

ALASKA LEGISLATURE COMMITTEE FILES 1981-1982 86/2

2069 SSA SB 231

2069



DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

ANCHORAGE AREA OFFICE

334 WEST FIFTH AVENUE

ANCHORAGE, ALASKA 99501

RECEIVED
ASILA

REGION X

February 26, 1981

FEB 27 '81

IN REPLY REFER TO
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Mr. John Curtis, Executive Director,
Alaska State Housing Authority
P.O. Box 80
Anchorage, Alaska 99510

Route	52
Route	7110
Route	5225
File	

Dear John:

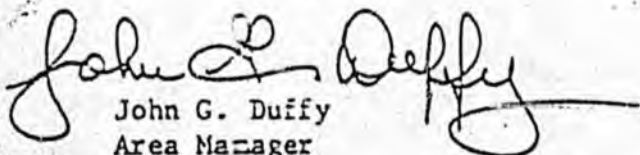
Yesterday I was sorry not to have time to accompany Chuck Morton, Miller Lutton, and Al Robinson of our office during their meeting with you, George Briggs, and Kay Snyder on a proposed allocation of LIPH and Section 8 funds for FY 81. They have told me of their mutually satisfactory visit with you, and this letter confirms our understanding of the tentative agreements reached. Please refer to the table of figures given you.

1. In the METRO area of Anchorage, you would prefer 25 Section 8 Existing units for handicapped persons. This would require \$131,733 in Contract Authority using the distribution you requested of 20 1-BR and 5 2-BR size units. This would leave \$116,119 of the \$247,852 total for family units. It would permit 18 units if distributed in 9 2-BR, 6 3-BR, and 3 4-BR sizes.
2. In the NON-METRO areas, we will leave the 40 units for the Kodiak LIPH project rebuilding at \$264,688. We can use the small balance elsewhere if not needed in Kodiak.
3. In the NON-METRO areas, at your request we have reduced the Section 8 Existing funds to \$64,572 for 10 units in Ketchikan instead of 20. This leaves \$709,576 of the \$744,148 total available which is equivalent to 114 units of 2-BR size units or 99 3-BR size units. You indicated you could possibly use some or all these funds for a program in the Mat-Su Borough.

We would appreciate hearing from you within five days whether (1) the above described dollar assignments would be satisfactory as well as the unit size distributions, and (2) the Mat-Su Borough proposal you have made can be reasonably justified by the housing needs of families under the income limits and in housing meeting the Section 8 standards. If some or all of these funds are not needed, we may be able to exchange them within HUD for much needed LIPH or Indian housing funds for back-up applications and requests we have from Native housing authorities.

Thank you for your kind cooperation.

Sincerely,


John G. Duffy
Area Manager

FY 1981 Contract Authority Allocations in Alaska
By Allocation Area and Program

<u>Area and Program</u>	<u>Contract Authorization</u>
METRO AREA (Anchorage SMSA)	
FY Fund assignment	\$ 664,000
1. Indian Housing	332,428
Cook Inlet HA	\$ 332,428
25 units - AWOR	\$170,027
30 units - elderly	162,401
2. Section 8	331,572
A. New/sub rehab.	83,720
* Unassigned - 13 units	83,720
B. Existing	247,852
35 handicapped	76,356
* Unassigned - 70 units	171,496
NON-METRO AREAS	
FY Fund assignment	\$6,158,600
1. Indian Housing 585 units - new	4,488,172
A. Arctic Coast - 135 units	\$1,032,345
B. Central - 265 units	2,024,652
C. Southcentral - 125 units	969,134
D. Southeast - 60 units	462,041
2. LIPH - new	298,000
C. Southcentral	298,000
ASIA - 40 units Kodiak	\$264,688
* Unassigned - 5 units	33,312
3. Section 8	1,372,428
A. New	598,280
(1) FmHA	200,000
Petersburg - 24 units	146,941
* Unassigned - 6 units	53,059
(2) Other	398,280
Juneau - 50 units	398,280
B. Existing	774,148
(1) Ketchikan - 80 units	130,068
* (2) Unassigned - 104 units	644,080

Source: HUD 185.1. No. 10-HA-06-81-06, dated January 15, 1981.

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.

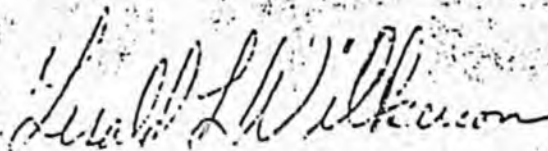
This recommendation was directed at a situation in which ASHA had lost two federal allocations (HUD) in 1977, totalling \$3.5 million, because of a shortage of funds to cover the difference between federal allowable costs and actual construction costs of two projects. Our recommendation suggested ASHA 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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PLEASE NOTE: THE FOLLOWING PAGES WERE TREATED
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March 25, 1981

The Honorable Vic Fischer
Chairman, State Affairs Committee
Senate, State of Alaska
Pouch V
Juneau, Alaska 99811

Dear Senator Fischer:

Pursuant to your request at the hearing held Tuesday, the 24th of this month regarding SB 231-235, enclosed please find a listing of anticipated senior, family and handicapped projects throughout the State. The listing details the location, cost and potential source of funding for the projects in total.

Several assumptions are critical to the analysis of the attached lists. Those assumptions are:

1. Square footage cost is estimated an average \$95.00 per square foot. Naturally, cost differentials exist between urban and rural construction, however, economies of scale on a larger project should offset the greater cost of smaller projects and therefore meet the average.
2. Based on rates available in the current tax exempt bond market and present fair market rents as set by the U.S. Department of Housing and Urban Development (HUD), we anticipate that approximately 1/3 of the total cost would be required as a State subsidy at time of construction and 2/3 could be covered by direct HUD/Farmer's Home loans/bonds or tax exempt bonding by ASHA.
3. The list was determined based upon projects that have been proposed, anticipated demand as evidenced by ASHA's waiting lists in our existing projects and the current activities and plans of Regional Housing Authorities.
4. Projects listed have yet to be analyzed for actual financial feasibility and therefore represent estimated needs only.
5. The lists were alphabetized and no priority has been given to the projects.
6. Square footage estimated for senior citizen housing is 625 square feet for one bedroom units as recommended by the Juneau senior advisory group (our latest senior project).



The Honorable Vic Fischer

-2-

March 25, 1981

7. Square footage estimated for family and handicapped housing is 1,067 square feet for mixed, two, three and four bedroom units. Presently ASHA has twenty-seven handicapped units in our senior projects.

Mr. Chairman, as I testified on Thursday and again on Tuesday the Alaska State Housing Authority (ASHA) is capable of administering the Senior Citizen Housing Development and Construction Fund and the Family and Handicapped Housing Development and Construction Fund. Our cooperative efforts with the seniors, family and handicapped needy can be demonstrated by those projects which we successfully own and manage presently. Our only responsibilities at ASHA, as differentiated from other departments, are the production and management of housing. Creation of the Funds as outlined in SB 232-235 can materially assist the efforts of ASHA and the Regional Housing Authorities in meeting the needs of low to moderate income housing for seniors, families and the handicapped.

Thank you again for your patience and consideration during the hearings. Should you have any further questions, please do not hesitate to contact me at your convenience.

Sincerely,

ALASKA STATE HOUSING AUTHORITY

A handwritten signature in cursive script that reads "James M. Crawford".

James M. Crawford
Deputy Executive Director

JMC:gd

LIST OF PROJECTS

PROJECTS ANTICIPATED FOR SENIOR CITIZEN HOUSING

<u>NAME OF COMMUNITY</u>	<u>NUMBER OF UNITS</u>
1. Anchorage	120
2. Bethel	24
3. Chugiak, Eagle River	24
4. Fairbanks	40
5. Homer	30
6. Ketchikan	25
7. Juneau	20
8. Petersburg	24
9. St. Mary's	8
10. Valdez	20
11. Wasilla	20
12. Wrangell	20
13. Regional Housing Authorities	<u>375</u>
TOTAL	750

Assuming the need for 750 units of senior citizen housing, the estimated cost is as follows:

750 units X 625 square feet X 1.2 common area X \$95.00 per square foot =	\$ 53,437,500.00
Land cost at \$3,000 per unit (assume some donations) 750 X \$3,000 =	2,250,000.00
Fees for architects, engineers, etc. (8% construction) =	4,275,000.00
Contingency and cost of bond issuance, etc. =	2,200,000.00
Interim interest (assume have money ½ year before project completion) =	2,300,000.00
ASHA administration (may be more or less for Regional Housing Authority projects)	<u>3,000,000.00</u>
TOTAL	\$67,462,500.00

<u>TOTAL ESTIMATED DEMAND</u>	<u>STATE CONSTRUCTION SUBSIDY</u>	<u>HUD/FARMER'S HOME OR ASHA FINANCING</u>
\$ 67,462,500.00	\$22,465,012.50	\$44,997,487.50

LIST OF PROJECTS

ESTIMATED FAMILY AND HANDICAPPED DEMAND

<u>NAME OF COMMUNITY</u>	<u>NUMBER OF UNITS</u>
1. Anchorage	125
2. Bethel	50
3. Cordova	20
4. Fairbanks	75
5. Juneau	50
6. Kodiak	75
7. Kenai/Soldotna	50
8. Nome	50
9. Sitka	24
10. Valdez	25
11. Regional Housing Authority demand	<u>594</u>
TOTAL	1,138

