

NATIVE HOUSING FLOUNDERS

HUD Argues Housing Not Financially Feasible

By MARGIE BAUMAN

ANCHORAGE — Federal funding for hundreds of homes in Alaska native villages has been cut on grounds it is not financially feasible to build the homes under the Turnkey Three program.

The decision of the U.S. Department of Housing and Urban Development was revealed Sunday at a board meeting of the Alaska Federation of Natives, Inc. in Anchorage.

HUD arguments basically are that the operating expenses for the homes are not feasible.

The move by the federal agency came more than one week after the natives planned to go to bid on housing initially promised in President Nixon's housing program in July of 1970.

It will mean continued use of numerous substandard housing units in the Alaskan Arctic and elsewhere throughout the state.

State Sen. Willie Hensley, D-Kotzebue, president of AFN,

said his reaction was "one on pure frustration. What do you do in a situation like this? You kind of feel like you've been had," he said.

"AFN housing authority itself has been prepared to go to bid for weeks," he said. "But it would be folly to make it appear the housing program will go now when it appears it will not.

"They're just not granting the subsidy that's feasible to make the program work . . . and this is a nationwide problem. There are housing programs going belly-up all over the country." He said.

"Since Nixon announced the Indian Housing Program the AFN, the AFN Housing Authority and regional native parties have spent much time and money planning the promised homes.

"Their hopes have been high to receive them," Hensley said. "Some villages have moved to new locations expecting new

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homes to be built there.

"From the beginning, everyone involved knew the cost of housing in rural Alaska would be high but any anxieties were allayed by a memo from HUD that financial feasibility requirements would be waived for the Alaska Native Housing Program.

Several months ago the Alaska Federation of Natives Housing Authority completed its plans for 14 villages and submitted bid packages to HUD for approval on Nov. 6. Now HUD says the plan won't work.

The catch came with operating expenses.

Operating expenses for AFNHA's 14 village projects would exceed an average of \$200 a month per unit, with costs for other projects in rural Alaska about the same.

HUD requires that payments made by the home owner plus the subsidy from HUD be at least 15 per cent greater than estimated operating costs over the next five years.

Recently HUD limited the maximum subsidy for operating expenses to \$15 per month per housing unit. The Brooke Amendment to the housing act meanwhile limits rent payments to 25 per cent of the home purchaser's income.

What with the average low income of the home purchaser's HUD estimates monthly deficits of operating expenses of about \$150.

"So for the AFNHA housing project planned for 1973 . . . 353 units . . . an additional subsidy to the maximum HUD subsidy of well over \$600,000 is needed for the first year of operation," Hensley said. "As a practical matter, the 510 units planned for construction in 1973 by the Arctic Slope Regional Corp., NANA Regional Corp., and Sealaska must be considered at the same time; so close to \$2 million additional subsidy is needed for the first year," he said.