

Statement of Renee Staley
North Star Alaska Housing Corporation, Fairbanks, Alaska
House Committee on Natural Resources
Subcommittee on Public Lands & Environmental Regulation
H.R. 414, To provide for the continued lease or eventual conveyance of certain Federal land within the
boundaries of Fort Wainwright Military Reservation.
March 6, 2014

Mr. Chairman and members of the Subcommittee, thank you for the opportunity to present our views regarding H.R. 414. I particularly want to thank Congressman Don Young for his leadership over the last eight years in working to protect an important community resource. My name is Renee Staley and I am responsible for the operation of the Birchwood Homes community. I am also an elected member of the Fairbanks City Council and serve on a number of local boards and committees. I am here today solely as a representative of North Star Alaska Housing Corporation, the Alaska company that owns and operates the Birchwood Homes community. I have brought along with me today Richard Heieren from Fairbanks who is a well-known land expert that can speak to the availability of good buildable land in and around Fort Wainwright (a map of which is Attachment #1).

H.R. 414 would allow North Star to purchase or extend the lease on the land under the homes before the lease expires in 2018. Such an extension was carefully drafted based on negotiations with the Army, and was ready for signature in 2008 but was never executed. Since this legislation was introduced there have been pertinent developments on and around Ft. Wainwright that may present another solution. Additional troops and families are being transferred to Ft. Wainwright even as many bases are shrinking, and the Army has begun acquiring adjacent buffer lands. In light of previously unknown housing and land needs, North Star has acquired high priority buffer lands in order to facilitate a land exchange to address both needs.

Without this legislation or a negotiated alternative, a neighborhood that has been part of the fabric of the Fairbanks community for 32 years will be lost with nothing gained. Quality, affordable rental housing is already limited in Fairbanks and the economic future of that community would be harmed by the loss of the Birchwood neighborhood. It is difficult and expensive to build quality housing in Interior Alaska, and has been particularly difficult to develop private community housing in Fairbanks. We can't afford to see good housing torn down.

Background:

Approximately 76 acres of Public Land (identified on Attachment 1) located in the City of Fairbanks Alaska was leased in 1986 under a 32 year ground lease to North Star Alaska Housing Corporation (North Star). On this land North Star constructed extensive improvements including 400 rental homes with 3,4, and 5 bedrooms, a maintenance and leasing facility, associated roads and parking areas, landscaping, 18 playgrounds, and a central heating system including 39 boiler

houses. For a 20 year period ending in May, 2007 the U.S. Army leased the housing from North Star to house military families stationed at the Fort Wainwright, Fairbanks, Alaska installation.

However, notwithstanding the fact that the BLM land had been withdrawn by Executive Order for military purposes in 1937, the U.S. Army decided to allow the military housing lease to expire without renewal or purchase of the improvements and excluded the property from the Fort Wainwright installation by fence. Since 2007, North Star has operated the housing exclusively as a private business open to rental by the public and known as the Birchwood Homes Community (Birchwood) paying a land rental to the U.S. Army of \$344,000 per year. Soon after opening as community housing North Star had negotiated a mutually agreeable lease extension with the Pentagon to benefit both soldiers and the broader community, but it was never signed by both parties.

In light of the fact that the land has not been used for military purposes since 2007, in anticipation of the ground lease expiring in 2018, in recognition of the importance of Birchwood to the Fairbanks community, and to address the need for land tenure to support ongoing capital investment in and maintenance of Birchwood for the benefit of the Fairbanks community; H.R. 414 revokes the withdrawal of this land and provides for the sale of the 76 acres of BLM land underlying Birchwood to North Star at fair market value, or in the alternative the current ground lease could be extended. H.R. 414 provides that the land sale transaction will be at no cost to the government. The Army's 2007 appraisal of this land determined that the highest and best use of this land was to continue to use it for residential purposes, a finding I believe holds true today.

The Birchwood houses have been impeccably maintained. Most of the 400 houses are currently leased, and at least sixty percent of those are to military families who want to live off-base in the civilian community. Birchwood Homes provides a neighborhood environment with recreational facilities, 17 playgrounds, running paths, which is adjacent to two popular Fairbanks residential areas (Hamilton Acres and Shannon Park), and across the street from the elementary and middle schools. This is why the Birchwood housing remains attractive to families. The homes and property are as functional and attractive today as they were the day they were completed; in fact they may be better. The life of the Birchwood Homes community should span several more decades with the proper investment and maintenance. However, as the ground lease approaches termination in 2018 the ability to, and interest in, financing maintenance and capital improvement activities is substantially reduced. The effect on the community is the loss of tax revenues, jobs and attractive quality family rental housing.

North Star has been one of the largest taxpayers in the City and Borough and is active in Fairbanks business and civic organizations. Those taxes go to support local schools and services and will be lost if they are not able to purchase the land under their homes. Should North Star be allowed to purchase its land it would become the 4th largest taxpayer in the Fairbanks City and Borough. Even now with a diminishing land lease it is still the 26th largest taxpayer. Local contractors are routinely used for work at Birchwood Homes. North Star is a regular supporter of on base activities for military families and supports many civic organizations.

