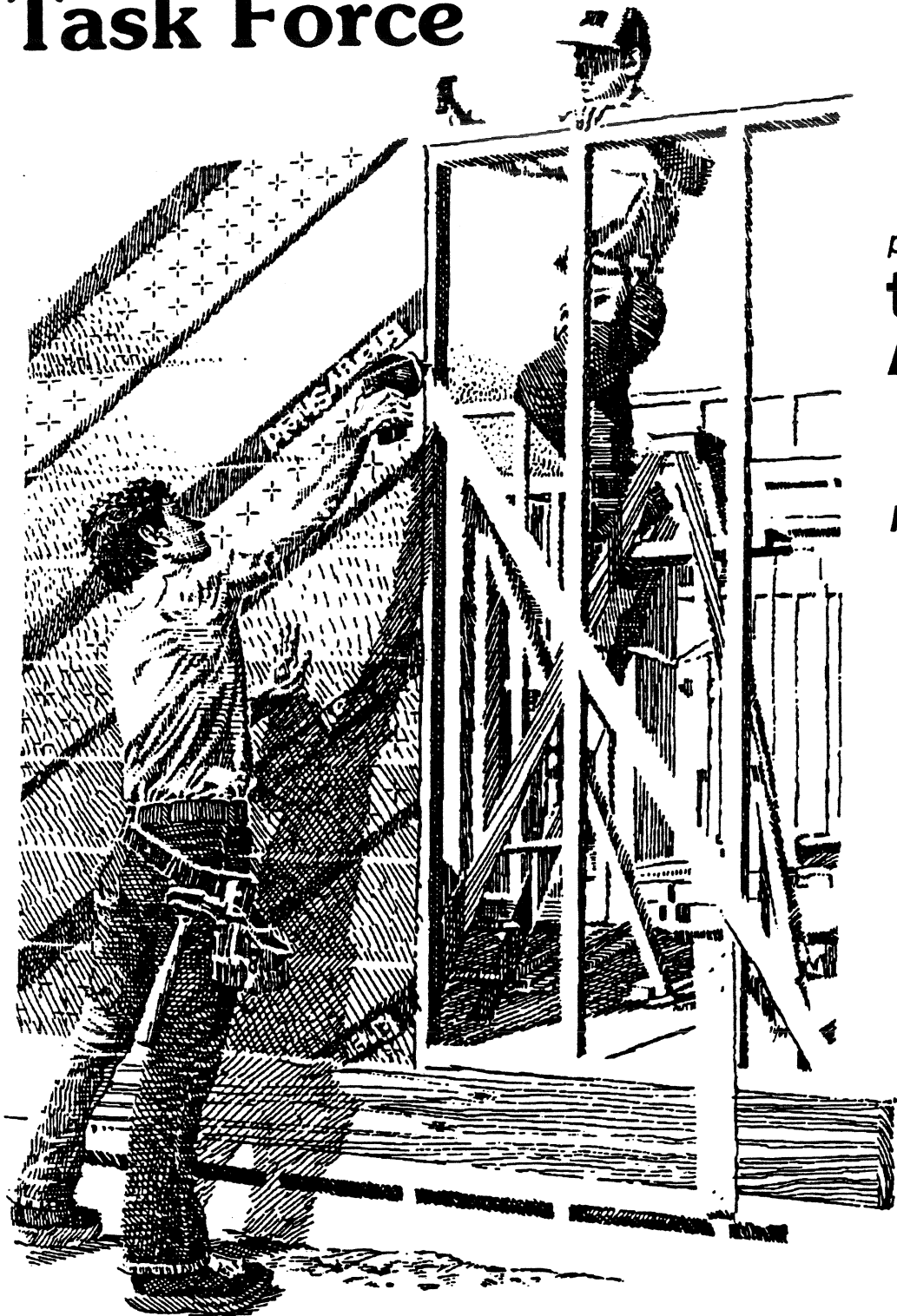


Report

of the

Low Income Housing Task Force



presented to
**the CBJ
Assembly**

March, 1991

LOW INCOME HOUSING TASK FORCE

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INTRODUCTION

In the fall and winter of 1990 the City and Borough of Juneau (CBJ) Assembly took under advisement a growing concern about the general availability of housing and, particularly, the critical shortage of low income housing in the community.

The Assembly noted that residential vacancy rates were extremely low, rental rates had escalated and a significant number of persons were reported to be without adequate homes or shelter. Since the CBJ does not have a program for assisting low income persons with their housing needs, the Assembly requested the Lands Committee to establish a special task force to study and make recommendations on low income housing needs and issues. The committee appointed a ten member Low Income Housing Special Task Force, including representatives from financial organizations, nonprofit service organizations, state government, construction, and general public interests. The committee charged the task force to make findings and recommendations on low income housing needs and issues to the Assembly and CBJ Administration.

At a task force organizational meeting on January 7, 1991, Assemblywoman Rosie Peterson, Assembly Lands Committee Chair, asked the group to prepare a report for presentation to the Assembly in six weeks time, or as expeditiously as possible.

The group adopted a work plan, providing for public participation, and scheduled presentation of a final report by March 18 (see Appendices A,B.)

Task Force members and Lands and Resources Division staff of the CBJ Manager's Office collected and compiled report information.

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HOUSING OVERVIEW: 1970 - 1990

The City and Borough of Juneau (CBJ) became actively concerned about housing availability during the early 1970s. To address the concern, CBJ Assembly participated in federal and state programs for planning and developing low and moderate income family housing and stimulated housing construction by private industry through financial incentive programs. Yet, in spite of public and private involvement in housing production efforts, available housing continues to suffer cyclic shortages in the 1990s.

For example, in a 20 year period between 1970 and 1990, the growth of population remained about equal with the growth of housing, and in both benchmark years, 1970 and 1990, the vacancy rate was close to zero. These vacancy shortages historically impact housing availability for low income families. The acute shortage of units for low income families is indicated by the extensive waiting lists for existing low income housing.

Other problems identified which contribute to the housing shortage are:

- * poor quality housing;
- * disparities between supply and needs in relation to costs of available housing and the incomes of households;
- * need for housing for an unusually large transient population.

In the late 1970s and early 1980s the rental housing supply deteriorated drastically because of rental unit conversions and demolition, lack of financing, and instability from the Capital Move Issue. Obstacles to providing housing have remained consistent. They are:

- * high cost of land;
- * inactivity of the local construction industry because of few economic incentives;
- * mortgage financing limitations;
- * inadequacy of public housing;
- * lack of rehabilitation resources;
- * inadequacy of state and federal housing programs;
- * lack of relocation resources;
- * local codes and ordinances.

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To stimulate housing in the early 1980s, the CBJ made funds available for rental unit construction. A total of 227 apartment units in 11 different apartment projects were constructed under the "Rental Stimulation Program" in a public/private partnership effort. Also, in 1982 after the settlement of the Capital Move Issue, the population in Juneau grew 5,000, from 22,687 to 27,519 in 1983 (see Appendices C, D, and Figure 1.) The vacancy rate accelerated from 4 percent in 1985 to 9.7 percent in 1987, but then declined to 1.5 percent or even lower in 1990.

Juneau's housing market and vacancy rate is linked to the economy, but housing development and availability cannot be directly traced to economic cycles. During the decade of the 1980s when the economy did well, a large number of housing units were constructed to meet the demand. In 1983 alone, 920 dwelling units were constructed. Yet in 1988 during an economic downturn, when only nine dwellings were constructed in a single year, vacancy rates were high. It would seem that in 1990-1991, construction activity would occur to meet anticipated demand, but there are few indications that many new dwelling units will be constructed this year. The reasons for this are addressed in this report and include:

- * lack of long term financing;
- * production costs still exceed the cost of purchasing existing units;
- * loss of Federal tax incentives;
- * uncertainty about future economic growth.

As Juneau enters 1991, the housing supply is again minimal. Surveys conducted in the late fall of 1990 put the single family vacancy rate at 1.7 percent; multi-family (rental) vacancy at .95 percent; and mobile homes (in parks) at 1.35 percent (see Appendix E for total housing inventory and breakdown by types). Only one new residential lot was created in 1990. No significant residential subdivision development is currently pending.

The current existing low income housing inventory totals 462 units with an additional 117 Section 8 rent assistance and 40 Rent Vouchers available. The current need, based on active low income housing waiting lists, is estimated at 792 units of all sizes. Costs of housing, if available, has increased approximately 14 percent, both for purchase and rentals, over a 12 month period from early 1990 to early 1991. Average single family house rentals are at \$1,000+ while apartment rentals range from \$600 - \$1,000 (see Appendix E.) To further exacerbate the shortage of housing, the 1990 population is estimated at 28,881, only 550 less than the ten year high of 29,370 in 1985.

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A specialized housing demand going unmet in the CBJ, even though the Assembly is attempting to address it, is that of the Special Needs Groups. From proceeds of the "Rental Stimulation Program" revolving loan fund, the Assembly has granted almost \$200,000 to providing shelters for the homeless. Yet, in spite of this, the five agencies actively serving the special needs groups across the community are losing rehabilitation effectiveness due to insufficient housing availability when clients leave direct treatment or dedicated shelter. Specifics of the Special Needs Groups are discussed late in Section Three of the report.

As a benchmark for housing needs versus population, in September 1990 there existed 10,493 units for a population of 28,881, and a vacancy rate of approximately 1.5 percent. Twenty years ago, in 1970, there were 4,529 housing units for 13,556 population, and a vacancy rate of 0.3 percent. There is reason to believe that the vacancy rate has now gone below the September, 1990 level because of the seasonal pressure of the legislature.

Earlier, the report noted that, historically, availability of housing in Juneau cannot be tied directly to economic fluctuations. But there are enough links to suggest that the present, short term outlook for an economic upswing because of mining and tourism and lack of current housing development does not offer hope for higher vacancy rates in the near future.

In 1990, about 50 new residential and two multi-plex permits were issued. With this small amount of housing and no backlog of vacancies to meet demands, the future also threatens sale prices and rental increases. One particular motivating factor for this will be if the proposed A-J Mine project occurs, which could generate a need of 390 additional housing units by 1994. Housing price increases caused by higher demand will particularly impact low and moderate income families, especially those who do not currently own housing. Without renewed and cooperative efforts by the public and private sectors, as were experienced in the early 1980s, availability of affordable housing for not only low income but all Juneau families will be adversely impacted. The Low Income Housing Task Force hopes to vitalize these community efforts to develop and produce housing through its recommendations to the CBJ Assembly.

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JUNEAU'S HOUSING PROBLEMS

VACANCY RATES

Historically, Juneau has had a low vacancy rate. In the late 1970s and early 1980s the rental housing market deteriorated even further. The principal factors contributing to this shortage included:

1. conversions of rental units to condominiums
2. conversions of rental units to office space
3. demolition of numerous rental units for government projects
4. the lack of financing for multi-family rental projects
5. the Capital Move question

Vacancy rates tend to be cyclic in nature and are related to the economy. A comparison of recent vacancy rates is shown in the following table:

Vacancy Rates 1985 - 1990

Year	Survey Dates	Single Family	Multi-Family	Mobile Homes	Total
1985	Fall, 1985	3%	10%	1%	4%
1986	Nov/Dec, 1986	7%	21%	7%	7%
1987	Sept, 1987	6%	21%	10%	9.7%
1988	Oct, 1988	4.4%	5.9%	2.3%	4.5%
1989	Sept/Oct, 1989	3.3%	3.5%	3.4%	3.4%
1990	Sept, 1990	1.7%	0.9%	1.3%	1.5%

There is good reason to believe that the vacancy rate has become even lower since the last survey in September, 1990 because of the seasonal pressure of the legislature. Clearly, the low vacancy rates are not healthy for the community. A healthy vacancy rate is in the range of three to five percent in order to provide some choice in housing type and location and allow for upward mobility for persons or families living in substandard or crowded conditions.

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EXISTING LOW INCOME HOUSING

The following is an inventory of existing low income housing and rent subsidy certificates available in Juneau.

Existing inventory of low income housing:

Project Ownership	Number of Units	Type of Program	
Cedar Park	75	HUD Subsidized Rent	ASHA
Geneva Woods	25	HUD Subsidized Rent	ASHA
Mountain View	62	HUD Subsidized Rent	ASHA
Gastineau Apts.	41	(Seniors/Disabled) HUD Subsidized Rent	Private
Coho Apts.	52	(Seniors/Disabled) HUD Subsidized Rent	Private
Chinook Apts.	63	HUD Subsidized Rent	Private
Gruening Park	96	HUD Subsidized Rent	Private
Nonprofit			
Sleepy Spruce	24	FHA Subsidized Rent	Private
Channel Terrace	<u>24</u>	FHA Subsidized Rent	Private
TOTAL UNITS:	462		

In addition to the 462 low income housing units, the Alaska State Housing Authority (ASHA) has 117 Section 8 Certificates and 40 Rent Vouchers available for low income persons. With the certificates and vouchers, the recipients are able to rent an apartment of their choice and still have the rent subsidized. The total subsidized low income housing units in the community is therefore as follows:

462	Low income apartment units
117	Section 8 Certificates
<u>40</u>	Rent Vouchers
619	Subsidized Low Income Units

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Subsidized Housing Waiting Lists:

A survey of the current waiting lists for each of the housing projects as of January 31, 1991 revealed the need as follows:

Project	Unit Size by Bedroom	Number on Waiting List
Gastineau Apts. (Seniors/Disabled)	1 or efficiency	30
Sleepy Spruce	1	5
Sleepy Spruce	2	30
Sleepy Spruce	3	30
Channel Terrace	1	7
Channel Terrace	2	11
Channel Terrace	3	5
Gruening Park	1	3
Gruening Park	2	28
Gruening Park	3	19
Gruening Park	4	10
Coho/Chinook Apts.	1	6
Coho/Chinook Apts.	2	14
Coho/Chinook Apts.	3	10
Tlingit/Haida Hsng. Authority	3	59
Tlingit/Haida Hsng. Authority	4	8
Tlingit/Haida Hsng. Authority	5	6
Tlingit/Haida Hsng. Authority	6	5
ASHA (includes 3 housing projects & Section 8 Voucher Cert.)		
ASHA	1	130
ASHA	2	275
ASHA	3	125
ASHA	4	25

Total of Waiting Lists, by Bedroom Size:

181 units	1 bedroom or efficiency
358 units	2 bedroom
248 units	3 bedroom
43 units	4 bedroom
6 units	5 bedroom
<u>5 units</u>	6 bedroom
841 units	total need

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SPECIAL NEEDS GROUPS

The special needs groups include but are not limited to those segments of the population requiring not only housing but also supportive services to coincide with the housing. The wide categories include the homeless, those in recovery from chronic substance abuse, the mentally ill, victims of domestic violence situations, and those exiting the correctional system. The majority of this group is, in one way or another, serviced by a specific agency intending to meet the most pressing needs of the individual. Across the community, these agencies are losing vital efficiency in turnover of clients due to insufficient housing availability.

As expected, the needs of this population are far more complex than a shortage of rental units. The cost as well as the level of management of supportive and/or supervised housing exceeds that of the private rental market. Location, access, durability, and cost become criteria of greater importance when dealing with the special needs group. Thus, when the private market is tightened to near zero vacancy, the availability of the flexible housing necessary to operate the supportive type model dries up completely.

Of the categories listed, there are presently five agencies in Juneau operating some form of their own supportive and/or transitional housing. The capacities and program descriptions are outlined below. They are all nonprofit agencies operating on limited budgets that prevent each of them from assuming any more debt to purchase or construct expanded facilities. They in turn rely on the current market for their needs. The success of their respective housing programs is severely threatened by this current housing crisis in Juneau. The impact ranges from clients using services longer than necessary, preventing an individual who might be more needy from access to service, to a stagnation in the whole program due to the inability to meet the needs of incoming clients and rotation through any given system.

Synopsis and status of existing programs:

1. **AWARE Shelter** - an emergency shelter for women and children in domestic violence situations.

AWARE has a total of 48 beds, with clients staying an average of four to six weeks. They have serviced a total of 3,000 shelter nights in FY91, to date. 80% of the clients are in hardship for housing after they leave AWARE.

AWARE cannot house homeless women and children unless there is evidence or threat of domestic violence (Agency mandate).

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2. **Gastineau Human Services** - in separate locations, serves as both community resource center (corrections), and transitional housing facility (substance recovery).

* **Glacier Manor** (corrections) has a total of 18 beds, with clients' length of stay determined by the court system. 50-55% of the clients are released into a homeless situation with no back up for housing.

* **Gastineau Manor** (recovery) has a total of 23 beds, with clients staying an average of 90-120 days. 75% of the residents use the full extent of stay and often longer due to impending homeless situations. An estimated 5% are using the program only because it provides housing.

3. **Glory Hole** - an emergency homeless shelter.

The Glory Hole has 36 beds, with an average stay of 25-35 days. They now have the capacity for up to ten beds in a transitional four month dorm for those working and maintaining sobriety. The remainder of the beds are on a 30 day emergency use basis only. There is bed space now available for single adult males and females. Approximately 12-15 new people arrive each month with no connections or job. The Glory Hole has served 5,200 shelter nights in 1990; 410 are unduplicated.

4. **JAMI** - a mental health agency

JAMI has a total of ten beds in the group home, and 16 beds in the semi-independent section, both at constant capacity. They are currently serving 105 clients, 85 currently on housing waiting lists. There are an estimated 10-15 now waiting to get into the group home. There are 25 clients who now have either certificates or vouchers for Section 8 housing, but cannot find housing units.

