
MEMORANDUM TO COUNCIL

TO: MAYOR AND CITY COUNCIL MEMBERS
FROM: PATRICK JORDAN, ASST. CITY MANAGER
THRU: CHRIS HLADICK, CITY MANAGER
DATE: DECEMBER 2, 2014
**RE: UPDATE ON CITY HOUSING FOR EMPLOYEES AND REQUEST FOR
DIRECTION MOVING FORWARD**

SUMMARY: The availability of housing in Unalaska directly affects the City's ability to recruit and retain City employees. Tonight's presentation will provide a historic overview of this issue, discuss the current condition, and identify potential solutions. Staff is requesting input and direction from Council in order to focus our efforts in addressing the employee housing issue.

Tonight's Agenda:

HOUSING DISCUSSION

History of Problem
Why Now?

COMMUNITY WIDE HOUSING

Housing Plan
Possible Solutions
Next Steps

EMPLOYEE HOUSING

Historic Overview
Current Condition
Problems & Needs
Possible Solutions
Next Steps

Focused Information Gathering
Follow Up Workshops & Meetings

PREVIOUS COUNCIL ACTION:

1980 Built Lear Road Duplexes.

1993 Purchase of 12 mobile homes.

1994 Purchase of the 4-Plex (leased to school for teacher housing until November of 2011).

1996 Ports trailer and City Camp no longer used for housing

1997 Purchase of land the mobile homes were located on, and became 8-plex site.

2000 Two residential mobile homes located on site at DPW/DPU were eliminated.

2009 Approved Resolutions 2009-21; 2009-08; 2009-40, which identified the need for trailer replacement, allocated funds to construct an 8-Plex, and authorized the City Manager to apply for funding from the Alaska Housing Finance Corporation (AFHC) Teacher, Public Safety and Health Care Professionals Housing Grant Program for the construction of an 8-Plex apartment building.

2010 Approved Resolutions 2010-17; 2010-28; 2010-04; 2010-08; 2010-59 which accepted State funding from AFHC for the construction of an 8-Plex apartment building, approved the FY11-15 CMMP which identified funding for the 8-Plex project, authorized the expenditure of an additional \$3,764,678 in grant funds, authorized the disposal of 12 mobile homes, and authorized the City Manager to enter into an agreement with Lakeview Contactors to build the 8-Plex.

2011 Approved Resolution 2011-56 on October 25, 2011, adopting Housing Policy HOU-14 amending existing housing policies by establishing standards and rents for 8-Plex city housing. In November, 2011 the 8-plex is ready for occupancy. November 2011, teachers move out of the 4-Plex into the 8-Plex. City employees move into 4-Plex.

BACKGROUND: The community as a whole has experienced ongoing housing shortages for many years. Recognizing this problem, on February 22, 2011, City Council adopted The Comprehensive Plan 2020 Housing Plan, which is a thorough study of the housing issues facing the community. The City of Unalaska is affected by the same issues outlined in the study and experiences the same difficulties as other employers regarding employee housing.

Additionally, this present crisis may be impacted by the arrival of big oil. We are hearing reports that property owners are setting up housing geared toward companies and setting aside units specifically for the influx of oil and other supporting companies.

DISCUSSION: The City Manager has issued a directive that Department Directors may not bring prospective employees to the island for an interview until housing is identified and available to them. Bringing professional employees here and not having housing for them, or having one unit to show them and offering no choices, makes recruiting quality employees extremely difficult. Out of necessity, Department Directors are spending time searching for housing in order to bring prospective employees to the island for interviews. This is especially difficult for Public Safety, which currently has 2-3 vacant Police Officer positions. Public Safety Administration is now considering reducing the number of officers on duty from two Officers per shift to one per shift.

For the past three years there have been 9-14 employees on the City Housing Waiting List consistently. Hiring is often delayed due to lack of housing. City positions, particularly those that often cannot be hired locally, remain unfilled for longer periods of time. Recent prospective employees have not accepted job offers due to lack of housing and housing options. Loss of

housing and lack of housing is also a major contributing factor in an employee's decision to leave City employment. Vacant positions mean the community is not being served to the fullest.

Some recent examples of how the lack of available and affordable housing has impacted the City recruiting are as follows:

1. Librarian: Posted May 2014-We obtained housing for the new Librarian on a Master Lease/Sub Lease arrangement with a resident whose home is vacant. We delayed flying her up for her interview visit until we could find suitable housing.
2. Aquatics Center Manager: Originally posted April 2014-Although we recently hired a current employee into this position, the recruiting process was lengthened considerably due to the lack of available housing.
3. Police Officers: While the 8-Plex has helped, oftentimes officers without families must share living space with roommates, sometimes couch-surfing, and potential candidates with families are unable to accept offers of employment due to the lack of available and affordable quality housing. There are currently two offers pending with Police Officer candidates, both of whom are married and one has children.
4. PCR has had difficulty recruiting Recreation Coordinators. Finding qualified candidates with the specialized skills desired is difficult enough already, and fortunately from a housing perspective, most recruits are single and don't have high expectations for housing. Some stay in bunkhouses or share an apartment with another city or school employee.

Another challenge presented to the City because of lack of housing is the retention of a talented workforce. We lost a highly-qualified Accounts Receivables Supervisor because of the lack of available housing. Related to #3 above, DPS recently had a Police Officer recruit with a family turn down our offer because of lack of family housing. Public Safety has had 19% turnover in the past five years. Not all resignations were due to housing, but a good deal were and now we're faced with reduced staffing levels for patrol because of vacant positions.

Employee housing arrangements have included living with a local pastor, extended housesitting engagements, couch surfing, living in bunkhouses, living with parents or other family, and being forced into roommate situations. Several City employees have had to move as many as three or four times in a year before finding housing that meets their needs. Housing challenges regularly affect all departments and present a major stumbling block in the hiring process. The above conditions have worked for single employees willing to couch-surf but are not attractive to families.

POSSIBLE SOLUTIONS:

1. Continue to provide limited housing to our employees without expansion and rely on the market to hopefully provide additional housing for City employees.
2. Develop a long range strategy for employee housing which may include the following possibilities, which can be stand alone or used in combination:

- a. Purchase or lease additional existing housing units to sublease to employees
- b. City builds new rental housing on City-owned property
- c. Request proposals for private developer to construct and manage rental housing for city employees

FINANCIAL IMPLICATIONS: Implications will depend on the direction City Council wishes to take. We currently have \$922,296 in an Employee Housing, Constructions Services account that could be used either as a construction account or to purchase existing units/homes off the market.

LEGAL: None required at this time

STAFF RECOMMENDATION: This is a difficult matter. Staff believes that we need to do something about employee housing, but there are many issues that need to be considered before decisions or recommendations can be made. The presentation tonight will delve into those issues. At this point we are simply asking Council for a direction you wish staff to further develop. A discussion at the close of the presentation would be beneficial.

PROPOSED MOTION:

CITY MANAGER'S COMMENTS: