

The Last Frontier Housing Initiative

Alaska Housing Finance Corporation

Special Achievement

HFA Staff Contact

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“All right, we’re coming about. If they can’t get to us, we’ll get to them.”
(Coast Guard Commander Brudnicki, from *The Perfect Storm*)

Yes, the Perfect Storm is a bad movie. Marky Mark Wahlberg and George Clooney’s film brought a level of realism to the fishing industry that John Wayne would bring to interpretive dance.

But encased in this otherwise ridiculous movie is the [true story of a helicopter crew forced to ditch](#) in the ocean during the actual 1991 hurricane. When the Coast Guard cutter Tamaroa located the surviving crew, they had been in the water for hours and were hypothermic. For over two hours, the Tamaroa positioned itself at great risk in 40+ foot seas to reach the bobbing crew and managed to save four lives. Since the crew couldn’t swim to the Tamaroa, the Tamaroa came to them.

At its heart, the Last Frontier Housing Initiative follows this theme. We have remote communities struggling to maintain essential services because there’s no housing for the workforce. Although Alaska Housing Finance Corporation (AHFC) has programs to build housing, not all communities access those resources. So this year we brought the dollars to them and said “let’s do this together.”

Innovative

To jumpstart housing developments, AHFC effectively offered to be a design-build partner with the local governments in five underserved communities located off the road system. After consulting with our State Agency partners to develop a priority list of remote 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.

And it’s working! They all said yes and the first out of the gate is already clearing sites.

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Responds to an Important State Need

Some of Alaska's challenges are irritating. Being excluded from maps of the US and / or being told Texas is a "big" state fall in that column. Others challenges are deadly serious.

If you live in a community only accessible by plane, having someone available to keep the runway clear in winter isn't negotiable. Neither is having a nurse, doctor or public safety officer in town. But in several of our remote and underserved communities¹, there is increasingly nowhere left to house these professionals. The communities have positions and money to pay people in these professions, but nowhere for them to live. In several of these places, private employers have resorted to building housing for their employees. But our State workers have little to no options.

From 2022 to 2023, AHFC was allocated state and federal funding to address the professional housing shortage in rural communities. We followed up by reaching out to every State Agency Commissioner to find out what communities were presenting the biggest recruitment challenges for them due to housing shortages. A list of priority communities emerged with similar stories:

- People with means and connections buy homes sight unseen before they can go on the market;
- State positions that are critical to the economic viability of the community are being eliminated because the community cannot fill them – because there's nowhere for prospective hires to live;
- Judges, clerks and a long list of highly paid professions are sleeping on floors in several places;
- Airport runway crews are at critically low staffing levels;
- There is little capacity for, or knowledge of, housing development in these areas.

AHFC took this feedback and went through the production history of our housing programs. The top five communities the Commissioners listed were not actively utilizing our development resources. Put simply, our programs that work for most everywhere were not working for them.

A New Approach

Formal allocation cycles take time to get resources into communities, they're imprecise fits for unique community needs, and they tend to be expensive for everyone involved. We wanted to help these communities in a way that made sense for them, and fast. So we got creative.

Long story short: AHFC developed a plan to approach the communities on a government-to-government basis with direct awards. This allowed us to deploy the resources in partnership with the communities and work with them instead of simply funding them. The process involved a lot of legwork, meetings and risks... but it's what needed to be done, so we did it.

¹ Of Alaska's 350 communities, 280 (80%) have fewer than 1,000 people. Many of these communities are off the road system and are only accessible via boat or plane and are predominately populated by Alaska Natives.

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Achieve Intended Results

Rural communities in Alaska are regularly inundated by well-intentioned people from other communities offering to help build housing. Almost always, there's a catch, a cost or both.

The Last Frontier Housing Initiative got off the ground because we built the model with our partners at the table. After AHFC formed our plan, we met with all of the State Commissioners, then set up meetings with legislators, community leaders and the local governments to preview to the plan. The initial rollout / announcement of the plan took place in November right before the Alaska Municipal League (AML) conference that our local government partners all attend. After a plethora of zoom meetings and teleconferences, AHFC staff followed up with in-person meetings with the local governments at AML's conference before the holiday season got started.

By January, all five 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. The 40+ meetings since our launch have culminated in funding agreements being signed, development sites being identified in several communities, and site clearing.

Requests for development proposals have already been drafted and AHFC has provided on-site training for our community partners. As their construction processes start, AHFC has agreed to help our partners with the tracking of invoices and grant reporting. Whatever help they need, we have committed to provide to them ... and we are following through on that promise.

The bottom line: Housing is getting built in communities that would have otherwise seen nothing.

Provide Benefits that Outweigh the Costs

The Last Frontier Housing Initiative is unlocking at least \$3.6M of local resources for housing in five communities off the road system that cannot house essential staff. It's driving development activity and building capacity in communities sorely lacking both. But it's also time-intensive and embraces risks that come with local government partnerships and the dynamics those entail. Some of the meetings / issues are intense, but the back-and-forth makes our team better equipped to help.

Our first on-site meeting was this January in the town of Kotzebue (north of the Arctic Circle). It was a -22f windchill and our staff walked to the wrong building (a phone store) thinking it was City Hall. An elderly guy at the store paying his bill insisted on giving our frozen staff a ride to the actual City Hall in a sputtering old truck with a bad transmission that he lovingly called Betsy.

