

SCR

21 -

SJR 28

# Alaska State Senate

P.O. Box V  
Juneau, AK 99811  
Phone: (907) 465-2444  
465-3862/465-4923



Senate Finance Committee  
State Affairs Committee  
Vice-Chair, Rules Committee  
Chair, Administrative Regulation Review

William L. Hensley

## M E M O R A N D U M

DATE: April 13, 1987

TO: Senator Arliss Sturgulewski, Chair  
Senate Community and Regional Affairs Committee

FROM: Senator Willie Hensley *W H*

SUBJ: SCR 21 - Rural Housing Assessment

SCR 21 urges the Governor to direct the Department of Community and Regional Affairs to assess rural housing conditions and the demand for rural housing.

A report by the Rural Research Agency commissioned during the interim concluded that there was limited current data on housing stock in rural Alaska. The last comprehensive survey was the 1980 Census. We do not have adequate information on the housing stock that has been added since 1980.

The BIA gathered limited information in 1985 that indicates that there is still widespread overcrowding and substandard housing in rural Alaska. We suspect that construction has not kept pace with population growth.

Despite the gains in housing in urban Alaska, there is a pressing need for better housing in rural Alaska. In order to design responsive programs, we need to know what existing conditions are and the characteristics of the housing demand that exists. If we learn, for example, that the demand for housing is most acute among persons with seasonal incomes, we can design financing schemes based on their ability to pay.

Attached is the summary of findings on rural housing by the Rural Research Agency.

WLH/mjs



# Alaska State Legislature

## Senate

Official Business

Pouch V  
State Capitol  
Juneau, Alaska 99811

### Memorandum

To: Senator W. Hensley

From: Sheila F. Helgath *JAL*  
Legislative Analyst

Date: February 2, 1987

Re: Rural Housing Need and Revenue Bond Financing

The Rural Research Agency has been requested to examine (1) the need for single family housing or small apartment units for lower income rural families and (2) the feasibility of using revenue bonds to finance rural housing construction.

### SUMMARY

1) Limited current data exists on the condition of housing stock in rural Alaska and on the amount of housing stock being added annually. An estimated 200 new single family units and 120 (with carryover from 1985 projects) multiple family units were added to rural Alaska housing stock during 1986 from federal programs. The funding of most federal programs has been stable or decreasing. Estimates of the increase in rural housing stock resulting from loan programs and private credit loans were not made but are suspected to be quite low (see Table 3).

2) The U. S. Census in 1980 found 80% of rural Alaskan houses were substandard, an update and revision by ISER and CHM Hill estimated 60% in 1982 (ISER used less stringent criteria on the same Census data). The most recent inventory conducted in 1985 by the BIA used criteria similar to the 1980 U. S. Census. The BIA found that approximately one third of the Native homes were substandard and that there was an additional need in 1986 for 4,710 new homes for Alaska Native families. These families are now living with other families in overcrowded conditions or in houses needing total replacement. The majority of these homes are in rural Alaska (see Table 1). Overall Native housing conditions in rural Alaska are similar to the conditions reflected in the 1980 Census.

3) Population is the most important factor causing changes in the need for housing. Need for rural housing has grown and will probably continue to grow in the next two decades since a large proportion of rural residents are now between 5 and 18 years of age. Another factor which influences the need for additional housing units is the age of housing. Rural housing shows a significant proportion of housing stock being either relatively new or over 40 years in age (see Table 4).

4) State of Alaska housing programs have primarily benefited urban Alaskans and rural Alaskans who have year round incomes of \$30,000 or greater. The majority of the AHFC loans have been in urban Alaska, approximately 18% of the Housing Assistance Division loan amounts during FY 86 have gone to urban areas or areas with road access such as the Kenai Peninsula, and since 1970 the Alaska State Building Authority has also been an urban program. Rural regions where unfulfilled Native housing need is the greatest had the lowest per capita utilization of Alaska housing loan programs in fiscal years (FY) 1984-1986 (see Table 2).

5) Revenue bonds are currently used to finance Alaska's housing mortgage programs. Revenue bonds are effective ways to finance projects in which the user fees can pay the debt service and loan. Mortgage loan programs financed by revenue bonds will not resolve the housing shortage in rural Alaska because people surviving on a mixed subsistence-cash economy do not have the income to repay bonds. Many residents have been unable to maintain administrative payments of \$75 to \$150 in HUD programs and pay home heating costs.

6) Mixed monetary-subsistence incomes are too erratic and low for most rural people to be involved in any form of home loan mortgage program. State programs directed towards this group of people should take into account variability in income from year to year and throughout the year (see Tables 5 & 6).

Eight recommendations for legislative action which build upon the policy guidelines presented in the 1982 Housing Study by the Institute of Social and Economic Research and CH<sub>2</sub>M Hill are made. They are:

STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE

Bill Version: SCR 21

Publish Date: \_\_\_\_\_

**REQUEST:** \_\_\_\_\_

Revision Date: April 13, 1987  
 Title: An Act Relating to the need for rural housing assessment  
 Sponsor: Willie Hensley  
 Requestor: HCRA Committee

Agency Affected: DCRA  
 BRU: Housing Assistance

Components: Housing Construction Dev.

**EXPENDITURES/REVENUES:** (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES		55.8				
TRAVEL		30.2				
CONTRACTUAL		4.8				
SUPPLIES		.2				
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		91.0				

CAPITAL		-0-				
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REVENUE		-0-				
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**FUNDING:** (Thousands of Dollars)

GENERAL FUND		91.0				
FEDERAL FUNDS						
OTHER						
TOTAL		91.0				

**POSITIONS:**

FULL-TIME		1				
PART-TIME						
TEMPORARY						

**ANALYSIS :** (Attach a separate page if necessary)

One full-time position travelling to 12 regions. Approximately One month in each region.

Prepared by: Kathleen Graham  
 Division: Housing Assistance

Phone: 561-0900  
 Date: 4/13/87

Approved by Commissioner: \_\_\_\_\_  
 Agency: Community and Regional Affairs

Date: 4-13-87

**Distribution (by preparer):**

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

Position Title <b>Public Facilities Planner I</b>		No. of Positions <b>1</b>	Range/Step <b>20A</b>	Barg. Unit <b>GGU</b>
Time Status <b>FT</b>	Staff Months <b>12</b>	Location <b>Anchorage</b>		Election District
Type of Expenditure		Justification		
1		A high level position is needed to conduct this type of demanding, in-depth analysis. The position would be needed for one year and would involve extensive travel to do on-site visits and conduct needed surveys and assessments of housing conditions and demand for rural housing. Clerical support would be provided by existing staff.		
2				
3				
Salary	42,768			
Benefits				
Premium Pay				
Other				
Total Personal Services	55,796			
Travel	30,240	Travel		
Contractual	4,800	Travel 1,500 per month x 12 = 18,000 Per Diem 12 days per month x \$85 per day x 12 = <u>12,240</u>		
Commodities	200	30,240		
Equipment				
Other				
Total Cost	91,036	Contractual		
Funding Source for Total Cost		Long distance telephone, postage, development of survey, etc. 400 per month x 12 = 4,800		
Federal Receipts 1002		Commodities		
G. F. Match 1003		Office Supplies = 200		
General Fund 1004	91,036			
I-A Receipts 1006				
CIP Receipts 1061				
Other				

**Request For  
New Position**

Agency Community & Regional Affairs  
 BRU Housing Assistance  
 Component \_\_\_\_\_

Page \_\_\_\_\_ of \_\_\_\_\_  
 Revised Date \_\_\_\_\_

**FY 88**

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 4/7/87 5-DAY NOTICE  
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER: FINANCE

\*\*FISCAL NOTE(S) ATTACHED  \*\*  
IN ACCORDANCE WITH AS 24.08.035  
(see below)

3/16/87

DATE TURNED INTO OFFICE 4/14/87

Mr. President:

C&RA

Committee considered

SCR 21

need for a rural housing assessment.

