

ALASKA LEGISLATURE COMMITTEE FILES 1981-1982 86/2

1493 SHESS SB 231 - SB 234 1493

STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

FINANCE DIVISION
POUCH WF-STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3795

MEMORANDUM

05 March 1981

TO: Representative Ben F. Grussendorf
House Community and Regional Affairs Committee

Representative Vernon Hurlbert, Chairman
House Labor and Commerce Committee

Senator Vic Fisher, Chairman
Senate State Affairs Committee

FROM: Senator Arliss Sturgulevski, Chairman (WS)
Legislative Budget and Audit Committee

RE: HB 256, HB 257, HB 258, BH 259, HB 260
SB 231, SB 232, SB 233, SB 234, SB 235

At the request of the Alaska State Housing Authority, (ASHA), the Legislative Budget and Audit Committee concurrently submitted the above referenced package of legislation to the Rules Committees of both houses. ASHA requested this legislation in response to recommendations contained in a legislative audit. That audit, ASHA's response and the Legislative Auditor's evaluation of ASHA's legislative package are attached for your reference.

Normally, the Office of the Governor would introduce any legislation requested by an executive branch agency. Mr. Keith Specking of the Governor's office was contacted by my office regarding the administration's preferences in regard to the submission this package. The Governor's office felt that in this case the legislation could be submitted by the Committee.

The Legislative Budget and Audit Committee, at my recommendation, agreed to introduce this package of legislation. No recommendation on the appropriateness of this legislation is made by the Committee.

cc: Representative Mike Miller
Representative Jim Duncan
Senator Patrick M. Rodey

STATE OF ALASKA

THE LEGISLATURE
BUDGET AND AUDIT COMMITTEE

AUDIT DIVISION
POUCH W—ALASKA OFFICE BUILDING

FINANCE DIVISION
POUCH WF—STATE CAPITOL

JUNEAU, ALASKA 99811

February 23, 1981

To: Senator Arliss Sturgulewski
Chairman, Legislative Budget
and Audit Committee

From: Gerald L. Wilkerson, CPA *GLW*
Legislative Auditor
Division of Legislative Audit

Subject: Proposed ASHA Legislation

ASHA has proposed legislation providing for a \$15 million construction fund for family and handicapped housing as well as \$15 million for senior citizen housing. The funds would be for grants or loans to municipalities or non-profit housing corporations to assist in financing the projects. As justification for creation of the two funds, ASHA cites our recent audit report where we stated:

ASHA should seek additional funding to allow utilization of all federal allocations for low or moderate income housing in Alaska.

This recommendation was directed at a situation in which ASHA had lost two federal allocations (HUD) in 1977, totalling \$3.5 million, because of a shortage of funds to cover the difference between federal allowable costs and actual construction costs of two projects. Our recommendation suggested ASHA obtain funds to cover these types of situations through:

1. Direct State appropriations
2. Sale of general obligation bonds
3. State grants (In two instances a project was saved through grants from the Department of Community and Regional Affairs' Senior Citizen Housing Program.

Each of these three alternatives would provide for legislative scrutiny of any proposed subsidy. The first and second alternatives would require ASHA to include the details of

any project needing a subsidy in their budget request, and the Legislature would then have the opportunity to review each project and either approve or disapprove. The third alternative would also receive legislative review since any grant funds would be part of the affected department's budget submission. A \$30 million appropriation to ASHA, however, would allow ASHA to directly subsidize any project without legislative approval. Federal funds allocated to ASHA need not be committed immediately. There is sufficient time during each grant period, or through grant extensions, to permit subsidy requests to go through the legislative review process. If a project were disapproved, that would be merely an expression of legislative intent that it not be built. The two funds would unnecessarily remove from legislative control the power to commit State funds for specific projects. For this reason, we recommend ASHA seek subsidy appropriations, where needed, on a case by case basis through the normal budget process.

The Authority's proposed legislation regarding the sale of bonds and notes is in accordance with recommendations contained in the audit report.



February 20, 1981

The Honorable Arliss Sturgulewski
Chairman
Legislative Budget and Audit Committee
Pouch V
Juneau, Alaska 99811

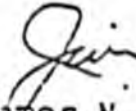
Dear Senator Sturgulewski:

Enclosed for your review is ASEA's response to the
Legislative Budget and Audit recommendations as well
as ASEA's proposed legislation for the 12th Legislative
Session.

Hopefully we'll be able to make the agenda to go final
on your meeting of the 24th. Thanks for your help.

Sincerely,

ALASKA STATE HOUSING AUTHORITY


James M. Crawford
Deputy Executive Director

JMC:th
Encl.



February 20, 1981

Mr. Gerald L. Wilkerson, CPA
Legislative Auditor
Division of Legislative Audit
The Legislature, State of Alaska
Pouch WF
Juneau, Alaska 99811

Dear Mr. Wilkerson:

Thank you for your letter of February 17, 1981 with its enclosure, "A Performance Review of the Department of Commerce and Economic Development, Alaska State Housing Authority, December 12, 1980". The Alaska State Housing Authority (ASHA) has reviewed the above entitled document and within this letter provides the requested responses to the recommendations of the auditors. Those findings and recommendations of the audits performed by Peat, Marwick, Mitchell & Co. and the United States Department of Housing and Urban Development (with the exception of PMM Finding No. 3 which is separately addressed) have been cleared as evidenced by the attached letter from John Duffy, Area Manager, Anchorage Area Office, U.S. Department of Housing and Urban Development. Our response therefore will be limited to Legislative Budget and Audit recommendations number 1 through 4 and Peat, Marwick, Mitchell & Co. Finding No. 3.

It is certainly gratifying to me to note the very substantial difference in the above audits which contain no material findings and prior audits which have noted difficulties. It is also encouraging to me, as Chairman of the Board, to find that the recommendations of the Legislative Budget and Audit team are for positive action toward the production and management of housing. The management and staff of ASHA as attested to by the audits have the competency and capability to positively respond to the recommendations of Legislative Budget and Audit, of course after implementation of those suggestions by the Legislature.

Recommendation No. 1

ASHA should perform a statewide survey of low and moderate income housing needs in Alaska.



Mr. Gerald L. Wilkerson

-2-

February 20, 1981

We agree with the need for housing surveys and the present inadequacy of existing information on housing needs. ASHA is presently working with the State Department of Labor and the Census Division to isolate the need for housing then prepare a prioritized five year construction allocation recommendation for HUD concurrence. Current data concentrates on available housing stock. In the event the capital construction funds are established and funded as per ASHA's proposed legislation in response to recommendation number 2, ASHA will be able to more aggressively perform a marketing plan statewide for the benefit of ASHA's program recipients and those program recipients of the regional housing authorities.

We agree with and have complied with the recommendation of a three year maintenance plan as evidenced by the letter from HUD clearing the findings.

Recommendation No. 2

ASHA should seek additional sources for funding of housing projects to ensure that federal allocations are not lost.

We agree with the recommendation to seek additional funding from sources other than the U.S. Department of Housing and Urban Development, particularly in view of the federal plans for budget cuts. In compliance with the recommendation, attached are two bills which would establish and fund the Senior Citizen Housing Development and Construction Fund and the Family and Handicapped Housing Development and Construction Fund. Creation and appropriation to these Funds will allow ASHA and the regional housing authorities to leverage federal funds in the construction of needed low and moderate income federally subsidized housing in Alaska.

Recommendation No. 3

The statutes governing ASHA should be revised.



Mr. Gerald L. Wilkerson

February 20, 1981

We agree with the recommendation that AS 18.55, ASHA's enabling legislation, should be revised. In compliance with the recommendation, attached is "An Act relating to housing authorities" which, if enacted, would accomplish the recommendation.

Recommendation No. 4

The Office of the Governor should appoint members to the board of directors of ASHA in accordance with statute and in a more timely manner.

The vacancy on the Board of Directors was filled October 13, 1980 by the appointment of Cynthia Aiken of Fairbanks.

Peat, Marwick, Mitchell & Co. Recommendation No. 3

ASHA should comply with HUD requirements to control land, structures and equipment.

ASHA does comply with HUD requirements to control land, structures and equipment with the exception of a current inventory of the Remote 200 programs. The Remote 200 program is in 10 villages throughout the state and the cost to conduct an annual inventory would be excessive. The total acquisition cost of the inventory items including construction equipment, dwelling equipment and non dwelling equipment is \$179,789.88. These items were purchased seven to ten years ago and are given a useful life of seven to eight years. The value at this time is minimal. ASHA has not replaced any appliances in the Remote 200 program as that is the responsibility of the home purchaser. ASHA has recently come to an agreement with HUD for a resolution of the inventory problem in the Remote 200 program, i.e., write down of those physical inventory items which are beyond their useful life.

We believe that the enclosed drafts of legislation are consistent with the recommendations of the Legislative Budget and Audit Committee's auditors and that the legislation, if enacted, will be a positive step for the greater production of housing within Alaska. With both the Senior Citizen Housing Development and Construction Fund and the Family and Handicapped Housing Development and Construction Fund, it is our intention to coordinate grants or loans



Mr. Gerald L. Wilkerson

-4-

February 20, 1981

from the Funds with ASHA bonding powers. Particularly in the face of a wildly fluctuating bond market, a gap between available construction dollars and actual construction costs can force the delay or even cancellation of needed housing projects. Nationally established construction maximums do not reflect Alaska's cost. Consequently, otherwise worthy projects may not be built. It is further our intention to work closely with the regional housing authorities to assist them in their needs in the rural areas of the state as well as providing for the urban needs of Alaska's seniors, family and handicapped.

Sincerely,

ALASKA STATE HOUSING AUTHORITY

Roger Lang
Roger Lang
Chairman

RL:JMC:mrn

ANCHORAGE AREA OFFICE
334 WEST FIFTH AVENUE
ANCHORAGE, ALASKA 99501

RECEIVED
ASILA

DEC 12 '80

REGION X

December 8, 1980

IN REPLY REFER TO
10.1HMA

Mr. John B. Curtis
Executive Director
Alaska State Housing Authority
P.O. Box 80
Anchorage, Alaska 99510

Room	EA CC
Room	JM CC
Room	HC CC
File	TER21

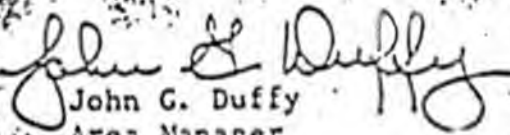
Dear Mr. Curtis:

Thank you for your November 7, 1980 letter in response to the findings contained in the Report on Audit for the period which ended March 31, 1980. Based on the corrective actions planned and taken, we have requested the concurrence of the Regional Office of Audit to clear all findings with the exception of Finding No. 3.

Finding No. 3 concerns the physical inventory of nonexpendable equipment in the Remote 200 program. We recognize that making a special trip to each village to complete a physical inventory would not be cost beneficial. However, as long as the value of this equipment remains on your equipment ledger, ASILA does have an interest in the equipment and an inventory and reconciliation is required. Other Regional Housing Authorities have found implementing a cyclic inventory method a more economical way to complete a physical inventory in remote areas. Under a cyclic system, equipment is inventoried throughout the year as annual inspections are completed and reconciliation completed at fiscal yearend based on the accumulated inventory information. We request you submit a plan to complete a physical inventory in conjunction with annual inspections on a cyclic basis.

Please call LaVerne Thacker or Donna Czech if you have any questions.

Sincerely,


John G. Duffy
Area Manager



March 9, 1981

The Honorable Mike Miller
Representative, District 4
Alaska House of Representatives
Pouch V
Juneau, Alaska 99811

Attn: Jeff Petrich

Dear Representative Miller:

Thank you for the opportunity to discuss with your staff and other interested parties the need for capital construction and development funds for senior citizen housing in Alaska on Friday, March 6, 1981.

During the meeting, several references were made to "Senator Sturgulewski's bills." Please let me clarify that House Bills 256, 257, 258, 259 and 260 were drafted in response to recommendations contained in the audit report of the Division of Legislative Audit. Senator Sturgulewski very considerately brought the bills to the Legislative Budget and Audit Committee and they were subsequently introduced (from ASHA's perspective) to act upon those recommendations contained within the audit report.

As Chairman Lang stated in his February 20, 1981 letter in response to the audit, "We believe the enclosed drafts of legislation are consistent with the recommendations of the Legislative Budget and Audit Committee's auditors and that the legislation if enacted, will be a positive step for the greater production of housing within Alaska."

A brief summary of some of the reasons a senior citizen housing fund could be beneficially used by ASHA are as follows:

1. ASHA has proven expertise in the development, construction and management of senior housing.
2. Under ASHA management, the funds can be leveraged in conjunction with our tax exempt bonding powers resulting in more net dollars actually in senior housing. }
3. Under ASHA management, our knowledge of federal housing fund sources will accelerate the utilization of a state development and construction fund and avoid the needless loss of federal funds.



The Honorable Mike Miller -2-

March 9, 1981

4. ASHA can provide assistance to regional housing authorities with a development and construction fund in conjunction with our tax exempt bonding powers.

Again, thank you for the opportunity to discuss these items, among others, with your staff on Friday. It is our hope to move forward with the positive package of bills which if enacted will greatly assist in meeting the needs for senior housing within Alaska.

Sincerely,

ALASKA STATE HOUSING AUTHORITY


John B. Curtis
Executive Director

JBC:mrm

cc: Board Members



March 9, 1981

The Honorable Jim Duncan
Speaker of the House of Representatives
Pouch 7
Juneau, Alaska 99811

Attn: Pete Freer

Dear Representative Duncan:

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The Honorable Jim Duncan -2-

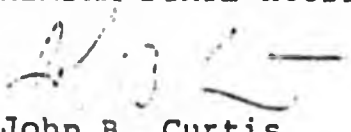
March 9, 1981

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Sincerely,

ALASKA STATE HOUSING AUTHORITY


John B. Curtis
Executive Director

JBC:mrm

cc: Board Members



Alaska State Legislature

Senate

Committee on State Affairs

Pouch V
State Capitol
Juneau, Alaska 99811

Official Business

March 17, 1981

Behrends Bldg.

1:30 pm

First Floor

MEMBERS PRESENT: SENATOR FISCHER, CHAIR
SENATOR BRADLEY
SENATOR ELIASON

AGENDA: SENATE JOINT RESOLUTION 19
"Relating to the proposed Stikine Dam project in Canada."

HOUSE BILL 140

"An Act increasing the longevity bonus."

HOUSE BILL 63

"An Act relating to the Alaska Police Standards Council;
and providing for an effective date."

HOUSE BILL 53

"An Act relating to the point system for driving offenses."

Chairman Fischer called the meeting to order at 1:40, and opened testimony on the first item on the agenda.

SJR 19

Senator Eliason, prime sponsor of SJR 19, provided the first testimony on the measure. After describing the site, the Stikine River Valley, and some of the history of the project, Senator Eliason touched on development of the project with respect to the British Columbia Hydroelectric Authority.

The cost, size, and power production capability of the proposed Stikine Dam projects put them among the largest hydro projects undertaken. The potential impact on Alaskans is great, and the purpose of the resolution is to provide for greater exchange of information between Canadians and Americans with respect to this project, and to support establishing a method for American input at the state, local, and federal level during the planning, decision making, and development phases of the project.

Governor Hammond, maintains Senator Eliason, has reassessed his

position on the Stikine Dam projects; initially he thought it was environmentally sound, and presently he is requesting more information about the projects.

Mary Ellen Cuthbertson, representing the Southeast Alaska Conservation Council (a coalition of groups in southeast Alaska), testified in support of the measure. She has engaged in special project work with the Council, specifically related to the Stikine area, which she travelled extensively in her work. After drawing the Committee's attention to a companion measure sponsored in the House by Rep. Kaugen, Mary Ellen Cuthbertson stated that her testimony was not designed to analyze the pros and cons of the project, but rather to establish the need to define the role of the United States in this international project. She described the status of the project as "under study" and cited some confusion which seems to have developed over the timetable. The U. S., she maintained, must hasten to develop a role. The consequences of a project of this magnitude must be considered in light of the needs of Southeast Alaska at this time; there is a need for further studies to be funded, and for an exploration of the legal issues involved, specifically those governing the navigability of rivers and Canada-U.S. treaties governing shared waterways).

Steve Haavig, Executive Director of the Alaska Gillnetters and also representing United Fishermen of Alaska, provided supportive testimony on SJR 19. He stressed the importance of the fishery resource upon which gillnetters from Wrangell and Petersburg have been dependent for years for their livelihood.

Steve Haavig talked with people from B. C. Hydro at a meeting held in Juneau in October (1980) at which the confusion over the impact of the project on the river was "spelled out". The dams are above the spawning area, but the scope of the project may affect rearing capabilities of certain species with a two-year "river life". B. C. Hydro stated, according to Steve, that summer flows being stored for winter use would be reduced by 80%. This regulation of flow, Steve maintains, will constitute a potential threat to the water rights of fishermen. Beaver ponds, sluices, small streams (the salmon rearing habitat) will all be affected by flow reduction. Steve supports funding for legal work to put U. S. in the optimum position with regard to this international project.

Senator Eliason moved that the resolution be passed out as amended. There being no objection, it was so ordered.

HB 140

Peter Freer, assistant to Rep. Duncan, presented committee members with a fiscal note on HB 140 and stated that Rep. Duncan supported the measure.

Red Swanson, representing the Legislative Committee of the Grand Lodge of Pioneers of Alaska, provided testimony in support of HB 140, and fully supported the concept of the longevity bonus.

Vernon Perry, of the Department of Administration's Division of Retirement and Benefits, stated that the Department supports HB 140. He briefly discussed the question of residence in the Territory, and confirmed that the longevity bonus is for pre-statehood residents only, and only those who have maintained "continuous domicile" in Alaska.

Chairman Fischer noted that if the Supreme Court strikes down the Permanent Fund dividend case raised by the Zobels, we will need to re-examine such benefits as the longevity bonus.

Gordon Landis, of the Department of Health and Social Services, Division of Public Assistance, spoke to HB 140 as it affects low-income people. He stated that it is almost impossible to do good for the low-income people of the state with a social program. The longevity bonus is not a need-based program; any attempt to broaden it (with qualifiers or an intent to make it disregarded by other Federal programs) may succeed in ruining our present exemption. In 1977 the Social Security Act was amended to exclude Alaska's longevity bonus as income. Any attempt to gain further exemptions may endanger this one.

There being no further testimony, Chairman Fischer moved that the measure be passed out with individual recommendations, and Senator Eliason seconded the motion.

HB 63

Jim Mayer, Executive Director of the Alaska Police Standards Council, provided testimony on this measure. He described it as a "housekeeping bill" designed to clean up 1972 statutes relating to the Council. He conducted committee members through a section-by-section analysis of the changes made by HB 63. He concluded his testimony with the statement that municipal groups have indicated support for the measure.

Committee members moved that the measure be passed out with individual recommendations. There being no objection, it was so ordered.

HB 53

Bill Brown, of the Department of Public Safety, Division of Motor Vehicles, provided testimony on this bill relating to the point system of driving offenses, stating that it insures more equal treatment of drivers, imposes a time limitation for crediting points, and imposes a maximum number of points which may accrue. The bill is supported by the DMV. The measure was passed out of committee with individual recommendations.

Adjourned 3:00.

SENATE AMENDMENT

By Senator Eliason

To: Senate State Affairs Comm. SENATE BILL No. SJR 19

To: _____ HOUSE BILL No. _____

PAGE:

LINE:

1

8

Change "government of British Columbia" to "British Columbia Hydro and Power Authority"

As the proposed project affects the Stikine and its tributary, Iskut River, and is actually a series of five dams, the references to the "dam" should be corrected to plural form. Therefore the following amendments are needed:

1

9

After "river" add "and its tributary, the Iskut River, and"

1

11

Change "dam" to "dams"

1

15

Between "dam" and "of" add word "project"

1

19

Change "Dam" to "Dams"

1

22

Change "Dam" to "Dams"

1

28

Change "Dam" to "Dams"

A PERFORMANCE REVIEW
OF THE
DEPARTMENT OF COMMERCE
AND ECONOMIC DEVELOPMENT
ALASKA STATE HOUSING AUTHORITY

December 12, 1980

Audit Control Number
08-21-1005-S

Commissioner, Department of Commerce
and Economic Development
Deputy Commissioner, Department of
Commerce and Economic Development

Charles R. Webber
Braxton Jeans

Board Members of the
Alaska State Housing Authority

Chairman
Member
Member
Member
Member

Roger Lang
Joan Ray
Gale Kincaid
Charles R. Webber
Vacant

STATE OF ALASKA

AUDIT DIVISION
POUCH W—ALASKA OFFICE BUILDING

THE LEGISLATURE

FINANCE DIVISION
POUCH WF—STATE CAPITOL

BUDGET AND AUDIT COMMITTEE

JUNEAU 99801

December 12, 1980

Members of the
Legislative Budget and Audit Committee:

In accordance with the intent of Title 24 of the Alaska
Statutes, the attached report is submitted for your review.

A PERFORMANCE REVIEW
OF THE
DEPARTMENT OF COMMERCE
AND ECONOMIC DEVELOPMENT
ALASKA STATE HOUSING AUTHORITY

December 12, 1980



Gerald L. Wilkerson, CPA
Legislative Auditor
Division of Legislative Audit

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PURPOSE AND SCOPE OF THE REVIEW

In accordance with Title 24 of the Alaska Statutes, a performance review was conducted of the Department of Commerce and Economic Development, Alaska State Housing Authority (ASHA). The purpose of our review was to:

1. Determine ASHA's compliance with its statutory purposes.
2. Evaluate ASHA's operating efficiency, effectiveness, and economy.

Our scope included all State and federal building and housing programs administered by ASHA. We did not perform auditing procedures to determine whether ASHA was in compliance with the federal regulations, policies, procedures, and contracts governing its housing programs. The auditing procedures to determine compliance with these were performed by other auditors whose findings and recommendations thereon have been furnished to us. Included in our report are those recommendations which were not implemented as of our report date.

ORGANIZATION AND FUNCTION

The Alaska State Housing Authority (ASHA) is a public corporate authority created by the territorial legislature in 1945. Its purpose is to assist in the development of decent, safe, and sanitary housing throughout Alaska for low and moderate income families.

A board of five members, appointed by the Governor, which included the Commissioner of Commerce and Economic Development governs ASHA's activities. The Board appoints an Executive Director/Secretary-Treasurer to administer ASHA. Presently, ASHA has a staff of 35 full-time employees in its central office in Anchorage and 73 employees in its 18 project offices located throughout Alaska. The following are programs administered by ASHA:

<u>Description of Program</u>	<u>No. of Units</u>
<u>Conventional Low Income Program.</u> Costs of operations and maintenance are funded through rent receipts and subsidies from the Department of Housing and Urban Development (HUD). Also HUD provides funds for debt service.	813
<u>Housing Assistance Payments (HAP) Program.</u>	
This program provides rental subsidies for low income families and elderly residents from HUD through ASHA. Two types of programs exist under HAP, one in which the rental units are owned by qualifying individuals (known as Section 8 Existing Program), and one in which ASHA owns the rental units (known as Section 8 New Construction Program). Existing	1,178
New Construction	285
<u>Turnkey III Ownership Program.</u> Eligible home purchasers, through a lease-option agreement, pay a monthly payment for reserves, utilities and an administration fee. HUD contributes to the debt service through annual contributions. Approximately 147 units under this program have been converted to rentals due to an insufficient number of qualified home purchasers.	230
<u>Remote Housing Programs.</u> The federal government funded construction of single family homes in 28 villages in rural Alaska from 1969 through 1971. In addition, the State appropriated funds to construct homes in 19 other villages during 1971 and 1972.	747

Description of Program

No. of Units

Wrangell 221(d) 3. This program is a housing development for middle income families constructed in 1967 with federal funds. A portion of the units are being subsidized through the Housing Assistance Program.

32

Marine View Apartments. This is a high-rise apartment complex constructed in Juneau in 1973 with funds from a State appropriation. No federal funds are received as subsidy for this program. Recently, the first four floors have been converted to commercial rental space.

60

Total number of units administered by ASHA

3,345

In addition, from 1966 through 1974, ASHA acquired or constructed public buildings for lease to the State of Alaska. Bonds were issued by ASHA to finance this program. At the expiration of each lease, title of the buildings will be transferred to the State of Alaska.

FINDINGS AND RECOMMENDATIONS

The following are recommendations made by Division of Legislative Audit:

Recommendation No. 1

ASHA should perform a statewide survey of low and moderate income housing needs in Alaska.

There has not been a sufficient housing needs survey conducted to determine the housing needs of low and moderate income Alaskans. A listing prepared by the U.S. Department of Housing and Urban Development (HUD) indicates that only fourteen cities and/or towns during the past three years have been surveyed by that department.

Four of the ten regional housing authorities responding to our questionnaire (see Appendix B) indicated that a survey had not been performed in their region. One of the remaining six authorities indicating that a housing needs survey had been performed stated that the Department of Community and Regional Affairs had conducted a needs survey of their region. However, we contacted the Division of Community Planning within that department and found that the only surveys performed by the division are community profiles. These profiles identify building sites and land uses rather than housing needs. In addition, ASHA's Executive Director and board members indicated that in their opinions the housing needs of Alaskans had not been adequately surveyed.

We recommend that ASHA perform a statewide housing needs survey. However, prior to conducting such a survey ASHA should contact the regional housing authorities to determine what data is currently available and evaluate its adequacy. After conducting the survey, ASHA should prioritize the housing needs of those areas of the State over which ASHA exercises its authority. (Much of the rural area of the State receives housing assistance through the regional housing authorities.)

Presently, ASHA's general practice is to apply HUD allocations to projects for which a local government and/or advocate group has expressed a need. However, this procedure does not necessarily allow projects to be first constructed in those areas with the greatest housing need. Effective management necessitates identifying those areas with housing needs, prioritizing those needs and applying the HUD allocations as they become available to those localities with the greatest or more immediate need.

In addition to prioritizing housing needs ASHA should comply with HUD's recommendation to complete a three-year maintenance plan (see Recommendation No. 6 page 14). The maintenance plan should be prepared for all housing projects owned and/or managed by ASHA to allow for effective budgeting of the authority's funds.

Recommendation No. 2

ASHA should seek additional sources for funding of housing projects to ensure that federal allocations are not lost.

In 1977, ASHA had no choice but to return to the federal government two allocations totalling approximately \$3,460,000 due to the infeasibility of the projects. The allocations were for family housing in Juneau (80 units), and Ketchikan (50 units).

These projects could not be constructed due to federal limitations on the maximum costs per unit. In a letter informing ASHA of the cancellations, HUD stated that they "were aware that these projects have not been able to be constructed because the prototype costs (maximum costs prescribed by HUD) in these areas have been too low and it is not reasonable for you to issue construction contracts ..."

ASHA has taken steps to minimize the possibility of losing additional federal allocations. They have changed their bidding procedures to include design-construct contracts. This minimizes the chances of the total construction costs exceeding the HUD allocations. In addition, ASHA intends to utilize a different housing program under HUD (Section 8 New Construction). Under the Section 8 Housing Program ASHA does not have to comply with HUD's low prototype cost limitations. However, HUD does set the maximum amount of rental income (Fair Market Rent) ASHA may receive from each rental unit, which somewhat offsets the advantage of no prototype cost compliance requirement.

This maximum rent less administrative costs of managing the project equals the amount remaining to cover the cost of amortizing the debt of the project. Because HUD's fair market rents are too low, the rental income may not be sufficient to cover the debt of the project. When this occurs it is no longer feasible to construct the project.

At the time the two family project allocations were cancelled, ASHA was able to construct two elderly housing projects under the same program. This was due to the receipt of additional funds through the affected municipalities who had received grants through the Department of Community and Regional Affairs' Senior Citizens Housing Development Fund.

In addition, two other elderly housing projects have been constructed in 1980 under the Section 8 program which also received funds from the municipalities in the same manner to make the construction of the projects feasible.

In total, \$1,702,395 was received through the Senior Citizen Housing Program in order to utilize, over the life of the projects, approximately \$24,700,000.

Therefore, we recommend ASHA seek additional funding to allow utilization of all federal allocations for low or moderate income housing in Alaska. These additional funds to be used as leverage for the federal funding can be obtained from sources such as direct State appropriations, sale of general obligation bonds, or grants from State departments.

Recommendation No. 3

The statutes governing ASHA should be revised.

We determined through interviews, questionnaires and a review of ASHA's files that the statutes governing ASHA are in need of revision and clarification. The following changes are needed in order for ASHA to operate in a more efficient manner:

- A. AS 18.55.140, 18.55.180, 18.55.185 and 18.55.570, concerning the sale of bonds, need to be amended to allow ASHA to sell bonds in a more efficient manner.

ASHA has proposed three areas of revision: (1) the addition of authority to sell notes; (2) the removal of the requirement to sell bonds at a price not less than par, and (3) clarification of section 185 concerning the prohibition of a financial advisor from bidding or negotiating for the purchase of the bonds. The proposed language is the same as the wording used in the Alaska Housing Finance Corporation statutes concerning the sale of bonds.

- B. AS 18.55.110 should be clarified as to whether or not ASHA is exempt from adherence to the Administrative Procedures Act (APA) requiring the adoption of federal regulations governing its housing projects.

Advertising and holding public hearings and submitting the regulations to the Department of Law for review is time consuming and ineffectual since the federal regulations cannot be changed, and whether adopted by the State or not, must be abided by in order to retain funding. Therefore, ASHA should be exempt from the APA concerning the federal regulations governing its housing programs.

- C. Clarification of the definition of State agency is needed to determine under what statutes ASHA is considered to be a State agency.
- D. The statutes concerning the regional native housing authorities also need clarification. Since the State created these entities by law it should be clarified, as with ASHA, whether or not they are State agencies.

Recommendation No. 4

The Office of the Governor should appoint members to the Board of Directors of ASHA in accordance with statute and in a more timely manner.

During our review of appointments to the Board of Directors of ASHA, we noted that a member position has been vacant since August 16, 1979.

AS 39.05.060(b) states that the Governor shall appoint each member. Because a member was not appointed, ASHA has not been in compliance with AS 18.55.020(a) which requires the Commissioner of the Department of Commerce and four residents of the State to serve as members of the Board of Directors of the Authority.

This recommendation was also made in the HUD Management Review Report on the Low-Rent Public Housing Program dated September 30, 1980 (see Recommendation No. 1, page 12).

A summary of each recommendation not implemented at our report date, along with ASHA's response, from the audit reports by Peat, Marwick, Mitchell & Co., and the U.S. Department of Housing and Urban Development (HUD), is presented below. The full text of these reports are available at ASHA offices, 4325 Laurel St., Anchorage, Alaska.

A. Recommendations from the Peat, Marwick, Mitchell & Co., audit report, dated March 31, 1980, entitled Examination of Financial Statements and Supplementary Data of: Annual Contribution Contracts; Preliminary Loan Contracts; Section 8, S-014E; Urban Renewal Project R-16 and; Revolving Fund.

Recommendation No. 2

ASHA needs to reduce rental accounts receivable and collection losses.

Using HUD guidelines of \$15 per rental unit, two projects, the Remote 200 Housing Program and the Nome Turnkey III Program, evidence a high accounts receivable balance at March 31, 1980. The per rental unit receivable for each project was \$17.42 and \$135.85 respectively.

ASHA should develop and implement additional procedures to reduce rental accounts receivable. These procedures should include an initial evaluation of all prospective renters' ability to pay, prompt identification of delinquent accounts, and effective collection procedures. In addition timely eviction of tenants will aid in minimizing uncollectible receivables.

ASHA's Response:

We concur that receivables in the Remote 200 Housing Program and the Nome Turnkey III Program are excessive. Considerable effort and expense have been made in reducing the receivables in Nome, but the distance and insolvent nature of the tenants in the Nome project continues to aggravate the problem. A beneficial factor offsetting receivables is the new utility allowance which will generate a credit rent situation. Over a period of time, the receivables are automatically being reduced to the extent of the credit rent. The write-off of collection losses during 1980 in the Nome Turnkey III project were 100% related to damages. There were no write-offs of rent in the Nome Turnkey III project. The receivables in Remote 200 Housing Program are high. Until adequate funding by HUD is agreed upon, no funds are available to do reexaminations or encourage residents to make their payments.

The project managers continue to make a very thorough analysis of prospective renters given the amount of credit information available to them. We obtain credit reports in Fairbanks and in Juneau. In remote areas, credit information is unavailable without in-depth personal investigation. The concept of quick identification and separate accounts of bad payment tenants is a very important item that we are currently quite active in pursuing in our collection of delinquent accounts. Eviction processes have been taken in the majority of all cases as soon as possible. The eviction process in Alaska, in view of the aggressive nature of Alaska Legal Services, is a lengthy one at best. Our grievance procedure, together with various stalling tactics that can and are used by Alaska Legal Services and the tenants, exasperate the timing of an eviction. We continue to try timely eviction although it is unsuccessful at times.

Recommendation No. 3

ASHA should comply with HUD requirements to control land, structures and equipment.

The following requirements had not been complied with for the period ending March 31, 1980: a physical inventory of nonexpendable equipment at certain remote locations for the Remote 200 Housing Program projects had not been performed; a reconciliation of the physical inventory to equipment records for certain Remote 200 Housing Program projects and Low-Rent Public Housing Program projects had not been performed; and equipment records for certain nonexpendable equipment accounts did not agree with the property ledger for those accounts.

ASHA's Response:

Inventory of the Remote 200 Program projects' nonexpendable equipment is not possible due to access denial by residents. Reconciliation of the physical inventory to equipment records for the Nome and Bethel Turnkey III and the low rent projects are in the process of verification and will be completed in the near future. The long-term solution to inventory control is the pending computer program which will accelerate inventory reporting and accentuate inventory control.

Recommendation No. 4

ASHA and HUD should come to a mutual agreement concerning problems noted in the homeownership activities in the Remote 200 Housing Program.

The problem areas noted were as follows:

- a. ASHA has not reexamined the majority of home buyers' income as required by a contract with HUD.

- b. During our review, it was determined no payments had been received from 156 of the 200 housing units during the two-year period under examination.
- c. The mutual help and occupancy agreements for the village of Kwethluk had not been signed by the participants with ASHA.
- d. As of July 11, 1980, ASHA had not taken action to transfer title to at least five individual buyers who have more equity than is required to gain title to the dwelling.

ASHA's Response:

- a. ASHA has not undertaken reexaminations or aggressive rent collection policies for the following reasons:
 - 1. The lawsuit of Alaska Legal Services and the settlement require that rehabilitation be undertaken before further aggressive efforts to obtain rent payments can be made. The lack of funding by HUD, which we have requested, has stalled implementation of an aggressive reexamination program and rent collection program.
 - 2. Legal title to the land is not vested in ASHA and eviction would be fruitless.
- b. Home ownership payments have not been received by 156 of 200 housing units during the two-year period under examination. We concur. Identical response to a.
- c. ASHA's Housing Director, George Briggs, was ejected from the village of Kwethluk and informed HUD at that time that he would not return. Mr. Doug Riggs, then Executive Director of ASHA at the time, indicated that no ASHA employees would be sent to Kwethluk in the future in view of the personal danger. The requested new mutual help and occupancy agreement has not been received from HUD.
- d. Upon receipt of the proper closing documents from HUD, ASHA will aggressively undertake this transfer action. We have been waiting for several months for HUD to come forward with the closing documents.

Recommendation No. 5

ASHA should comply with filing requirements for all projects.

Chapter 13, Appendix 1 of the Low-Rent Housing Accounting Handbook 7510.1 requires all financial reports be submitted to the HUD office designated no later than the 20th day of the month following the close of the period for which the report is prepared.

ASHA's practice is to submit financial reports as books are closed. Current year reports were submitted on May 30, 1980, fifty days delinquent.

ASHA's Response:

ASHA has installed a computer system and we are in the process of conversion. Investment program, payroll and accounts payable were initiated on January 1, 1980; the general ledger program commenced on April 1, 1980. Tenants accounting should be on the computer by August 1, 1980. It is anticipated that this will relieve the pressure at physical closing and assist us in meeting the reporting deadlines.

In addition, a written time and responsibility chart is in process which will clearly outline the tasks necessary to close in a timely fashion to meet HUD reporting deadlines.

Recommendation No. 6

ASHA should limit expenditures to budgeted amounts in controlled categories.

Expenditures were not limited to amounts in certain controlled categories of the annual operating budgets of annual contribution contracts of the Remote 200 Housing Program and the Low-Rent Public Housing Program.

ASHA's Response:

The 1979 total operating expense in the low-rent project was overrun by \$131,420.00. The total routine expense line item was overrun by approximately \$158,000.00. The difference between the two items was approximately \$26,000.00 and is the net effect of underrunning capital expenditures and a negative effect of casualty losses. The overrun of \$131,000.00 in the above mentioned account results from insurance, write-off of bad debts, utilities, labor and materials. A great portion of this overrun resulted from the lack of timely information which the new computerized system should alleviate. In the low-rent program, reserves had been established to cover the overruns above stated and were adequate to totally offset the deficits. During 1980 reserves were increased by approximately \$97,000.00.

The 1979 total routine expenditures in the Bethel Turnkey III Project came out into an overrun of this line item of \$4,267.00. This overrun was the result of insurance and labor and materials. The additional labor expense was the result of a new sewer and water system that went on line during this fiscal year. The total budget surplus in this project amounted to approximately \$75,000.00.

The 1979 total administration expense in the Nome Turnkey III Project was overrun by approximately 1% or \$2,405.00. This was due primarily to prorated overhead charges. The 1979 Nome total routine expense line item was overrun by approximately \$36,000.00. This overrun was the result of an emergency repair on four houses that were extremely damaged by abandonment and the repair of three sewer lines to make the houses livable. These items were approved by HUD; however, the budget revision to adjust these line items was not transmitted to HUD in a timely manner. The total operating expenditures for 1979 in the Nome project resulted in an overrun of \$17,284.00. This is the same as the item above except there was a credit for approximately \$27,000.00 in a charge for casualty loss.

The overrun in the Remote 200 Housing Program 1979 total expenditures line item was caused by an insurance cost overrun. All other line items were substantially under budget.

It should be noted that when the computerized general ledger is up and running, it will result in the return of information to our Housing Management Department and project managers on a much more timely basis and result in fewer line item overruns. It should further be noted; however, that fires, tenant damage and other actions either by nature, or to a certain extent by tenants, are uncontrollable in nature. The serious problem in 1979 which is evidenced by the overruns has been corrected in 1980, and I believe that the results above stated are proved.

B. Recommendations from the HUD audit report, dated September, 1980, entitled HUD Management Review Report on the Low-Rent Public Housing Program:

Recommendation No. 1

Appointments to the ASHA Board of Directors should be made in a more timely manner.

A vacancy in the Board created by the resignation of a board member in August, 1979 still exists. In addition, we noted when reviewing individual board member files that copies of each members' Certificate of Appointment and Oath of Office required by Alaska Statute were not retained by ASHA.

ASHA's Response:

ASHA will comply with request.

Recommendation No. 2

ASHA should assure that variations between budgeted and actual staffing and salaries are reflected in the next budget revision submitted to HUD.

Actual salaries for administrative and maintenance personnel varied slightly from amounts estimated in the budget.

ASHA's Response:

The budget process is very labor intensive which precludes ASHA from resubmitting a complete budget revision. Past approved practice of budget revision will be continued unless in violation of federal regulations.

Recommendation No. 3

ASHA should provide HUD with a copy of its revised personnel regulations for approval prior to distribution.

ASHA's personnel regulations, last revised April 3, 1976, require updating to incorporate personal leave changes, increased wage, meal and travel rates and laws regarding age discrimination. We realize that your revised regulations are currently in draft and under evaluation.

ASHA's Response:

None

Recommendation No. 4

Position descriptions should be updated and a comparison made with similar position descriptions within State service.

Once all position descriptions are updated, ASHA should reevaluate comparability with State position descriptions to assure positions are properly classified and salaries are comparable. The last such comparison was done in 1977.

ASHA's Response:

ASHA will comply with request.

Recommendation No. 5

A sample of the computer budget control system should be submitted to HUD.

The last Management Review Report issued by HUD stated ASHA had, in past years, regularly incurred budget overruns of controlled accounts, and recommended that actions to control expenditures be initiated by ASHA.

The fiscal audit report recently completed points out further overruns in 1979 and 1980.

With a present operating reserve level at five percent of the maximum, it is imperative that strict budget controls be instituted. ASHA advised us during our review that the implementation of their computer budget control system would effectively monitor program expenses.

ASHA's Response:

Preparation of computer printout reports containing income and expenses vs. budget will begin on approximately October 15, 1980. A copy of the report will be sent to HUD.

Recommendation No. 6

A three-year maintenance plan for each project should be completed by ASHA.

As the average age of ASHA's units increase the necessity for maintenance, planning and forecasting becomes more imperative. In addition, due to increasingly limited funding, the need for careful long-range planning for maintaining and preserving property, as well as for providing for replacement items, becomes critical. Therefore, we are requesting ASHA develop a multi-year maintenance plan.

The plan will be helpful in determining staff projections, repair and replacement priorities and will be a helpful tool in preparing future budgets and modernization fund requests. In the future, ASHA will be required to file a plan with our office in order to obtain consideration for modernization or nonroutine maintenance funds.

ASHA's Response:

ASHA will comply with request.

C. Recommendations from the HUD audit report, dated September, 1980, entitled HUD Management Review Report on the Section 8 Existing Housing Assistance Payments Program:

Recommendation No. 1

ASHA should establish an Administrative Plan.

The Admission and Occupancy Policy and the Management Plan should be updated and consolidated into an Administrative Plan.

Some major areas that should be addressed include: verification procedures; reexam procedures; designation of handicapped persons; plans for continued outreach to families and owners; application procedures; grievance, hearing, and appeal procedures; preference and ranking procedure on waiting list; briefing of families and issuance of certificates; housing quality standards and inspections; lease approval and HAP contract execution, as well as termination, eviction and family moving procedures.

Please provide an outline of the Administrative Plan within thirty days. Advise us of the anticipated completion date and upon completion forward a copy of the plan to our office for approval.

ASHA's Response:

ASHA will comply, but if not required by federal regulations or it is not workable, we shall object.

Compliance will be made with the outline for the Administrative Plan within thirty days. An estimated additional thirty days will be required for completion of the plan.

Recommendation No. 2

ASHA should review the units listed which did not conform to the Housing Quality Standards and request repairs be made by the owner.

Eighteen unit inspections were completed during our review and an additional unit was visited. The following are exceptions noted in which the units did not conform to the Housing Quality Standards at 24 CFR 832.109: chipped paint on walls and trim; missing outlet cover; inlaid floor tile in kitchen needs to be replaced or repaired; loose wall paper and nail pops; peeling paint on exterior trim; loose and uneven carpet; worn carpet; no vent fan cover in the kitchen; loose bathroom sink; exterior surface needs painting; bedroom window sill needs painting; exterior main entrance door does not provide adequate security; bathroom floor needs to be finished properly; walls around tub need to be sealed; loose ceiling tile; leak in wall from upstairs bathroom; and; install railing at stairway landing in main entrance.

ASHA should review each unit and request repairs be made by the owner. If the owners are unwilling to make the required repairs, we request another certificate of participation be issued to the family. As soon as an acceptable unit is identified, the HAP contract for the first unit should be terminated.

ASHA's Response:

We appreciate your review and assistance but please review 24 CFR 882.109 again. The regulation speaks of SERIOUS problems not minor such as the chipped paint provided this paint is not lead base. Please note further that the review was done as an interim inspection and our inspection at the time of admission to the participant certifies that each unit did meet the housing quality standards. It appears your inspector used the new inspection report which is not effective at this time.

Recommendation No. 3

ASHA should advise HUD of procedures for reinspections of units.

HUD requires that, in order to insure inspections are providing consistent determinations, ASHA must establish procedures for reinspection by the supervisor of a random sample of approximately 5% of the approved units.

ASHA's Response:

ASHA concurs and will comply.

In conclusion, please note that where landlords and tenants are alerted to specific requirements a designated time will be given and follow up inspections will be conducted to make sure that serious offenses have been corrected in accordance with 24 CFR 882.109.

Recommendation No. 4

Procedures for documenting that the contract rent is reasonable should be established by ASHA.

We request ASHA establish a procedure for documenting and certifying that the contract rent for each unit with an approved lease is reasonable and not in excess of rents currently charged by owners of comparable unassisted units. In order to satisfy this requirement, ASHA must conduct a survey of available rental units to assess rent reasonableness and comparability.

ASHA's Response:

ASHA concurs and will comply.

Recommendation No. 8

ASHA should submit a revised Estimate of Total Required Annual Contributions form.

In reviewing ASHA's year-end voucher for payment of annual contributions it was noted that the estimated preliminary expenses through March 31, 1980 varied slightly from the actual expenses. This necessitates a revision of ASHA's 1981 Estimate of Required Annual Contribution to reduce line 10 by \$8,302 and increase line 11 by \$2,869 if ASHA needs to purchase equipment originally approved.

ASHA's Response:

ASHA concurs and will comply.

APPENDIX A

Questionnaire Sent to the Executive Director
and the Board Members of the Alaska State
Housing Authority (ASHA).

Instructions

Please answer the following questions to the best of your knowledge.

1. What do you believe to be the goals and objectives of ASHA?

*Provide housing for moderate and low income families.
Housing for the elderly.*

*To take advantage of its' state charter and provide
housing for the disadvantaged and elderly Alaskan
citizens.*

*ASHA's primary responsibility is to furnish housing
to low-income families, housing for low-income elderly
and housing for moderate-income persons. To give
assistance to regional housing authorities, encouragement
to private and public developers of housing projects in
the low to moderate-income price range.*

*ASHA's goals and objectives are, in general, set forth
in Alaska Statutes 18.55.010; 100; 300; 310; 480; 490;
520; and 700.*

2. How does ASHA measure its progress in meeting its goals and objectives?

*Progress is measured in the number of units made available
and the demand for units.*

*By maximizing the opportunities offered with Federal dollars,
working with local governments, including the beneficiaries
in its planning, and staying within the dollar amount
allocated for individual projects. A strong and capable
administration.*

*ASHA's records speaks for itself, elderly housing, in seven
years, has gone from 41 units to 421 units. Low-income
family housing has risen through various programs from
568 units to 187 units in seven years.*

ASHA currently measures its' progress towards the implementation in two ways:

- a) ASHA can empirically record the increase in housing and public facilities due to its' efforts. Since 1973, 380 elderly housing units and 312 family housing units have been constructed by ASHA. In addition, ASHA has provided 979 housing units under the Existing Section 8 Program.

ASHA has also been involved in the development of other public facilities. ASHA is currently planning with the Municipality of Anchorage for the development of a \$2.7 million dollar multi-purpose center for ASHA's elderly tenants and other elderly citizens of the State. ASHA anticipates developing and constructing a smaller multi-purpose center for the elderly in Juneau. These new projects will hopefully be constructed in the 1981 construction season.