5. **St. Vincent de Paul** - an emergency family shelter

St. Vincent de Paul is in the process of constructing a five-unit family shelter. They serve 250-300 persons through food assistance programs. It is estimated by St. Vincent de Paul that 80-90 families are without adequate shelter.

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AVAILABILITY OF LAND

The availability of land is often suggested as a reason for the lack of housing. However, the following data will show that there is sufficient land to accommodate significant residential growth in the community in the near term.

The Community Development Department, as part of its Juneau Wetlands Management Plan, conducted an inventory of developed and undeveloped land by zoning classifications. The data is shown in the following table:

ZONE CLASS	DEVELOPED ACRES	VACANT ACRES	DEVELOPABLE ACRES
D-1	1,242	2,246	650
D-3	340	663	203
D-5	3,376	1,453	475
D-10	54	86	51
D-15	338	970	508
D-18	244	129	59
TOTAL	5,594	5,547	1,946

Source: CBJ, Department of Community Development, Juneau Wetlands Management Plan, June 1990.

The total of 1,946 vacant developable acres does not include wetlands, steep slopes, or inaccessible property. If these acreages were developed at the maximum density allowed by zoning, an estimated 12,826 dwelling units could be constructed which is more than the current inventory of dwelling units in Juneau. Even more modest development (less density than allowed) allows for significant growth.

Other factors related to land may in part be responsible for the lack of affordable housing. These factors would include the cost of land, the limited ownership of large parcels, and the high cost associated with installing the required subdivision improvements such as paved streets, curb and gutters, storm drainage, underground electrical service, and the cost of extending utilities.

In 1984, the Planning Commission evaluated the 20,000 acres of CBJ owned property and classified approximately 1,200 acres for residential use. These lands were located in the following areas:

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1. North Douglas just north of Kowee Creek
2. Lemon Creek from the hillside behind the jail to Fred Meyers
3. Land at the base of Thunder Mountain
4. Land east of Peterson Hill between Brotherhood Park and Auke Lake
5. Land west of Peterson Hill on the Mendenhall Peninsula
6. Land along the Back Loop Road between Lake Creek and Montana Creek

The Planning Commission designated these parcels as being available for development in the future, after consideration was given to the supply of private land to meet housing needs, the availability of water and sewer, the effect on property values and other factors.

At the present time, the CBJ parcels on North Douglas, Peterson Hill, and the Mendenhall Peninsula are not available for development because they are mental health lands which are part of a statewide law suit. The status of these lands will likely remain uncertain for some time. The Mendenhall Valley parcel was proposed for development of a mobile home park several years ago and was stopped because of the inability to get the necessary wetland permits. The Back Loop parcel does not have sewer available and would be difficult to develop without it because of high water tables and lack of suitable drainfield sites. The Lemon Creek parcel is the only area which has a reasonable opportunity to be developed at this time.

Before any of the CBJ parcels can be made available for development, a detailed site analysis needs to be done which examines the issues of access, topography, utilities, wetlands, geophysical hazards, zoning, public transportation, soils, etc. The use of CBJ land to stimulate the development of low income housing will take considerable money and effort and is viewed as a long term strategy.

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THE ECONOMY

Juneau's housing market is closely related to Juneau's economy. While government is the dominant basic industry in Juneau, mining and tourism are steadily increasing in importance. Growth in Juneau's economy during 1989 and 1990 can largely be attributed to the opening of the Greens Creek Mine and the continued exploration activities with the A-J and Kensington Mines.

Even though the short term outlook for Juneau's economy is good because of mining and tourism, the long term outlook is uncertain because of the predicted decline in North Slope oil production and the resulting loss of state revenue. Past experience has shown that a loss of state revenue results in a reduction of government jobs in Juneau. The recession which began in 1986 also contributed to depressed property values and extremely high vacancy rates.

The relationship between the economy and housing is not as simple as it might seem. During the decade of the 1980s, when the economy did well, a large number of housing units were constructed to meet the demand. In 1983 alone, following the capital move vote, 920 dwelling units were constructed and yet vacancy rates were low. However, a contrasting situation occurred in 1988 during the height of an economic downturn, when only nine dwelling units were constructed in a single year and vacancy rates were high. Appendix G gives historical information on past building activity.

At the present time, it seems reasonable that significant construction activity should be occurring to meet the demand for housing as has happened in the past. But it is not happening, and there are few indications that many new dwelling units will be constructed this year. The main reasons are: 1) the lack of long term financing; 2) the fact that production costs still exceed the cost of purchasing existing units; 3) the loss of federal tax incentives; and, 4) uncertainty about the economy.

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CURRENT HOUSING NEEDS

NUMBER OF HOUSING UNITS NEEDED:

There is no simple way to determine the number of housing units needed. The following information attempts to address housing needs.

The overall vacancy rate in the City and Borough of Juneau (CBJ) as of September 1990 was 1.5 percent. The current vacancy rate is estimated at well below 1 percent and likely close to 0 percent.

Previous housing studies done for the CBJ in 1972 and 1977 recommend an acceptable vacancy rate of between 3-5 percent in order to provide minimal choice in housing and seasonal employment variations.

According to statistics provided by the CBJ, the total number of housing units in Juneau is 10,493. Therefore, in order to achieve a 3 percent vacancy rate it is estimated that Juneau needs an additional 300 housing units comprised of various housing types.

According to the current waiting lists for all low income housing providers as of January 31, 1991, there were 841 applicants for 1 through 6 bedroom housing units.

Each housing agency has its own rental application process. A survey of property managers indicates that most applicants apply for housing through the Alaska State Housing Authority (ASHA) and also apply with at least one other housing provider.

To actually determine how many people have applied at one or more housing projects would require a signed release from each applicant allowing individual housing providers to release their name so that each housing provider's waiting list could be cross referenced. This would be a very difficult if not impossible task.

Making the assumption that each applicant is on the ASHA waiting list and at least one other providers list would indicate there are currently approximately 286 applicants for low income housing.

A second assumption based on discussions with housing providers is that approximately 50 percent of the applicants currently have some form of housing, for example living with another family member, paying in excess of 50 percent of their income for rent, or living in substandard housing. Based on these assumptions, there is an immediate need for a minimum of 150 low income housing units.

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FUTURE HOUSING NEEDS

Population and Housing Demand Projections

The City and Borough hired the consulting firm of Berber/Abam to prepare a Socio-Economic Study as part of the proposed A-J Mine project. The purpose of the study is to examine the social and economic impacts to Juneau if the A-J Mine were to go into production. Considerable analysis of the housing supply and demand is included in the study.

The Socio-Economic Study predicts Juneau's population through the year 2009 on the assumption that the A-J Mine is developed. The population projections are as follows:

1990	28,881	2000	32,535
1991	30,426	2001	32,346
1992	30,378	2002	32,251
1993	31,141	2003	32,122
1994	31,732	2004	32,049
1995	32,113	2005	31,973
1996	32,423	2006	31,844
1997	32,548	2007	31,653
1998	32,665	2008	31,481
1999	32,574	2009	31,381

The demand for housing caused by the A-J Mine is broken into two parts. The first is the demand associated with construction, and the second is the demand associated with the actual operation of the mine. The demand is shown in the following charts.

Net Housing Demand by Unit Type Associated with Construction

	1991	1992	1993
Single Family Units	0	10	16
Other Owned Units (a)	0	7	11
Multi-Family Units	6	62	61
Mobile Home Units	0	8	7
Total	6	87	95

(a) Excluding mobile homes but including condominiums, duplexes, and zero lot line structures.

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Net Housing Demand by Unit Type Associated with Operations

1994	
Single Family Units	126
Other Owned Units (a)	89
Multi-Family Units	152
Mobile Home Units	22
Total	389

(a) Excluding mobile homes but including condominiums, duplexes, and zero lot line structures.

The housing demand associated with operations will require the development of 389 dwellings, including 22 mobile homes, by 1994. The increase in demand is likely to result in increased housing prices and rental rates. The exact amount of these expected increases is difficult to predict. Nonetheless, the sale price and rental increases will have a disproportionately negative impact on low and moderate income households, especially those who currently do not own housing. The severity of the impact on these households may result in their being forced to relocate from Juneau¹.

¹ Source: A-J Mine Socio-Economic Study

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INSTITUTIONAL PROBLEMS AND ISSUES

FINANCING

The Tax Reform Act of 1986 was the most significant and comprehensive tax legislation passed in the last 50 years. The intent of most of these changes was to simplify the tax code and to equalize tax treatment for taxpayers with similar incomes. In a sharp departure from prior tax legislation, many of these changes were aimed at discontinuing attempts to cure a wide variety of social and economic problems through tax incentives or tax subsidies.

The most obvious effect of the Tax Reform Act of 1986 was the lowering of personal tax rates which made deductions and remaining tax incentives less valuable to those individuals owning or considering owning certain investments such as real estate.

