available through the resources of National Housing Ministries.

FEASIBILITY STUDIES

Should a market study confirm a project need through statistical analysis, it is essential for the local sponsoring organization to determine the precise cost of project development and to project an accurate budget for operations to be sure the proposed project is financially feasible. This report is of primary importance as a guide to subsequent action. If the report shows that a project is not financially feasible, the nominal fee for this service forestalls further expenditure of time, effort and money. At the same time it clarifies the basic essentials of project development.

CORPORATE PLANNING

The staff of National Housing Ministries will make its years of experience available to local sponsors with respect to the organization and operation of a qualified nonprofit corporation. This service is offered in cooperation with the local legal counsel selected by the sponsor. This service includes corporate organization, policies and practices, and personnel deployment.



LOAN PLACEMENT

There is a high degree of risk on the part of local sponsors in the development and management of housing projects. It is never possible to guarantee the development of a project. One of the major stages of risk is the placement of the Permanent and Construction financing. Although National Housing Ministries cannot guarantee loan funds, it will use its best efforts to assist local sponsors in such loan placement.

MANAGEMENT

National Housing Ministries is currently the management agent for 18 housing projects and will consider additional requests from nonprofit sponsors. A qualified local staff is developed, and central supervision supports that staff and the sponsor in achieving stated management goals.

PROJECT ANALYSIS

National Housing Ministries staff may be assigned to assist sponsors in the following areas of analysis: the development of an expansion program for an existing project; the reappraisal of programs, goals, and services after a number of years of operation; the recommendation of solutions to difficult board-staff relationships; the measurement of organizational effectiveness; the development of resident activity programs.





MANAGEMENT CONSULTATION

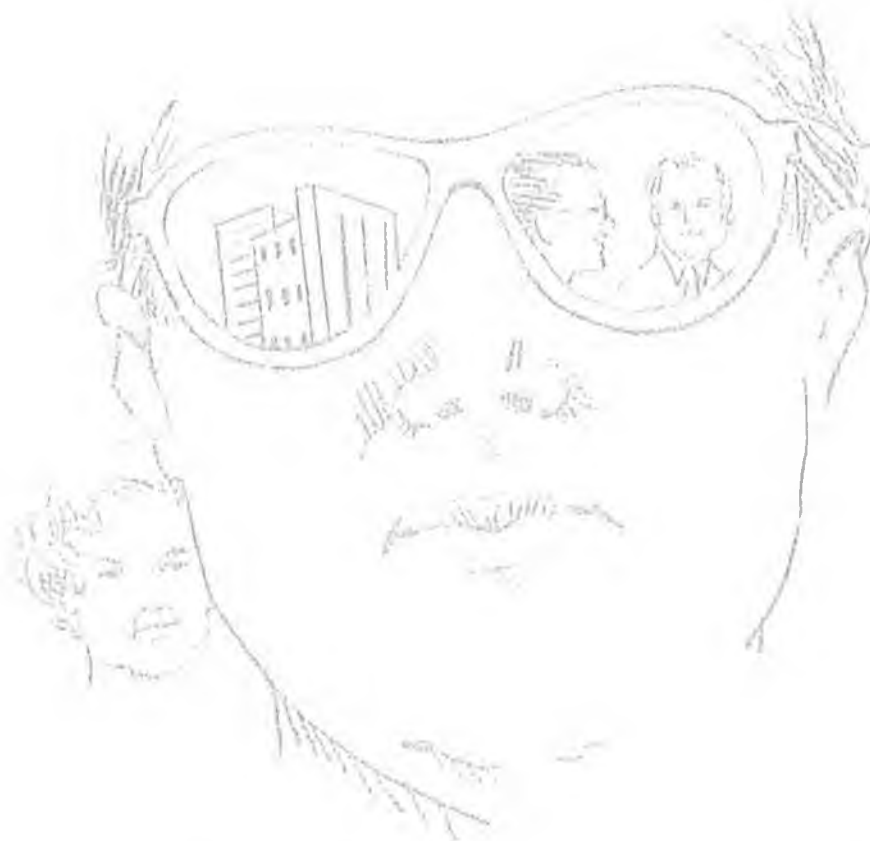
A major purpose of National Housing Ministries is to assist local sponsors in providing effective ministry. Therefore, we will provide individually tailored management consultant services on a negotiated arrangement as required to meet special needs. This service may include, but is not limited, to the following: growth planning, operational evaluation, finance, board/staff relationships, personnel evaluation, goal achievement, and maintenance.

BOARD AND STAFF TRAINING

Essential to clarity of purpose is an understanding of the roles of board and staff. How can operational unity be achieved? How can the talents of each be used for the common good? What are the legal obligations of the board? Staff of National Housing Ministries will be available to conduct seminars on these various issues.

SUMMARY

The need for specialized consultation in all areas of development and management is continually being highlighted. To fulfill its obligations to project residents and staff, boards of directors need help in all phases of service. To seek help is evidence of strength rather than weakness. National Housing Ministries exists to offer guidance in the exercise of sound and mature judgment and evaluation.