In summary, ASHA's empirical measure of progress has confirmed dramatic increases in low income housing through ASHA's conventional low-rent and Section 8 housing programs. Since 1973, housing under the programs has increased 878% for specifically elderly housing and 234% for family housing.

- b) ASHA measures the quality of management through the following devices:
 1. Audit reports compiled by private accounting firms.
 2. Program reviews of the Department of Housing and Urban Development.
 3. Complaints or lawsuits filed by housing applicants, tenants, contractors, suppliers or other persons or entities with whom ASHA interacts.

Briefly, since the audit of 1975, ASHA has had only minor audit findings and the cause of such findings were quickly remedied. Since 1975, ASHA has admirably passed HUD's program reviews. Since 1975, ASHA has averaged no more than one significant dispute per year. Although such disputes may be deemed significant they have generally been rather minor and have been quickly and satisfactorily resolved.

3. In your opinion, is ASHA attaining its goals and objectives?

Yes

No

If No, what problem(s) is hindering progress?

Yes - At least since I've been on the Board, we've reduced the serious problems we inherited, and have a working relationship with other housing authorities.

4. Do you believe that housing needs have been adequately surveyed and/or evaluated for:

a) Low-income Alaskans?

Yes. If Yes, by whom? _____

No

b) Moderate-income Alaskans?

Yes. If Yes, by whom? _____

No

5. Is there any duplication of responsibilities between ASHA and the Native Regional Housing Authorities?

Yes

No

If Yes, in what areas of responsibility?

Our board, by a resolution, has determined that we would not "compete" for programs, or dollars which could be handled by other housing authorities in rural Alaska. We would be in only urban centers.

Currently, the Regional Housing Authorities are primarily involved in the provision of village housing and housing for Alaskan Natives under programs not utilized by ASHA because of the presence of the regionals. Additionally, local governing bodies determine whether ASHA or the Regionals shall undertake activities in a particular area.

6. In your opinion, do you feel that the role of the Native Regional Housing Authorities should be: (Check one)

4 Significantly increased.

0 Maintained as is.

0 Decreased.

0 Eliminated.

Please provide a brief explanation of your answer.

Significantly increased. This is the area where the largest housing problems exist.

Significantly increased - Rural housing is still a very serious problem. Some thinking has to go into the high prototype costs of meeting Federal Regulations.

Significantly increased - ASHA's lack of success and the advent of the Native Regional Housing Authorities, the substantial problems of providing housing are found in the villages, with the assistance in planning and development, grants, loans, and/or appropriations, they would increase their ability to provide housing needs in the region.

Significantly increased - Because of the lack of success of ASHA's early village housing programs and the advent of the Regional Housing Authorities, ASHA has deferred from participating in new village housing programs. Since the most substantial problems in providing adequate housing are found in the villages, the Regionals should get assistance in planning and developing through grants, loans and/or appropriations in order to increase their ability to provide housing.

7. In your judgement, evaluate the overall adequacy of the following chapters of ASHA's Regulations:

(Place a checkmark (✓) under the appropriate response across from each chapter.)	Very Adequate	Adequate	Inadequate	Please comment on any known problem areas
Ch. 95. Purchasing and New Construction Bidding Procedures.	2	3		
Ch. 96. Acquisition of Real Property and Improvements		4		
Ch. 97. Disposition of Real Property		4		
Ch. 98 Public Housing		3	1	

Additional comments - *Because of reluctance to compete for housing in the "public" sector, we haven't been as aggressive as I would like us to be.*

Revised regulations, based upon the past four years experience with ASHA's existing regulations, are being finalized at this time.

8. In your judgement, evaluate the overall adequacy of the following articles of ASHA's State Statutes.

(Place a checkmark (✓) under the appropriate response across from each article.)	Very adequate	Adequate	Inadequate	Please comment on any problem areas
Art. 1. Alaska State Housing Authority Act		4		
Art. 2. Moderate Cost and Rental Housing		3		
Art. 3. Slum Clearance and Redevelopment Act		3		
Art. 5. Regional Native Housing Authorities		2	2	

Additional comments - *In moderate and rental housing our need for additional units is far greater than our capability to meet demand, inflation and a "bust cycle" in Fairbanks and Anchorage may be the cause, but it is serious.*

9. Please add any additional comments you wish to make which you think will assist us in addressing any needed improvements at ASHA.

When I came aboard, the work was well underway in establishing some credibility for the work performed by ASHA. Each time that there has been a consideration of differing from that goal, it has been at the instigation of a politico as to the decisions which have been arrived at by the board. The board is very aware of its public use of its authority, we have included the elderly in housing planning, furnishing, and design, and allowed them to sit in on contract evaluation and contractor selection processes. All in all a very satisfying experience. If there were to be improvements, it should come from a legislative solution to programs which come short for citizens because of federal regulations. Maintenance, up-keep and renovation are sorely needed in certain areas. The urban renewal project in Anchorage proved that ASHA can do outstanding work in that area, something the State should think about for its' urban areas. I think that the State should look at the problem which plagues both Native and ASHA housing authorities concerning limitations of working with federal regulations, housing is very exciting until design and construction are over, then it becomes a serious problem of payment, heating and electricity. Some thought should be given to the life-cycle of buildings which are put up with state and federal dollars. The problems are the same all over the state, but the solutions are different, depending upon the ability of the authority to be somewhat innovative. I am content that given the problems which were the result of a lot of political pressures early in its' life, ASHA is doing quite well.

The limited funding for all housing authorities available from HUD, the inability to obtain permanent financing due to the high interest rates, the needs for more planning data and effective communications of data so the authorities will not have to rely on HUD and local governments, use of the permanent fund to finance projects to offset the high interest rates and the current bond market.

ASHA, as well as the Regional Housing Authorities, can be more effective if more planning data is available, and if the data now available is more effectively communicated and disseminated. ASHA is currently attempting to initiate a process for the collection and evaluation of demographic data specifically concerning housing needs. In the past, ASHA has had to rely primarily on data provided by HUD, local government units, and inferences interpolated from non-housing related data. Even though ASHA is obtaining its goals and objectives, certain problems do hinder ASHA's progress. Such problems include limited funding available from HUD and the inability to obtain permanent project financing because of high interest rates and the current state of the bond market.

APPENDIX B

Questionnaire to Regional
Housing Authorities

Instructions

Please answer the following questions to the best of your knowledge.

General Information

1. Staff Composition:

<u>Job Category</u>	<u>No. of Positions</u>
<i>Executive Director</i>	<i>8½</i>
<i>Finance Director</i>	<i>1</i>
<i>Coordinator</i>	<i>1</i>
<i>Assistant Coordinator</i>	<i>1</i>
<i>Litigation Manager</i>	<i>1</i>
<i>Housing Planner</i>	<i>1</i>
<i>Administrative Assistant</i>	<i>2</i>
<i>Secretary/Receptionist</i>	<i>7</i>
<i>Accountant/Bookkeeper</i>	<i>6</i>
<i>Accounting Clerk</i>	<i>2</i>
<i>Housing Manager</i>	<i>6</i>
<i>Housing Counselor</i>	<i>10</i>
<i>Maintenance</i>	<i>1</i>

Note: One housing authority's personnel are not included above as it has a management agreement with its respective borough.

2. Please list below the housing programs administered by your Authority and the name of the funding agency.

<u>Name of Program</u>	<u>Name of Funding Agency</u>
<i>Indian Mutual Help</i>	<i>HUD</i>
<i>Indian Mutual Help Program Reservations</i>	<i>HUD</i>
<i>Low Income Rentals</i>	<i>HUD</i>
<i>Low Income Rentals-Elderly</i>	<i>HUD & State of Alaska</i>
<i>Section 8 - New Construction</i>	<i>HUD</i>
<i>Modernization</i>	<i>HUD</i>
<i>Acquisition Program</i>	<i>HUD</i>
<i>Turnkey III</i>	<i>HUD</i>
<i>AK 10-1</i>	<i>HUD</i>
<i>AK 10-3</i>	<i>HUD</i>
<i>AK 10-4, 6</i>	<i>HUD</i>
<i>Home Improvement</i>	<i>BIA</i>
<i>Winterization</i>	<i>DOE</i>
<i>AHFC Rural Housing Construction</i>	<i>AHFC</i>

Now, we would like to get your opinion on subsidized housing in Alaska.

3. Do you believe that, in general low-income housing needs in your region are being met? 4 Yes 5 No

Moderate-income housing needs? 1 Yes 8 No

4. Are there specific locations within your region of Alaska that have failed to receive necessary housing assistance through Hud? 5 Yes 4 No

If Yes, list the locations:

Upper Kuskokwim River from Lower Kalskag to Stony River; Coast Villages of Scammon Bay, Chevak, Hooper Bay, Cheforak, Kongiganak, Goodnews Bay and Platinum.

28 villages in region: four served by Hud; two served by ASHA und; 27 more need to be served.

Kenai Peninsula Area.

Copper Center, Gulkana, Tazlina, Glennallen, Kenny Lake, Chistochina, Chitna

HUD cannot meet our demand for housing in that they have to divide up funds for 13 regional housing authorities.

Just one village.

Hit most areas - but have not satisfied housing needs.

5. To your knowledge, has a survey of housing needs ever been performed of your region? 6 Yes 4 No

If yes, by whom and which location?

Alaska Consultants - the entire borough.

The housing authority conducted a survey of the entire region in 1975 and updated the survey in 1979.

All 28 villages in the region by the Native association.

Specific areas have been surveyed, however, no comprehensive survey has been taken.

In 1974, by Community and Regional Affairs, Division of Regional Planning.

Kodiak, all locations. Kodiak Island Borough, Kana 5 - Year Health Plan, NBBJ's Report on Native housing (HUD).

Consultant - '71 Planning Grant - State.

The housing authority for Tatitlek, Port Graham, English Bay, and Chenega.

6. If your answer to No. 5 was No, does your authority have the resources to conduct such a survey? 0 Yes
 4 No
7. If your answer to No. 6 was Yes, are you planning a survey? 3 Yes
 2 No

If yes, by whom?

No money for a survey, but would like one!

Whenever funds become available. Hopefully, State legislature.

The housing authority is probably the best agency to perform new survey, but time and money postpones such a program.

Contract it out.

By the housing authority for Cordova, Seward and Valdez. This needs assessment survey will be conducted in conjunction with the non-profit corporation's community planning department.

8. Presently, is there any duplication of program activities between ASHA and your Regional Housing Authority? 2 Yes
 8 No

If Yes, in what areas of activity?

We are planning on an Acquisition Program and possibly Low-Rental Program in the borough.

Our authority will be constructing HUD Mutual Help Housing in villages where only a few years ago ASHA constructed inappropriately designed housing under the same program.

9. In your opinion, are there advantages to having Regional Housing Authorities administer housing in rural areas as opposed to ASHA?

ASHA's houses are not comparable with the units the Housing Authority acquires. The ASHA units fall apart in a few years. They are just a one room box, good for a dog to live in.

There are many advantages to having rural housing administered by the Regional Housing Authorities but the basic one of most importance are that the Regionals are in a position to be more responsive to the problems and needs to the people within their area. There is more opportunity for local input which is very important from a success standpoint.

Regional housing authorities are better adapted to serve local needs. ASHA is too distant to adequately meet present needs.

Yes, there are. In general, programs operate more satisfactorily the closer the planning and administration is to the people being served. Local control.

Yes.

There is definitely advantages in that we work more closely with the non-profit Native Corporation in our planning, and coordination of homes and meetings.

Regional Housing Authorities are more in touch with local resources; more intimate knowledge and working relationships with local users and providers.

Yes, homeowners are able to get to Authority and receive faster response. Local authorities are able to know better what is going on in projects - ASHA has never been able to run a decent program. Natives should be able to receive help when they migrate to urban areas also.

Yes, because the Regional Authorities are more intimately familiar with not only the needs of the area, but also with those unique aspects which make planning, development, and operations different for each area of Alaska. Grass roots.

Disadvantages?

