

The Last Frontier Housing Initiative

Alaska Housing Finance Corporation

Rental Housing: Encouraging New Construction and
Promoting Preservation

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Nowadays, homeowners can offer rentals to tourists and traveling workers through VRBO just as easily as a hotel operator. For performance artists? Same story. Via platforms like YouTube, content creators without studio or record deals can now go head-to-head with bigtime distributors.

Everywhere around us, connective platforms are transforming the historic landscape of what's possible to smaller groups. Individuals and small business can now link into previously cost-prohibitive networks / resources and leverage infrastructure to participate in spaces long dominated by bigger standalone organizations. But what about housing?

Over the last year, AHFC connected our staff and systems to rural community partners to help build housing they've needed for years but have been unable to build by themselves. If they need systems, they use ours; if they need technical assistance (for construction or programs), we're on speed dial; and, if they need help managing issues that crop up during construction, we're there. It's not Uber or YouTube, it's a framework we call the Last Frontier Housing Initiative (LFHI).

The LFHI model isn't just building new housing through dollars. AHFC's staffing and infrastructure are being integrated to drive housing in five of the most remote communities in the United States across a distance greater than a flight from Vancouver, Canada to Tijuana in Mexico.

Innovative

Alaska has several isolated communities that need housing but lack the internal capacity to utilize our housing programs. So to jumpstart housing builds against this backdrop, AHFC offered to be a design-build partner with the local governments in five rural communities off the road system. After consulting with our State Agency heads to develop a priority list of rural communities, AHFC approached five local governments with roughly \$24M in construction funding (approximately \$4.8M each) on a government-to-government basis with a simple proposition:

- 1) The construction funding is yours, if you choose to accept it
- 2) Where overlapping jurisdictions exist (i.e. borough, city, tribe), the community decides who leads
- 3) A minimum number of units will be built: some for State workers, others for affordable families
- 4) What is built, where and how is entirely a community call so long as program minimums are met
- 5) Community partners must match AHFC's funding by at least 15% (cash, land, in-kind, etc.)
- 6) AHFC staff will be available to help navigate the programs, come to the communities and support their efforts with its team from start to finish – reviewing draft request for proposals, helping with admin, grant tracking, etc.

We listened, we followed through and we worked with our partners to build housing they were unable to build on their own. And now the first units are weeks away from coming online!

Respond to an Important State Housing Need

In Alaska, rural doesn't mean a place with less than 25,000 people. Just focusing on Alaska's communities that cannot drive to each other still presents a land mass bigger than Texas. Most of our rural communities have populations under 1,000, and visiting them usually means a trip via snowmachine or four-wheeler into town after your boat or plane lands.

Even for Alaska's large organizations, sophisticated tech and the specialized workforce capable of managing complex housing programs is hard to find. In small communities, it's even harder. The consequence of those needs being disconnected from capacity is a long list of communities desperately needing housing that are unable to expand the inventory because of capacity constraints (even when funds are available).

Some private sector employers have resorted to building housing for their workers, but not all employers can do this – particularly government employers. After hearing from public partners, AHFC polled 14 of the State Agency heads for the top three communities they were struggling to recruit and retain workers due to housing shortages. We consolidated the lists, but the stories ...

- Due to a lack of housing, many State positions vital to the community's economic vitality are going unfilled and are at risk of being eliminated because the positions have been vacant for so long.
- Airport crews, public safety officers, healthcare workers, maintenance staff, judges and other critical professionals are struggling to find housing of any type and sometimes sleep on floors.
- People with higher means purchase properties sight-unseen before they can go on the market.

Proven Track Record of Success in the Marketplace and Cost-Benefit

The LFHI moved fast, exceeded unit expectations and is under budget – and people have noticed.

Structuring the LFHI as a government-to-government partnership allowed AHFC to build and execute the housing plans with our community partners, rather than for them. This buy-in and integrated partnership enabled each of the five communities to leverage their respective strengths with AHFC's resources to drive the housing solutions most appropriate for their neighbors.

Our first LFHI conversation was in November, 2023. By May 2024, AHFC had visited all five communities and started signing funding agreements – with construction starting soon after. New units built (63) exceeded expectations by 45%, the \$9.8M in match funding beat projections by 173% and the \$584K costs per door were below our models by 8%. In 2024, the legislature created a new \$4M program for AHFC to expand its housing partnerships with four (4) statewide agency landholders to catalyze new developments and renewed LFHI program resources at full funding.

Demonstrate Measurable benefits to HFA Targeted Customers

AHFC has several customers impacted through the LFHI. The individual Alaskans who will live in the new units, the communities that are expanding their housing stock, the elected leaders that have placed faith in AHFC through the budget process, the development partners building and operating the housing, and the State Agency partners that will have new units available to their rural staff. The \$24M in Phase I efforts in these 5 communities have paved the way for \$22M in additional resources to be deployed to new communities in Phase II of the LFHI (happening now).

Demonstrate Effective Use of Resources

AHFC looked to our community and State agency partners for guidance on need and capacity. We leveraged AHFC's ability to work on a government-to-government basis to approach communities with multiple funding sources that could be shaped around general housing outcomes. Through the LFHI, AHFC and partners discussed our respective capacity(ies) and our respective agency resources to avoid duplication. The resource base was unique in each of the five (5) communities and necessitated a different service model from AHFC in every instance.

AHFC provided funding to all communities and visited on-site with local leaders for extensive dialogue to help mesh the housing expectations with the community response capacity. All five of the communities used AHFC templates in their procurements, three of them used AHFC's application systems, and AHFC directly managed the procurement of builders for two. AHFC delivered an on-site program training for one partner and flew on-site to another for technical assistance on a review committee to select the builder. When our help was needed, we stepped forward; when communities could do the work on their own, we stayed out of their way.

Effectively Employ Partnerships

Alaskans are regularly inundated by offers from well-intentioned groups flying through Canadian airspace to help us build housing. Almost always, there's a catch, a cost or both.

While the LFHI was still written in pencil, AHFC met with our 14 State Commissioners, then with legislators, community leaders and the 5 local governments. Our initial preview of the LFHI happened before the Alaska Municipal League's (AML) annual conference in November that our local government partners all attend. After a gazillion interim zoom meetings, AHFC staff and local governments partners sat down together at the AML conference to chart our path forward.

By January, all 5 communities has passed resolutions to move forward with the Last Frontier Housing Initiative. Our first on-site community meeting took place in January, followed by trips to the remaining four by May. The 40+ meetings since the LFHI launch resulted in funding agreements signed, development sites being secured, and construction starts in summer, 2024.

Our partnerships weren't simply staff and funding driven. We engaged with the communities and stakeholders to maximize the awareness, excitement and accountability of the work.

Replicable

Listening and partnership share something in common... neither are proprietary.

Achieve Strategic Objectives

New housing is going up in five rural communities at risk of losing essential services from a workforce that can't find housing. Through the LFHI, AHFC is helping our community partners build housing by filling their capacity gaps by using AHFC's internal resources. The LFHI model follows the trend in recent years to connect newer partners through shared infrastructure (in this case, AHFC) that enables them to do more than they could in isolation. It's modern, it's needed, and it's working for Alaskans living and working in some of the most isolated places in America.



Last Frontier Housing Initiative

Visual Aids



The Partnership Landscape - Rural Alaska in Photos

Downtown Sitka



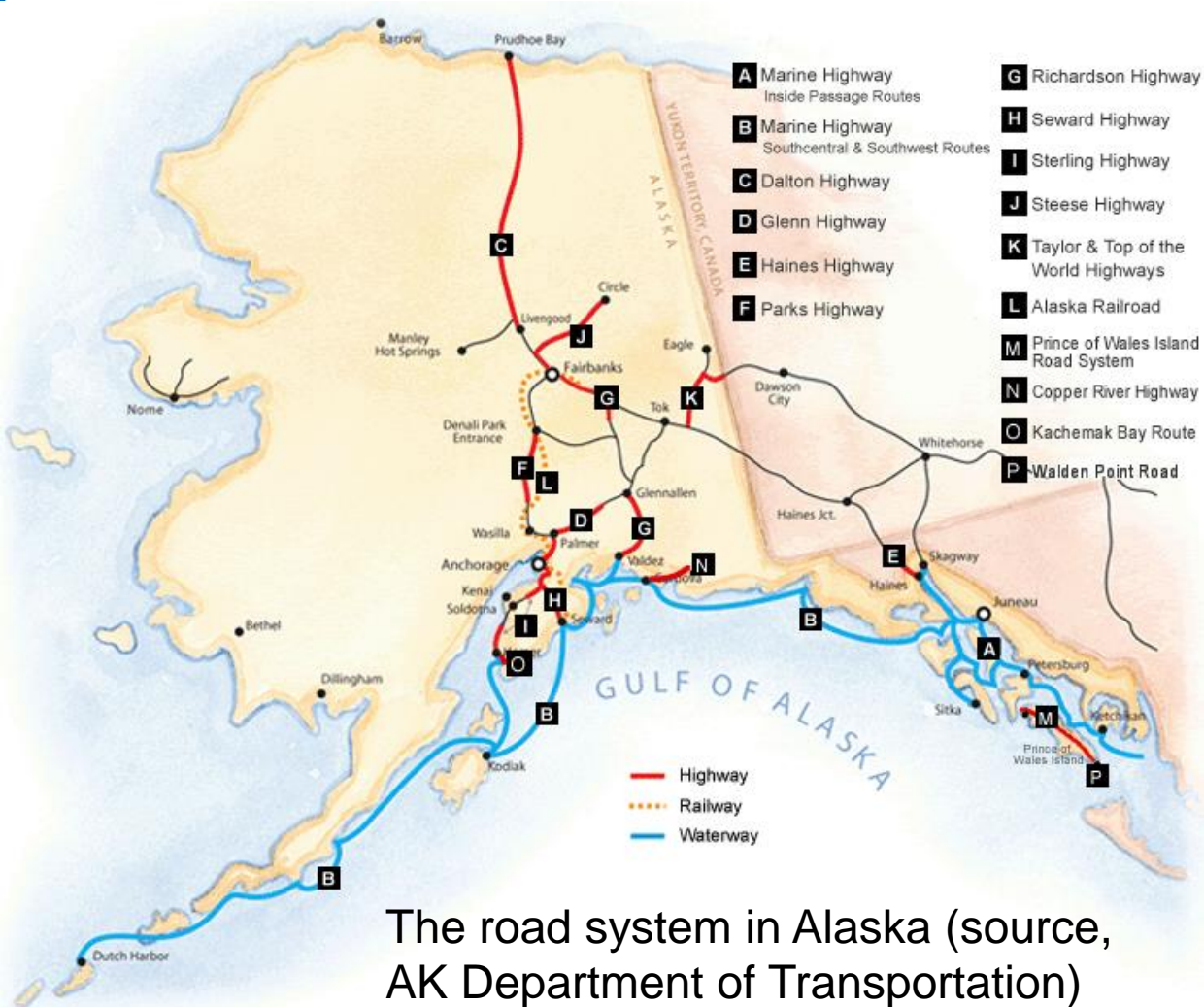
Kotzebue City Hall – AHFC meeting w/ City, Borough, Tribe and School District