Assuming the need for 1,138 units of family and handicapped housing, the estimated cost is as follows:

1,138 X 1,067 square feet (mixed two, three and four bedroom units) X 1.2 common area X \$95.00 per square foot =	\$144,505,944.00
Land cost at \$3,000 per unit =	3,564,000.00
Fees for architects and engineers, etc. (8% construction) =	11,560,475.00
Contingency and cost of bond issuance, etc. =	11,500,000.00
Interim interest (assume have money ½ year before project completion) =	12,000,000.00
ASHA administration (may be more or less for Regional Housing Authority projects)	<u>8,100,000.00</u>
TOTAL	\$191,230,419.00

Assuming total cost of \$191,230,419.00

<u>TOTAL ESTIMATED DEMAND</u>	<u>STATE CONSTRUCTION SUBSIDY</u>	<u>HUD/FARMER'S HOME OR ASHA FINANCING</u>
\$191,230,419.00	\$63,679,729.53	\$127,550,689.47

**PLEASE NOTE: THE PRECEDING PAGES WERE TREATED
AS A UNIT IN THE ORIGINAL DOCUMENT.**

Lisa Parker
Administrative Assistant
Representative Samuel Cotten
Pouch B
Juneau, AK 99801

no date

RE: ~~SSHB~~ 150

Dear Ms. Parker:

Attached is a list of funding proposals which the Senior Citizen Housing Development Program has received.

Sincerely,

Louise Crane
Housing Administrator

Enclosure:
SCH DEVELOPMENT FUND

cc: Charles Willis
Administrative Assistant
Representative Samuel Cotten

James Kelly,
Administrative Assistant
Senator Patrick Rodey

Peter Freerer
Administrative Assistant
Representative Jim Duncan

3/17/81

Communities which now are planning housing under seed money grants from the Senior Citizen Housing Development Fund:

<u>COMMUNITY</u>	<u>UNITS</u>	<u>ESTIMATED \$ REQUIRED FOR CONSTRUCTION</u>
Wasilla	20 - 24	\$ 2,400,000
Wrangell	20 - 24	2,400,000
Juneau	24	1,200,000
St. Mary's	8 - 10	1,000,000
Petersbury	24	1,300,000

Communities which are preparing application for seed money planning grants are:

Homer	48	4,800,000
Metlakatla	8 - 10	1,000,000
Kodiak	?	

Communities which require additional funding to leverage federal funds committed to the housing are:

Ninilchick	10	1,400,000
Kenai	24	1,080,000
Anchorage	30	500,000

Communities which will request 100% state construction financing are:

Chugiak - Eagle River	24	4,000,000
Tyoniak	10 - 15	<u>1,500,000</u>
	TOTAL	\$22,580,000

POSITION PAPER ON SB311 - SENIOR CITIZEN HOUSING

Why 25 million dollars? And why all State funding? The answers are to meet statewide housing needs of the elderly and to permit us to determine our own eligibility rules. We can not do this by using part HUD money.

HUD Section 8 defines eligibility: for persons 62 and over and mentally and physically handicapped adults, that is, 18 years and over. The needs of these three groups are not the same and their life styles differ.

Alaska is not providing suitable housing facilities for the semi-independent elderly. Appropriate housing for the frail, or at-risk elderly, is not only an Alaskan concern. It is a national concern.

Dr. Robert Butler, Director of the National Institute on Aging, has stated repeatedly that 25% of the elderly persons in nursing homes do not need that level of care. Unnecessary placement results in trauma for the person and exorbitant expense for the one who pays the cost.

\$4,000 a month is the cost in Juneau.

\$6,000 a month in Anchorage.

Are the frail elderly to become paupers because their state has not provided a better plan of care? A plan to meet their needs! With the cost of nursing home care skyrocketing, who can afford unnecessary placements?

Claude Pepper, our grand old man in Congress, in Public Law 96-234, suggested doing something with congregate housing and services. A plan of this type is becoming a reality in Juneau.

We are building a residential environment around congregate housing. A gerontological architect as consultant is designing built-ins for 3,000 sq. ft. for ancillary services, as parallel bars, whirlpool bath, nurse's examining room with fixtures and supplies. A program of physical, speech, and occupational therapy will be provided for; also kitchen equipment with items for proper nutrition and holistic health approach, ceramics, stress counseling, etc.

When this SB311 passes, State funding can provide subsidized rent as a fourth of the tenant's adjusted income.

Alaska is ready for this plan. Alaska has three statewide health and social services programs. The Department of Health and Social Services, Public Health Services, and the Native Corporations have the personnel resources to develop this plan throughout Alaska.

POSITION PAPER ON SB311 "AN ACT MAKING A SPECIAL APPROPRIATION
TO DEVELOP SENIOR CITIZEN HOUSING."

PAGE 2

In connection with this appropriation, Alaska needs a statute to provide the authority to the Department of Health and Social Services and Community and Regional Affairs to work together to create a residential environment around congregate housing for the frail elderly who do not live in their own homes. It will help the elderly to maintain control over their own lives and not be placed unnecessarily into a wheel chair with resulting loss of control.

OTHER HOUSING THAT MEETS SPECIAL NEEDS.

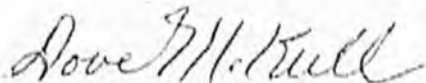
Alaska set a precedent in 1959 for the elderly with special needs. For instance, a family that believed in the values of an extended family, asked the Department of Welfare for help in keeping a blind grandmother in her daughter's home. The Department increased the monthly old age assistance check for a period of months to provide materials for the sons to build a special room for grandma. This was her room in which she could move about without fear of misplacement of its furnishings. She kept her artifacts near her and continued to work at her skills with skins and beads. This was less expense for the State and less trauma for the aged grandmother. Her sons constructed her room to meet her special needs.

RECOMMENDATION

Mr. Chairman and members of the Committee, in 1979 during five hearings of the State Council on Services to the Elderly, two issues stood above the rest for special attention: the need for improved and expanded home support services, and the need for a single agency to coordinate all of the programs for the aging, and set priorities.

SB311 can provide home support services in congregate housing in their own communities.

I recommend this bill be passed.



Dove M. Kull, MSW, ACSW
Chairperson of the Senior Citizen Advisory Board of the
Mayor and Assembly of Juneau



alaska
department
of education

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.

Attendant 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 22% 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 State</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.

Current Living Arrangements
of Respondents

<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 Tenants 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 accommodate 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 financially 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%	65%
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 a similar relationship to its actual cost, to that which is characterized by the disparity between their income and that of non-disabled employed 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 transportaton suggests that this is a significant problem for many othropedically 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

footing with the non-disabled. They don't want to be set apart or type cast simply on the basis of having a physical or mental handicap. In view of this fact, it would be well to do a good deal of preliminary investigation prior to establishing a block of housing catering to the disabled alone. Possibly those that would favor such housing are persons whose functioning level is such that co-locating them with other persons having similar impairments might greatly enhance the efficiency of providing support services such as attendant care and homemaking assistance. Such housing would fall somewhere in between the traditional institutional model (i.e., nursing homes) and a totally independent living situation. Given that the vast bulk of survey respondents appear to want to get as far towards the latter (and far away from the former) as possible, caution is advised in consideration of any housing program that would result in segregating the disabled from the rest of the community, or labeling them as different.

Concluding Remarks

A reading of the recommendations contained in this study tends to suggest that we are assigning to policymakers in the area of housing for the disabled an impossible charge. How, one might ask, given that resources are scarce, can planners hope to come up with a housing program which is economically affordable, close to services, employment and recreational opportunities, and which allows the disabled person to maximize his independence in activities of daily living. The answer is that they probably can't. Indeed, virtually all public policies represent compromises which seek to maximize the positive effects of a program given the constraints posed by the

environment in which the program must operate. Hopefully, by listing as many of the conditions as possible which would characterize an effective housing program for the orthopedically disabled, we can provide a basis establishment of a program whose effectiveness will be maximized, subject to the constraints posed by the available resources and the environment in which the program must operate.

Footnotes

1> Alaska Department of Labor Statistical Quarterly First Quarter 1980, pp1.

2> For a lucid description of the public housing boondoggle in United States see Jones, Charles O., An Introduction to the Study of Public Policy - second edition, copyright 1977, by Wadsworth Publishing Company, Inc., Belmont, California 94002, pp 193-199.

3-19-81

TESTIMONY TO THE SENATE STATE AFFAIRS COMMITTEE

My name is Jim Crawford, I am the Deputy Executive Director of the Alaska State Housing Authority (ASHA). The Alaska State Housing Authority is a non-profit public corporate authority funded through rental project revenues and subsidies from the United States Department of Housing and Urban Development (HUD). ASHA presently manages or owns and manages over 3,000 apartment units throughout the State of Alaska. The corporate authority is governed by a five member Board of Directors appointed by the Governor. The Commissioner of Commerce is a member of our Board of Directors.

My responsibilities at ASHA include, but are not limited to, among others, arranging for financing through the tax exempt bond market and other methods for new construction activities.