In some remote areas of the state, the Regionals may have more difficult time recruiting qualified staff than an Anchorage based organization, however this is not the case for our Housing Authority.

Yes, resources become more diluted. Financial feasibility is more difficult.

Area not large or populated enough for two agencies.

The reality that local politicians influence the Regional Authority's decisions can be negative. Bush employers have less of an employee pool to hire from, but ASHA faces the same obstacles if they wish to establish regional offices.

Because of Reservation Status - can't get any help other than HUD.

10. In your opinion, are there advantages to having Regional Housing Authorities administer housing in urban areas as opposed to ASHA?

Housing authorities are always present to supervise and hear complaints of homeowners and tenants and can counsel them accordingly. ASHA builds a box, then the homeowner never sees them again.

In a limited area. Regional housing authorities which come under native political control can best meet needs of urban native family and native elderly.

I can only speak for our area. I would believe, yes, we can provide the necessary housing through our own programs, sponsored by HUD and possibly the State.

Yes, in our area. There shouldn't be separation between villages and city, since planning is comprehensive for the region. I suspect the same is true for other regions, e.g. Bethel, Dillingham, Kotzebue.

Able to serve natives with single family housing (Indian Mutual Help).

Yes. In many of the so-called "urban" areas of Alaska those characteristics which affect needs, the logistics and specifics of developing and operating housing with a limited budget, and decisions about such things as building design, all require a sympathy for local sentiment which is difficult to achieve on a statewide level.

Disadvantages?

Political control of regional housing authorities is vested in a relatively small minority group. Not politically feasible to serve large non-native urban groups.

Some potential disadvantages as in rural administration, but ASHA faces same.

One possible disadvantage is the acquisition by Regional Authorities of buildings in such need of repair that limits of overhead and available resources would be strained. This Authority would not support the dumping on local Authorities of buildings in need of extensive rehabilitation or repair.

11. Does your authority have a staff of adequate size and level of experience necessary to administer additional low and moderate-income housing programs if ASHA's role were reduced in Alaska?

6 Yes

5 No

If No, what resources are needed?

Money.

Training, experience and money.

We do not have ASHA here.

We need more units on this roll for administrative expenses.

The housing authority would hire additional staff as project dictates. The mechanism is there to facilitate increased responsibilities.

Staff configuration depends upon number of housing units managed, therefore, if regional authority increased units managed, funds would be available to increase the staff.

12. Does your Regional Housing Authority have methods available by which it could obtain owner financing of low and moderate-income subsidized housing?

6 Yes

4 No

If Yes, what financial resources are available to you?

The housing authority has worked extensively with a bank in financing the new construction and of both low, moderate and high income projects which were later provided long-term financing through HUD or AHFC.

HUD financing for moderate-income housing extremely limited.

HUD

Alaska Housing Finance Corporation Rural Housing Program.

Alaska Housing Finance Corp., Hud Native Mutual-Help Housing. We could use additional sources of finance.

Council would finance project.

13. Please add any additional comments you wish to make which you think will assist us in addressing any needed improvements in subsidized housing.

The whole ASHA program needs a face lift, e.g. new personnel and change of attitude. You are tackling a losing program.

Currently the state has developed several housing programs administered by various agencies which tend to overlap and compete, examples are Regional Housing Authorities, AHFC, Community and Regional Affairs Division of Housing Assistance and ASHA.

Support during the legislative session when the Association of Alaska Housing Authorities introduces a bill to improve the situation.

Community and Regional Affairs elderly program as administered is an excellent program. ASHA does a better job of meeting needs than is given credit for.

Association of Alaskan Housing Authority hopes to introduce legislation for state funded bond sales for Alaskan housing authorities.

Do not have any moderate housing - would like to have some made available - Tried to use Community Block Grants through HUD but failed. HUD only allocated 24 homes for Southeastern Alaska for this fiscal year. However, 60 low-income families were on a waiting list for housing. In addition, there are approximately 50 families doubled-up in housing who the Authority has been unable to provide housing because of their moderate income status.

Number of questionnaires mailed	<u>13</u>
Number of Responses	<u>10</u>
Response Rate	<u>77%</u>



RECEIVED

FEB 23 1981

LEGISLATIVE
AUDIT

February 20, 1981

Mr. Gerald L. Wilkerson, CPA
Legislative Auditor
Division of Legislative Audit
The Legislature, State of Alaska
Pouch WF
Juneau, Alaska 99811

Dear Mr. Wilkerson:

Thank you for your letter of February 17, 1981 with its enclosure, "A Performance Review of the Department of Commerce and Economic Development, Alaska State Housing Authority, December 12, 1980". The Alaska State Housing Authority (ASHA) has reviewed the above entitled document and within this letter provides the requested responses to the recommendations of the auditors. Those findings and recommendations of the audits performed by Peat, Marwick, Mitchell & Co. and the United States Department of Housing and Urban Development (with the exception of PMM Finding No. 3 which is separately addressed) have been cleared as evidenced by the attached letter from John Duffy, Area Manager, Anchorage Area Office, U.S. Department of Housing and Urban Development. Our response therefore will be limited to Legislative Budget and Audit recommendations number 1 through 4 and Peat, Marwick, Mitchell & Co. Finding No. 3.

It is certainly gratifying to me to note the very substantial difference in the above audits which contain no material findings and prior audits which have noted difficulties. It is also encouraging to me, as Chairman of the Board, to find that the recommendations of the Legislative Budget and Audit team are for positive action toward the production and management of housing. The management and staff of ASHA as attested to by the audits have the competency and capability to positively respond to the recommendations of Legislative Budget and Audit, of course after implementation of those suggestions by the Legislature.

Recommendation No. 1

ASHA should perform a statewide survey of low and moderate income housing needs in Alaska.



Mr. Gerald L. Wilkerson

-2-

February 20, 1981

We agree with the need for housing surveys and the present inadequacy of existing information on housing needs. ASHA is presently working with the State Department of Labor and the Census Division to isolate the need for housing then prepare a prioritized five year construction allocation recommendation for HUD concurrence. Current data concentrates on available housing stock. In the event the capital construction funds are established and funded as per ASHA's proposed legislation in response to recommendation number 2, ASHA will be able to more aggressively perform a marketing plan statewide for the benefit of ASHA's program recipients and those program recipients of the regional housing authorities.

We agree with and have complied with the recommendation of a three year maintenance plan as evidenced by the letter from HUD clearing the findings.

Recommendation No. 2

ASHA should seek additional sources for funding of housing projects to ensure that federal allocations are not lost.

We agree with the recommendation to seek additional funding from sources other than the U.S. Department of Housing and Urban Development, particularly in view of the federal plans for budget cuts. In compliance with the recommendation, attached are two bills which would establish and fund the Senior Citizen Housing Development and Construction Fund and the Family and Handicapped Housing Development and Construction Fund. Creation and appropriation to these Funds will allow ASHA and the regional housing authorities to leverage federal funds in the construction of needed low and moderate income federally subsidized housing in Alaska.

Recommendation No. 3

The statutes governing ASHA should be revised.



Mr. Gerald L. Wilkerson

-3-

February 20, 1981

We agree with the recommendation that AS 18.55, ASHA's enabling legislation, should be revised. In compliance with the recommendation, attached is "An Act relating to housing authorities" which, if enacted, would accomplish the recommendation.

Recommendation No. 4

The Office of the Governor should appoint members to the board of directors of ASHA in accordance with statute and in a more timely manner.

The vacancy on the Board of Directors was filled October 13, 1980 by the appointment of Cynthia Aiken of Fairbanks.

Peat, Marwick, Mitchell & Co. Recommendation No. 3

ASHA should comply with HUD requirements to control land, structures and equipment.

ASHA does comply with HUD requirements to control land, structures and equipment with the exception of a current inventory of the Remote 200 programs. The Remote 200 program is in 10 villages throughout the state and the cost to conduct an annual inventory would be excessive. The total acquisition cost of the inventory items including construction equipment, dwelling equipment and non dwelling equipment is \$179,789.88. These items were purchased seven to ten years ago and are given a useful life of seven to eight years. The value at this time is minimal. ASHA has not replaced any appliances in the Remote 200 program as that is the responsibility of the home purchaser. ASHA has recently come to an agreement with HUD for a resolution of the inventory problem in the Remote 200 program, i.e., write down of those physical inventory items which are beyond their useful life.

We believe that the enclosed drafts of legislation are consistent with the recommendations of the Legislative Budget and Audit Committee's auditors and that the legislation, if enacted, will be a positive step for the greater production of housing within Alaska. With both the Senior Citizen Housing Development and Construction Fund and the Family and Handicapped Housing Development and Construction Fund, it is our intention to coordinate grants or loans



Mr. Gerald L. Wilkerson

-4-

February 20, 1981

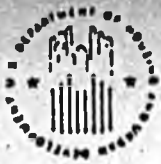
from the Funds with ASHA bonding powers. Particularly in the face of a wildly fluctuating bond market, a gap between available construction dollars and actual construction costs can force the delay or even cancellation of needed housing projects. Nationally established construction maximums do not reflect Alaska's cost. Consequently, otherwise worthy projects may not be built. It is further our intention to work closely with the regional housing authorities to assist them in their needs in the rural areas of the state as well as providing for the urban needs of Alaska's seniors, family and handicapped.

Sincerely,

ALASKA STATE HOUSING AUTHORITY

Roger Lang
Roger Lang
Chairman

RL:JMC:mrm



DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

ANCHORAGE AREA OFFICE
334 WEST FIFTH AVENUE
ANCHORAGE, ALASKA 99501

RECEIVED
ASIA

REGION X

December 8, 1980

DEC 12 '80

IN REPLY REFER TO:

10.1HMA

Mr. John B. Curtis
Executive Director
Alaska State Housing Authority
P.O. Box 80
Anchorage, Alaska 99510

Route	EA CC
Route	HM CC
Route	HC CC
File	TER 21

Dear Mr. Curtis:

Thank you for your November 7, 1980 letter in response to the findings contained in the Report on Audit for the period which ended March 31, 1980. Based on the corrective actions planned and taken, we have requested the concurrence of the Regional Office of Audit to clear all findings with the exception of Finding No. 3.

Finding No. 3 concerns the physical inventory of nonexpendable equipment in the Remote 200 program. We recognize that making a special trip to each village to complete a physical inventory would not be cost beneficial. However, as long as the value of this equipment remains on your equipment ledger, ASHA does have an interest in the equipment and an inventory and reconciliation is required. Other Regional Housing Authorities have found implementing a cyclic inventory method a more economical way to complete a physical inventory in remote areas. Under a cyclic system, equipment is inventoried throughout the year as annual inspections are completed and reconciliation completed at fiscal yearend based on the accumulated inventory information. We request you submit a plan to complete a physical inventory in conjunction with annual inspections on a cyclic basis.

Please call LaVerne Thacker or Donna Czech if you have any questions.

Sincerely,

John G. Duffy
John G. Duffy
Area Manager

STATE OF ALASKA

AUDIT DIVISION
POUCH W—ALASKA OFFICE BUILDING

THE LEGISLATURE

FINANCE DIVISION
POUCH WF—STATE CAPITOL

BUDGET AND AUDIT COMMITTEE

JUNEAU, ALASKA 99811

February 23, 1981

Members of the
Legislative Budget and Audit Committee:

We have reviewed the Alaska State Housing Authority's response to our preliminary report. Our comments follow:

ASHA has proposed legislation providing for a \$15 million construction fund for family and handicapped housing as well as \$15 million for senior citizen housing. The funds would be for grants or loans to municipalities or non-profit housing corporations to assist in financing the projects. As justification for creation of the two funds, ASHA cites our recent audit report where we stated:

ASHA should seek additional funding to allow utilization of all federal allocations for low or moderate income housing in Alaska.

This recommendation was directed at a situation in which ASHA had lost two federal allocations (HUD) in 1977, totalling \$3.5 million, because of a shortage of funds to cover the difference between federal allowable costs and actual construction costs of two projects. Our recommendation suggested ASHA obtain funds to cover these types of situations through:

1. Direct State appropriations
2. Sale of general obligation bonds
3. State grants (In two instances a project was saved through grants from the Department of Community and Regional Affairs' Senior Citizen Housing Program.