... THROUGH PROJECTS COMPLETED—

EUB Home	Burbank, CA	1975
Mt. Rubidoux Manor	Riverside, CA	1973
Griffith Gardens	Los Angeles, CA	1973
Piedmont Gardens	Oakland, CA	1975
Washington Heights	Bridgeport, CT	1973
Oak Cove	Clearwater, FL	1975
Palm Shores	St. Petersburg, FL	1971
Oakland Terrace	Jacksonville, FL	1974
Beha Manor	Alton, IL	1973
Prairie Homestead	Wichita, KS	1969
Oceanview Manor	Ocean Park, ME	1972
Baptist Home of Massachusetts	Kingston, MA	1973
Detroit Baptist Manor	Detroit, MI	1973
Homes for Berrien Co. Families	St. Joseph, MI	1972
Tabitha Home	Lincoln, NE	1972
Navesink House	Red Bank, NJ	1969
ABC Towers	Binghamton, NY	1974
Long Island Baptist Foundation	New York, NY	1972
Long Island Baptist Housing	New York, NY	1971
Allegheny Union Plaza	Pittsburgh, PA	1972
Campus Towers	Longview, WA	1971
Lilac Plaza	Longview, WA	1972
Harborview Manor	Lacoma, WA	1970
Garden Terrace	Wenatchee, WA	1971
Sun Tower	Yakima, WA	1969
Judson Park	Zenith, WA	1968

... THROUGH PROJECTS MANAGED—

Villa La Esperanza	Goleta, CA
Canopy Apartments	Los Angeles, CA
Good Shepherd Manor	Los Angeles, CA
Griffith Gardens	Los Angeles, CA
Pico Union	Los Angeles, CA
Simpson Apartments	Los Angeles, CA
Loyne Apartment	Los Angeles, CA
Sycamore Place	Bridgeport, CT
Washington Heights	Bridgeport, CT
Oak Cove	Clearwater, FL
Boxdom Apartments	Malden, MA
Northport Apartments	Madison, WI
Packer Apartments	Madison, WI
Cambridge Apartments	Milwaukee, WI
Green Tree Apartments	Milwaukee, WI
Plymouth Apartments	Milwaukee, WI
Leontonia Apartments	Milwaukee, WI

... THROUGH PROJECTS UNDER MANAGEMENT SUPERVISION

Valencia
Four Seasons
Towne House
Hoosier Village
Herschel Caldwell Mem. Ctr
Judson Park

Plantation, Florida
Columbus, Indiana
Ft. Wayne, Indiana
Zionsville, Indiana
Zenith, Washington
Zenith, Washington



... THROUGH OUR OBJECTIVES

We want to be good managers and stewards of those things committed to us. We also want to be sensitive to the needs of tenants while, at the same time, affirming that a strong financial position is essential. We believe these divergent poles can be brought together in harmony. That's why we have these objectives. . . .

To develop our own retirement centers, nursing homes, and housing units for people with moderate incomes.

To relate to local sponsors to help them develop their own capacity for providing shelter for people who urgently need special kinds of housing and care.

To manage, for ourselves and others, those housing programs which have been developed as a nonprofit ministry.

To train leadership for staff and board membership.

These objectives will be accomplished in this way. . . .

By using our best efforts to obtain funds to build and operate retirement centers and other housing and care projects for our corporation;

By using our best efforts to help local sponsors find financial resources to build, buy, or remodel retirement centers and other housing and care projects;

By sharing, most effectively, our experience and know-how. Thus we are consultants. Other people who want to know how to develop and manage housing use our services.



NATIONAL
HOUSING
MINISTRIES



H. John Vandenberg,
President

1000 Bell Tower Ct.
Arling Heights, IL 60014
708/399-3474

Dear Friend:

We are pleased to be able to send you our latest brochure. It explains our history, our people, and our programs.

National Housing Ministries is committed to the proclamation of God's love through ministries of housing and care. We believe this is an exciting and rewarding frontier of missionary outreach.

I would like to highlight one aspect of our program which is project management. We are seeking new projects to manage. We have the ability, the staff, and the experience to offer quality management, which is resident centered, to sponsoring organizations. If you have a project which needs quality professional management services, please let us have one of our staff meet with you.

We appreciate your past concern and interest. We are here to serve. We are grateful for your continued support as we attempt to proclaim God's wonderful love through these channels of Christian Service and Ministry.

Cordially,

H. John Vandenberg

Multiple Unit Housing Development

for

Low-to-Moderate-Income

Renters in Alaska

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PART I

BACKGROUND INFORMATION

A. Introduction

The Housing Assistance Division of Community and Regional Affairs has been asked to comment on multiple housing development for low-to-moderate-income renters in Alaska. This user group has traditionally been unattractive to private sector developers and managers seeking high profit return on rental unit construction. As more and more citizens fall into the non-homeowner category, however, a new review of rental unit housing development is important.

A basic assumption of this paper is that low-income renters have no more incidence of specific structural housing requirements, such as those which would have to be considered for elderly or developmentally disabled, than moderate or high-income renters. In any given project, some special units will be needed to meet a normal population of elderly or handicapped low-income resident demands. Family sizes may be slightly higher among low-income renters, but a normally mixed configuration of units for all family sizes is desired. Also, to avoid certain stigmas which are traditionally associated with 'welfare project' type development, modern low-income housing located in units of eight or less per building, blended into the surrounding neighborhood, is a goal of many project planners.