2:30 p.m. Sunset
January, Kotzebue

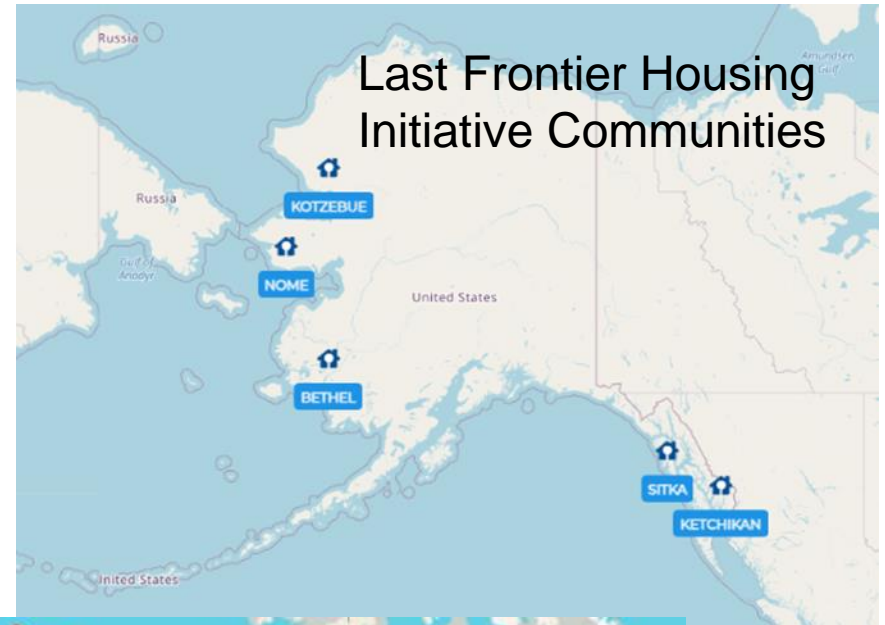


Island community flights

Roads, Relativity, and “Rural” in Alaska



The road system in Alaska (source, AK Department of Transportation)



Last Frontier Housing Initiative Approach: We go to them as partners and work together

Several meetings are in Anchorage



Wed, Dec 6 at 08:34

Stacy Schubert

GM! I put Kotzebue in at 8:30 as a placeholder. They didn't confirm but they can be ready to meet at 9.

Daniel, can you be here by then?

No promises: getting in car now, but 25 minutes is tight

Stacy Schubert

I can get them started with meet and greet

I have my laptop too and am setting that up. You can send me your slide deck and I'll have it loaded.



Earlier today representatives from the Ketchikan Gateway Borough, City of Ketchikan, and City of Saxman, met in Anchorage with Alaska Housing Finance Corporation (AHFC) to discuss a unique opportunity for housing development. AHFC is offering \$4.5 million in federal funds for the construction of at least eight new affordable housing units in our Borough as the "last frontier housing initiative." Borough staff and officials will pursue the feasibility of this project as part of a comprehensive housing initiative.

Pictured from left to right: Borough Mayor Rodney Dial, Borough Attorney Glenn Brown, Borough Assembly Member Jeremy Bynum, Borough Manager Ruben Duran, Alaska Housing Director of Governmental Affairs Stacy Barnes, Saxman Mayor Frank Seludo, Borough Assembly Member Sharli Arntzen, Saxman Vice Mayor Billy Joe Thomas, Alaska Housing Deputy Director Akis Gialopsos. (Not pictured but also present at the meeting Ketchikan City Manager Delilah Walsh and City Council Member Janalee Gage.)



facebook.com

Other meetings are on-site



May 3, 2024 meeting in Nome w/ Mayor and City Council

Ketchikan – Construction Started 2024

On-site meeting April 2024, Construction Underway



Sitka – Construction Started 2024

On-site meeting March 2024, Construction Underway



Bethel – Construction Started July, 2024

15 months after our first meeting, units are almost complete

