

Executive Summary

This 2005 Alaska Housing Assessment Study was undertaken to determine housing conditions and needs throughout Alaska. In part the study updates similar work completed in 1988 and 1991; in part it expands the knowledge of housing conditions in Alaska. The study was funded by the Alaska Housing Finance Corporation and the Association of Alaska Housing Authorities and was conducted by Information Insights under contract to the Cold Climate Housing Research Center.

The information presented in this study derives from a variety of sources. Major sources include

- the 2000 U.S. Census,
- the 1990 U.S. Census,
- weatherization provided by Alaska Housing Finance Corporation,
- a telephone survey of more than 1,500 households statewide, conducted by Information Insights,
- Department of Labor and Workforce Development Research Section,
- Alaska Housing Market Indicator Reports, 2000 through 2004, published quarterly,
- Native American Housing and Self Determination Act Recipient Data provided by Housing and Urban Development and Regional Housing Authorities, and
- several regional housing authorities.

Major study findings include:

Conditions of overcrowding are estimated based on three levels: 150 square feet per resident, 200 square feet per resident, and 300 square feet per resident. For ease of reading, the middle level is discussed in the narrative portions of the report that address overcrowding. The 200 square foot definition of overcrowding is also used in the detailed estimation of costs. Highlights of costs and need for each level are outlined below.

Costs of housing needed: 150 square feet per resident = overcrowded

- More than 17,000 new housing units are currently needed to meet population growth, relieve overcrowding, and replace substandard housing.
 - ◆ 4,500 of these units are substandard and in need of replacement
 - ◆ More than 13,000 of these units are needed to alleviate overcrowding
 - ◆ More than 700 units of the total are duplicates that are both substandard and also overcrowded, these duplicates are subtracted to arrive at the total of more than 17,000 new units needed
- More than 20,000 units are in need of major repair

- Cost to provide major repairs to substandard homes that are determined to be salvageable is calculated at \$25,000 per unit and totals **\$519 million**
- Cost to replace units that are substandard and not salvageable is **\$873 million**
- Cost to alleviate overcrowding for homes with 150 square feet or fewer per resident is approximately **\$2.87 billion**
 - ◆ Note that the figure of \$2.87 billion assumes that only overcrowded units are replaced.
 - ◆ When duplicates are removed from the total units needed to replace substandard and overcrowded homes the cost is **\$3.66 billion**.
- Total cost to repair, replace and alleviate overcrowding is estimated to be **\$4.18 billion**

Costs of housing needed: 200 square feet per resident = overcrowded

- More than 25,000 new housing units are currently needed to meet population growth, relieve overcrowding, and replace substandard housing.
 - ◆ 4,500 of these units are substandard and in need of replacement
 - ◆ More than 22,000 of these units are needed to alleviate overcrowding
 - ◆ 1,120 units of the total are duplicates that are both substandard and also overcrowded; these duplicates are subtracted to arrive at the total of more than 25,000 new units needed
- More than 20,000 units are in need of major repair
- Cost to provide major repairs to substandard homes that are determined to be salvageable is calculated at \$25,000 per unit and totals **\$519 million**
- Cost to replace units that are substandard and not salvageable is **\$873 million**
- Cost to alleviate overcrowding for homes with 200 square feet or fewer per resident is approximately **\$4.78 billion**.
 - ◆ Note that the figure of \$4.78 billion assumes that only overcrowded units are replaced.
 - ◆ When duplicates are removed from the total units needed to replace substandard and overcrowded homes the cost is **\$5.47 billion**.
 - Total cost to repair, replace and alleviate overcrowding is estimated to be **\$5.99 billion**

Costs of housing needed: 300 square feet per resident = overcrowded

- More than 48,000 new housing units are currently needed to meet population growth, relieve overcrowding, and replace substandard housing.
 - ◆ 4,500 of these units are substandard and in need of replacement
 - ◆ Roughly 46,000 of these units are needed to alleviate overcrowding

- ◆ More than 2,000 units of the total are duplicates that are both substandard and also overcrowded, these duplicates are subtracted to arrive at the total of more than 48,000 new units needed.
- More than 20,000 units are in need of major repair
- Cost to provide major repairs to substandard homes that are determined to be salvageable is calculated at \$25,000 per unit and totals **\$519 million**
- Cost to replace units that are substandard and not salvageable is **\$873 million**
- Cost to alleviate overcrowding for homes with 300 square feet or fewer per resident is approximately **\$9.60 billion**
 - ◆ Note that the figure of \$9.60 billion assumes that only overcrowded units are replaced.
 - ◆ When duplicates are removed from the total units needed to replace substandard and overcrowded homes the cost is **\$10.05 billion**.
 - Total cost to repair, replace and alleviate overcrowding is estimated to be **\$10.56 billion**

Cost of construction is based on regional differences. The state is separated into Alaska Native regions and an average cost per unit assigned to each region. The table showing these amounts is located below; a detailed description of the formula used to arrive at these amounts is located in the cost of construction section.

