

Subsidized Rental Housing

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Government programs help Alaskans find affordable rentals

Finding affordable housing in Alaska can be a challenge. This is especially true for those with low and moderate incomes. State and federal programs provide affordable rental housing by subsidizing contract rents for families and developing new rental units.

Subsidy helps low-income tenants

Alaska Housing Finance Corporation (AHFC) helps eligible low-income Alaskans obtain affordable housing. One of the ways AHFC does this is through the Housing Choice Voucher Program, previously known as Section 8.

The Housing Choice Voucher Program allows a low-income tenant to live in private rental housing as well as subsidized housing projects. The tenant can shop around for an apartment, using the voucher to bridge the gap between the contract rent and what the tenant can afford.

The Housing Choice Voucher program encourages families whose income is at or below 50 percent of the area median income to request a housing subsidy. In 2002, the Housing Choice Voucher income limit for a four-person household ranges from \$25,050 to \$35,900, depending on where the family lives. Census figures show more than 15 percent of Alaska families had income less than \$25,000 in 1999. As of July 1, 2002, AHFC had a total of 4,026 vouchers available in 11 Alaska communities.

Fair market rent key to rental assistance

The contract rent offered by the private landlord must be a fair market rent. The fair market rent

amount is determined by the U.S. Department of Housing and Urban Development (HUD). Fair market rent is an estimate of the contract rent plus utility costs and services that a tenant would be expected to pay in order to rent a privately owned, modest unit with suitable features. AHFC will pay up to the fair market rent, or greater, depending on rental market conditions and vacancy rates. If a tenant selects a unit with rent above fair market rent, AHFC and the tenant share the extra cost.

Alaska has some of the highest rents in the nation, and some of the highest fair market rents as well. All of the fair market rents for places in Alaska fall

HUD Fair Market Rents 2002 Two-bedroom units

San Francisco Calif. MSA	\$1,747
Maui County HI	\$1,133
Juneau Borough	\$1,100
Kodiak Island Borough	\$1,022
Ketchikan Gateway Borough	\$900
Seattle-Bellevue-Everett MSA	\$845
Municipality of Anchorage	\$812
Sitka Borough	\$788
Valdez-Cordova Census Area	\$765
Fairbanks Northstar Borough	\$756
Portland-Vancouver MSA	\$747
Wrangell-Petersburg CA	\$733
Matanuska-Susitna Bor.	\$732
Kenai Peninsula Borough	\$699

MSA: Metropolitan Statistical Area CA: Census Area

Source: U.S. Department of Housing and Urban Development

into the upper 10 percent of rents in the nation. Exhibit 1 shows the fair market rent for a two-bedroom unit in selected places in Alaska and other states. In Alaska, rents for 2002 range from \$1,100 in Juneau to \$699 in the Kenai Peninsula Borough.

AHFC adds affordable multi-family units

Another AHFC program works to increase the stock of affordable rental units in the state. AHFC's GOAL program (Greater Opportunities for Affordable Living) provides financing to developers willing to set aside a portion of their units for eligible low-to-moderate income family or senior housing. Since its inception in 1987, GOAL has provided \$25.5 million in funding for 1,981 units in 62 projects. Nine projects recently funded but not yet in service include 173 new units in seven communities: Cooper Landing, Dillingham, Juneau, Kotzebue, New Stuyahok, Sterling, and Wasilla. The GOAL program receives funding from HUD and the state of Alaska and tax credits from the Internal Revenue Service. AHFC also operates and maintains more than 1,300 single-family and multi-family units in its public housing program for low-income households.

Federal agencies offer assistance

Low-income renters can obtain affordable housing through federal government programs as well as through AHFC. The U.S. Department of Agriculture's Rural Housing Service specifically targets housing developers in rural Alaska. A variety of loans and grants for the construction, acquisition, or renovation of affordable multi-family rental housing for low-to-moderate income families is offered. These units are owned and operated by private and non-profit developers.

The Office of Native American Programs at HUD offers funding in Alaska to 15 local, tribally designated housing authorities. These regional housing authorities (RHAs) design programs tailored to the housing needs of Alaska Native and American Indian families that cannot afford housing in the private market. The largest RHA in Alaska is the Association of Village Council

Presidents Regional Housing Authority (AVCP RHA), which represents approximately 40 tribes in Southwestern Alaska. AVCP RHA operates 32 low-income apartment units in Bethel.

Another large RHA is the Bristol Bay RHA, which administers more than 100 single-family rental homes and apartments in Dillingham, Nondalton, Newhalen, Chignik Lagoon, King Salmon, and South Naknek. Demand for these subsidized units always exceeds the supply. However, this year the waiting list for rental units has greatly shortened, although occupancy is still full. For the last two years the waiting list was at 200 percent of the units; this year it has dropped to 30 percent. The RHA speculates that residents are moving away to seek work after the recent financial disasters in the fishing industry.

Lease-to-own programs popular

From 1998 to 2002 the Office of Native American Programs awarded \$150 million in grants to RHAs to maintain and operate more than 5,000 lease-to-own single-family homes. Because of the high cost of construction and limited job opportunities in rural Alaska, many Alaska Natives cannot obtain traditional financing to purchase a home. Since the mid-1970s, HUD has helped many low-income families into home ownership through these and other subsidized housing programs.

For more information

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www.ahfc.state.ak.us/

USDA Rural Development Alaska State Office, 800 W. Evergreen, Suite 201, Palmer, AK 99645
Phone: (907) 761-7705 www.rurdev.usda.gov/ak/rural.housing.htm

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