As background to the discussion of SB 231 through 235, please let me explain the financial arrangements between ASHA and the State of Alaska prior to the revisions of Title 14 by the 11th Alaska State Legislature. Prior to that time, the Department of Revenue was able to accommodate ASHA's financial requirements with favorable terms and rates. An example of this accommodation is the existing interim financing for ASHA's Cordova and Seward senior projects which amounted to loans totaling \$3,439,000 at 7% for a period not to exceed two years past construction completion. At that time, recognition was given by the Department of Revenue to the differential between tax exempt and non-tax exempt market rates. With the passage of SB 315 during the last session which mandated competitive national rates for investments of the Department of Revenue, the ability of ASHA to go to Department of Revenue for interim or long term borrowing was severely restricted.

In further background to the preparation of the legislation under hearing today, please let me explain the audits of ASHA's fiscal year ended March 31, 1980. Because ASHA showed no apparent financial problems, HUD approved ASHA's contract with an independent auditing firm for compliance testing and the normal financial audit of federal and non-federal programs. ASHA last year contracted with Peat, Marwick, Mitchell & Co. for that audit. No material findings were reported in the audit of ASHA activities either in the federal programs or the non-federally funded activities. Next, HUD auditors did a performance review, again with much the same result. Finally, Division of Legislative Audit completed a special review and a full performance review of ASHA.

Subsequent to the recommendations contained in the audit report and within our Chairman's response to those recommendations, SB 231 through 235 were presented in draft form to the Legislative Budget and Audit Committee. We found the recommendations of the legislative auditors to be encouraging and the bills as redrafted by Legislative Budget and Audit will, if passed by the Legislature, be a positive step toward the greater production of needed senior, family and handicapped housing within the State of Alaska. Specifically, with regard to each bill:

SB 231 addresses the duplication of regulation by the federal government in the State of Alaska and designates the regulations to follow by funding source. For full technical compliance with the Administrative Procedures Act, ASHA would have to implement all HUD regulations which impact funding of ASHA operated projects. ASHA implementation of federal regulations would be onerously time consumptive and of questionable value. The real problem with ASHA adoption of all federal HUD regulations, however, occurs when HUD changes those regulations, which it does frequently. When a change occurred, ASHA would then have to advertise the change, hold hearings then implement the changes. The additional staff time and expenses is plainly not cost beneficial since we do not have the option of changing those regulations without jeopardizing our funding. The amendment contained in SB 231 to AS 18.55.110 will not result in significant changes in ASHA's day-to-day activities. Our proposed amendment would create a simple and clean dichotomy: federally funded or assisted projects are not subject to the Administrative Procedures Act or Title 36; ASHA's non-federally assisted projects would still be subject to the state statutory provisions. Implementation of the amendment to 18.55.110 will not create or maintain a regulatory vacuum. The federal government rarely, if ever, leaves the regulatory stone unturned. For instance, ASHA's low rent projects are governed by the federal regulations in Volume 24, Code of Federal Regulations, program handbooks prepared by the Department of Housing and Urban Development and an Annual Contributions Contract between ASHA and HUD. A review of these documents demonstrates that ASHA's activities are tightly controlled and monitored and that the purposes of the APA have been met by the publication of the federal regulations and amendments there to in the Federal Register. If ASHA was also required to publish certain low rent regulations in accordance with the APA, the regulations adopted by ASHA could not violate the federal requirements and would therefore be a mere reflection of the federal regulations at best.

SB 231 also addresses the terms under which ASHA may sell bonds and notes. With the previously explained altered relationship

with the State Department of Revenue and the resultant limitation on ASHA's ability to arrange interim funding through the Department of Revenue, ASHA is now in a position of going to the private market either through the tax exempt note market or to individual financial institutions for interim financing on new federal projects. Our existing enabling legislation does not address the sale of project notes although the practice has occurred previously. The amendments to 18.55.140 et al. clearly indicate ASHA's ability to sell notes as well as bonds. The amendment to 18.55.180 clarifies the method by which ASHA may sell bonds and notes. Currently since ASHA has not been in the bond market since 1974 under a completely different program, we are in the position of hiring a bond agent to arrange a private placement of bonds which cannot be sold at less than par. The implementation of the amendment will allow ASHA to go to an underwriter, get a price quote and sell the bonds immediately. We presently have structured a \$16,350,000 bond sale which is pending HUD approval of additional funding to cover the differential between initial financial feasibility at 7.5% interest and existing market rates in the range of 10½ to 11%. The amendments as suggested in SB 231 will allow the sale of bonds for federally funded or federally guaranteed projects on a much more timely basis with a definite cost up front. The pre-sale of bonds prior to a project's construction locks in a definite financing cost at the beginning of the project.

In addition to the amendment which addresses the method by which ASHA may sell bonds, we are requesting amendment to AS 18.55.185 which would require an independent financial advisor on the sale of bonds or notes to an underwriter. (The language for the amendment and the independent financial advisor is identical to that in the enabling legislation of Alaska Housing Finance Corporation's at 18.56.115.) The existing language of 18.55.185 is as follows:

Prohibited Bidding on Bonds and Notes.

- a) No person who provides financial programming of marketing assistance to the Authority in connection with the issuance or sale of bonds or bonds anticipation notes of the Authority under any section of this chapter may bid on the bonds or notes if offered at public sale or negotiated for their purchase if sold at a private sale.
- b) The sale of bonds or notes of the Authority to a person who is prohibited from bidding on the bonds or notes under (a) of this section is public policy and the sale

is void.

- c) In this section person means an individual firm, agent, factor intermediary, partnership, corporation, association, bond house, stockbroker or bond broker.

Obviously, a financial advisor on a bond issue to retain independence would be in fact prohibited from bidding on bonds or notes. The existing language could potentially create a voided sale. It is ASHA's position that adequate criminal prosecution would be available in the event a fraudulent action. The bond purchaser however, would be in a third party status and should not suffer the potential loss from a voided sale due with no culpable activity on his part. Our concern is centered on protecting the bond holder's interest as a voided sale would tremendously damage ASHA's later capability of issuing bonds or notes.

Senate Bill 232 and 233:

These bills establish and fund the senior citizen housing development and construction fund in compliance with recommendation No. 2 of the Division of Legislative Audit which states "ASHA should seek additional sources of funding of housing projects to ensure that federal allocations are not lost." As stated in the audit report "in 1977, ASHA had no choice but to return to the federal government two allocations totaling 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)."

ASHA has two main programs with which we deal for the construction of new federally subsidized housing within Alaska. The conventional low rent program which is a totally HUD financed program contains provisions for nationally applicable maximum prototype costs for each project. In a letter received from HUD on the cancellation of the Juneau and Ketchikan projects, HUD stated that they "were aware that these projects have not been able to be constructed because of the prototype costs (maximum construction prescribed by HUD) in these areas have been too low and it is not reasonable for you to issue construction contracts..." Therefore, when attempting to construct senior federally subsidized housing under the low rent conventional program, a construction shortfall occurs between available federal dollars and actual project costs. The passage of SB 232 and 233 will allow for grants or loans to these projects in order to cover the construction shortfall. They may also be used for the enhancement of the senior projects for the benefit of the senior community. An example of the enhancement previously pro-

vided by ASHA on senior projects is catcher bars in the bathtubs and emergency alarms for signaling our office in the event of a medical emergency. Most of the changes made in ASHA projects which add amenities are at the request of the local senior advisory group monitoring the construction of our project.

The next program ASHA deals with is the Section 8 New Construction Program which requires independent financing. The initial financial feasibility of an ASHA tax exempt bond financed project entails the determination from HUD of the per unit annual subsidy and fair market rent. When the fair market rent has been determined, ASHA subtracts its management and maintenance costs and therefore nets to a figure available for amortization. The figure available for amortization times the number of units in the structure equals the amount that may be financed through the tax exempt bond market. Again due to the high cost of construction in Alaska the figure available for amortization is insufficient to cover the total construction cost. Therefore, the need of a housing development and construction fund to cover, in the Section 8 instance, the financing gap and thereafter construction shortfall.

Flexibility and timeliness are primary reasons for the creation of capital funds. Our construction activities are tied directly to the availability of federal funding and the exigencies of the bond market. Our facilities must be completed within Alaska short construction season. Our efforts, as illustrated by the proposed legislation, are to speed the construction of needed housing within the State. ASHA basically has two options when faced with a construction shortfall as in the case of our present Juneau project: 1) Cut the project's size as in the current Juneau instance from 24 to 20 units and cut amenities or 2) alternatively to admit the financial infeasibility of the projects and defer construction.

Another reason for the creation of the funds is the actions of the federal government. According to an analysis of HUD budget cuts in the Wall Street Journal of March 14, 1981, subsidizing housing will be cut 32.7% from 260,000 units previously proposed to 175,000, new construction authorization would be cut 39.4% from 130,000 to 78,750 for the entire country. Obviously, then ASHA must stretch available federal dollars to their maximum and supplement those funds by leveraging in the bond market and also ask the legislature consideration of the problem by proposing SB 232 - 235.

Of additional concern to ASHA is the proposed elimination of the Indian Housing Program utilized by the regional housing authori-

ties. A majority of the need for family housing is centered in the rural areas of the state. In order for the regional housing authorities to meet the needs of their program recipients, capital funding must be available which will augment the funds available through the U.S. Department of Housing and Urban Development and the Farmers Home Administration.