Another assumption of this paper is that the least expensive and highest quality construction and management plans for low-income housing projects are desirable. To achieve that goal, a varying blend of federal, state, local and private sector contributions is needed. Regulations and policies governing any level of contributions should not be so restrictive as to exclude other willing contributors from any sector, nor be strictly formulated on the basis of one project for applicability to all others. Each project should be reviewed within general guidelines as to development cost per unit, annual operation and maintenance

costs and annual subsidy contributions necessary. A complete project picture must be presented to attain successful public funding, whereas specific design criteria, management control and operating liability is best left with the local or private sectors.

B. Demand

Low-income housing demand has risen most dramatically in areas outside of Alaska in recent years, especially in those urban centers experiencing high rates of unemployment. Nonetheless, Alaska's low-income population continues to rise. A growth of the overall population brings a corresponding growth of a low-income population. This fact coupled with continuously rising home building costs, unemployment increases as oil revenues decline and lack of family infrastructures to support low-income citizens create significant demand for low-income housing units in Alaska.

1. Demand by Region

Currently in Alaska nearly 37% of all households are determined to fall into a low- or moderate-income category. Of that 37%, only 9% are being served by existing rental assistance or home purchase programs, leaving 28% unassisted. The distinct figures to separate low-income home users from moderate-income consumers are not readily available, however a weighting on the low-income end of the scale may be assumed. The distribution of 28% of unassisted home consumers is assumed to be nearly equal between renters and home-owners who do not qualify for any existing housing assistance. Concentrating on renters only, there is an identifiable 14% of the population statewide in need of immediate rental assistance. The proportion of unassisted low- to moderate-income renters within this 14% universe is identified as:

Anchorage	14.5%
Other Urban Areas	12.5%
Rural Areas	17.5%
Remote Areas	12.0%

When households unable to meet affordable housing standards are identified by region, however, the figures on affordable housing services needed are identified as:

Anchorage	17.5%
Other Urban Areas	9.0%
Rural Areas	10.0%
Remote Areas	2.0%

Demand by region may be identified by cross-referencing the above stated percentages.

(a) Anchorage ranks second in the proportionate number of individuals needing rental assistance, but first in number of rental households unassisted.

(b) Other urban areas rank third on both counts.

(c) Rural areas rank first in number of individuals needing rental assistance and second in number of households unassisted.

(c) The remote areas have the least number of unassisted individuals and a mere 2% of the households with a need which is presently unmet.

2. Demand by Income

Low- to moderate-income renters consistently pay an excessive proportion of their incomes for housing. Currently, 35% or less of total household earnings is considered a reasonable expenditure. Anchorage renters rate second to remote Alaskans

in paying excessive rents. Rural Alaskans are the next highest excessive rent payers with other urban Alaskans being fourth in this category. These figures are compared to excessive payments among homeowners in the table below.

Table 1

Low-to-Moderate Income Households
Paying Excessive Proportion
of Income for Housing

	Renters	Owners
Anchorage	30%	7%
Urban	24%	6%
Rural	27%	12%
Remote	39%	17%

When analyzing percentages of low-to-moderate income renter households paying excessive rents, Anchorage ranks first at 30%, other urban areas second at 24% and rural and remote areas both in third place at 27%. The relatively narrow range among the regions shows a statewide consistency in low-to-moderate income households paying excessive rent with almost insignificant variations.

3. Demand by Physically Inadequate Space Needs

Overcrowded households and demand for physically adequate spaces exist statewide, but are significantly weighted in rural Alaska. Remote site locations far exceed all other regions in this category with 49% of all households defined as being overcrowded. Statewide, this figure falls to 10%, with Anchorage experiencing the lowest incidence of overcrowding at 4%. Overcrowding is defined as more than 1.01 persons per room.

C. Cost Factors

Construction of public housing is consistently more expensive than exclusively private sector development. Costs for agency overhead, acquisition and development, compliance with standardized eligibility criteria, scheduled project maintenance and effective in-house management on large projects drive costs up 1/3 or more on a per unit basis. Subsidization needs are calculable only when all these factors are adequately considered.

The Housing Assistance Division within Community and Regional Affairs currently funds elderly housing new construction projects with a per unit maximum of \$100,000. Given the special configurations and appurtenant facilities of elderly housing, this housing is assumed to be more expensive than conventional low-rent housing. The actual costs per unit for any such development can be analyzed on a project-by-project basis only. An upper limit should be applied on a per unit basis for any state supported low-income rental housing. Appurtenant facility development should be clearly stated to direct program administrators into creating reasonable criteria for common space area costs borne by each unit. A concrete guideline for allowable costs versus disallowed expenditures should be legislatively established for all types of project costs. Costs such as:

- (1) Project planning;
- (2) Site acquisition, preparation and development;
- (3) Survey and engineering work;
- (4) Infrastructure development for roads, sewer and water and electrical connections to a project site;
- (5) Architectural design;
- (6) Construction, construction bonding, construction project management;
- (7) Landscaping;

- (8) Interior design and furnishings;
- (9) Common space development;
- (10) Occupancy and eligibility management;
- (11) Long term financing and project maintenance;
and
- (12) Final project audit of public funds,

need to be reviewed for applicability of public funding. As private sector contributions are desirable to reduce costs, hasten construction time and minimize red-tape, the private sector should be consulted before a final determination of specific fund use is made. It is the experience of the Housing Assistance Division that if funds are made available for any of the above listed categories, funds will be demanded and demonstrated to be needed in that category.

Competitive proposals emphasizing efficiencies in the construction and operation and maintenance areas are determined to be the most successful in reducing excessive project overhead. A competitive funding plan would call for a specific time frame in which all proposals for building low income rental housing statewide would be submitted to the reviewing/awarding agency. Agency review would occur in advance of the construction season and project awards would be made at the same time annually. Funds for any projects not begun within a specific period after project award could be relinquished to the general development fund and awarded to the next most eligible project on the list.

D. Program Options

Currently, the State of Alaska is not exclusively funding low-income rental housing unit construction. Projects are entered into with local governments who have managed to leverage federal operating subsidies on a project-by-project basis through a variety of State agencies. The regional housing authorities have been somewhat successful in management

of the construction of low-income housing for specific user groups such as the elderly or native Alaskans. Generally, however, federal guidelines limiting a person's income or a per unit rent maximum have had increasingly limited use for the Alaskan market.

Some 200 'Section 3' eligibility certificates have recently gone unused in Anchorage due to a lack of eligible units falling under rental maximums set by H.U.D. Should the State of Alaska enter the rental unit construction market for low-to-moderate-income renters, these unrealistic federal maximums could be adjusted. Policy makers need to consider that the federal government is putting less money into housing in Alaska with each year's federal budget. FY '83 Federal projections call for no further Indian Housing units coming through H.U.D. and no additional 'Section 3' Alaskan development. This decline in federal investments of construction funds is expected to be followed by a reduction in federally funded long-term operating commitments. The question remains, however, as to whether the State's priority for housing is sufficiently high to compensate for federal cutbacks in light of projected revenue declines. Additional State housing service delivery will surely mean concurrent budget cuts into other State supported services. These considerations must be thoroughly investigated before opening up existing programming to new levels of expectations on behalf of a growing user group of low-to-moderate income renters.

Program considerations for creating a rental unit construction program are:

- (1) Identification of appropriate State agency to administer programs;
- (2) Creation of specific authority for appropriate agency to administer program;
- (3) Securing of capital and operating funds for parent agency to administer program;

- (4) Review and approval of local control plan for both incorporated and unincorporated communities within the state and options for direct funding to non-profits;
- (5) Outline of specific program guidelines (per unit maximums allowable expenditures, income maximums, project size, etc);
- (6) Regional formulas to meet statewide demand;
- (7) Source of operation and maintenance funds for newly constructed projects;
- (8) Degree of liabilities to be assumed by State before, during and after construction (i.e. Title 36 considerations) for parent agency; and
- (9) Long term ownership considerations such as condominium conversions, project resale or default consequences.

Additional specific information on any of the subjects listed above is available from the Housing Assistance Division upon request.

E. Alternatives to State Financing

The alternatives to State financing of low-income rental housing development are limited.

1. Federal: Federal Funds that are unavailable from H.U.D. may be available through such experimental economic development programs as the President's 'Enterprise Zone Proposal'. The criteria for such awards are very restrictive, would have limited funding and would most likely receive one-of-a-kind status if funded at all. Multiple applications within a single region are highly unlikely. Still, a limited Arctic prototype housing development plan may have some merit on the federal level if a sufficiently blighted economic area could be identified.

Other federal funds may be available for 'redevelopment' projects on a project-by-project basis through a variety of federal agencies. Mostly urban in concept, Alaska's smaller population frequently falls short of federal expectations for clients served by available funds. Projects are awarded on a competitive basis among the states and regions. Innovative activities among the states are monitored by such groups as the:

(1) Council of State Community Affairs Agencies (COSCAA)

Hall of the States
444 North Capitol Street
Washington, D.C. 20001
(202)393-6435

and

(2) National Association of Housing
and Redevelopment Officials (NAHRO)
2600 Virginia Avenue, N.W.
Washington, D.C. 20037
(202)333-2020

These groups hold several meetings annually and have active subcommittees which follow and report on national housing activities. Endorsement of annual projects by these organizations may enhance federal financing for initial project development.

2. Local: Local funds for neighborhood projects may be available through neighborhood housing services and local governments. Clearly, these types of funds depend on individual municipal priorities and housing needs on the local level.

3. Private Sector: This area is the only area currently identified to have substantial growth potential for funding contributions. When the costs of supporting an increasing population of homeless citizens with private sector tax dollars are weighed against construction of adequate shelters for any homeless person, the private sector may be favorably disposed to contributions for such projects. A reeducation of the population of bankers, real estate developers, landlords and individual families in reasonable profit margins, community social consciousness and familial obligations may be expected to occur over the next decades of this century. As that reeducation begins, state policy makers seeking housing for low-to-moderate income citizens can offer forums and incentives to enhance private sector participation on both the corporate and individual levels. Examples of such incentives could include:

- (a) subsidies to contractors and builders to reduce housing costs, or
- (b) tax incentives to landlords participating in low-income rental programs.

Private sector donations can be very attractive to all concerned, so long as user criteria are equitably applied and available to all interested applicants.

F. Conclusions:

- (1) Low income rental unit construction demands dependent upon State financing can be expected to increase.
- (2) A mix of all available funding sources is optimum, unless restrictions from one source are so limiting as to make a project have unreasonable restrictions for the area and the clientele.

- (3) Demand is now most acute in urban Alaska, with rural Alaska following in second place. Any new programs should address all areas of the State, however, as there is at least some demand in every community.
- (4) Project awards should be made in advance of construction season at the same time each year. Projects should be competitive with one another and stress construction and operating cost efficiencies. Any awarded funds not utilized within a certain time frame after award date should go to the next most eligible project.
- (5) All limitations on use of funds should be clearly identified in enabling legislation, including specific user eligibility guidelines.
- (6) Eligible recipients of funds must be considered for both incorporated and unincorporated communities of the State.
- (7) Experimental alternatives competing for federally funded projects could be considered for matching funds from the State.
- (8) Liability issues and long term ownership considerations involving conflicts in State agency regulations or State and local regulations should be addressed and resolved.
- (9) Loan or grant options may be demanded depending on project need. Both types of financing may be desirable. An increase in education of housing industry financiers, developers, marketers, consumers

and all individuals is needed to maximize existing shelter possibilities for the homeless. More private sector contributions to this effort will be needed as State revenues decline.

- (10) Demand will rise to meet all available State revenues for multiple housing development as soon as funds for such development become available. Action in support of such development on the State level should be swift and consider all existing and new proposals that could and would be submitted for State funds prior to December 1983. Awards should be made shortly thereafter and construction should begin as soon as the 1984 season will allow.

A new level of housing service delivery is now needed for low-to-moderate income Alaskans. Every effort should be made to learn from past examples of projects attempting to meet such need, and to create future projects full of fresh perspectives and workable alternatives for this growing population of Alaskan citizens. Further investigations of rental housing unit delivery should be undertaken by the State as soon as possible, with the ultimate goal of constructing a viable prototype project during the 1984 construction season.

PART II

SAMPLE PROGRAM

A. Purpose

Multiple Unit low rent housing can be made available through State of Alaska construction grants, similar to Senior Citizen Housing Development now offered. Grants could be used to cover all phases of the development, including, but not limited to:

- Building site purchase
- Site preparation
- Plans and specification preparation
- Purchasing materials
- Financing construction

Grants could also be used to finance planning, rehabilitation or renovation projects to modernize, repair or alter existing low rent units.

Finally, grants could be used to leverage federal, local or private funds available to any project.

B. Projects-in-Partnership

It is the experience of the Senior Citizen Housing Development Program that local housing problems are best solved at the local level. An emphasis should be placed on the local commitment and support of any State funded public housing construction project. It is recommended that a steering committee of seven to fifteen individuals be formed for each project. This committee should be authorized to receive and expend project funds on behalf of any organized local government operating at the project location. In the absence of an organized local government, this committee should establish itself as a legal non-profit entity to sponsor and manage the project from planning through construction and on into ownership and operation. Issues such as site selection, design criteria, and so on are all established and handled by this sponsorship group regardless of local government organization or lack thereof.

C. Grant Specifications

Grant applications for either a planning grant or a construction grant could be accepted and reviewed by the State. Planning grants would be awarded on a per unit basis for a minimum of 1% of total project cost up to a specified maximum amount and could be used for various planning categories, such as:

- determining the project feasibility
- developing a management plan
- site acquisition, including land purchases, options, long term leases, purchase agreements, condemnations, donations or pledges to donate
- project design specialists for soils analysis, building design, construction management and general project management

Planning grant award is not considered a commitment to fund a construction grant.

Construction grant awards can be used to fully or partially fund the actual construction or renovation of low income multiple housing projects. Grants could be awarded competitively on an annual schedule coinciding with construction seasons and scheduling. An annual grant deadline of January 31st would be anticipated.

Fund maximums on a per unit basis should be developed and include all funds available from any source for a specific project. Ninety percent of the construction funds are available during construction based on the construction grant agreement signed with the State. Ten percent of the grant is payable upon project completion and final project audit. Fund limitations could be waived upon review in the case of extraordinary remote site development costs.

D. Grant Application Process

The application process for grant funds should include the six major steps of:

1. Organization/Needs Assessment
2. Determination of Funding Options
3. Preparation of Feasibility Demonstration Proposal
4. Preparation of Project Management Plan
5. Submission of Project Budget/Project Schedule
6. Construction Grant Award/Execution of Contract Grant Agreements

The application/award process is only a portion of total project execution. The full project includes grant application, grant award, construction, occupancy and operation steps, and audit and evaluation procedures. Sponsoring agencies are advised of total project development steps and work with the State through all phases.

E. Program Creation

As financing of multiple unit low-income housing grants is a new arena for State government, time is required to finalize such a program. As there exists a prototype for housing construction grant award in the Senior Citizens Housing Development Grant Program, regulation drafting, form creation, program advertisement, application review and project award systems exist within Community and Regional Affairs, Housing Assistance Division. Information on existing programs and review of legislation to create new multiple unit low-income funds is available on an ongoing basis from Division staff.

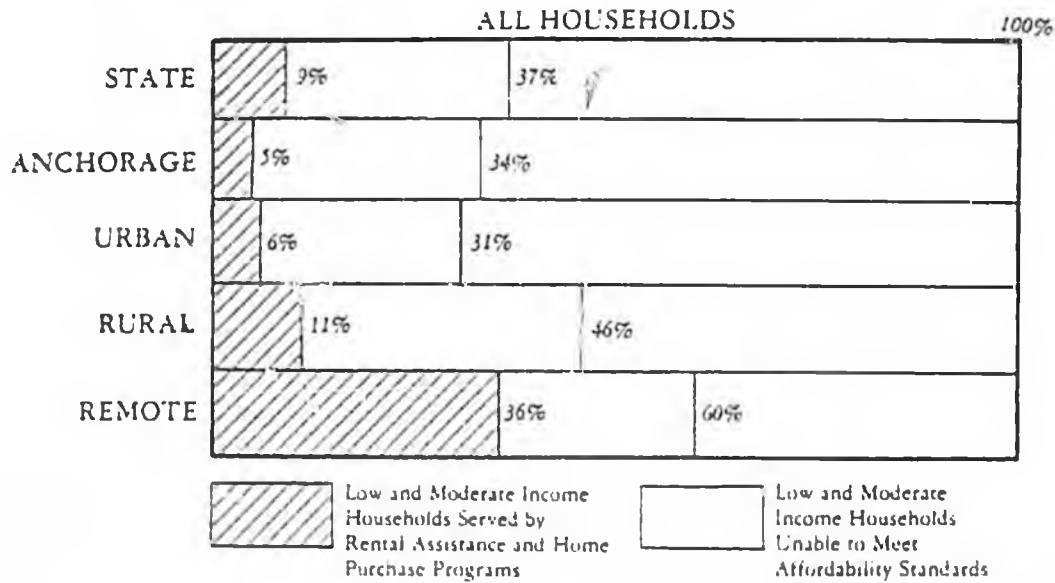
F. Author's Note:

This document has been written at legislative request. The statements contained herein result from the cumulative experiences of staff of the Housing Assistance Division within Community and Regional Affairs. All statistical information is taken from the Alaskan Statewide Housing Needs Study: Phase I and II Reports, March 1983, CH2M Hill and associated authors. Specific reference citations for further study are available upon request through the division.

PART III

STATISTICAL INFORMATION

PROPORTION OF LOW- AND MODERATE-INCOME HOUSEHOLDS UNABLE TO MEET AFFORDABILITY STANDARDS WITHIN THE STATE AND REGIONS



DISTRIBUTION OF LOW- AND MODERATE-INCOME HOUSEHOLDS UNABLE TO MEET AFFORDABILITY STANDARDS AMONG REGIONS

(Represents shaded and hatched areas in above bar chart. The percentages inside the wedges represent each region's share of the entire universe of need. Those outside the circle represent the share of universe of need that is being served by rental assistance and home purchase programs.)

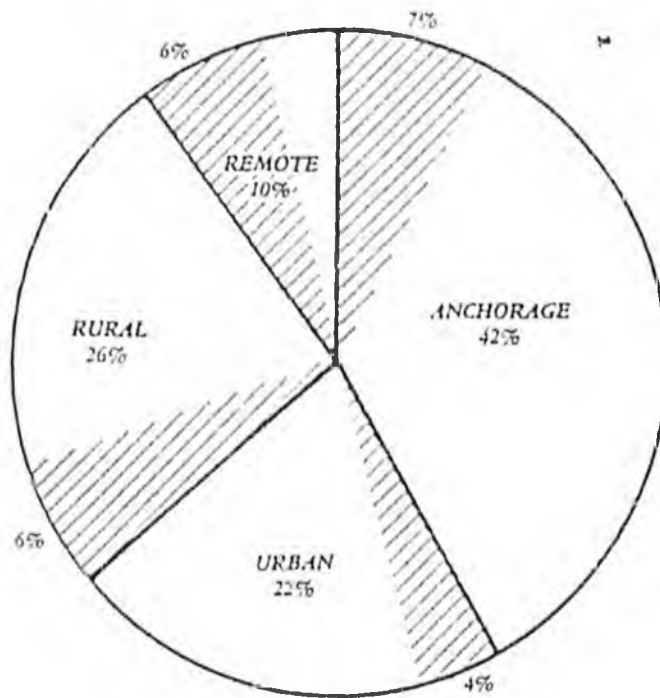
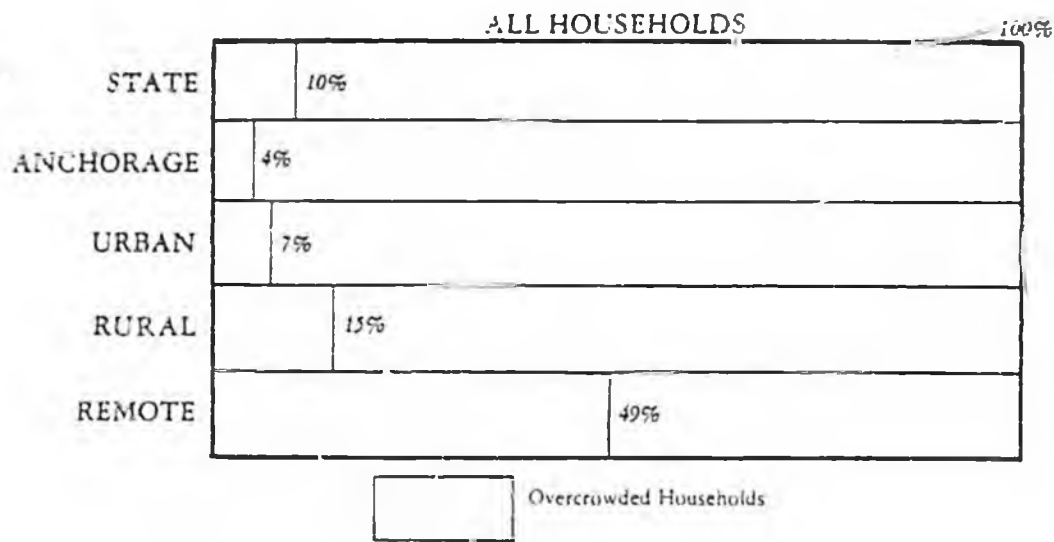


