

FAIRBANKS

Alaska Housing Trust

From education to jobs, housing shapes the health of rural Alaska

We can take effective action to reduce costs
and improve quality

The greatest housing needs and greatest barriers to housing opportunities in Alaska are in rural communities. This is demonstrated through overcrowding data and cost of construction by region. There is not enough housing stock and what is available is poor quality. Housing that is available is too expensive compared to average income. When teachers, nurses and first responders cannot afford housing, communities can't thrive.

Alaska Department of Health and Social Services Healthy Alaskans 2030 plan includes housing as a social determinant of health. Housing is often the single biggest expenditure for families. When housing expenditures exceed 30% of household income, the household is considered to be rent burdened. When households spend a large amount of their income on housing, there is not enough

for other expenses including education, healthcare, food, and transportation. There is evidence that living in unstable housing situations or high-cost housing (as a % of income) can negatively affect health, through environmental impacts, lack of access to health care, and mental health effects. Housing also affects educational attainment and some aspects of child development. In nearly every region of Alaska, households are rent burdened.

The Alaska Housing Trust will top off existing efforts, to make projects pencil and get them across the finish line. When it comes to housing development, Alaska is in gridlock. AHT will jump start development, provide incentives to the construction industries, and improve community safety.

AHT

FAIRBANKS FACT SHEET



41%

INCOME SPENT ON RENT

On average, Fairbanks residents spend **41%** of their monthly income on rent.

28% ANCHORAGE ●●●●●●●●
FAIRBANKS ●●●●●●●●

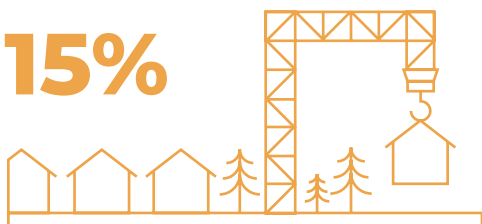
\$1,301

AVERAGE RENT FOR A 2-BEDROOM APARTMENT
ANCHORAGE: **\$1,220**/MONTH

\$3,144

AVERAGE MONTHLY PAY FOR A RESIDENT
ANCHORAGE: **\$4,347**/MONTH

15%



COST OF CONSTRUCTION

In Fairbanks, construction costs are **15%** more expensive than Anchorage.

ANCHORAGE ●●●●●●●●●●
FAIRBANKS ●●●●●●●●●●
●●●●●●●●●●



6%

OVERCROWDING IN HOMES

6% of households in Fairbanks do not have enough space for the whole family.

4% ANCHORAGE ●●●●●●●●●●
FAIRBANKS ●●●●●●●●●●

FAQs

What is the mission of the Alaska Housing Trust?

The Alaska Housing Trust (AHT) will produce, preserve, and protect housing. AHT will be a statewide funding source that maximizes the impact of existing housing resources. The trust will serve as a renewable source of income to supplement existing funding streams for housing throughout the state. The trust will leverage state and federal resources, municipal and philanthropic contributions to increase the housing supply.

Some housing projects leverage 20 funding sources, with different staffing and reporting requirements. Alaska is one of three states that does not currently have a statewide housing trust, a common tool used to encourage investment and braid funding sources.

A statewide housing trust creates sustainable housing security for Alaskans. Housing is a community resource that drives the economy and improves safety, and has been shown to reduce crime, increase employment, and improve health.

What are the contributing factors that limit access to housing?

The factors that limit access to housing are housing availability, cost of housing in relation to income, and the economy. In rural areas these factors are compounded by the high cost of construction.

According to Alaska Housing Finance Corporation 2021 Rental Market Survey, the statewide vacancy rate dropped from 9.2% in 2020 to 5.9% in 2021. Many landlords who participated in the survey for years, reported selling their properties to downsize because of COVID-19 or to capitalize on the strong real estate market.