Census area	Cost per unit	Census area	Cost per unit
Aleutians East Borough	\$316,742	Nome CA	\$229,030
Aleutians West CA	\$316,742	North Slope Borough	\$283,976
Anchorage Municipality	\$168,033	Northwest Arctic Borough	\$225,501
Bethel CA	\$225,501	Prince of Wales-Outer Ketchikan CA	\$166,017
Bristol Bay Borough	\$225,501	Sitka City and Borough	\$166,017
Denali Borough	\$187,693	Skagway-Hoonah-Angoon CA	\$166,017
Fairbanks North Star Borough	\$187,693	Southeast Fairbanks CA	\$187,693
Haines Borough	\$150,894	Valdez-Cordova CA	\$173,074
Juneau City and Borough	\$150,894	Wade Hampton CA	\$383,283
Kenai Peninsula Borough	\$180,636	Wrangell-Petersburg CA	\$147,869

Census area	Cost per unit	Census area	Cost per unit
Ketchikan Gateway Borough	\$147,869	Yakutat City and Borough	\$166,017
Kodiak Island Borough	\$187,189	Yukon-Koyukuk CA	\$283,976
Matanuska-Susitna Borough	\$173,074		

Housing sizes and age

- Calista region has the highest percentage of houses with 500 square feet or less, one in ten houses in the region are this size.
- Statewide just under six percent of homes are less than 500 square feet.
- With the exception of Sealaska, every region in the state saw a decrease in new housing (0 to 10 years) as a percentage of total units.
- Older housing (21 years or more) increased as a percentage of total housing stock in every region, including Sealaska.
- Alaska Native households are getting bigger and the number of residents per house is declining. However, these households continue to be smaller and have more residents per unit than non-Native households.

Housing conditions

- Of the more than 1,500 survey respondents roughly 7.5 percent of respondents indicated that their housing was in need of repair that they were unable to make.
- Five percent of people who live in homes with 300 square feet per resident or fewer also report living in a dwelling that is falling apart and in need of replacement.
- Sixty-eight percent of households with less than \$10,000 annual income report having homes that are drafty.
- Estimated cost to build a housing unit in Alaska ranges from a low of \$47,869 to a high of \$316,742.
- Approximately 10 percent of homes statewide are without running water, down from 39 percent of homes in 1988.

Housing built

- Forty-four percent of new units built between 2000 and 2004 were built in the Municipality of Anchorage.
- Thirty-three percent of new units built between 2000 and 2004 were built in the Matanuska-Susitna Borough.

- Sixty-three percent of new units were single-family units, 37 percent were multi-family units with the remaining one percent being mobile homes.
- The majority of new housing in rural Alaska is built by regional or local Alaska Native housing authorities.

Population and housing dynamics

- The population of the state grew by roughly 77,000 in the ten years between the 1990 and the 2000 Census.
- Between 1990 and 2000 and then again between 2000 and 2004, the population in urban areas has grown while the population in rural areas of the state has declined.
- Of the survey respondents who indicated they lived in a household with less than \$10,000 in annual earnings 83.6 percent were in rural Alaska and an identical 83.6 percent were Native households.
- There are more residents per household in Alaska Native households than in non-Native households.
- Since 1991 the total number of housing units increased in every region of the state with the exception of the Bering Straits region.
- More than 45,000 households in Alaska are potentially eligible for weatherization services.
- The number of people indicating that someone in their household is in need of specialized housing has decreased between 1991 and 2005.
- A larger proportion of households in which a resident is in need of specialized housing are Alaska Native and a larger proportion of them are in rural Alaska.

The 2005 Alaska Housing Assessment Study estimates a need of at least 25,771 new housing units to meet population growth, relieve overcrowding, and replace substandard housing. Major repairs needed for housing units that are substandard but salvageable will require significant funding. Without repairs to these units, they will continue to deteriorate until they need to be replaced. The number of homes in need of major repair is close to 20,000 units.

There are a number of housing units that are both substandard to the point of needing replacement and are also overcrowded. These duplicates were subtracted before cost estimates were made, but it is important to note that the total cost estimate assumes that both issues are addressed at the same time. If policy makers choose to only address overcrowded conditions the cost to do so would be higher than that reported here since the duplicates were subtracted from the total number of overcrowded homes.

Housing construction has failed to keep pace with demand in many parts of the state. Lack of private investment and market activity contribute to the shortage of adequate housing in rural Alaska. A failure to invest in the kinds of housing most needed throughout the state continues to create situations in which people are living in crowded conditions and in homes that are falling into disrepair.