Senate Bill 234 and 235:

SB 234 and 235 address the creation and funding of a family and handicapped Construction Fund. The reasons outlined previously concerning the senior housing and the need for a senior housing fund are equally applicable to the family and handicapped funds. In the family and handicapped housing development and construction fund, the particular needs of handicapped individuals and their incumbent greater costs in the development of housing could be accommodated by the passage of SB 234 and SB 235.

Particularly in view of the federal plans for budget cuts which reportedly will impact HUD new construction funding by at least a 15% reduction, the establishment and funding of the senior citizen Housing Development and Construction Fund and the Family and Handicapped Housing Development and Construction Fund may spell the difference between additional federally assisted housing within Alaska and a deferment due to financial infeasibility for the next several years.

ASHA is presently working with the State Department of Labor in the Census Division to isolate the need for housing then prepare a prioritized five year construction allocation recommendation for HUD concurrence. In the event the capital construction funds are established and funded, ASHA will be able to more aggressively perform marketing plans statewide for the benefit of ASHA's program recipients and those program recipients of the Regional Housing Authorities. Existing information concentrates on available housing stock and does not isolate the need for housing. It is our intention to work closely with the Regional Housing Authorities to assist them in their fulfillment of housing needs in the rural areas of the state as well as providing for the urban needs of Alaska seniors, families and the handicapped.

In summary then, the SB 231 clarifies deficiencies in our enabling legislation (AS 18.55.) concerning duplication and the promulgation of regulations and in certain functions concerning construction. The first section clearly delineates by funding source, the appropriate procedures to be followed by ASHA. The second section of the bill restructures and updates ASHA's

bonding powers allowing easier access to the tax exempt financial markets. SB 232 through 235 establish capital funds for housing senior, family and handicapped. With the establishment of both funds, it is our intention to coordinate grants from the funds with ASHA bond powers. Particularly in the face of a wildly fluctuating bond market a gap between available construction dollars and actual construction dollars will 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.

We believe that SB 231 through 235 are consistent with the recommendations of the Legislative Budget and Audit Committee auditors and that the legislation if enacted will be a positive step for the greater production of housing within Alaska.

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A SPECIAL REVIEW OF THE
ALASKA STATE HOUSING AUTHORITY
MARINE VIEW APARTMENT BUILDING

October 13, 1980

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and Economic Development

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Deputy Commissioner, Department of
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THE LEGISLATURE

FINANCE DIVISION
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BUDGET AND AUDIT COMMITTEE

JUNEAU, ALASKA 99811

October 13, 1980

Members of the
Legislative Budget and Audit Committee:

In accordance with a special request of the Legislative Budget and Audit Committee and Title 24 of the Alaska Statutes, the attached report is submitted for your review.

A SPECIAL REVIEW OF THE
ALASKA STATE HOUSING AUTHORITY
MARINE VIEW APARTMENT BUILDING

October 13, 1980



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

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PURPOSE OF THIS REVIEW

In accordance with a special request of the Legislative Budget and Audit Committee and Title 24 of the Alaska Statutes, a review of the Marine View Apartment Building was conducted to determine:

1. The circumstances surrounding the conversion of dwelling units to office space.
2. Whether the conversion was necessary.
3. What alternatives to conversion existed.

ORGANIZATION AND FUNCTION

During a severe housing shortage in Juneau, Alaska, in 1972, the Alaska State Housing Authority (ASHA) initiated construction of the Marine View apartments. The 98-unit project consists of 64 one-bedroom, 32 two-bedroom, and 2 three-bedroom units. The original project concept called for a 3:1 ratio between low and moderate-income tenants, thereby encouraging economic integration.

Financing for the \$3.9 million project was obtained from the Alaska Housing Finance Corporation (AHFC). Terms of the loan included interest at 3% over 36 years with the first five years requiring interest-only annual payments. Despite its predominantly low-income composition, the project has not received any federal subsidy due to insufficient federal allocations.

Since initial occupancy in early 1974, the project has been in financial difficulty. Due to increased annual debt payments (principal portion) and other costs, in mid-1979, ASHA converted three floors of the nine-floor structure to office space. Various State agencies occupied the three floors in 1979 with the State retaining a negotiable option on the fourth floor. The State exercised the option in early 1980, and ASHA, after examining various alternatives, agreed to convert. Fourth-floor tenants receiving eviction notices were either provided relocation assistance in the form of lump-sum payments of \$4,000 or were assisted in moving. Assistance to tenants occupying the first three floors was not necessary because there was much greater lead time. The tenants either moved to higher units in Marine View as they became available, or to other projects.

REPORT CONCLUSIONS

1. What were the circumstances surrounding the conversion of dwelling units to office space?

The Marine View project has been in poor financial condition since its opening. Three factors contributed to ASHA's eventual decision to convert to office space:

1. The lack of a federal subsidy supporting the project.
2. ASHA's initial reliance on a feasibility study which contained major flaws.
3. The effect of litigation brought by the Marine View construction contractor.

Marine View is unique in that it is the only ASHA low-income project without a continuing subsidy from the federal Department of Housing and Urban Development (HUD). During planning and design phases of Marine View, HUD funding was subject to a budget freeze which resulted in insufficient Juneau allocations. Because a severe housing shortage existed at that time, Marine View was built without waiting for the possibility of future HUD allocations.

Project feasibility was appraised as part of the architect's report, and the appraisal accompanied ASHA's loan application to AMFC. The study was severely limited in scope, providing only an estimate of first-year operations. The study did not consider inflationary effects on future operating and maintenance costs and understated the annual reserve amount necessary for equipment replacement and major repairs. By the end of Fiscal Year 1977, costs had increased 103% and revenues only 32% in comparison to feasibility study amounts. As a result, there was no revenue to meet increased debt service payments which began to include principal repayment in 1978.

The litigation centered on a claim that the construction contractor incurred additional costs due to an ASHA change order during construction. The courts found ASHA liable and issued a judgment for \$513,000 in Fiscal Year 1979. To satisfy the judgment, ASHA refinanced the original loan from AMFC by borrowing an additional \$520,000, bringing the total debt to \$1,420,000. As a result of the refinancing, annual debt service payments rose from \$198,974 to \$240,932, a 21% increase. By the end of Fiscal Year 1979, increased debt service plus the need to replace a boiler system resulted in an accumulated deficit of \$306,927 (see Appendix A).

2. Was the conversion to office space necessary?

We believe that the conversion was necessary due to the project's financial history and ASHA's potential liability. Prior to ASHA's decision in late 1978, the project had not generated any reserves to cover the increased debt service and major repair expenses that would soon be incurred. A firm of certified public accountants projected an accumulated deficit by 1991 of \$2.2 million if the status quo was maintained.

The effect of such a long-term deficit would be to erode ASHA's ability to raise money through the bond market, thus jeopardizing future ASHA projects.

Conversion of the first four floors to office space provides sufficient incremental revenue to reverse the trend. Additionally, administrative and equipment replacement costs should decrease as a result of the five-year office space leases. We believe that ASHA's projections which eliminate the deficit by Fiscal Year 1987 may be several years premature (see Appendix B). However, ASHA can be reasonably assured that sufficient action has been taken to significantly reduce potentially detrimental effects on ASHA's fund-raising ability.

3. What alternatives to conversion existed?

In 1977 when it became apparent that Marine View may create significant adverse effects on ASHA, the process of examining alternatives began. Prior to the decision to convert in early 1979, three major alternatives existed:

1. Obtain a legislative appropriation
2. Sell the property
3. Increase rents

Before the 1978 Legislative Session began, ASHA considered seeking assistance from the Legislature in one of the following manners:

1. Retiring the debt through a legislative appropriation.
2. Creating continuing state subsidies amounting to approximately \$150 per unit per month for the life of the building.

ASHA management sought opinions from the legislators and administration officials. There was general agreement that such a "bail-out" of a housing project could set a dangerous precedent. Another factor considered was the appearance

that Juneau would be receiving an inordinate share of assistance over other communities. As a result of the above considerations, a bill appropriating \$4.6 million for the purpose of retiring debt was drafted but never introduced.

Selling the property would have had both a negative social and financial impact. The displacement of low-income tenants would occur if the project were sold. A private sector landlord would have to change the tenant composition of Marine View either to high-rent or commercial in order to make a profit. With the demand for office space growing, it appeared to ASHA that a potential buyer would convert the entire building to office space which would result in a larger decline in the number of units available for low-income tenants in Juneau. Financial considerations were based on a 1978 appraisal which valued Marine View at \$4.25 million in an office space configuration. With debt at \$4.4 million, plus the cost to convert the entire building, neither ASHA nor the tenants would have benefited from the sale.

ASHA had increased rents by an average of 10% in each of the four operational years through 1977. Nevertheless, ASHA complied with the project's original purpose of providing low-income housing, as well as the statutory provisions of AS 18.55.130(c) which limits rents to no more than 80% of the lowest market rent. ASHA considered raising rents from approximately 65% of market to the 80% limit. However, our analysis of projected ASHA increases through 1979 indicates that the additional revenues generated would still be insufficient to cover increased debt service costs and major repairs. ASHA also considered the effect on lower-income tenants who may not be able to afford the larger increases. ASHA was also sensitive to Legal Services' concerns for the welfare of their low-income clients.

As each of these alternatives were eliminated, ASHA began negotiations with the State to examine the office conversion alternative. Partial conversion was accepted by ASHA as a compromise between the original rental configuration and conversion of the entire nine floors.