The U.S. Bureau of Labor Statistics and Alaska Department of Labor and Workforce Development, Research and Analysis Section

report that as of Sept 2021, Alaska's unemployment rate is at 6.6% and ranks 38th in the country, tied with Arizona, Louisiana, and Pennsylvania. Alaska ranks 35th in the nation for job growth.

As of July 2021, Alaska was one of only five states that had recovered less than 50% of COVID-19 related job losses. It included four of the top ten oil producing states (Alaska, Louisiana, New Mexico, and Wyoming) and two with large tourism sectors (Alaska and Hawaii). Oil and tourism are expected to recover slowly from COVID related loss.

How many Alaskans lack access to housing?

In every community in Alaska there is a lack of housing. Available housing is usually overpriced and inaccessible for many Alaskans. Rates of overcrowding in Alaska are more than double the national average, with some regions reporting overcrowding in 1 out of every 2 homes. Rural communities are disproportionately affected by overcrowding.

The U.S. Census Bureau Household Pulse Survey which tracks impacts of COVID-19 across the country estimates that 32.5% of Alaskan adults live in households that are not current on rents or mortgages where eviction or foreclosure in the next two months is likely. 15,146 Alaskans accessed homeless services between January and November of 2021.

How is the Alaska Housing Trust funded?

The housing trust will be funded with up to \$60m from the State of Alaska in the form of ARPA funds, with \$10m going to initial grants and the remaining \$50m to the corpus of the fund. Additional contributions will be solicited from philanthropic donors and municipalities. The fund will be invested and managed by Alaska Community Foundation and annual returns in excess of 5% will be reinvested. Initial investments will produce ongoing dividends that pay out to housing projects.

What will be the benefits?

The AHT Board will determine the amount of funding available each year. AHT funds will be made available for qualifying projects that meet goals of identified community housing needs.

Funds will typically be made available in the form of grants for non-profit organizations and public housing authorities targeting households in the 0% to 80% Area Median Income (AMI) and zero-interest loans for private developers that meet 80% to 120% AMI affordability requirements.

- Qualifying projects are eligible for grants and loans up to \$50,000 per housing unit created, or for other eligible uses on a similar per unit basis.
- For profit-developer projects must reserve at least 20% of units for tenants with gross incomes at 80% or less AMI for at least ten years or the life of the loan.

What type of projects and activities will the Alaska Housing Trust fund?

AHT will direct resources toward the creation of housing units through the following activities:

- Fund capital costs of rental and ownership housing;
- Provide financial assistance for nonprofit-developer capacity building;
- Fund supportive services for occupants of housing;
- Fund operating expenses of housing developments; and
- Offer capacity building grants for rural organizations interested in developing housing.

An additional objective is to supplement AHT investments with other funding sources to maximize the number of quality housing units that are created or preserved with each round of awards.

How will the Alaska Housing Trust differ from other housing programs?

AHT will not compete for funding with Alaska Housing Finance Corporation (AHFC) and will leverage AHFC assets (e.g. housing vouchers) to increase the impact of housing programs.

Who will administer the Alaska Housing Trust?

A steering committee will be established to appoint the AHT Board of Directors. The steering committee will have representatives from, (1) AHFC, (2) Rural Housing Authority, (3) Community Provider, (4) Developer who has done rural and urban projects, (5) Employer who has to purchase housing for a workforce, and (6) Continuum of Care (CoC) Board Member. The steering committee will establish policies and procedures that govern the board of directors including recommendations for an annual equity review and proposals for a rural/urban split of projects.

Staff for the AHT will be the Balance of State and Anchorage HUD designated CoCs. The CoCs will make award recommendations to the AHT Board and ensure all fund recipients comply with programmatic and reporting requirements. The CoCs will also advise the Board on how AHT funding can be leveraged with other local, state, philanthropic, and federal funding.

YEARS 1-2

Steering Committee
Policies and Procedures
Investment in Corpus & Matching Funds
Establish Board of Directors

YEARS 3-4

Board of Directors works with ACF
Launch first funding competition
Grants disbursed