and recommended:

replace with CS \_\_\_\_\_  same title  
 attached amendment(s) and  new title

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

letter of intent adopted and attached

\*\* Committee  attached or  adopted fiscal note(s)  
 zero  fiscal impact

MEMBERS SIGNING DO PASS

Tim Keeg  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

OTHER RECOMMENDATIONS

Alvin Stangulinski  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Alvin Stangulinski Do Pass  
Chairman signature and recommendation

Committee Backup Attached

# Alaska State Legislature

ARLISS STURGULEWSKI, Chairman  
TIM KELLY, Vice Chairman  
RICK HALFORD  
MIKE SZYMANSKI  
FRED ZHAROFF



P. O. BOX V  
JUNEAU, ALASKA 99811  
(907) 465-4989

## Senate Community and Regional Affairs Committee

TO: Senate C&RA Members

April 14, 1987

FROM: Senate C&RA Staff, *MEZ*

RE: SCR 21 - Relating to the need for a rural housing assessment.

and

SJR 28 - Relating to housing programs of the United States Department of Housing and Urban Development.

These two resolutions both concern rural housing. The first, SCR 21 - left side of packet, calls for an assessment of rural housing conditions and the demand for rural housing, to be done by the Department of Community and Regional Affairs.

There is a memo from the sponsor, Senator Hensley, and a 91 thousand dollar fiscal note attached to the bill. Also attached is the summary from a report on rural housing need and revenue bond financing by the rural research agency.

On the right side of the packet is the material for SJR 28. This resolution calls on HUD to maintain its housing programs at or above current levels in Alaska. A memo from Senator Hensley and a zero fiscal note is attached.

The sponsor and representatives of DC&RA will be at the meeting to testify. The two resolutions deal with the same subject but are independent of each other.

# Alaska State Senate

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Senate Finance Committee  
State Affairs Committee  
Vice-Chair, Rules Committee  
Chair, Administrative Regulation Review

William L. Hensley

## M E M O R A N D U M

DATE: April 13, 1987

TO: Senator Arliss Sturgulewski, Chair  
Senate Community and Regional Affairs Committee

FROM: Senator Willie Hensley *WJH*

SUBJ: SJR 28 - HUD Housing Programs

SJR 28 urges HUD not to cut its programs in Alaska. There are proposals in HUD to cut the total number of units that it funds in half during the next fiscal year. This would probably mean that the units allocated to Alaska would also be reduced by half.

A 1985 study by the BIA indicated that there was a statewide need for 4700 new housing units for Alaska Natives. The only programs that effectively address this need are HUD's rural programs. In 1986, HUD received applications for 642 units, but funded only 200 in Alaska. If the funded units were cut by half, there would be an even higher ratio of unfunded to funded units. This comes at a time when the sluggish economy is decreasing the incomes of residents, which will probably result in a growing need for housing assistance in both urban and rural areas.

An additional problem resulting from any future cuts by HUD is diseconomies of scale. If we continue to distribute HUD funding equitably among the regional housing authorities, each authority will have funding for only a few units. The low number of units in a particular village would make it difficult to find contractors who could provide design and construction services to rural villages within the cost ceilings of the current program. Constructing a larger number of units at one time in a village is much more cost effective. The current funding level represents the threshold necessary to maintain a cost-effective program.

WLH/mjs

**STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE**

Bill Version: SJR 28  
Publish Date: \_\_\_\_\_

REQUEST: \_\_\_\_\_  
Revision Date: \_\_\_\_\_  
Title: Relating to housing programs of the  
US Dept HUD  
Sponsor: Senator Hensley  
Requestor: Senate C&RA

Agency Affected: Community & Regional Affairs  
BRU: Housing Assistance  
Components: Housing Construction Development

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

**FUNDING: (Thousands of Dollars)**

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL						

**POSITIONS:**

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

**ANALYSIS :** (Attach a separate page if necessary)

Prepared by: Michael Harper, Director Phone: 561-0900  
Division: Housing Assistance Division Date: 4/13/87  
Approved by Commissioner: [Signature] Date: 4-13-87  
Agency: Community & Regional Affairs

Distribution (by preparer):

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