The early stages of the negotiations included conversion of only three floors because a new HUD program had been developed which ASHA believed should partially eliminate the Marine View deficit. However, as program regulations were released and Juneau area allocations established, it was found to be an unworkable program for Marine View. Conversion plans were then amended to include a fourth floor.

FINDINGS AND RECOMMENDATIONS

Recommendation No. 1

ASHA should not attempt to construct additional low-income housing without federal continuing subsidies unless long-term financial feasibility can be reliably demonstrated.

In order to ease the effect of Juneau's severe housing shortage on lower-income people, the Marine View project was quickly conceived and built in the early 1970's without the necessary continuing federal subsidies which usually accompany such low to moderate-income housing projects. Insufficient HUD allocations at that time as well as restrictive building criteria (meeting prototype costs, site selection, etc.) left ASHA with no prospect of receiving continuous subsidies. Additionally, ASHA placed undue reliance on a limited feasibility study which claimed Marine View to be a going concern without continuing federal subsidies.

As of June 30, 1980, the Marine View project has a \$497,423 deficit. Tenants on floors one through four have had to be displaced in favor of more profitable commercial space.

Without federal continuing subsidies, ASHA should not attempt construction of a low-income project so that the problem of tenant displacement does not arise in the future.



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NOV 28 1980

LEGISLATIVE
AUDIT

November 20, 1980

Mr. Gerald L. Wilkerson, CPA
Legislative Auditor
Division of Legislative Audit
State of Alaska
Pouch W - Alaska Office Building
Juneau, Alaska 99811

Re: Legislative Budget and
Report on Marine View

Dear Mr. Wilkerson:

I am in receipt of a copy of the Preliminary Audit Report on the Special Review of the Alaska State Housing Authority Marine View Apartment Building. I have reviewed the report and offer the following comments:

Report Conclusions

1. What were the circumstances surrounding the conversion of dwelling units to office space?

The factual presentation is accurate, with the minor exception Marine View is not the only project without a continuing subsidy. The Wrangell 221(d)3 project is also without a continuing subsidy from that program. The Wrangell project is presently being appraised in preparation for sale.

2. Was the conversion to office space necessary?

While we agree with the conclusion that the conversion was necessary, we have an apparent disagreement regarding the timing of the deficit recovery. We would be interested in any alternative methods of financial projections or differing assumptions which Legislative Budget and Audit used during their report preparation.

3. What alternatives to conversion existed?

We concur with the factual presentation.

Finding and RecommendationsRecommendation No. 1


ASHA should not attempt to construct additional low-income housing without Federal continuing subsidies unless long-term financial feasibility can be reliably demonstrated.

We concur with the recommendation. Marine View has been a substantial financial difficulty at ASHA for several years. With conversion of four floors of the building to office space, we anticipate retaining a viable needed housing resource in Juneau. The conversion provided a reasonable solution to the difficult situation. It is our intention to continue the policy presently in effect of constructing and operating facilities only in concert with available Federal subsidies.

Mr. Wilkerson, we were pleased that the report consistently agreed with the recent actions of the Alaska State Housing Authority.

Sincerely,

ALASKA STATE HOUSING AUTHORITY


Charles R. Webber, Commissioner
Department of Commerce and
Economic Development

CRW:JBC: def



NAW ✓ *file*

March 3, 1981

The Honorable Vic Fischer
Senator
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Senator Fischer:

NOTICE OF PROPOSED CHANGES
IN THE REGULATIONS OF THE
ALASKA STATE HOUSING AUTHORITY

Notice is hereby given that the Alaska State Housing Authority (ASHA), under authority vested by AS 18.55.100(a)(4); AS 18.55.420; and AS 18.55.520 proposes to repeal and re-enact regulations in Chapter 95, Title 3 of the Alaska Administrative Code to implement AS 18.55.100; AS 18.55.100; AS 18.55.310; and AS 18.55.520 as follows:

Chapter 95, secs. 10-320 are to be repealed and secs. 10-270 are to be re-enacted with the new procurement regulations for ASHA. The proposed regulations for procurement by competitive solicitation, procurement by negotiation, and procurement protests will govern all contracts for supplies, materials, equipment, services, construction and the leasing of real and personal property. Under the proposed regulations, ASHA's procurement procedures are revised and consolidated for the public notice, submission, modification, opening, and rejection of bids and proposals and for contract award based on such competitive solicitation.

Factors which may be considered by ASHA in determining the responsibility of a bidder or offeror are established in the proposed regulations and include such considerations as the sufficiency of the financial resources and ability of the bidder or offeror to perform the contract; the previous and existing compliance of the bidder or offeror with all laws, ordinances and regulations relating to the contract; and the ability and capacity of the bidder or offeror to perform the contract within the time specified without delay or interference.

Exceptions to the requirement for competitive solicitation under the proposed regulations include certain contracts for small procurements and professional services; contracts with governmental entities; emergency contracts; and contracts where there is no competition as when the rates are set by law, or there is only one source within the state, or there is only one source within



Page 2

the borough and the contract amount is less than \$10,000.

The proposed regulations provide that any actual or prospective aggrieved bidder or offeror may file a protest with the executive director of ASHA. The proposed regulations establish the form of protest, time for filing, the circumstances under which the protest may result in a stay of procurement, and that the written decision of the executive director of ASHA will be final and conclusive.

Notice is also given that any person interested may present oral or written statements or arguments relevant to the action proposed at a hearing to be held in Room 421, New Court Building, 303 "K" Street, Anchorage, Alaska, at 9:30 a.m. on March 26, 1981.

Copies of the proposed regulations may be obtained by writing to the Alaska State Housing Authority, P.O. Box 80, Anchorage, Alaska 99510 or by picking up a copy at ASHA's Central Office located at 4325 Laurel Street, Anchorage, Alaska. ASHA, upon its own motion or at the instance of any interested person, may adopt the proposals substantially as described above without further notice or may decide to take no action on them.

Sincerely,

ALASKA STATE HOUSING AUTHORITY

A handwritten signature in dark ink, appearing to read "John B. Curtis".

John B. Curtis
Executive Director

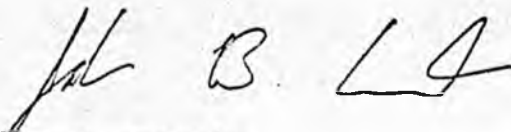
JBC:JT:gd

ADDENDUM NO. 1 TO NOTICE DATED
MARCH 3, 1981 OF PROPOSED CHANGES IN THE
REGULATIONS OF THE ALASKA STATE HOUSING AUTHORITY

Notice is hereby given that the Alaska State Housing Authority anticipates that the adoption of the above referenced regulations will have a negative fiscal impact requiring no increased appropriation from the state.

Dated: March 16, 1981

ALASKA STATE HOUSING AUTHORITY

A handwritten signature in dark ink, appearing to read "John B. Curtis". The signature is written in a cursive style with some capital letters.

John B. Curtis
Executive Director



March 10, 1981

The Honorable Arliss Sturgulewski
Senator
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Senator Sturgulewski:

Enclosed for your information please find ASHA's response to Gerald Wilkerson's letter dated February 23, 1981 which he addressed to the Members of the Legislative Budget and Audit Committee.

Sincerely,

ALASKA STATE HOUSING AUTHORITY

A handwritten signature in cursive script, appearing to read "Jim", is written over the typed name.

James M. Crawford
Deputy Executive Director

JMC:th
Encl.



March 9, 1981

Mr. Gerald L. Wilkerson, CPA
Legislative Auditor
Division of Legislative Audit
The Alaska Legislature
Pouch W-Alaska Office Building
Juneau, Alaska 99811

Dear Mr. Wilkerson:

Please consider this letter a response to your February 23, 1981 letter to members of the Legislative Budget and Audit Committee which was published in the final report on audit of the Alaska State Housing Authority (ASHA). It is unfortunate that ASHA was not consulted prior to publishing the letter since your interpretation of ASHA's suggestions for legislation could materially damage the construction of senior, family and handicapped housing within the State of Alaska.

Your interpretation of ASHA's suggestions for legislation may be appropriate for an agency which is not impacted by the exigencies of the bond market and the availability of federal funds. In ASEA's case, however, your suggestion for a case by case authorization of primarily federally funded housing would substantially delay the entire process. }

Attached is a letter from John Duffy, Anchorage Area Office Manager, United States Department of Housing and Urban Development. You will note that notification of the availability of funds was published in the Federal Register on January 15, 1981. You will further note that the February 26, 1981 letter from Mr. Duffy requests a response from ASHA on dissemination of those funds within five days. I point this out in response to your inaccurate statement to the Legislative Budget and Audit Committee contained in your February 23 letter, "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 review process."

After notification of potential funds by HUD, ASHA within a very short period of time must develop a project, cost it out and find interim and long term financing. The determination of a gap in the short or long term financing (subject to swings in the bond market) is a critical component in the financial feasibility of proceeding with a project. Your suggested course of action



Mr. Gerald L. Wilkerson

-2-

March 9, 1981

implies that after determination of a gap in March, ASEA would then go to the legislature for the shortage in construction funding. Unless you are suggesting supplemental appropriation which could be available immediately, budgeted capital funding would be then potentially available on July 1 of each year, but more likely available in August or September. The reality of dealing with HUD funding on a project is that HUD by that late date would have recaptured the funds and redistributed them to housing authorities without the onerous time constraints you suggest.