FIGURE 3-1

HOUSING AFFORDABILITY
ALASKAN STATEWIDE HOUSING NEEDS STUDY



PROPORTION OF OVERCROWDED HOUSEHOLDS WITHIN THE STATE AND REGIONS



DISTRIBUTION OF OVERCROWDED HOUSEHOLDS AMONG REGIONS

*(Represents shaded areas
in above bar chart)*

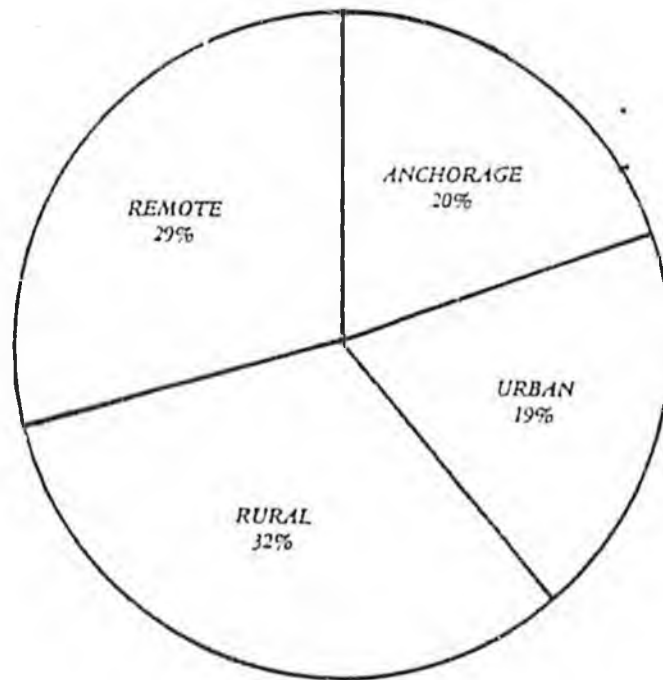


FIGURE 3-2

SUFFICIENT LIVING SPACE
ALASKAN STATEWIDE HOUSING NEEDS STUDY



Chapter 3
HOUSING SUPPORT PROGRAMS

In the Phase I Report, three basic measures of housing need were delineated: affordability, physical adequacy, and sufficient living space. These categories overlap, although limitations of existing data did not permit meaningful measurement of the overlap. Nevertheless, the presentation of housing needs on the basis of this classification provides significant information bearing on the programs that exist, or could exist, in response to those needs.

Housing needs, and the extent to which households in need are being served by State and Federal housing programs, are presented graphically in Figures 3-1 through 3-4. These bar charts illustrate the size of the group with particular needs, or that receive certain services, for the entire State, as well as within the four functional regions defined by this study (see Appendix B, Functional Regions of the State). The length of the whole bar represents all of the households in Alaska, while the shaded and hatched areas indicate the portion of households in need and, in some cases, the proportion of households presently being served by programs. The accompanying pie charts are presented to indicate the distribution of needs and service provision in Alaska.

The following narrative expands upon the significant features of these graphics, and also summarizes a number of additional Alaskan housing needs as determined in Phase I of the study.

Housing Affordability

- o The bar chart in Figure 3-1, Housing Affordability, shows that, although almost 9 percent (11,362) of all households in the State are households being served by rental assistance and home purchase programs, over 28 percent (an additional 37,775 low- and moderate-income households) also unable to meet affordability standards are not being served by programs.
- o The pie chart in Figure 3-1, Housing Affordability, shows that the greatest number of households with unmet needs is in Anchorage, and that only in the remote region are a majority of those in need being served.

Renter Households

Census data not available for use in the Phase I Report indicate that over 15,000 low- and moderate-income renter households were paying more than 35 percent of their household

income for rent and utilities in 1980. The proportion of these renters paying more than 35 percent of income for housing ranged from 30 percent of renter households in Anchorage, 24 percent of urban renter households, 27 percent of rural renter households, and up to 39 percent of renter households in remote Alaska. Slightly over half the total number of renter households paying an excessive proportion of income for housing are in Anchorage, with another 25 percent in the urban region and the remaining 25 percent in the rural and remote regions.