Each of these three alternatives would provide for legislative scrutiny of any proposed subsidy. The first and second alternatives would require ASHA to include the details of any project needing a subsidy in their budget request, and the Legislature would then have the opportunity to review each project and either approve or disapprove. The third

alternative would also receive legislative review since any grant funds would be part of the affected department's budget submission. A \$30 million appropriation to ASHA, however, would allow ASHA to directly subsidize any project without legislative approval. Federal funds allocated to ASHA need not be committed immediately. There is sufficient time during each grant period, or through grant extensions, to permit subsidy requests to go through the legislative review process. If a project were disapproved, that would be merely an expression of legislative intent that it not be built. The two funds would unnecessarily remove from legislative control the power to commit State funds for specific projects. For this reason, we recommend ASHA seek subsidy appropriations, where needed, on a case by case basis through the normal budget process.

The Authority's proposed legislation regarding the sale of bonds and notes is in accordance with recommendations contained in the audit report.



Gerald L. Wilkerson, CPA
Legislative Auditor
Division of Legislative Audit

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1356 JUNEAU SENIOR CITIZEN HOUSING & FACILITIES BUDGET (REVISED 3/81)

-----ASSUME CONSTRUCTION ON MOUNTAIN VIEW SITE-----

FAIR MARKET RENT/ELEVATOR/ELDERLY.....\$599

\$143,760 CONTRACT AUTHORITY ÷ 12 = \$11,980/MO

\$11,980 ÷ \$599 = 20 UNITS

\$599 - \$200 MANAGEMENT COSTS = \$399 PUM AVAILABLE FOR PAY-BACK

\$399 x 20 = \$7,980 PER MONTH

\$7,980 - \$1,000/MO. (UTILITIES & MAINTENANCE FOR ANCILLARY FACILITIES)
= \$6,980

ASSUME 10% INTEREST @ 40 YEAR TERM = \$822,000 FROM TABLES

\$822,000 + \$1.2 MILLION + \$50K = \$2,072,000

DEVELOPMENT COSTS:

CONSTRUCTION (INCLUDING SITE WORK)

20 UNITS SECTION 8

20 x 625 SQ. FT. X 1.2 COMMON AREA

x \$95/SQ. FT. = \$1,425,000

ANCILLARY FACILITIES @ 4,500 SQ. FT.

x \$100/SQ. FT. = \$ 450,000

A/E (\$1,875,000 x 7%)..... \$ 130,000

GPA CONSULTANTS..... \$ 25,000

INTERIM INTEREST (ASSUME HAVE MONEY ½ YEAR
BEFORE PROJECT COMPLETION), \$ 40,000

CONTINGENCY & COST OF BOND ISSUANCE, IF APPL. \$ 63,000

ASHA ADMINISTRATION..... \$ 80,000 3.6%

TOTAL DEVELOPMENT COSTS..... \$2,213,000

Based on projected construction costs of \$95-100/sq. ft. the development budget is approximately 7% high. However, it is felt that the development program can go ahead on that basis. If the construction bids are in fact over budget, appropriate remedies will be considered at that time.

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Original Sponsor: Rules/Legislative Budget
and Audit Committee

1 IN THE SENATE

BY THE STATE AFFAIRS COMMITTEE

2 PROPOSED CS FOR SENATE BILL NO. 233 (State Affairs)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the ~~elder Alaskans~~ housing
7 development and construction fund; and providing for
8 an effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. AS 18.55 is amended by adding new sections to read:

11 Sec. 18.55.284. ~~HOUSING DEVELOPMENT AND CONSTRUCTION~~ HOUSING DEVELOPMENT AND CONSTRUCTION
12 FUND. There is established the ~~elder Alaskans~~ housing development
13 and construction fund consisting of money appropriated by the legis-
14 lature to the authority. The fund shall be used for the planning,
15 development, financing, and construction of federally assisted housing
16 projects for ~~elder Alaskans~~ *senior citizens*

17 Sec. 18.55.285. GRANTS AND LOANS. The authority may make grants
18 or loans from the fund to municipalities or public corporations for the
19 purposes described in AS 18.55.284.

20 * Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-
21 070(c).

Introduced: 3/4/81
Referred: State Affairs and
Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE LEGISLATIVE
BUDGET AND AUDIT COMMITTEE

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IN THE SENATE

SENATE BILL NO. 233

IN THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act establishing the ~~senior citizen~~ housing
development and construction fund; and providing for
an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

- * Section 1. AS 18.55 is amended by adding new sections to read:
Sec. 18.55.284. ~~SENIOR CITIZEN HOUSING DEVELOPMENT AND CONSTRUCTION FUND.~~ There is established the ~~senior citizen~~ housing development and construction fund consisting of money appropriated by the legislature to the authority. The fund shall be used for the planning, development, financing, and construction of federally assisted senior citizen housing projects.
- Sec. 18.55 285. GRANTS AND LOANS. The authority may make grants or loans from the fund to municipalities or public corporations for the purposes described in AS 18.55.284.
- * Sec. 2. This Act takes effect immediately in accordance with AS 01.10.070(c).

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TELEGRAM

ALASCOM, INC.
PHONE: 586-6442
JUNEAU, AK 99802

#

02213 NL ANCHORAGE ALASKA 62 03-23 1906 AST

031 MAR 25 PM 11 05

PMS SENATOR VIC FISCHER (ONLY BEFORE 1130AM)

JUNEAU
2125

URGE SUPPORT OF BILLS RELATED TO HOUSING FOR THE HANDICAPPED.

DESPERATE NEED FOR LOCAL RESIDENTIAL FACILITIES FOR YOUNG

MENTALLY RETARDED ADULTS WHOSE HOME COMMUNITY IS WITHIN THE ANCHORAGE

AREA. ONLY VIABLE ALTERNATIVE FOR MANY IS INSTITUTION IN VALDEZ

AND HOPE COTTAGES EITHER OF WHICH ARE APPROPRIATE. REQUEST

TELECONFERENCE FOR ADDITIONAL ANCHORAGE INPUT

HELEN MOTHERSHEAD, PLANNING CHAIRMAN

ASSOCIATION FOR RETARDED CITIZENS OF ANCHORAGE

827 NORMAN STREET

ANCHORAGE ALASKA 99504



DIVISION of VOCATIONAL REHABILITATION

A SURVEY
OF
THE HOUSING NEEDS
OF
ALASKA'S ORTHOPEDICALLY HANDICAPPED

Prepared December 20, 1980
by John F. Schlicting
Chief of Planning and Research

A SURVEY
OF
THE HOUSING NEEDS
OF
ALASKA'S ORTHOPEDICALLY HANDICAPPED

Prepared December 20, 1980
by John F. Schlicting
Chief of Planning and Research

for
The Orthopedically Handicapped Action Group
2220 Nichols Avenue
Anchorage, Alaska 99504

The level of services available to Alaska's disabled population has always lagged behind that available to disabled persons residing in most other states. This gap has been especially apparent in the area of housing for the disabled. However, the fact that a need exists does not by itself identify how that need can best be satisfied. In order to attack the problem effectively, planners must be able to answer a multiplicity of questions. Some areas of concern include the transportation needs of disabled persons in Alaska, the degree to which architectural barriers constitute a problem, and how much disabled persons can afford to pay for housing. In order to obtain answers to these and other questions, the Alaska Division of Vocational Rehabilitation (DVR), at the request of the Anchorage based Orthopedically Handicapped Action Group (OHAG) surveyed orthopedically handicapped present and former DVR clients. This survey was conducted by mail during the summer of 1980. It asked questions concerning handicapped individual's preferences with respect to housing, information concerning the source and level of their income, and finally, their opinion as to what their needs were and what they felt was needed in the way of housing for the severely disabled.

Study Approach

Data was collected via a mail survey of 400 clients and former clients of the agency, who were served during the period from October 1, 1979 to May of 1980. Clients to be surveyed were selected on the basis of being both orthopedically handicapped and severely disabled. The

survey itself consisted of one mailing of questionnaires. Owing to time constraints surrounding completion of the survey a second mailing was not attempted. However, a total of 157 out of the 400 questionnaires were returned. This represents a response rate of almost 40%, which is nearly double the 19 to 25% rates typically observed with mail surveys. Indeed, in view of the high response rate on the first mailing, it is arguable that a second mailing would not have generated significant additional responses. This line of reasoning would postulate that the vast majority of the surveyed individuals who were likely to respond in fact did so on the first mailing since the response rate in question, in fact, approximated what one would normally expect after several mailings.

Processing of survey responses was accomplished using the Division of Vocational Rehabilitation's GNAT micro computer system. Data from the survey forms was coded and transferred onto summary sheets. It was then entered into the computer where it was stored on a floppy disk. This allowed investigators great flexibility in terms of retrieving and manipulating data. It also preserved survey data in a readily retrievable, relatively permanent form so that it can be easily used by future researchers. Statistical calculations such as mean and standard deviation as well as various statistical tests were accomplished using both the GNAT and an Alpha 325 Scientist desk top programmable calculator. Which machine was used was determined largely by the availability of software for a specific application.

Results

Data given below is for Alaska, statewide. Anchorage and statewide less Anchorage. The possibility of breaking out data for Fairbanks was considered as well. However, with a total of only 23 respondents from that community it was not felt that meaningful conclusions could be drawn concerning housing needs of Fairbanks' total orthopedically handicapped population. The results are presented as percentages of total responses on an item. This is because there is no reliable information currently available concerning the total disabled population statewide or sub-populations thereof residing in the various communities around the state. As a result it was impossible for us to develop gross estimates for any of the items covered in the survey. Assuming the sample reflected by our respondents is in fact representative of the orthopedically handicapped population in terms of their response to our survey, the percentages given here should reflect the proportion of the total orthopedically handicapped population in terms of the item in question.

In any case, survey data is presented below in the order that it appeared on the questionnaire and is followed by a brief discussion. The first question dealt with income.

Respondent's Income Status

<u>Percentages</u>	<u>Statewide</u>	<u>Anchorage</u>	<u>Rest of State</u>
Receiving	83%	87%	78%
Not Receiving	17	13	22

Percent of Respondents Having Income
Receiving Various Types *

<u>Type</u>	<u>Statewide</u>	<u>Anchorage</u>	<u>Rest of State</u>
Wages	29.2%	30.4%	27.9%
Aid to Disabled	18.5	21.7	14.8
Social Security	37.6	36.7	38.6
AFDC	5.4	7.2	3.3
Food Stamps	15.4	17.4	13.1
Other	24.2	26.6	21.8

* Percentages given above will add to more than 100% because some respondents received more than one type of income.

Monthly Income
For Persons Reporting Income *

<u>Income Amounts</u>	<u>Statewide</u>	<u>Anchorage</u>	<u>Rest of State</u>
Maximum	\$3200	\$2500	\$3200
Minimum	25	25	200
Average	796	736	868

* The income amount question was optional. Ninety-one persons responded statewide, fifty-one of whom resided in Anchorage.

Of the group of individuals who responded to our survey, 83% statewide indicated that they were in fact receiving income. This percentage was slightly higher for Anchorage (87%) and slightly lower for the balance of the state (78%).

However, while a majority of the persons surveyed reported receiving income, only a relatively small number of those reported wages as being included in their income. Of those clients reporting income statewide, only 29% indicated they were receiving wages. When the number of persons receiving some form of wage and salary income is applied to total respondents, one finds that roughly 24% were in fact

engaged in paid employment. Or, conversely, approximately 76% of total respondents were unemployed when surveyed.

For those clients receiving non-wage income, the majority indicated that this came in the form of transfer payments from Social Security, Aid to the Disabled or Aid to Families with Dependent Children. Indeed Social Security payments were the most common form of income cited with 38% of respondents having income, reporting Social Security payments as comprising some or all of it.