In any project which ASEA or the regional housing authorities are involved, a community's leadership requests assistance and passes a resolution of cooperation prior to a need survey and thereafter preapplication to HUD for an allocation. The delay or loss of congressionally or legislatively mandated assistance to Alaska's seniors, handicapped or low income needy in order to provide for a case by case scrutiny of projects would have a materially damaging impact on construction of federally assisted housing in Alaska.

It comes as a particular surprise that auditors of the Division of Legislative Audit, with your apparent approval, would recommend, among other methods, direct state appropriation since you apparently are personally opposed to that course of action. ASEA's suggestions for legislation were made in a positive manner to counter the construction shortfalls, bond market vagaries, delays and potential loss of federal funds presently inherent in our attempts to construct needed housing primarily with federal dollars.

Flexibility and timeliness are primary reasons for the creation of capital funds. Our construction activities are tied directly to the availability of federal funding and must be completed within Alaska's short construction season. Our efforts, as



Mr. Gerald L. Wilkerson

-3-

March 9, 1981

illustrated by the proposed legislation, are to speed the construction of needed housing within the state. It would seem appropriate that you might consider the courtesy of discussing such a proposal prior to its formalization in order to impartially assess the impact upon housing.

Sincerely,

ALASKA STATE HOUSING AUTHORITY

[Handwritten signature]
James M. Crawford
Deputy Executive Director

JMC:mrw

cc: Members of the Board
John B. Curtis, Executive Director



DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

ANCHORAGE AREA OFFICE

334 WEST FIFTH AVENUE

ANCHORAGE, ALASKA 99501

RECEIVED
ASILA

REGION X

February 26, 1981

FEB 27 '81

IN REPLY REFER TO:
10.1M

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

Route	53
Route	711w
Route	5-225
File	

Dear John:

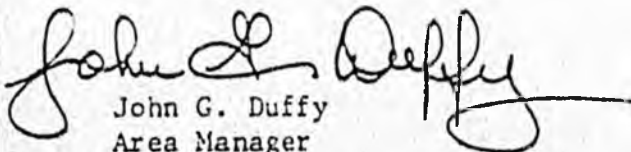
Yesterday I was sorry not to have time to accompany Chuck Morton, Miller Lutton, and Al Robinson of our office during their meeting with you, George Briggs, and Kay Snyder on a proposed allocation of LIPH and Section 8 funds for FY 81. They have told me of their mutually satisfactory visit with you, and this letter confirms our understanding of the tentative agreements reached. Please refer to the table of figures given you.

1. In the METRO area of Anchorage, you would prefer 25 Section 8 Existing units for handicapped persons. This would require \$131,733 in Contract Authority using the distribution you requested of 20 1-BR and 5 2-BR size units. This would leave \$116,119 of the \$247,852 total for family units. It would permit 18 units if distributed in 9 2-BR, 6 3-BR, and 3 4-BR sizes.
2. In the NON-METRO areas, we will leave the 40 units for the Kodiak LIPH project rebuilding at \$264,688. We can use the small balance elsewhere if not needed in Kodiak.
3. In the NON-METRO areas, at your request we have reduced the Section 8 Existing funds to \$64,572 for 10 units in Ketchikan instead of 20. This leaves \$709,576 of the \$744,148 total available which is equivalent to 114 units of 2-BR size units or 99 3-BR size units. You indicated you could possibly use some or all these funds for a program in the Mat-Su Borough.

We would appreciate hearing from you within five days whether (1) the above described dollar assignments would be satisfactory as well as the unit size distributions, and (2) the Mat-Su Borough proposal you have made can be reasonably justified by the housing needs of families under the income limits and in housing meeting the Section 8 standards. If some or all of these funds are not needed, we may be able to exchange them within HUD for much needed LIPH or Indian housing funds for back-up applications and requests we have from Native housing authorities.

Thank you for your kind cooperation.

Sincerely,


John G. Duffy
Area Manager

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 in-
come housing in Alaska.

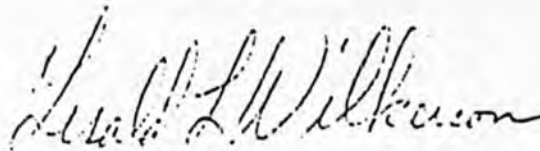
This recommendation was directed at a situation in which
ASHA had lost two federal allocations (HUD) in 1977, totalling
\$3.5 million, because of a shortage of funds to cover the
difference between federal allowable costs and actual
construction costs of two projects. Our recommendation
suggested ASHA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

TELEGRAM
ANCHORAGE ALASKA
JAN 17 1981

81 JAN 18 AM 5 04

02357 NL ANCHORAGE ALASKA 50 03-17 0715P AST

PMS SEN ARLISS STURGULEWSKI
JUN 1571

URGE SUPPORT OF SENATE BILL 234/235 AND HOUSE BILL 257/258 TO
PROVIDE FUNDING AND APPROPRIATE ADMINISTRATIVE MECHANISM FOR
HOUSING FOR THE HANDICAPPED. THANKS
BOB AND HELEN MOTHERSHED

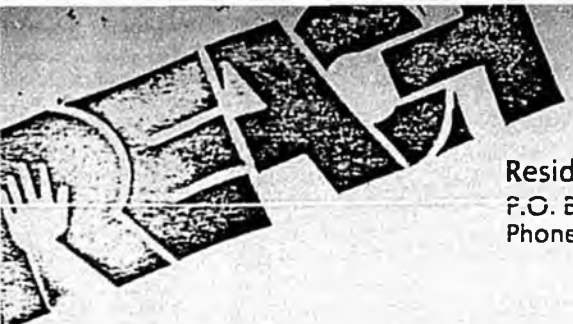
TELEGRAM
ANCHORAGE ALASKA
JAN 17 1981

81 JAN 18 AM 5 19

02368 NL ANCHORAGE ALASKA 50 03-17 1022P AST

PMS SEN ARLISS STURGULEWSKI
JUN 1576

WE WOULD LIKE TO URGE YOUR SUPPORT OF SB234 AND 235 WHICH WILL
PROVIDE ASSISTANCE FOR HOUSING FOR OUR HANDICAPPED CITIZENS.
JAMES HOTCHKISS, PRESIDENT
ASSOCIATION FOR RETARDED CITIZENS



Residential Educational Alternatives in the Community for the Handicapped
P.O. Box 1266 • Juneau, Alaska • 99802
Phone: (907) 586-2360

March 4, 1981

Senator Arliss Sturgulewski
Pouch V
State Capitol
Juneau, Alaska 99811

Dear Senator Sturgulewski:

REACH, Inc. is a private, non-profit corporation in Juneau that provides vocational, recreational and residential training services to developmentally disabled adults in the northern Southeast section of Alaska. REACH presently serves 15-20 handicapped adults in a program that promotes independence and growth through opportunities that would otherwise not be available to these individuals.

Residential services for five handicapped adults are currently being offered in a small rented house in Juneau. The program offered and the population have out grown the house, which is very small, rundown and in need of major renovation. The group home needs to be moved to a house that will meet the needs of our clients and that will allow them to live in an environment that more closely approximates the living norms of the rest of the community.

The Board and staff of REACH have spent the last eight months attempting to solve the group home problem. During that time, we have contacted realtors, followed up every lead on housing and have placed ads seeking housing. At this time, it is apparent that the rental market in Juneau had nothing that will meet our needs.

We have also explored the option of purchasing a house and have encountered nothing but road-blocks. REACH is unable to secure financing for purchase through any lending institution due to the fact that the organization is a private, non-profit corporation and has no secure source of annual funding. The Department of Health and Social Services was unable to assist us. We sought an appropriation through the legislature last year, but were not included in session-ending funding for reasons that are still not entirely clear. We were finally forced to return \$20,000 in Community Block Grant funds to the Borough that had been made available to us for a down payment on a house because we were unable to secure any other funding.

On top of those problems, the group home residents have been victims of a subtle form of discrimination that allows renters and sellers to refuse to work with us. There are no regulations, on any governmental level, that protect the mentally handicapped from discrimination in housing. In fact, current Borough zoning ordinances require special permits and hearings before a group home may be established in any neighborhood.

The net result of the problem described above is that our group home residents are living in a facility that is totally inadequate, and there is nothing that REACH has been able to do to impact on it. The situation is approaching one of crisis. Under new state Health and Social Services regulations effective January 1, 1981, group homes require licensure. The present house will, in all likelihood, not meet the criteria in the regulations. The result could be closure of the group home, and, at the very least, a major disruption of the residents lives. If appropriate alternatives cannot be found, closure could result in re-institutionalization of a majority of those people.

In a final effort to secure funds for purchase of an appropriate site for a group home, we are turning to you. At current market prices in Juneau, we require \$200,000 for the purchase and modification of a house to meet the needs of our residents. While this seems to be a large amount, it should be noted that we require a house that has at least 3 bedrooms and an apartment for live-in staff, with the ideal being a five bedroom house with an apartment. In addition, a portion of the appropriation would be used for modification of the house to make it barrier-free and in compliance with all local, state and federal codes and regulations.