Of primary importance were the changes that affected real estate investments. Depreciation of real estate was changed dramatically. Under the old code, real estate could be depreciated over 19 years with an accelerated method. The new tax law changed that to 27.5 years to 31.5 years on a straight-line basis. This obviously has a large negative impact on the amount of income that can be sheltered on a real estate investment. In addition, deductibility of real estate losses was capped and losses on certain real estate investments could only be used to offset gains from similar investments.

All of the above had the effect of discouraging real estate investment in rental income properties. However Congress made special provisions for investing in or rehabilitating low income housing. Specifically, the new law created a low income housing credit equal to 9 percent of the construction or rehabilitation cost of housing brought into service after December 31, 1986. This credit could be taken each year for up to ten years - an overall potential credit of 90 percent. The credit was limited to 4 percent of the acquisition cost per year if purchasing existing low income housing or building new housing financed by Federal subsidies.

While these credits were to expire by law in 1990, Congress has extended them until December 31, 1991, and they may be extended again. In addition, the maximum credit allowed for the ten year period for construction and acquisition has been lowered to 70 percent and 30 percent respectively. Qualifying properties must be residential rental properties that meet requirements for low income tenant occupancy, gross rent restrictions, and IRS certification.

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The economy in Juneau has impacted new construction in several ways. Because of the recession in the mid 1980s and the resulting decline in real estate values, current market values have still not recovered to the point where they exceed cost of construction. Since financial institutions typically will finance 75-80 percent of cost or market whichever is less, developers/builders are forced to increase their investment to make up for this disparity. Accordingly, developers are still unable to economically produce rental housing of any kind without large amounts of equity and the ability to hold the property until it appreciates well above their cost.

Assuming that a developer/builder had the financial resources and willingness to build additional rental housing, construction financing is available through most financial institutions. However, construction financing is expensive and short term. Currently, long term conventional financing of government sponsored financing for this kind of project is difficult to find.

Up until recently, the Department of Housing and Urban Development was the primary source of financing and subsidies. However, the problems experienced by HUD have been well documented in the press and, for all practical purposes, HUD has no active financing programs available.

There is a program available through the Federal Home Loan Bank Board (FHLBB) called the Affordable Housing Program, which is now beginning to assist in this area. This program allows the FHLBB to provide interest rate subsidies to qualified projects in the form of interest rate buydowns. The project financing must be provided by a cooperating financial institution that is a member of the FHLBB. The subsidy can be used in conjunction with other Federal credits and/or subsidies. The amount of funds are not limited and projects in Juneau would compete for funding within a geographic region consisting of twelve states.

Tax exempt financing through a qualified agency or CBJ is another obvious source of financing. The CBJ has issued revenue bonds for various purposes in the past and there is nothing to prevent the CBJ from doing the same to finance a low income housing project. The advantages in this kind of financing is that presumably with lower interest costs, the project becomes more economical and rental rates can be lower as well.

However, the marketability of these types of bonds for this kind of project is traditionally very limited since they are not general obligations of the CBJ. Typically, these bonds are purchased by a financial institution that is seeking to fulfill its obligations within the community under the Community Reinvestment Act. The rate and marketability of these bonds are also affected by the amount of other bonds being issued by CBJ within the same year.

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FEDERAL AND STATE PROGRAMS

1. **Cranston-Gonzales National Affordable Housing Act [S.566]**
(includes the HOME Program and the National Homeownership Trust Demonstration)

HOME

The Home Investment Partnership Program will allocate funds, largely by formula, among state and local governments to strengthen public/private partnership to provide more affordable housing. HOME funds have to be matched by state and local resources. Participating jurisdictions can use funds to carry out multi-year housing strategies with a variety of eligible uses including rehabilitation, new construction, acquisition, and tenant-based rental assistance. At least 15 percent of HOME funds received by participating jurisdictions must be set aside for housing to be developed or sponsored by a community development organization. Funds not used within 18 months will be recaptured and reallocated.

Of the amount appropriated each fiscal year, 1 percent shall be reserved for Indian Tribes. No funds were designated in the FY91 Appropriations Act. HUD has requested a 1991 supplement of \$5 million.

Regulations are being developed in the Office of Community Development and Planning (CPD) in HUD Central Office.

National Homeownership Trust Demonstration

Establishes a HUD in National Homeownership Trust to provide assistance payments for first time homebuyers. The Trust is to provide assistance with interest rate buydowns so that the rate of interest payable on a mortgage does not exceed 6 percent.

Funds are to be allocated by state according to the relative need of eligible first time homebuyers.

2. **Low Income Housing Tax Credits [LIHTC]**

The Alaska State Housing Authority operates the Low Income Housing Tax Credit (LIHTC) program for the U.S. Department of Treasury. The program allows any individual or corporation to apply for tax credits for the construction or acquisition and rehabilitation of low income rental housing.

The amount of credit each state has available to allocate is based on population. Each state is allocated \$1.25 per

LOW INCOME HOUSING TASK FORCE REPORT

person. Alaska's allocation was \$494,000 in 1990. Due to carryover provisions in the 1989 law, the amount of credit available in 1991 will approach \$1.4 million for Alaska.

To get tax credits, a qualified project must have a minimum of 20 percent of the units set aside for families at 50 percent of gross median income (GAMI) or a minimum of 40 percent of the units for families at 60 percent of GAMI. For projects that have greater than 40 percent of the units set aside, the 60 percent GAMI measure is used. The GAMI is used to determine qualifying family income, but not the maximum rents. The allowable rent (including utilities) is restricted to 30 percent of a person's monthly income. The rent is based on the number of bedrooms in the unit.

The tax credits can be used for projects that involve new construction, acquisition and rehabilitation, or just rehabilitation. Credits can be used on any size and type of housing, from single family homes to large multi-family complexes. In general, these properties must be rental units.

There are two ways that the tax credit program can produce benefits to the developer of low income housing. The first is for individuals who wish to reduce their individual tax burden at the end of the year. Depending on the tax bracket, a person could deduct up to \$7,000, per year for ten years, off the amount of taxes owed the IRS. There is no limit on the amount of credit a corporation may use per year.

The second way, and the most common, is for the person receiving the tax credit to sell the tax credits to investors, to raise equity for the project. The credits can be sold either through intermediaries (syndicators) or directly to investors such as banks, foundations, oil companies or native corporations. The investors join the project as limited partners, sharing in any losses and the tax deductions. The money raised through the sale of the tax credits is often used by private developers for the developer's fee.

LOW INCOME HOUSING TASK FORCE REPORT

REPLACEMENT HOUSING AND HOUSING RELATED TO PUBLIC PROJECTS

Existing housing which is currently at risk or standing vacant could offer an opportunity for the city to maintain housing which would otherwise be lost.

Renovation and Restoration

The City and Borough of Juneau (CBJ) should establish a housing rehabilitation loan fund as part of its larger Rental Stimulation Program. This housing rehabilitation fund could be used to maintain established housing units which may need repair. Any rehabilitation project should meet the same criteria as building projects. The aim of any project would be the production of housing.

The CBJ should have a housing information office. This office should be a clearing house of Federal, State and local programs designed to assist owners in rehabilitation of their property. The information office could also maintain information such as a list of organizations willing to manage housing units or assist owners with renovation. Partnerships between owners and organizations with a need for housing could be very beneficial.

The office could contact owners of housing in need of repair or renovation. These owners could be given any possible assistance which would enable them to rehabilitate their property. Owners of vacant or "other use" buildings could be eligible also.

The CBJ should require that rental housing must pass a building inspection for habitability before the building is sold. This would promote the ongoing maintenance and repair of buildings while penalizing no one who maintains a habitable building.

Prevention of Conversion

Some owners with well maintained housing have in the past converted their units to offices. Tax incentives or financial subsidies could be made available to owners of such "at risk" buildings who agree to maintain their existing housing. This type of program would have to be audited closely to be cost effective. A pilot project targeting one or two 'at risk' buildings might be a good way to initiate this type of program. Lessons learned could be incorporated into an expanded program.

The CBJ could pass ordinances protecting tenants of units converted to offices. Terminations of tenancy could be

LOW INCOME HOUSING TASK FORCE REPORT

required to be one year. Payment of relocation expenses could be required.

The CBJ could pass ordinances making conversion dependent on a finding by the CBJ that the conversions will not adversely impact the housing situation in Juneau. This would not prohibit conversions but would protect renters during times of tight housing.

Tenants who wish to purchase and maintain their buildings as low income housing through cooperative ownership should be offered support by the CBJ. The building may or may not be "at risk" but the tenant group should guarantee a percentage of the units will be occupied by low income members. City assistance could be in the form of expertise or financial assistance.

Prevention of Demolition

With very low vacancy factors, the elimination of housing units will have an impact on the citizens of Juneau who are in need of housing. Because of this, the demolition of housing units should be dealt with by the CBJ in a similar way as the building of housing units. The impact of the loss of housing should be reviewed by a city housing board. This board should issue housing demolition permits. The housing review board should be charged with monitoring the housing situation in Juneau. A severe housing shortage could be grounds for the refusal to issue a housing demolition permit. The poor condition of a building could be grounds for allowing demolition.

Other Actions

The CBJ should produce and make available at cost, a small, easily read, inexpensive handbook which explains the Alaska Landlord Tenant Statutes as well as any applicable local resolutions. It should be a requirement that each tenant has a copy of this handbook. This will improve both the landlords' and the tenants' knowledge of their rights and responsibilities.

LOW INCOME HOUSING TASK FORCE REPORT

SUBDIVISION, BUILDING CODES, OBSTACLES OF HOUSING CONSTRUCTION

1. Building Codes

- The Council of American Building Officials (CABO) One and Two Family Dwelling Code is not approved for use within the CBJ. This code is jointly sponsored by the International Conference of Building Officials and Code Administrators International, Inc. and Southern Building Code Congress International, Inc. The code has widespread acceptance in other parts of the country, and its adoption has simplified and reduced costs of one and two family dwelling construction. The CBJ should consider its adoption.
- Use of plastic pipe is not presently allowed in Alaska. The CBJ Manager's Office is corresponding with the Department of Labor looking for support of state adoption of the current Uniform Plumbing Code. Adoption of the current code would allow use of plastic pipe for water supply, waste and vent piping. Use of this type of pipe materials throughout a residence or dwelling unit has resulted in savings of 2-3 percent in overall construction costs. The Assembly should nurture alliance between the Plumbers Union, Department of Labor and the State Homebuilders Association for state adoption of the current plumbing code (1991 UPC.) The CBJ Lobbyist could assist in getting the code through the State Legislature.
- The Assembly should be aware that building codes are intended to be minimum codes which provide safe, sound and sanitary housing. There is a need for review of current building code modifications and additions that have been implemented by the CBJ. Any amendments which increase construction costs are punitive to the development of affordable housing units, especially those at the low end of the market.

2. Lack of Competition

Juneau's small population base and geographical isolation coupled with its cyclical economy and seasonal construction limitations can't support the degree of specialization or the number of contractors who can have the same specialty or the economics of scale afforded larger communities. This reduces efficiency and competition, hence raising construction costs. Population and isolation also contribute to limited inventories and selection of building materials. While it is not necessarily appropriate for the task force or the CBJ to encourage growth for the sake of supporting a larger, more diverse business community, it is appropriate to create as favorable a business climate as possible. A good first step would be to consider repealing the 1 percent Inventory Tax.

LOW INCOME HOUSING TASK FORCE REPORT

There are several specific areas somewhat related to lack of competition that result in higher construction costs. These also warrant further scrutiny.

- Solid waste disposal costs for disposal of construction debris and waste have escalated dramatically over the last several years. There needs to be an alternative to paying five cents per pound to dispose of sheetrock scraps and chunks of concrete.
 - The recently adopted open burning restrictions further contribute to the cost of disposal of construction wastes. Builders as well as suppliers can no longer burn shipping crates or boxes and must bear the expense of their disposal at the landfill.
 - The cost of vehicle and heating fuels within the Juneau Borough are considerably higher than elsewhere throughout the state. Full support by the CBJ in encouraging development of another fuel supplier in Juneau would increase the present competition level and help bring these costs in line.
 - An interesting side light but a definite increase in the cost of doing business locally is the cost of advertisement. A 2 1/2" x 6" advertisement in the Juneau area Yellow Pages costs approximately \$250.00. The same size advertisement costs 50 percent less in Fairbanks.
3. **Planning and Zoning Restrictions**
- Under present CBJ zoning, allowable lot density (units per acre) has decreased and off street parking requirements have increased. This change has occurred since the last building boom. With the lack of any appreciable construction since the boom, it is difficult to evaluate its effect. Based on experience elsewhere in the country, it will result in increased costs of construction, especially in the lower end of the market.
 - High subdivisions standards such as wide streets and right-of-ways, below ground utilities, elaborate storm drainage systems and requiring full completion of the subdivision infrastructure prior to sale of the first lot are factors that can and do result in higher residential unit costs. Experience has shown that adjustment of these stringent requirements does not result in a reduction of quality or serviceability.

LOW INCOME HOUSING TASK FORCE REPORT

INCENTIVES FOR HOUSING CONSTRUCTION

There is question whether the CBJ can provide financial incentives for the private development of low income housing through property tax exemptions or a waiver of building permit fees, or sewer and water hook-up fees.

The city and borough, like other municipalities in Alaska, is governed by state law with respect to property taxes. Only those property tax exemptions which are required or allowed under state law may be granted by a municipality.

There does not appear to be any authorized property tax exemptions applicable to the private development of low income housing authorized under state law and the CBJ code. While AS 20.45.050 (1) relates to low income housing, it allows a municipality to exempt only the possessory interest in real property of an individual residing in the property if the property was developed with federal funds for low income housing and is owned and managed as low income housing by ASHA or a regional housing authority. This subsection does not authorize a property tax exemption for a private developer of low income housing. AS 29.45.050(m) allows a municipality to exempt from taxation "economic development property." As defined in the statute, however, the term "economic development property" does not appear to include low income housing projects. CBJ 69.10.010(6) partially exempts from property taxes, for a period of four years, residential property which has undergone certain qualifying repair and rehabilitation work.

Also, the CBJ code does not authorize the CBJ to waive building permit fees or water and sewer hook-up fees. There have been occasions when the Assembly has authorized the CBJ to pay such fees for nonprofit organizations in order to assist projects providing a needed public service, such as the Glory Hole and St. Vincent de Paul.

LOW INCOME HOUSING TASK FORCE REPORT

HOUSING SERVICE PROVIDERS

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)

There are currently only two programs available through HUD for the development or rehabilitation of low income rental housing for private or nonprofit developers.

1. **Multi-family Rental Housing for Moderate Income Families - Section 221(d)(3) and Section 221(d)(4).**

This program provides mortgage insurance to finance rental or cooperative multi-family housing for moderate income households, including projects designed for the elderly.

Nature of the program: HUD insures mortgages made by private lending institutions to help finance constructing or substantial rehabilitation of multi-family (five or more units) rental or cooperative housing for moderate income or displaced families. Project in both cases may consist of detached, semi-detached, row, walk-up, or elevator structures.

Currently the principal difference between the programs is that HUD may insure up to 100 percent of total project costs under Section 221 (d)(3) for nonprofit and cooperative mortgagors, but only 90 percent under Section 221(d)(4), irrespective of the type of mortgagor.

Eligibility includes: public agencies; nonprofit, limited dividend, or cooperative organizations; private builders; or investors who sell completed projects to such organizations. Additionally, mortgages may be obtained by profit motivated sponsors. Tenant occupancy is not restricted by income limits.

Additional information: Multi-family Rental Housing, Section 207, is an authorized program through HUD but currently all multi-family rental projects are being insured under Section 221(d)(3) and Section 221(d)(4).

2. **Direct Loan for Housing the Elderly or Handicapped - Section 202**

This program provides housing and related facilities for the handicapped or elderly.

The nature of the program is for long term loans to eligible, private, nonprofit sponsors to finance rental or cooperative housing facilities for occupancy by elderly or handicapped persons. The interest rate is determined annually. Section 8 funds are made available for 100 percent of the Section 202 units for the elderly and handicapped.

LOW INCOME HOUSING TASK FORCE REPORT

Private, nonprofit sponsors may qualify for loans. Households of one or more persons, the head of which is at least 62 years old or is qualified nonelderly handicapped between the ages of 18 and 62, are eligible to live in the structures.

Additional information: There are two other programs available to assist in the development and management of Section 202 Elderly and Handicapped Housing:

- a. Assistance to Nonprofit Sponsors of Low and Moderate Income Housing - Section 106: provides technical assistance and loans to sponsors of certain HUD assisted housing. This can include interest free "seed money" loans to cover 80 percent of preliminary development costs.
- b. Congregate Housing Services: provides Federal grants to public housing agencies (PHAs) and Section 202 borrowers. HUD makes three to five year grants for a meals program, seven days a week and other supportive services needed by eligible residents to prevent premature and unnecessary institutionalization.

LOW INCOME HOUSING TASK FORCE REPORT

ALASKA STATE HOUSING AUTHORITY (ASHA)

The Alaska State Housing Authority (ASHA) has been in the housing business since territorial days. As the state's only public housing authority, ASHA operates rental housing for low income people throughout Alaska. The Authority houses over 3,000 families with subsidies from HUD. In addition, ASHA administers programs that increase the amount of low and moderate income rental housing, through partnerships with nonprofit organizations and the private sector. Its bonding authority has also financed the construction and acquisition of public and residential buildings throughout the state.