Rural areas of the state have had historically, and continue to have, substandard housing conditions at a significantly higher rate than urban areas. Number of residents per household is higher in rural Alaska and total square footage of those households is lower.

Urban Alaska has a relatively responsive housing market. Demand for new housing units has driven construction of record numbers of new units in urban areas. This demand, fueled in part by population growth, also has caused an increase in the cost of housing. One primary challenge faced by urban Alaska is the lack of affordable housing for low-income people.

Estimates of current housing stock for 2005 begin with the base number of housing units counted in the 2000 Census. We added to this base the number of new housing units reported in the Alaska Housing Market Indicators Report, produced by the Alaska Department of Labor and Workforce Development (DOLWD) research section and published quarterly.

Supplemental information is provided by estimating residential construction activity for each region based on permits issued and estimates published quarterly for years 2000 through 2004 by the U.S. Census Bureau. Residential utility information was utilized to check the accuracy of estimated current housing stock. There are an estimated 278,118 housing units in Alaska in 2005.

Conditions of overcrowding are less prevalent in rural areas than they were 15 years ago but they continue to exist far more frequently than in urban Alaska. Low incomes and the high cost of construction make solving the housing dilemma in rural Alaska particularly challenging. There are an estimated 22,392 households in Alaska in which overcrowded conditions exist. An additional 4,500 housing units were determined to be in such poor condition that replacement is the best solution.

For the purposes of this study, conditions of overcrowding are defined as those units with less than or equal to 200 square feet per household resident. Overcrowding at this level prompts the need for an additional housing unit. Information Insights gathered information on overcrowded conditions as part of the household survey. The 1991 housing assessment estimated need due to overcrowding on housing units with less than or equal to 200 square feet per resident.

Residents were asked also to rate the condition of their home. A housing unit is determined to be in need of replacement due to the condition of the home when respondents indicate that their home is “falling apart”. Units that were reported to need major repairs that the household residents were unable to make were rated to be in need of major repair but not in need of replacement. It is important to note that households in need of major repair will become households that need replacement if funding for repair is not provided to assist household residents.

Since many of the housing units that are falling apart or in need of major repair also experience conditions of overcrowding duplicates were removed from the estimates.

Information is also provided on units that have 150 and 300 square feet per resident even though these households are not counted in the cost estimates based on need. A detailed explanation of housing need with accompanying tables is provided in the Housing Need section of the report.

The costs associated with building new units are estimated regionally based on transportation costs reported by the Department of Labor and Workforce Development as well as permit values reported by the U.S. Census Bureau. A detailed explanation of regional construction costs is provided in the construction costs section of this report.

The high cost of construction and the lack of skilled trades-people act as barriers to developing adequate housing for populations in rural areas. Targeted money is needed not only to purchase construction materials but also to provide the training necessary so that rural residents can obtain the good paying jobs associated with building.

The populations most in need of housing are Alaska Native households, rural households and low-income households. Our findings indicate that rural Alaskans are more likely to both live in substandard and/or overcrowded housing and have low incomes. Rapid population growth in urban areas, Anchorage and Mat-Su especially, has driven the cost of housing to a level that is unaffordable to many low-income people.

The majority of new housing units being developed throughout the state are single-family units with a cost to construct that is beyond the reach of low and moderate-income households. The median cost of construction for a single-family home in the Municipality of Anchorage is more than \$200,000. Based on the findings of the affordability report, a household in the Wade Hampton census area would have to pay 111 percent of annual median income in order to rent a two-bedroom housing unit at regional rental rates. Both the Yukon-Koyukuk Census Area and the Bethel Census Area would have to pay more than 90 percent of median annual income to rent at the going rate.

The private sector and housing market do not function in a traditional way in rural Alaska. The cost to construct homes is high and the incomes of the rural population are low. If a private developer were to build a home in rural Alaska they would find it difficult to impossible to identify a buyer in many parts of the state. Additionally, there is a shortage of skilled builders in rural areas so finding the people power to undertake projects is also challenging. For these reasons, it is unlikely that the solution to the housing problem in rural Alaska lies in private investment.

Progress has been made. Since the passage of the Native American Housing and Self Determination Act (NAHASDA), federal funding for housing for Alaska Native people has been de-centralized allowing for more rapid response to need and a more focused regional approach to eliminating housing problems. Regional Housing Authorities and Tribally Designated Housing Entities continue to build new homes in rural and urban Alaska and to assist in the maintenance of older ones.

State and federal agencies participate in housing development as well. The Alaska Housing Finance Corporation provides millions of dollars in housing resources for low-income and special needs housing as well as incentive programs to private developers and home ownership loans to low-income people.

Despite the efforts of these organizations and others, there is still a need for affordable housing throughout the state, a need felt most acutely in parts of rural Alaska.