In terms of average income amount, persons who responded to that question on the survey listed monthly incomes which, for the most part lagged significantly below the average for Alaska's working population. Statewide, respondents indicated an average income of less than \$800 per month. Comparatively, the estimated average monthly wage for Alaskan non-agricultural wage and salary workers during 1979 was \$1741, according to statistics compiled by the Alaska Department of Labor. ¹

Of those respondents who indicated that they were working, roughly 60% were engaged in competitive employment. Another 20% were employed in a sheltered work setting, while the balance were engaged in another form of employment. (i.e., self employed, unpaid family worker, etc.)

Public transportation in most Alaskan communities is spotty at best, even for the non-disabled. For the orthopedically handicapped, the situation is much worse, as can be seen from the table below.

Percent of Respondents Utilizing
Various Types of Transportation

<u>Mode of Transportation</u>	<u>Statewide</u>	<u>Anchorage</u>	<u>Rest of State</u>
Private Car	59.1%	57.1%	61.1%
Public Transportation	15.5	21.4	9.3
Car Pool	4.5	3.6	5.6
Parents	2.7	1.8	3.7
Special Transportation	6.4	10.7	1.9
Other	11.8	5.4	18.5

As is readily apparent, the private automobile is the primary means by which most survey respondents travel to and from school or work. Only in Anchorage did a significant proportion of respondents indicate public transportation as their primary means of transportation. Anchorage was also the only area in which respondents indicated making any use of special transportation aimed specifically at the handicapped. Presumably this reflects the almost total lack of such specialized transportation elsewhere in the state. Further suggesting that transportation is a significant problem for orthopedically handicapped, are written comments from survey respondents. These cite the hardship involved having to depend upon family and friends for such crucial activities as shopping and going to the doctor. Indeed, it appeared that many respondents were literally housebound by the inadequacy or non-existence of public transportation service to the areas in which they reside.

Attendent Care Needs

When respondents were queried concerning their needs for assistance in various activities of daily living, just over 40%, statewide, indicated needing assistance for one or more of the listed activities.

Roughly the same proportion was noted for survey respondents residing in Anchorage.

The table below gives the proportion of respondents indicating a need for assistance in accomplishing specific activities.

Proportion of Respondents
Requiring Assistance for Various
Activities of Daily Living *

<u>Activity</u>	<u>Statewide</u>	<u>Anchorage</u>	<u>Balance of State</u>
Bathing	14.6%	13.9%	15.4%
Dressing	12.9	11.4	14.1
Toileting	8.9	8.9	9.0
Transfer	12.1	11.4	12.8
Eating	6.4	6.3	6.4
Cooking	22.9	22.8	23.1
House Cleaning	30.6	32.9	28.2
Laundry	23.6	26.6	20.5

* Percentages will add to more than 100%, since many respondents required help for more than one activity.

As is apparent from an examination of the above table, there is little if any difference between Anchorage and the rest of the state in terms of the proportion of disabled respondents requiring various types of assistance. In order to get an idea of the proportion of total respondents whose disabling condition substantially limits their ability to function, we obtained a count of those persons who required assistance with one or more of the first 5 activities (i.e., bathing, dressing, toileting, transfer and eating). The rationale behind this is based on the assumption that these are activities that even a moderately impaired person can generally perform unaided.

Using the above methodology, we found that approximately 44% of respondents both statewide and in Anchorage require fairly substantial assistance from another person (i.e., an attendant) in order to function on a day to day basis.

On-going Health Care Needs

As can be seen from the table below, the most common form of on-going medical care required by survey respondents was physical therapy.

On-Going Health Care Needs of Respondents			
<u>Type of Care</u>	<u>Statewide</u>	<u>Anchorage</u>	<u>Balance of St.</u>
Physical Therapy	33.8%	36.7%	30.8%
Occupational Therapy	8.9	10.1	7.7
Speech Therapy	1.9	1.3	1.3
Aide Care	1.9	2.5	1.3
Skilled Nursing Care	5.1	5.1	2.6
Other	10.8	6.3	15.4

This was true both in Anchorage and statewide. When a count was obtained of total persons requiring medical assistance (i.e., any one of the categories listed) on an ongoing basis, it was found that 45.2% of respondents statewide and 44.3% in Anchorage required some form of periodic medical care.

Current and Preferred Living Situation

When respondents were queried as to their current living arrangements, the vast majority (64% statewide) were found to be living in their own house or apartment.

<u>Current Living Situation</u>	<u>Statewide</u>	<u>Anchorage</u>	<u>Rest of State</u>
Own house or apartment	66.0%	69.7%	62.3%
Nursing home	3.3	5.3	1.3
Parents	13.1	14.5	11.7
Other	17.6	10.5	24.7

Only a very small proportion were residing in nursing homes. Presumably, this at least partially reflects the fact that persons institutionalized on a long term basis are not usually eligible for VR services, and therefore would not have been surveyed in this study.

With respect to preferred living arrangements, as the table below indicates, the majority of respondents (55% in Anchorage and 62% statewide) would prefer to live independently as opposed to with a roommate or with parents.

Preferred Living Situation

<u>Living Situation</u>	<u>Statewide</u>	<u>Anchorage</u>	<u>Rest of State</u>
Independent	59%	55%	63%
With Attendant	16	16	15
With Roommate	8	9	7
With Parents	3	3	3
Nursing Home	0	0	0
Other	15	17	13

Many who indicated this preference stressed that to them "independent" meant with spouse and family. Interestingly, only 3% indicated that living with parents was their preferred living situation. In view of the fact that some 13% of respondents are currently residing with their parents, this appears to indicate that the vast majority of

persons in this living situation would, in fact, move out were suitable quarters available. No one who responded to the survey indicated nursing home as a preferred life style.

Barrier Free
Housing Preference

<u>Preference</u>	<u>Statewide</u>	<u>Anchorage</u>	<u>Rest of State</u>
Eight-plex-Handicapped Tenents Only	17%	22%	13%
Within a Regular Apartment Building	48	46	49
House	20	25	15
Other	15	7	23

In terms of barrier free living situations, the largest proportion of respondents indicated a preference for living in an apartment within a regular apartment building which had been modified to accomodate their functional limitations. Some 20% indicated a preference for living in a house or single dwelling units. Presumably these are homeowners (or spouses thereof) who could benefit from having their abode modified to make it easier for them to function there. In fact, several respondents commented on the need for a program to finacially help disabled homeowners modify their dwellings and make them more habitable. Finally, some 17% of total respondents indicate a preference for an eight-plex tailored specifically for the disabled.

Preferences
With Respect to
Furnishings

<u>Type of Furnishings Preferred</u>	<u>Statewide</u>	<u>Anchorage</u>	<u>Rest of State</u>
Furnished Apartment	58%	50%	66%
Unfurnished Apartment	17	29	6
Partially Furnished Apartment	25	21	28

As can be seen from the above table, the great bulk of respondents indicate a need for at least some furniture, with over half indicating a preference for a totally furnished apartment.

When respondents were queried as to their preference with respect to the location of kitchen and dining facilities, 71% indicated a preference for kitchen facilities in the apartment. Only 4% indicated a preference for a centralized dining hall. However, some 25% indicated a preference for both a dining hall and kitchen facilities in their apartment.

Preference With Respect
to Location of Kitchen and Facilities

<u>Preference</u>	<u>Statewide</u>	<u>Anchorage</u>	<u>Rest of State</u>
Apartment	71%	70%	72%
Dining Hall	4	7	2
Both of Above	25	23	27

Degree of Immediate Need for Adequate Housing

Respondents were not queried specifically as to whether or how soon they would be willing to move into barrier free housing once such housing became available. However, by analyzing respondent comments,

it appeared that some 24% of respondents statewide (29% in Anchorage) were in immediate need of satisfactory housing. Included in this group were individuals who complained of the great financial burden posed by rental payments or who were in an obviously unfavorable living situation (i.e., institutionalized, living with parents or with friends). Another 32% statewide (and 35% in Anchorage) appeared to be uninterested in moving into barrier-free housing. These were primarily persons who owned their own homes or who indicated only minimal mobility problems. With respect to the homeowners, it should be noted that while they were not interested in moving per se, many expressed an interest in financial assistance to make their dwellings more accessible.

For lack of a better term, the remainder of the respondents were classed as persons who might move into more appropriate housing, assuming such housing was available. These were persons who, neither own their current residence nor expressed a positive interest in staying where they were, and did have some concerns with respect for housing for the disabled. However, based on their comments or lack thereof, they were not considered to be in as dire straits with respect to their living situations as the group we felt would be willing to move on a short term basis should adequate housing become available. The table below breaks out the results of our analysis.

Willingness to Move
to Obtain Better Housing

	<u>Statewide</u>	<u>Anchorage</u>	<u>Rest of State</u>
Would Move Immediately	24%	29%	19%
Might Move	44	36	53
Not Interested in Moving	32	35	28

ANALYSIS AND CONCLUSIONS

There are a number of conclusions that can be inferred from the survey data. The first of these is that in order for the orthopedically handicapped to take advantage of any housing program targeted towards them, such a program will have to incorporate some form of housing subsidy. To see that this is so, consider that, as noted previously, the average monthly income of survey respondents statewide at \$796, is less than half the \$1741 reported by the Alaska Department of Labor for non-agricultural workers in Alaska during 1979. Although no data was collected on rents, it seems safe to assume that the ability of severely orthopedically disabled (and indeed other severely disabled) Alaskans to pay for shelter bears similar relationship to its actual cost, to that which is characterized by the disparity between their income and that of non-disabled employees Alaskans. This tends to be substantiated by respondents comments, many of which cite the cost of rent and utility bills as posing a significant hardship to them. Indeed, one single mother of two indicated that of her roughly \$600 monthly income, \$400 went for rent and utilities, with the balance going for food stamps in order to allow her and her children to eat.

Little if any was left over for the extras which most of us take for granted. As a result, failure of policy makers to incorporate a subsidy mechanism into any housing program for the orthopedically handicapped could result in establishment of barrier free dwellings which though tailored to the needs of this group would be unaffordable to them. Such a conclusion may appear obvious and indeed, it probably is. It is stated here primarily because the history of public housing programs in the United States is dotted with numerous blunders with respect to their ability to actually address the needs of the the population at which they are targeted.²

A second conclusion that seems to fall out of the study is that housing for the disabled should be geographically compatible with the services they require, and with their activities of daily living. On one hand this means that medical facilities, stores and recreational facilities need be located close by. Although the survey did not solicit respondents perceptions as to the difficulty of getting around, the relatively low response to questionnaire items dealing with transportation suggests that this is a significant problem for many orthopedically handicapped.

On the other hand, it suggests that housing for the disabled should be located in a manner such that it can be effectively served by para professionals providing those services which the disabled typically receive in the home (i.e., attendant care and homemaking services). This is especially relevant when one considers the shortage of persons trained in many of these areas. While increased emphasis in areas

such as independent living rehabilitation should encourage the training of more persons with these skills, elimination of shortages in this area will not happen overnight. In the meantime, there is the need to insure that efficiency of provision of these services is maximized.

Thirdly, survey results indicate that the majority of respondents want housing which gives them the opportunity to live as independently as possible, and in general exist on an equal footing with non-disabled persons. The best indication of this is the fact that almost 60% of all respondents indicated a preference for living either alone, or with their nuclear family. Another indicator of this is the fact that while 14% of total respondents reported that they were currently living with their parents, only 3% stated this as a preferred living situation.

With respect to equity concerns, most respondents indicated a preference for living within a regular apartment building or in a single family dwelling. Although 17% of respondents did indicate a preference for eight-plex housing tailored for the handicapped, there did not appear to be any great sentiment for a living situation which would tend to segregate the disabled within the community. Indeed, respondent comments repeatedly articulate the concern that housing for the disabled be co-located with similar housing for the non-handicapped. This seems to represent another manifestation of what the advocacy movement has been telling us all along. That is that the disabled want the opportunity to live, work and play on an equal