REACH and the handicapped population of Juneau needs your support to secure this appropriation, and we are asking for a positive response on your part. With these funds, we can develop a group home program that will serve the developmentally disabled of Juneau for years to come. Without them, those same individuals may never receive the opportunity to live and function in their home community, and quite possibly will become a burden to the state through the necessity of placing them in an institution.

In addition, we would urge you, as the lawmakers of the state, to examine the current laws regarding housing discrimination. There is a crying need to protect the rights of the mentally and physically disabled; a need that has not been met by current laws.

Thank you for your time and for what we know will be your assistance in these matters.

Sincerely,

Linda Layfield

Linda Layfield
President, Board of Directors

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 Sturgulewski, Chairman (AS)
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

AUDIT DIVISION
POUCH W—ALASKA OFFICE BUILDING

THE LEGISLATURE
BUDGET AND AUDIT COMMITTEE

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

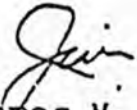
Dear Senator Sturgulewski:

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 ASEA 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

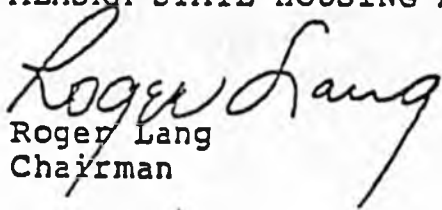
-4-

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
Chairman

RL:JMC:mrn

ANCHORAGE AREA OFFICE
334 WEST FIFTH AVENUE
ANCHORAGE, ALASKA 99501

RECEIVED
ASILA

DEC 12 '80

IN REPLY REFER TO

10.1HMA

REGION X

December 8, 1980

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

Room	EA CC
Room	HM CC
Room	HC CC
File	TER 21

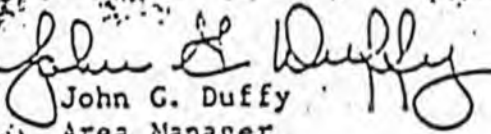
Dear Mr. Curtis:

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, 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-

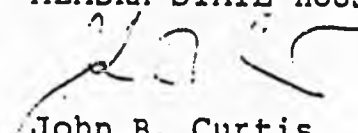
March 9, 1981

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:mrn

cc: Board Members



March 9, 1981

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

Attn: Pete Freer

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The Honorable Jim Duncan -2-

March 9, 1981

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Sincerely,

ALASKA STATE HOUSING AUTHORITY

A handwritten signature in dark ink, appearing to read "John B. Curtis", is written over the typed name.

John B. Curtis
Executive Director

JBC:mrm

cc: Board Members

NOTE REGARDING THE FOLLOWING FRAME ON MICROFILM:

COMPLETE DOCUMENT IS AVAILABLE IN ORIGINAL FILES
IN ALASKA STATE ARCHIVES. TITLE PAGE ONLY HAS
BEEN FILMED.

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

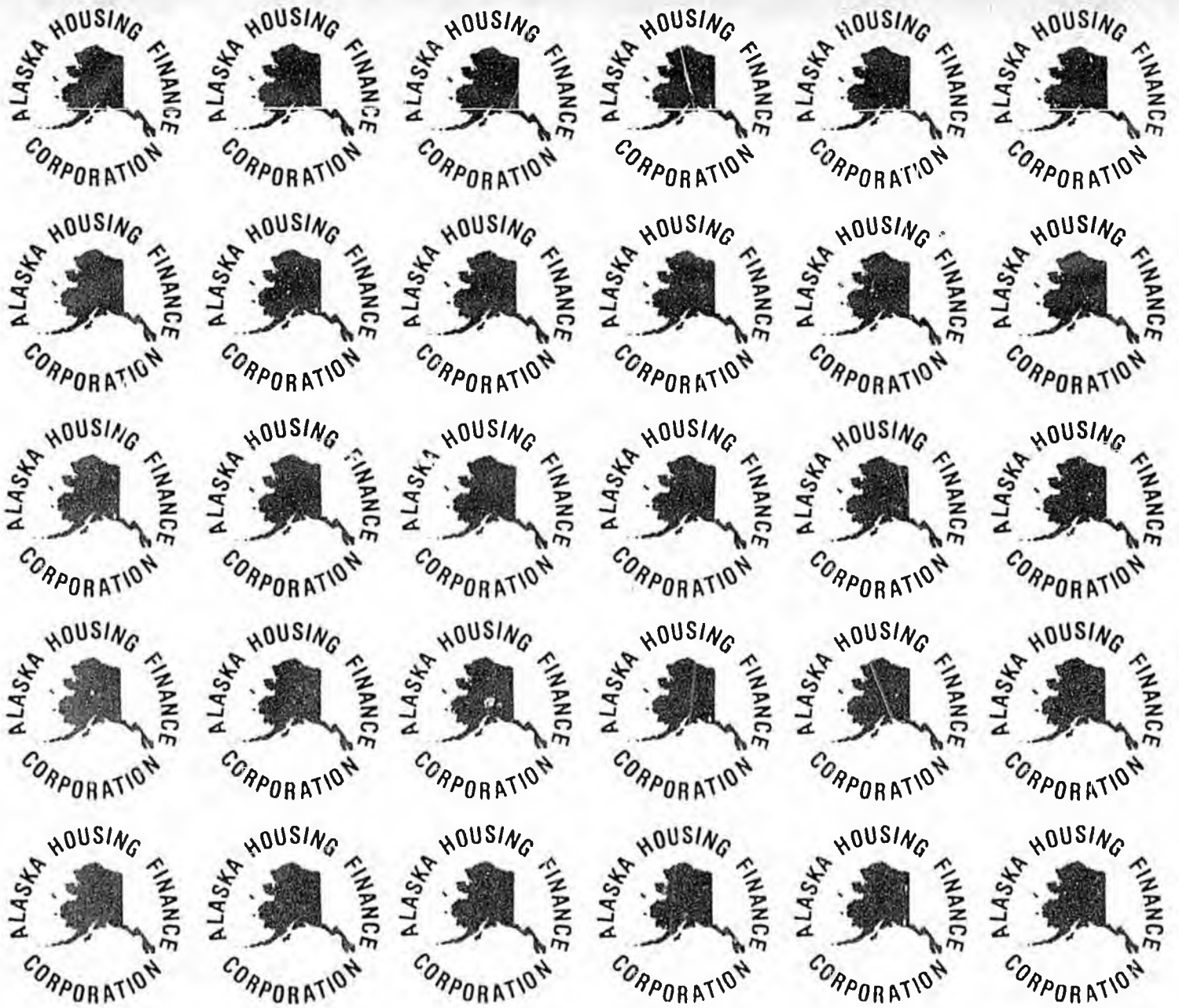
Commissioner, Department of Commerce
and Economic Development
Deputy Commissioner, Department of
Commerce and Economic Development

Charles R. Webber
Braxton Jeans

Board Members of the
Alaska State Housing Authority

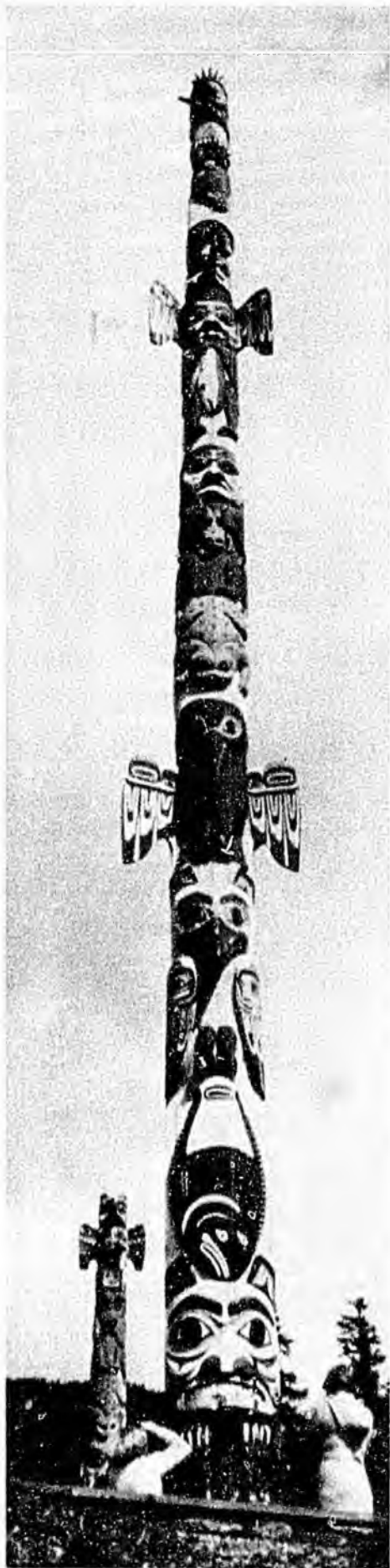
Chairman
Member
Member
Member
Member

Roger Lang
Joan Ray
Gale Kincaid
Charles R. Webber
Vacant



THROUGHOUT ALASKA; FOR ALL ALASKANS

**ALASKA HOUSING FINANCE CORPORATION
ANNUAL REPORT 1980**



THE HONORABLE JAY S. HAMMOND GOVERNOR OF THE STATE OF ALASKA

Dear Governor Hammond:

It is with pleasure that we present the Annual Report of Alaska Housing Finance Corporation (AHFC) for the fiscal year ending November 30, 1980.

AHFC is approaching the new decade with an expanded sense of purpose and a broadened scope which encompasses the housing needs of all Alaskans. Pursuant to the provisions of the legislation enacted in June of 1980, the Corporation is no longer restricted to purchasing only those loans made to low and moderate income families. Through the varied programs offered throughout the State, AHFC is now reaching into greater segments of the population to provide affordable housing and to create public optimism in the future of Alaska. However, with the passage of the Mortgage Subsidy Bond Tax Act (The Ullman Bill) by the U.S. Congress, which severely limits the ability of state housing finance agencies to issue tax-exempt bonds, the continued volume of financing programs offered through AHFC will be curtailed unless alternative methods of funding are developed and pursued.

Through November 30, 1980, Alaska Housing Finance Corporation's mortgage purchases have been funded through the issuance of \$868,725,000 in tax-exempt bonds and borrowings from the State of Alaska under note agreements totalling \$22,270,000. Additionally, the State of Alaska transferred \$236 million dollars worth of mortgages and \$105 million in cash to AHFC to provide the means for mortgage purchases at rates below the cost of the corporation's borrowing and to enable the issuance of \$460 million in bonds. Since its inception, in 1971, the Corporation has acquired, and still maintains in its portfolio, 15,879 loans with an outstanding balance at November 30, 1980 of \$986,441,000 which have an estimated market value, if the mort-

gages were to be sold at prevailing rates, of approximately \$621 million. This has no relation, however, to the property values securing the Corporation's interest in these loans.

In response to the needs of the communities served, AHFC implemented several new programs this year, as well as expanding those already existing. The Special Mortgage Loan Purchase Program, which increased the loan limits, removed income limitations, and allowed refinancing for home improvement, was initiated in July with priority given to those loans beyond the scope of the State's General Fund Emergency Loan Program earlier in the year. The Home Ownership Fund, which provides an additional subsidy for low and moderate income families, and the Pledged Account Mortgage, which is a graduated payment loan, became operational in December. Both the Mobile Home Program and the Rural Housing Programs (owner occupied and non-owner occupied) received greater emphasis with a resultant record increase in combined dollar volume and number of Alaskans served.

In submitting this report, we are pleased to assure you that the Corporation is financially sound, competently managed and prepared to continue the fulfillment of the mandate of the Legislature and yourself, without whose past and continued support the achievements indicated would not have been possible.

Franklin C. Roppel

Franklin C. Roppel
Chairman of the Board

Harry F. Goldbar

Harry F. Goldbar
Executive Director

ALASKA HOUSING FINANCE CORPORATION LOAN PROGRAMS

Pursuant to its Legislative authorization and direction, Alaska Housing Finance Corporation has established itself as a key component in the State's housing delivery system. In each of the Corporation's various programs, it exemplifies the twin objectives of public purpose and prudent lending practice by providing long term financing specifically tailored to the diverse needs of individual Alaskans throughout the State.

SPECIAL MORTGAGE LOAN PURCHASE PROGRAM

The largest and most comprehensive program offered, which provides the basis of the majority of loans funded by AHFC, is the Special Mortgage Loan Purchase Program. The result of innovative thinking and close cooperation between the Corporation, the State Legislature and Administration, the Special Mortgage Loan Purchase Program was created during the 1980 session of the Alaska State Legislature. The State statutes under which AHFC operates were amended substantially to require certain organizational and procedural changes as well as expanding the powers of the Corporation. The statutes now allow refinancing loans for home improvement, purchase financing for owner-occupied single family and duplex residences without restrictive income limitations, and provide for loan to value ratios and loan limits not to exceed the maximum limits established for Alaska by the Federal National Mortgage Association. AHFC loans under this program are offered, regardless of geographic location, by 29 mortgage lending institutions throughout the state.

Under the 1980 legislation, the Corporation is required to fix the interest

rate charged on a mortgage loan purchased as follows:

- (i) the interest rate may not exceed 9% on the first \$90,000 of the mortgage loan if the loan is made to an eligible state veteran;
- (ii) the interest rate may not exceed 10% on the first \$90,000 of the mortgage loan if the loan is made to a person other than an eligible state veteran;
- (iii) the interest rate for the amount of the loan which exceeds \$90,000 shall equal the mortgage program cost to the Corporation attributable to that part of the loan.

In order to implement this program and to assure continued access to public funding, the Alaska Legislature on June 30, 1980 appropriated to AHFC \$105,000,000 in cash and \$236,000,000 in residential mortgage loans held by the State General Fund. Earnings on the appropriated mortgage loans and a portion of the cash are utilized to subsidize the difference between the legislatively mandated interest rate and the mortgage program cost to the Corporation.

From the inception of the program to Nov. 30, 1980, AHFC received 3673 applications with loan requests in excess of \$307,400,000 which it has approved for purchase. The Corporation is ex-

pecting an increase in volume under the program from \$500 million for the 12 month period ending June 30, 1981 to \$700 million during the subsequent 12 month period.

MOBILE HOME LOAN PURCHASE PROGRAM

In response to the significant role of housing provided by mobile homes in Alaska, Alaska Housing Finance Corporation was a pioneer of State housing finance agencies in implementing a mobile home finance program. Of particular concern were areas of the state where the lack of availability of building materials and short construction seasons make mobile homes a viable alternative to conventional housing. Through the use of a \$10,000,000 loan from the State of Alaska this program has provided a source of mobile home financing at a rate of 10.75%. The Mobile Home Loan Purchase Program also extends funding to locations where financing at any rate may not have been previously available.



RURAL HOUSING MORTGAGE PURCHASE PROGRAM

Developed in 1979, the Rural Housing Mortgage Purchase Program expands the availability of mortgage loan financing into remote and less developed areas of the State where private mortgage financing has been either unavailable, inconsistent or at prohibitive rates. Due to special problems associated with providing title and hazard insurance in certain remote areas, lending institutions have been unable to meet the home financing needs of the rural communities. In those instances where financing has been made available, the rates inherent with rural loans have been far above the levels which are affordable to persons of the prevalent income levels within such communities.

With the assistance of the State funded mortgage hazard insurance and mortgage title insurance accounts, AHFC is able to provide financing in those areas where the title to the land may still be subject to conveyance under the Native Claims Settlement Act or where commercial hazard insurance is effectively unavailable due to cost.

Originally funded through the sale of bonds to the State of Alaska, the Rural Housing Program is expected to double in volume during the 12 month period ending June 30, 1982. In order to continue this valuable program, the Corporation has requested a \$20 million appropriation from the State of Alaska. Through the active participation of the Regional Housing Authorities, the program's current funding will make possible rural housing financing of \$11.5 million.

Since a stable source of long term financing is now available, the local private lending institutions are more actively entering into construction lending for these areas. This should greatly increase the quality of housing available as well as increase the number of housing units on the market. Alaska Housing Finance Corporation is proud to be the catalyst in this growth of private financing in the State's more rural areas.

NON-OWNER OCCUPIED RURAL MORTGAGE PURCHASE PROGRAM

Responding to the need for safe, sanitary and decent rental housing in remote, underdeveloped or blighted areas of the State, the Corporation developed this aspect of the Rural Housing Program in 1979. This type of financing deviates from all others offered through AHFC in that owner occupancy is not a requirement, and that multiple rental units are its primary focus.

In offering the Non-owner Occupied Rural program, AHFC provides an impetus to the construction or rehabilitation of rental housing in those areas which have no road or rail access to Anchorage or Fairbanks, or which have a population of 4500 or less. Additionally this program provides increased residential units in areas of severe shortage. The continuation of this program into 1981 is dependent upon an additional appropriation from the legislature.

HOME OWNERSHIP ASSISTANCE PROGRAM

Funded by an initial appropriation of \$2.5 million in cash and \$50 million in mortgages from the State of Alaska, the Home Ownership Assistance Program exists solely to assist low and moderate income families in purchasing a home by subsidizing a portion of the monthly payment. Mortgages are purchased under the Home Ownership Assistance Program utilizing the same source of funding as the Special Mortgage Loan Purchase Program with an additional subsidy provided by the State of Alaska.

Because this is a special assistance program, income and asset limits as well as a purchase price ceiling have been established. Although not operational until late in 1980, it is anticipated that the Home Ownership Assistance Program will be utilized to the full extent of its funding. Through this program, a greater segment of the low to moderate income population will be afforded the means of home ownership, specifically those who had previously been unable to bridge the gap between

escalating cost of housing and less rapidly increasing income

With modifications, the Home Ownership Assistance Program should qualify under the provisions of the new Congressional legislation governing mortgages financed through the sale of tax-exempt bonds.

PLEGGED ACCOUNT MORTGAGE PROGRAM

Alaska Housing Finance Corporation implemented the Pledged Account Mortgage program as a means of offering a type of graduated payment mortgage plan to prospective borrowers. With a Pledged Account Mortgage, the borrower can utilize a portion of his savings to offset the mortgage payment in the early years of the loan. The mortgage payments gradually increase in smaller proportional increments than the borrower's expected increase in income.

This program, also not operational until late in 1980, is incorporated into and funded through the Special Mortgage Loan Purchase Program. Both the Home Ownership Assistance and Pledged Account Mortgage programs significantly broaden the homeownership potential of Alaskan's and their families.