People in the communities we are helping go out of their way to help others. It's how they live.

The Last Frontier Housing Initiative has rural Alaska's back and we are committed to helping them build for tomorrow.

The Last Frontier Housing Initiative

Visual Aids



The Challenge



On and off the road system, we hear...

-People that clear remote runways are having a hard time finding housing

-Jobs are going unfilled b/c prospective employees can't find a place to live... the longer those positions go unfilled, the likelier it becomes those jobs will disappear altogether for the community

-People across broad income ranges are sleeping on office floors during work assignments

-Many people (those who have the \$s) have to buy homes sight-unseen before the properties can on the market

AHFC's Response: Last Frontier Housing Initiative



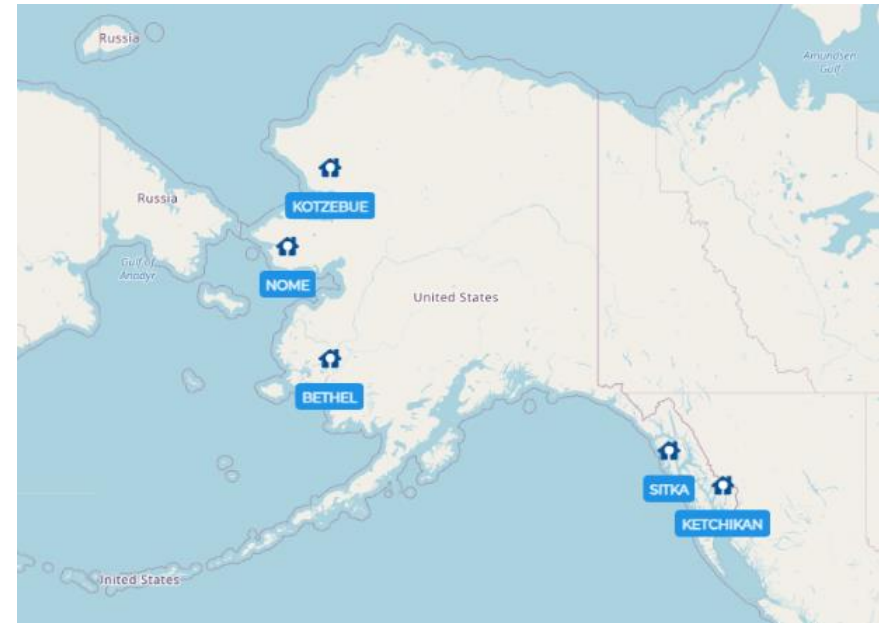
The Last Frontier Housing Initiative is made up of four parts

- Needs assessment: Polling State Commissioners
- Analyzing past allocations and gaps in housing coverage
- Assessing resources and the available allocation options
- Implementation! Charting capacity and building units

Priority Communities from Survey of Commissioners



Community	Most Recent New Construction Builds with AHFC Funding (years)
Bethel	2015, 2022
Kotzebue	2001, 2004, 2023
Nome	2022, 2008
Sitka	2007
Ketchikan	2022, 2009



Historically, these five communities have experienced challenges in utilizing development resources that serve “small communities” or urban hubs

The Traditional Approach

Soliciting applications through Notices of Funding Availability

- fixed rating criteria
- inflexible proposals
- fixed schedule
- AHFC participation as strictly a funder



The Outreach Plan: We go to them as partners



Several meetings are in Anchorage

And other meetings are on-site



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.

SS

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

SS

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 Gialopos. (Not pictured but also present at the meeting Ketchikan City Manager Delillah Walsh and City Council Member Janalee Gage.)



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Last Frontier Housing Initiative: Terms



Local Governments are Offered Direct Awards

Funding: \$4.5-\$5.0M (each) to develop affordable and / or professional housing using combinations of Emergency Rental Assistance (ERA) funding, State General Funds and federal Congressionally Designated Spending

AHFC Support: staff available throughout development cycle to support communities with on-site training, technical assistance, and grant /contract administration.

Local government responsibilities:

- Identifying / securing land
- Assembling the development team (builder / architect)
- Recruiting the property manager
- Securing at least 15% Match to the development(s)
- Scope approval & vehicle to backstop cost overruns
- Delivering a minimum of 8-9 rental units

Please note: these development take place off the road system in a narrow building season on challenged soils. The costs are significantly higher than what is likely typical south of the Canadian border.

One the Ground in Communities: Kotzebue



Front Street: where it's legal to drive snow machines on the roads



Sunset: the frozen river to the right of front street doubles as a road in the winter time



One the Ground in Communities: Ketchikan



The majority of housing is on elevated land that's expensive to develop



The airport is across the water and connected to town via ferry, not road



One the Ground in Communities: Bethel



Recent housing developed on elevated foundations



View from across the frozen river



One the Ground in Communities: Sitka



Downtown Sitka from across the bridge to the airport



Fishing boats making their way back to the harbor



Fun Fact: none of the movie “The Proposal” was actually filmed in Sitka. They actually filmed in Massachusetts

Last Frontier Housing Initiative: Where Things Stand



Since the November 21st start

- 40+ separate meetings with Commissioners and community partners
- Four on-site meetings in communities
- All five (5) communities are moving forward
- Funding agreements sent, first agreements executed
- Site-clearing underway in one community
- Development RFPs already queued in 3 communities