Birchwood fills an important need for large families who must rent. There is a shortage of quality family rental housing in Fairbanks. There always will be because it is simply not

economic to build larger homes and rent them. New homes are built for sale. The loss of the Birchwood housing at the end of the ground lease would make this housing shortage even more dramatic; forcing the larger military families, often with very young children, into crowded and unsuitable housing. This problem is particularly acute for military families at lower pay ranks. But it also is a factor in attracting new businesses and jobs to Fairbanks. The critical family housing need filled by Birchwood Homes underscores importance of keeping the community vital, safe and attractive.

Maintaining Birchwood Homes as a quality family neighborhood, as a thriving member of the Fairbanks business community, and as an important source of tax revenue for the City and Borough will take continued investment and care of the houses and property. However, needed investment will not be available where the ground lease expires in less than 5 years. Allowing this community to degrade in the absence of investment over the next 5 years and then to be torn down is not in the interest of the military families, the Army, the City, the Borough or the Fairbanks community at large.

Yet despite the community need for this housing and the long tenure of this important residential neighborhood, the Army has been unwilling to consider any solution that will allow the Birchwood community to survive. The Alaska congressional delegation has been united over several years in asking the government to find a solution that will protect the Birchwood community. They recognize that Birchwood gives Fairbanks' housing market the flexibility to absorb the fluctuations associated with troop movements and special projects, allowing the base and community to thrive. In January it was announced that 367 additional personnel and their families would be moved from JBER to Wainwright, further emphasizing the fluidity of Wainwright's housing needs.

The present position of allowing the lease to expire in 2018 and losing the housing does not speak to the future housing needs for the military or to the community. They say they want these particular 76 acres back so they have room to expand Fort Wainwright in the future. We have worked tirelessly since 2006 proposing lease extensions and land trades but the answer from the government has been "no". That is why it is so important for the subcommittee to consider H.R. 414 so that you can weigh the government's need for return of this land after 32 years against the impact to the Fairbanks community of the government destroying the Birchwood homes. We hope you will find the answer is clear: we can't afford to tear good houses down and diminish the local tax base in tough economic times where the Army has over one million acres of land and hundreds of acres of available and buildable land on the base borders.

Land Exchange Alternative:

The proposition that the 76 acres underlying Birchwood is the only land available for future expansion of Fort Wainwright is simply not true. As you can see in the attached parcel analysis (Attachment #1) prepared by Richard Heieren, there is ample buildable land available in and around Fort Wainwright, literally hundreds and hundreds of acres. If we are allowed to purchase the Birchwood lands the proceeds could be used to acquire additional land for the base. We have also offered to acquire these lands and exchange them for the Birchwood lands. There is no

reason why the preservation of the Birchwood community on land it has occupied for 32 years should result in a long term loss of land area for the base.

Further, the Birchwood 76 acres are not well suited for uses other than residential. The Birchwood land is underlain by permafrost like much of the surrounding area. Indeed, there is a significant concentration of permafrost at the very center of the Birchwood site which would drastically drive up construction costs for heavier buildings. Birchwood is separated from the main cantonment area of Fort Wainwright by a large river and by a fence. It is adjacent to an elementary school and middle school, which are also located on military reservation land, and residential neighborhoods. Given the location and presence of permafrost, the current and historic use of the Birchwood land is also the most suitable.

There is a need for Birchwood homes in the community. The Birchwood houses are a significant portion of the available rental housing in the community and a large majority of the available 4 and 5 bedroom rental housing. Loss of this unique rental housing would be a large loss for the community and the Army. Building new on-base housing after tearing down good community housing would be a serious waste of taxpayer money.

Birchwood provides important community housing for Army families. On average, over sixty percent of Birchwood residents are military families and the 400 houses remain rented with little vacancy. Good rental housing in the civilian community is hard to find in Fairbanks and all military families do not want to live on base. While the Army has a goal to house 70% of military families off-base, at Fort Wainwright only about 40% of families can live off-base due to the shortage of suitable housing in the community. Losing Birchwood homes from the community housing supply would make this situation much worse, driving more families back on-base and increasing the need for base housing.

Army policy is to look to community resources before pursuing new construction on-base. Many military families, particularly larger families, greatly appreciate the opportunity to live off-base in the community and close to schools and shopping. This has been one reason Birchwood remains among the most desirable community based housing for Ft. Wainwright families. As the person responsible for keeping families happy at Birchwood I can tell you that there would be important negative consequences for military family quality of life and morale resulting from the elimination of the Birchwood community.

Conclusion:

Mr. Chairman and members of the subcommittee, I was born and raised in Fairbanks, went to school in Fairbanks, and am deeply involved in the public and business communities of Fairbanks. I want to see Fairbanks continue to thrive as a center for business, education, and a welcome home for our country's military families. Keeping the Birchwood community intact while addressing the Army's needs should be the goal of all who care about our community. If the more than one million acres owned by the government at Fort Wainwright needs to be expanded, then more land can be purchased to further base objectives without damaging existing community resources.

In the end H.R. 414 as it stands would preserve this housing. An extension of the lease would perhaps be the simplest means of accomplishing this end, the other existing on base 801 housing programs in the Lower 48 have preserved their housing resources by extending their leases. We have recently, however, learned that in addition to housing needs, the base has other buffer priorities to which we could contribute. We believe that any of these alternatives are preferable to losing this housing, and that they ultimately enhance the mission of Ft. Wainwright.