Owner Households

Census data not available for use in the Phase I Report indicate that slightly less than 6,900 owner households are paying more than 35 percent of their income for mortgage payments, taxes, insurance, and utilities. Owner households represent 31 percent of all low- and moderate-income households in the state paying an excessive proportion of income for housing. The proportion of owner households paying over 35 percent of income for housing ranges from 7 percent of all Anchorage homeowners, 6 percent of urban homeowners, 12 percent of rural homeowners, and up to 17 percent of homeowners in remote Alaska. Approximately half the owner households paying excessive housing costs are in Anchorage and the urban region, and half are in the rural and remote regions.

Elderly Households

- o About 67 percent of elderly renter households (1,374 of 2,051) are served by rental assistance programs as compared with 13 percent of nonelderly low- and moderate-income households (3,097 of 25,330).
- o Nearly 72 percent (5,158) of all elderly households are homeowners. Although about 68 percent of these households have low and moderate incomes, very few are assisted by the complete subsidies provided to renter households.

Sufficient Living Space

- o The bar chart in Figure 3-2, Sufficient Living Space, shows that 10 percent (13,220) of the households in the State are overcrowded. In the remote region, nearly half lack sufficient living space.
- o The pie chart in Figure 3-2 shows that there are actually more overcrowded households in the rural region (32 percent of the overcrowded households in the State, or 4,243 households) than in remote Alaska (29 percent of the overcrowded households in the State, or 3,849 households). Overcrowding also affects a substantial number of Anchorage (2,648) and urban (2,480) households.

Physically Adequate Housing

- o The bar chart in Figure 3-3, Housing Without Adequate Plumbing, shows that 7 percent of the State's households (8,665) lack complete plumbing by study standards, while 10 percent of all households (13,628) lack complete plumbing by census standards. The glossary (Appendix A) explains the differences in these standards.
- o Statewide, the total number of housing units with an inadequate heating system, houses with no heat and with no flues, is estimated at 2 percent (3,013).
- o The pie charts in Figure 3-3 show that, according to census standards, the need for complete plumbing is greatest in remote Alaska, followed by the rural region. By study standards, the rural region has over half the State's need with urban places next.

Need for Housing-Related Services

- o Older Alaskans express the need for a range of housing options that accommodate their changing requirements. Many handicapped people could also benefit from a wider range of housing options and living situations.
- o The unavailability of home support services and semi-independent living options contributes directly to the institutionalization of handicapped persons. Some 758 persons (40 percent) of the institutionalized handicapped could be "de-institutionalized" if suitable housing-related programs were available.
- o Distribution of housing-related programs is skewed toward Anchorage and the urban region, the population in rural Alaska is under-represented among the households served, and almost no services are provided in remote Alaska.
- o Almost seven-eighths of the existing home support program clients (28,372 of 33,653) are elderly persons. Mentally handicapped, emotionally disturbed, and severely physically handicapped people are receiving much less service proportional to their numbers.

SB 251 TITLE & SPONSOR SUMMARY

16:21 6/04/84 PAGE 1 OF 2

PROPOSED TITLE:

AN ACT ESTABLISHING THE LOW COST AND LOW INCOME MULTIPLE FAMILY HOUSING DEVELOPMENT FUND IN THE DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

PRIME SPONSOR: JOSEPHSON.

CO-SPONSORS: FISCHER, V. .

CURRENT STATUS: 5/23/83 IN (S) FINANCE

SB 251 SENATE ACTION

16:21 6/04/84 PAGE 2 OF 2

DATE	SEQ	PAGE
5/14/83	01	0897
5/23/83	02	1080

LEGISLATIVE ACTION

5/14/83	01	0897	FIRST READING -- COMMITTEE REPORTS
5/23/83	02	1080	L&C -- DP01, DP02 FINANCE RULES

*** ** ** ** **

COMMITTEE REPORT
SENATE

1/30/63

FURTHER: Finance

Date: 5/20/82

Mr. President:

The Committee on Labor & Commerce has had SB 991

Establishing the low cost and low income multiple family housing development fund in the Department of Community and Regional Affairs.

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
- and recommends _____ new title
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

CHAIRMAN

Name (please print)	Address	Representing	Testify?? (YES or NO)	Phone Number
Barbara Morse-Quinn	2600 Denali, Suite 400 ⁹¹⁵⁰⁵ Anch	DCRA/HAD (Director)	YES	272-4585
Dick Pryor	" " " " "	" " (Hous. Admin)	"	"

Rescheduled

Bill Fact Sheet

Date Received 4/19/83

Bill Number SB251 Title Low cost/low income housing

Fiscal Note - Date Requested 4/19/83 Date Received _____

- Of Whom Karen Perdue C+RA ~~2/5/84~~ 4890

Dept. Position Paper - Date Requested 4/19 Date Received _____

- Of Whom Karen Perdue

Resource People

Initial Hearing - Date 5/17/83
People Contacted

Ray Price - 272 - ~~412~~ 4585 - 5/13

Follow-up hearing - Date _____

SB 251-52
Ray Price

272-4585

Inform
when
scheduled

Final Action _____

Date _____