Programs and Services: HUD Public Housing Programs - Low Rent Housing, Section 8 Rental Housing, Section 8 Certificates and Vouchers, Mutual Help, Turnkey III; Self Sufficiency Programs for Public Housing Residents, State Lease Building Program and bonding authority for Multi-Family Housing.

In Juneau, ASHA operates the Cedar Park, Geneva Woods, and Mountain View housing projects.

LOW INCOME HOUSING TASK FORCE REPORT

ALASKA HOUSING FINANCE CORPORATION (AHFC)

AHFC has special tax exempt financing available for first time home buyers (or anyone who has not lived in their own home for the past three years.) This program is designed to make it easier for first time home buyers to purchase their first home. While this program cannot be used with rental property, to the extent it qualifies a person who would otherwise not qualify for home financing, it presumably would free up another rental unit in the Juneau market.

Currently, the interest rate under this program is 8.25 percent. Income cannot exceed \$75,000 annually and the sale price of the house cannot exceed \$82,170 including seller's closing costs borne by the buyer. Effectively, the sale price ceiling limits this program to condominiums and small zero-lot lines.

The HOF Program is available to low income borrowers at an interest rate of 8.25 percent. In addition if qualified, the borrower is eligible for up to 2.25 percent in interest rate subsidies, making an effective rate of 6 percent. However, income guidelines are quite narrow, and it is difficult to qualify for this program.

Another program financed by AHFC is contained in a bill which passed the legislature in the 1990 session to help encourage the construction of senior congregate housing. The implementing regulations have not been published, and so no loans have been made to date. In summary, the bill provides for AHFC to provide up to \$30,000,000 of financing for senior congregate housing.

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DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS (DCRA)

The Department of Community and Regional Affairs (DCRA) oversees a number of programs for rural housing development.

The Alaska Legislature has defined rural, in part, as a community in the First Judicial District (Southeast) which has a population that is less than 4,500. DCRA offers four loan programs that are available: Rural Owner-Occupied; Rural Non-Owner Occupied; the Housing Rehabilitation Program; and, the Home Ownership Assistance Loan Fund (HOAF). The structure must serve as the borrower's principal residence for all purposes except the Non-Owner Occupied Program.

LOW INCOME HOUSING TASK FORCE REPORT

TLINGIT AND HAIDA HOUSING AUTHORITY

Tlingit and Haida Regional Housing Authority (T-HRHA) is an Indian Housing Authority and prides itself in providing low income housing in eleven Southeast Alaska communities.

T-HRHA is proposing to build the following units in the Juneau area:

- 30 single family dwelling, 3-4 bedrooms, one story units
- 20 low rent, 3-4 bedrooms, duplexes

Ideally, T-HRHA would like to have multiple sites on which to build these units. Segregating people by income levels and races can cause social problems which T-HRHA feels would be alleviated by having multiple sites. The T-HRHA development program will provide a higher standard of living for individuals who may never achieve the pride of ownership and may currently be living in crowded, substandard conditions.

These units would be designed to be energy efficient, and the one story duplexes would be more easily accessible for the elderly and handicapped. These could easily be converted to homeownership at a later date.

To ensure that the homes are well maintained at all times, participants are required to participate in an extensive counseling program which includes home maintenance, repairs, and upkeep. The counseling program also consists of budgeting and other facets of homeownership. All units are inspected annually by the Housing Authority maintenance staff for deficiencies and all deficiencies must be cured within given timelines agreed upon by our office and the homebuyer.

The Housing Authority is exempt from paying property taxes. It does, however, make Payment in Lieu of Taxes (P.I.L.O.T.)

The Housing Authority is currently managing and developing the following units throughout Southeast Alaska:

- 521 units of mutual help housing and low rent elderly housing
- 43 mutual help units under development (construction)
- 40 mutual help/low rent units in preliminary planning
- 604 total units

LOW INCOME HOUSING TASK FORCE REPORT

CITY AND BOROUGH OF JUNEAU PAST HOUSING PROGRAMS

a. Rental Housing Rehabilitation Program

During the 1970s and early 1980s, the CBJ made funds available for property improvements to existing rental units in downtown Juneau and downtown Douglas. The CBJ made 0 percent interest rate loans to property owners with funds obtained from HUD (Department of Housing and Urban Development).

The goals of the rehabilitation program were:

1. Upgrade older rental properties to decent, safe, and sanitary levels.
2. To the greatest extent possible, keep existing residential rental units in their present use rather than commercial use.
3. Provide more affordable housing opportunities for local residents in the downtown area, particularly low and moderate income residents.

b. Rental Stimulation Program

In 1982 the CBJ received a \$2,500,000 grant from the State of Alaska to develop rental housing. To create as much rental housing as possible, the CBJ used the grant to leverage with private funds.

Developers were given loans of \$15.00 for each square foot they built at 0 percent interest and deferment of the payments for five years. Developers were required to rent 20 percent of their units at a rent 25 percent less than their market rent units; not raise rents more than increases in operating costs for five years; and agree to pay back the entire loan nine months prior to converting any units to condominiums.

A total of 227 apartment units in 11 different apartment projects were constructed under this program. This program is a good example of creating a public and private partnership to solve a local housing problem.

c. Grants

The CBJ has made grants to the Juneau Alliance for the Mentally Ill for the acquisition of housing units as part of JAMI's independent living program. The source of funds was the Federal Community Development Block Grant program.

Additionally, the CBJ has made grants to the Glory Hole and St. Vincent de Paul for construction of their homeless facilities. The source of funds were loan payments from the Rental Stimulation Program.

LOW INCOME HOUSING TASK FORCE REPORT

OTHER MODELS

The CBJ should seek out citizen groups or nonprofit agencies using unique methods to provide low income housing. Two methods of note are 1) Cooperative Housing, and 2) Community Land Trusts. The CBJ should make every effort to work with members of such groups to increase the supply of low income housing.

LOW INCOME HOUSING TASK FORCE REPORT

RECOMMENDATIONS

FINANCING

Finding: Lack of long term financing through either public or private sources is a major impediment to the construction of more low income multi-family housing.

Recommendation:

1. Implement a modified Rental Stimulation Program with proceeds from the Housing Revolving Loan Fund and \$1,000,000 from the Legislature which would provide funds for new construction and rehabilitation
2. Investigate the feasibility of the CBJ selling revenue bonds for the financing of new low income multi-family units
3. Advertise availability of Low Income Housing Tax Credit program available through the Alaska State Housing Authority and assist developers in the application process
4. Advertise availability of Affordable Housing Act
5. Advertise the availability of HUD programs that provide mortgage insurance to finance rental or cooperative multi-family housing

Rationale:

The 1983 program was successful in leveraging \$2,500,000 to help construct \$12,000,000 worth of apartment units. This public/private partnership is perhaps the best way to maximize the number of new rental units needed in the community.

Long term financing for multi-family units is almost non-existent. A revenue bond issue which could be privately placed with a local financial entity may offer the only realistic source of long term financing for low income housing.

While available since 1986, this program has been virtually unused within the State of Alaska. Yet, this program can be used to make a project economically feasible that would otherwise not qualify for financing.

While these funds are allocated on a regional basis, this program could provide limited funding for a low income project sponsored by community development organizations.

Current financing options are severely limited through private lending institutions because equity requirements at this time are likely to run between 25-35%. The mortgage insurance could make a development viable.

LOW INCOME HOUSING TASK FORCE REPORT

LAND

Finding: Public land is an asset which can be used to stimulate the development of low income housing. Additionally, providing public utilities to private property can also stimulate development.

Recommendations:

1. Conduct detail site analysis of CBJ land in order to select a site for a low income housing development
2. Make CBJ land available to a non-profit corporation or a developer at [redacted] on a long term lease basis or sale with a reversion clause in return for reduced rent for low and moderate income tenants
3. Implement planning to provide infrastructure to encourage development of private property

Rationale:

During times of limited public dollars, land can be used to provide the needed equity in a project required by financial institutions. However, most CBJ land is not easily accessible and should be viewed as a long term solution

This is a form of a public/private partnership similar to the rental stimulation program where land is used instead of dollars. The CBJ would have control to ensure use for low income housing

Proper planning and coordination of infrastructure construction projects such as expansion of the central sewer system, would be an effective means of helping reduce residential site development costs and thus residential unit costs. An example is the lack of a central sewer system in the west valley that is currently resulting in lower unit densities due to on-site wastewater disposal requirements

LOW INCOME HOUSING TASK FORCE REPORT

LEGISLATION

Finding: The State of Alaska needs to play a larger role in providing for low income housing as well as legislation which can reduce the cost of development.

Recommendations:

1. Encourage the Alaska State Legislature to adopt legislation to provide financing for low income multi-family housing, security deposits for low income persons and development of homeless programs
2. The CBJ should support current legislation which encourages the State of Alaska to adopt the 1991 Plumbing Code to allow for the use of plastic pipe
3. Encourage the Alaska State Legislature to evaluate the possibility of exempting low income housing from property taxes
4. Urge that the State of Alaska this year adopt a long range housing strategy after extensive public input designed to prioritize expenditures for housing assistance based primarily on need. Greater emphasis should be placed on programs which attempt to solve the most serious housing problems - those in rural Alaska, for low income groups, the homeless, and those with special needs.

Rationale:

Legislative pressure and action is necessary to effect policy changes and provide financial commitment to ensure adequate affordable housing. The state has the capacity to establish program assistance and the state has the responsibility to address the crisis issues

Adoption of this code would expand the allowable uses of plastic pipe in plumbing systems in residential and commercial buildings. Use of plastic pipe could reduce total construction costs 2-3%

Only action by the Alaska Legislature can provide property tax relief to corporations providing low income housing. Other states provide exemptions on property taxes for low income housing units

Given the current low income housing crisis faced by communities in the State of Alaska and the severely limited financing options available to develop low income housing, the State must take the leadership role in the development of low income housing

LOW INCOME HOUSING TASK FORCE REPORT

PROGRAMS

Finding: The City and Borough of Juneau has not played an active role in housing since 1983. A more proactive program on a local level is needed.

Recommendations:

Rationale:

1. Designate a Housing Program Coordinator in the City and Borough to assist in the implementation of the recommendations in this report

The City and Borough must designate a position to be responsible for implementing the programs and other activities necessary to address the housing crisis. The authority to do so must also be present. Without clearly defined responsibility and authority for housing programs, the solution to the crisis will be much more difficult
2. Work with owners of underutilized buildings to create additional housing units

There are buildings in Juneau, especially in the downtown area, with large amounts of vacant space. The CBJ must actively work with owners to develop this space into housing units wherever possible.
3. Encourage housing agencies to construct a new subsidized mixed income housing project in Juneau

During the past decade the number of housing units available in Juneau to all income levels has decreased. The CBJ Assembly, Juneau housing developers and home building organizations must encourage and participate with State and Federal housing agencies to build more housing in the Juneau area
4. Establish a permanent housing advisory committee to advise the Assembly on housing issues

To address the housing crisis effectively, the CBJ Assembly should continue to receive input from interested citizens. A housing committee could consider the many issues involved in the solution to Juneau's housing crisis and make recommendations for action to the Assembly. This continuing input will be necessary to prevent future housing emergencies

LOW INCOME HOUSING TASK FORCE REPORT

LOCAL CODES AND ORDINANCES

Finding: Local development regulations may in some cases be overly restrictive and unnecessarily increase the cost of housing. Additionally, the cumulative loss of housing units due to conversion to other uses or demolition is significant.

Recommendations:

1. Request the Planning Commission to evaluate the land use and subdivision codes to determine the extent to which they constitute obstacles to housing development or how they can be modified to encourage housing development. Specific concerns are density requirements, parking requirements, and development standards for streets
2. The CBJ should adopt the CABO One and Two Family Dwelling Code that is jointly sponsored by the International Conference of Building Officials and Code Administrators International, Inc. and Southern Building Code Congress International, Inc.
3. The Assembly should request the Building Code Review Board to review the existing CBJ supplements to the Uniform Building Code for areas to effect construction cost savings

Rationale:

Current zoning requirements for residential unit densities increase unit costs for multi-family housing due to the expanded site development costs. Standards for street and right-of-way widths, off street parking and placement of utilities also increases residential unit costs. More reasonable site density and construction standards could be allowed and still provide a quality and aesthetically pleasing residential development

The CABO One and Two Family Dwelling Code is an extremely simple and user friendly code. Adoption would allow some construction practices not possible under the present codes and would have the net effect of reducing housing costs

Review of existing CBJ Uniform Building Code Supplements provides a legitimate role for government to address housing issues.

LOW INCOME HOUSING TASK FORCE REPORT

4. Very low vacancy rates in Juneau effect the quality of life of all Juneau citizens. The conversion of housing units to other uses should be monitored during times of low vacancy rates. The City Assembly (or a designated board) should review applications for any conversions planned during such times. This application should be submitted by the owner of the units being considered for conversion. Conversions should be closely monitored during times of severe housing shortages. Periods of shortages could be declared by the City Assembly upon finding of low vacancy rates. Reasonable grounds for delaying conversion should be published by the Assembly
- This will discourage the conversion of housing to office during housing emergencies. This is not meant to be restrictive, but only to be a temporary solution
5. The City and Borough should work actively with the State and Federal governments whenever housing units are adversely affected by those government's actions. Government has an obligation to mitigate any adverse affects its action may have on citizens. This obligation, while not legally binding, should be met whenever possible. When government action adversely impacts local housing, the housing units should be replaced whenever possible through cooperative efforts
- The CBJ must work with Federal and State representatives to ensure that actions by those governments do not adversely impact their citizens unduly

LOW INCOME HOUSING TASK FORCE REPORT

COMMUNITY DEVELOPMENT

Finding: Large scale economic development projects cause a significant impact on the availability of housing contributing to the low income housing shortage.

Recommendations:

1. Encourage developers of large economic development projects to consider the impacts of their projects on housing and mitigate those impacts when appropriate

Rationale:

Any development that expands a community's population impacts its housing supply. Determining whether existing or planned housing can accommodate the development depends on a realistic housing needs assessment by the developer and mutual cooperation with the municipality to address any deficiencies

**LOW INCOME HOUSING TASK FORCE
- PUBLIC MEETING -**

**Wednesday, February 20, 1991, 7:00 PM
Assembly Chambers, Municipal Building**

- I. Introduction of the Task Force and Purpose
- II. Overview of the Existing Housing Situation
- III. Recommendations of the Task Force
- IV. Public Participation
- V. Adjournment

* * * * *

Members:

- Jerry Madden Chairperson, Interested Citizen
- Tamara Rowcroft Alaska Housing Development Corporation -
Non-Profit Sponsor of Gruening Park Apartments
- Bruce Denton BCD Construction
- Jackie Johnson Tlingit-Haida Housing Authority
- Bob Sylvester Interested Citizen
- Debbie Zenger National Bank of Alaska
- John Egan Juneau Alliance for the Mentally Ill
- Win Gruening Key Bank of Alaska
- Hugh Grant Developer
- Bill Baxandall Baxandall Associates

Staff Support:

- Steve Gilbertson CBJ Lands & Resources Manager

APPENDIX B

WORK PROGRAM
CBJ Low Income Housing Task Force

WEEK #	DATES	TASKS	COMPLETED
1	January 7-15	A. Organize Task Force B. Brainstorm Concepts C. Outline Draft	
2	January 16-22	A. Finalize Outline B. Discuss Assumptions, Goals & Objectives, and Recommendations C. Finalize Work Program D. Confirm Work Assignments	
3	January 23-29	A. Draft Work Assignments B. Group Discussions on Draft Work Assignments	
4	January 30-February 5	A. Draft Work Assignments B. Group Discussions on Draft Work Assignments	
5	February 6-12	A. Finalize Individual Drafts B. Combine Individual Drafts into Draft Report, Recommendations	
6	February 13-19	A. Finalize Draft Report for Public Review B. Prepare for Public Distribution	
7	February 20-26	A. Solicit Public Review B. Conduct Public Meeting (Feb. 20)	
8	February 27-March 6	A. Review Comments from Hearing B. Revise Draft	
9	March 6-13	A. Print Report & Distribute to Assembly	
10	March 18	A. Present Report to Assembly	

January 30, 1991

APPENDIX C

The Juneau population during the 1980s showed a significant growth following the settlement of the capital move issue in 1982. However, since 1983-1984 the population has remained fairly stable with even a slight out migration during the statewide recession in 1986.

The following chart shows the estimated population since 1980.

YEAR	POPULATION ESTIMATES
1980	19,528
1981	21,650
1982	22,687
1983	27,519
1984	28,941
1985	29,370
1986	27,629
1987	28,407
1988	27,940
1989	28,408
1990	28,881

APPENDIX D

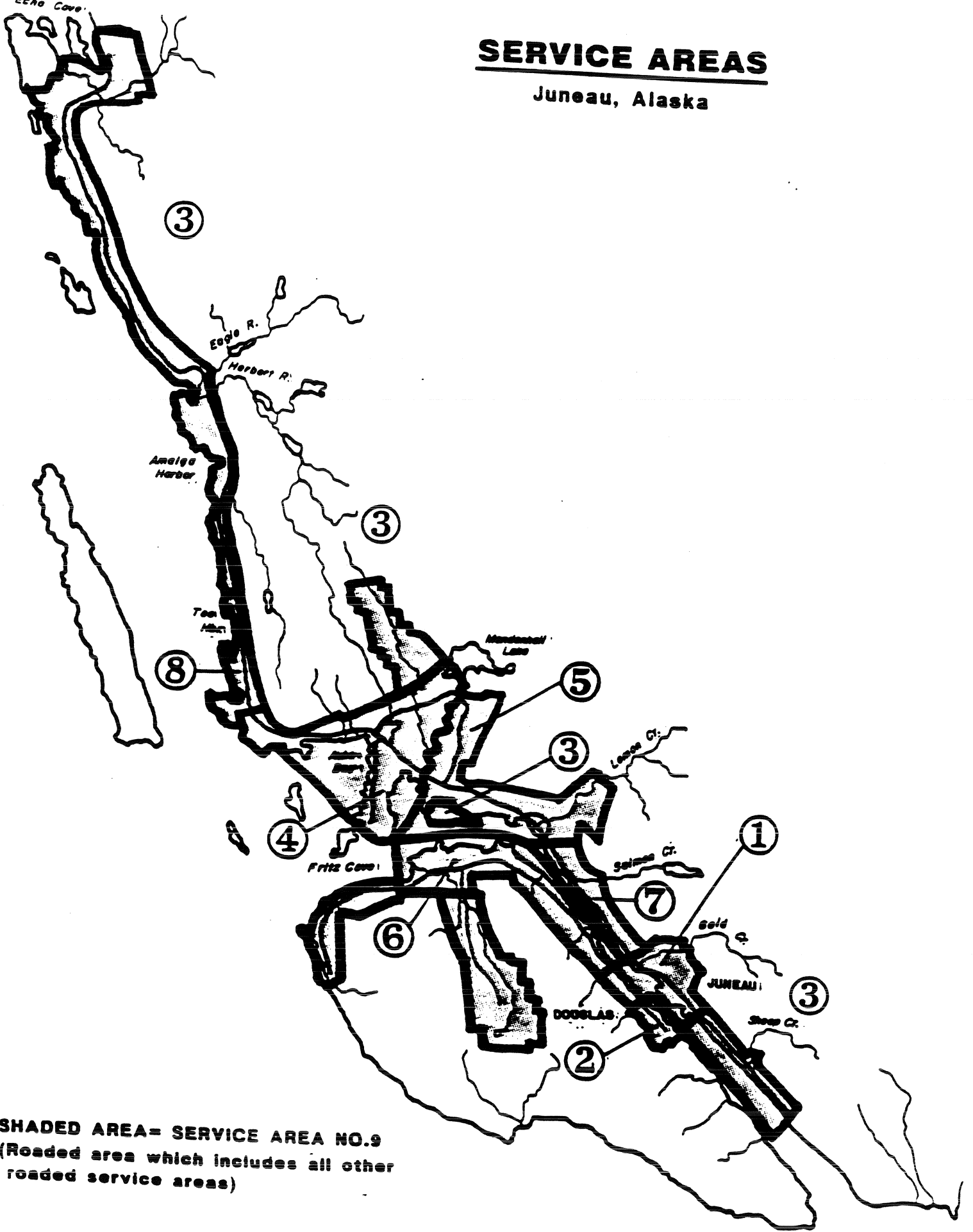
JUNEAU POPULATION STATISTICS ACCORDING TO SERVICE AREA .

September 1990

SERVICE AREA	HOUSING TYPE	HOUSING UNITS	VACANCY RATE	PERSONS PER	TOTAL PERSONS
1	Single Family	1,456	1.82%	2.56	5,646
	Apartment	923	1.08%		
	Mobile Home	5	1.32%		
2	Single Family	534	1.82%	2.58	1,962
	Apartment	287	1.08%		
	Mobile Home	1	1.32%		
3	Single Family	48	1.67%	2.84	160
	Apartment	6	0.75%		
	Mobile Home	8	1.32%		
4	Single Family	965	1.67%	2.85	3,423
	Apartment	140	0.75%		
	Mobile Home	27	1.32%		
5	Single Family	3,208	1.67%	3.17	14,562
	Apartment	812	0.75%		
	Mobile Home	992	1.32%		
6	Single Family	386	1.82%	3.00	1,521
	Apartment	29	1.08%		
	Mobile Home	70	1.32%		
7	Single Family	272	1.82%	2.83	822
	Apartment	37	1.08%		
	Mobile Home	3	1.32%		
8	Single Family	272	1.67%	2.85	785
	Apartment	3	0.75%		
	Mobile Home	9	1.32%		
TOTALS		10,493			28,881

SERVICE AREAS

Juneau, Alaska



SHADED AREA= SERVICE AREA NO.9
(Roaded area which includes all other
roaded service areas)

APPENDIX E

HOUSING INVENTORY

Based on City and Borough Assessor records and yearly population surveys, it is estimated that Juneau has a total housing inventory of 10,493 dwelling units, with single family homes being the predominant housing type. The following chart shows a breakdown of the various housing types.

Single family houses	7,141
Multi-family units	2,237
Mobile homes in parks	<u>1,115</u>
Total Housing Units	10,493

APPENDIX F

RENTAL SURVEY

The following information was obtained through a cursory telephone survey of property managers and owners:

* Total number of units surveyed: 266

Includes all types of dwelling units. Does not include low income projects.

* Rental Rates

Type of Dwelling	Rental Range ¹
1 bedroom apartment	\$525-\$750
2 bedroom apartment	\$600-\$1,100
3 bedroom apartment	\$835-\$1,200
single family dwelling, 2 bedroom	\$850+
single family dwelling, 3 bedroom	\$1,000+

* Required damage deposits

	Low	High
apartments	\$200	one month rent
single family	\$500	one month rent

* Preferred locations

no consensus. Appears to be mixed demand between the downtown and valley area.

* Preferred Sizes

Non consensus. Appears to be mixed demand from families and singles.

* Waiting Lists

Most of the property managers did not maintain long waiting lists. Information was considered outdated after 30 days. One apartment complex of 70+ units had 30 people on their waiting list.

¹Rents may or may not include utilities at owners' discretion.

NEW HOUSING UNITS AUTHORIZED BY BUILDING PERMITS IN JUNEAU, 1980-1990

(By Type of Dwelling)

Type of Dwelling	1980					1981				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
Single Family	3	58	82	30	173	20	107	67	70	264
2-4 Family Units	0	16	18	9	43	12	48	26	34	120
5 or More Units	48	0	0	0	48	0	76	0	0	76
Mobile Homes	11	4	16	13	44	2	18	19	2	41
Additions or Conversions	0	0	0	0	0	0	0	0	0	0
Total Housing Units	62	78	116	52	308	34	249	112	106	501

Type of Dwelling	1982					1983				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
Single Family	2	50	49	27	128	26	69	46	34	175
2-4 Family Units	8	72	105	12	197	11	181	91	55	338
5 or More Units	0	84	104	8	196	41	165	70	63	339
Mobile Homes	0	6	18	5	29	2	14	12	29	57
Additions or Conversions	0	0	3	0	3	0	1	7	3	11
Total Housing Units	10	212	279	52	553	80	430	226	184	920

Type of Dwelling	1984					1985				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
Single Family	16	130	72	48	272	11	61	39	26	137
2-4 Family Units	20	29	31	22	102	12	36	6	4	58
5 or More Units	24	38	78	8	148	0	18	3	0	27
Mobile Homes	2	4	0	0	6	1	1	12	7	21
Additions or Conversions	0	1	0	0	1	0	0	0	0	0
Total Housing Units	62	202	187	78	529	24	116	66	37	243

Type of Dwelling	1986					1987				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
Single Family	7	14	17	13	51	2	4	2	2	10
2-4 Family Units	2	0	4	0	6	0	0	0	0	0
5 or More Units	0	0	0	0	0	0	0	0	0	0
Mobile Homes	4	1	7	4	16	2	3	3	5	13
Additions or Conversions	1	0	0	0	1	2	1	0	0	3
Total Housing Units	14	15	28	17	74	6	8	5	7	26

Source: Alaska District Office, U.S. Department of Housing and Urban Development derived from data provided by City and Borough of Juneau, and the Alaska Department of Commerce and Economic Development.
Compiled by The McDowell Group.

NEW HOUSING UNITS AUTHORIZED BY BUILDING PERMITS IN JUNEAU, 1980-1989

(By Type of Dwelling)

Type of Dwelling	1988					1989				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
Single Family	1	3	3	0	7	0	13	9	8	30
2-4 Family Units	0	0	0	0	0	0	0	0	0	0
5 or More Units	0	0	0	0	0	0	0	0	0	0
Mobile Homes	0	0	0	2	2	0	0	0	0	0
Additions or Conversions*						0	0	3	7	10
Total Housing Units	1	3	3	2	9	0	13	12	15	40

Type of Dwelling	1990			
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
Single Family	5	10		
2-4 Family Units	1	1		
5 or More Units	1	1		
Mobile Homes	4	10		
Total Housing Units	11	22		

Source: Alaska District Office, U.S. Department of Housing and Urban Development derived from data provided by City and Borough of Juneau, and the Alaska Department of Commerce and Economic Development.
Compiled by The McDowell Group.

*Data on the number of new housing units created by additions or conversions is no longer available.