

Section Four: Housing Market & Needs Analysis



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What Does This Section Contain?

Consolidated Plan regulations require Anchorage to conduct a housing market analysis and a housing needs assessment to serve as the foundation for setting priority housing needs and strategies.

What Does this Mean to Me?

This section answers the following questions:

- What is the current supply and demand of owner housing in Anchorage?
- What is the current supply and demand of rental housing in Anchorage?
- What current trends will affect the shape of the future housing market?

Consolidated Plan regulations require Anchorage to conduct a housing market analysis and a housing needs assessment to serve as the foundation for setting priority housing needs and strategies. The Community Development Division conducted an extensive housing market analysis and needs assessment that focused on the following four topics:

- Existing housing supply and demand.
- Economic and development trends that will shape future supply and demand.
- HUD-specific market characteristics such as low- and moderate-income concentrations, as well as ethnic and minority concentrations.
- Priority housing needs and strategies set by CDD through the Consolidated Plan development process.

Assessment Methodology

To help determine the Municipality's community and economic development assets, needs, and investment strategies, the Community Development Division used a methodology that included:

- A housing and community development needs survey distributed to citizens and other stakeholders.
- Town meetings.
- Working groups on affordable housing and public housing.
- Several interviews of housing providers, nonprofit organizations, neighborhood representatives, local businesses, and other appropriate organizations to identify needs and develop strategies.
- A review of current studies and existing research to establish a basis to clarify needs.

Key Findings

The housing market analysis reveals a number of essential findings:

- As the basis of Anchorage's economy shifts from high paying jobs in the oil and natural resource extraction industry to lower paying service sector jobs, the demand for more low cost rental housing will increase dramatically.
- The lowest income renters are in the most need of more affordable housing. A growing demand for one and two bedroom units is driving up rents while many of these renters are already paying more than half their wages for housing.
- With some assistance, homeownership is within reach of many moderate-income families. Down payment assistance programs and housing counseling would help the dream of homeownership become a reality for these families.
- As the amount of developable land becomes smaller, the feasibility of redevelopment and rehabilitation will increase.

Housing Supply

The Community Development Division reviewed several variables of the community's housing stock in order to gain a complete understanding of the available supply of homes. This section will address the supply, tenancy, condition, and other characteristics of existing housing stock, as well as touch on future housing development.

Overall Supply

The overall number of housing units in Anchorage grew at a healthy rate throughout the 1990s and currently shows no signs of slowing. Housing stock has increased of course as the population has increased. U.S. Census 2000 indicates that Anchorage's current housing stock contains 100,368 units, an increase of almost seven percent, or 6215 units, from 1990. Anchorage issued building permits for an additional 1,942 units in 2001, the most in any single year since the end of the building boom in 1985.

Tenure

The rate of homeownership is rising in Anchorage. The 56.7 percent homeownership rate currently parallels the national rate of slightly above 60 percent. It should be noted that while the rise in the homeownership rate is a sign of a strong housing market, it is by no means proof that homeownership is now more attainable to families of modest income. The increase in homeownership can mostly be attributed to the recent availability of low-interest mortgage rates, the recovery from the 1980s recession, and local developers' focus on single family housing construction.

Low interest rates on mortgages give potential homeowners more buying power and have brought homeownership within reach of some families who were previously excluded when rates were higher. The Alaska Housing Finance Corporation (AHFC) has reached peak levels of loan activity in recent years. More than 11,000 loans were issued throughout Alaska to first time homebuyers in 2001, the highest mark in over ten years. Another 2,692 loans were issued in the first quarter of 2002.

According to AHFC, the average monthly mortgage payment for single-family homes and condominiums in Anchorage was slightly less than the average contract rent for a single-family home (by about 5 percent) in the first half of 2002. The 2002 Rental Survey indicated that rents dropped for single family housing units with less than three bedrooms. This suggests that the renters are finding more attractive housing options, perhaps in the form of their own home.

The homeownership rate also rose due to the increasing willingness of owners to sell. During the recession of the 1980s, many homeowners could not sell their homes at a reasonable price. Instead of selling at a loss, they opted to move out and maintain the unit as a rental property or leave the unit vacant. This caused a sharp drop in the homeownership rate. As home values recovered throughout the 1990s, these owners sold their properties while buyers took advantage of the low interest rates on mortgages. Now that the market has recovered, the homeownership rate should rise more slowly in relation to the amount of new housing developments.

Change in Household Tenure: 1990 To 2000					
Tenure	Housing Units & % of Total Units				Change in Units
	1990		2000		
Renter	39038	41.5%	37869	37.7%	-1169
Owner	43664	46.4%	56953	56.7%	13289
Vacant	11451	12.2%	5546	5.5%	-5905
Total	94153		100368		6215
Source: 1990 and 2000 US Census					

Table 4-1

According to written testimony provided by Rural CAP, Inc., the decrease in rental housing shown in the above table is not solely attributable to the conversion of single-family rentals to ownership, but is also the result of closure of mobile home parks and the 1996 demolition of 400+ units at Hollywood Vista.

In terms of new development, developers have recently concentrated their efforts on single-family development. The number of multifamily permits made a big jump from 345 in 2000 to 889 in 2001. Despite this, single family housing development has surpassed the amount of multifamily development in recent years. Over the last four years 3799 units of single family housing obtained permits compared to the permitting of 2154 multifamily units.

Housing Type

Single family units currently account for a majority of the housing stock in Anchorage. Forty-six percent of all units are detached single-family while attached single-family units, such as townhouses and condominiums, account for 11 percent. As land has become less available, development trends are toward single family housing with zero lot lines. This type of higher density development will be formalized with the full adoption of Anchorage 2020's rezoning and design standards.

Existing multifamily housing is often packaged in small complexes with less than ten units. These units account for 24.4 percent of all housing stock, while structures with ten or more units account for 12.5 percent. Many of these structures were built during the building boom in the 1980s and are somewhat awkwardly placed in predominantly single-family detached neighborhoods.

Mobile homes have traditionally filled a unique and useful niche for the lower income housing market in Anchorage and are recognized in the Anchorage 2020 Comprehensive Plan as a viable solution to the shortage of affordable housing. However, the number of mobile homes has experienced a drastic decline in recent years and currently account for 5.8 percent of housing in Anchorage, or 5824 units. Compared to 7393 units in 1990, this is a loss of 1569 units, or over 20 percent.

Land in the Anchorage Bowl has become too valuable to use as mobile home parks. No new mobile home parks have been built since 1982 and there are no plans to open new parks. Owners of existing parks have started to sell their land for redevelopment, leaving current residents no choice but to relocate. Renting, rather than owning, a mobile home in Anchorage is another option available to mobile home residents who are being displaced. Most of the existing parks are located in Northeast Anchorage in Campbell Park, Taku-Campbell, Abbott, Russian Jack, and the Spenard areas.

Housing Size

Fifty-four percent of Anchorage housing units contain between 5 to 9 rooms. This usually equates to a two to three bedroom home. Thirty-six percent of the units have two to four rooms, which equates to a one-bedroom unit. Combine these figures and 90 percent of Anchorage housing units contain from one to three bedrooms. Only 2 percent, or 2442 units, have one room and are considered to be efficiencies. For the purpose of this discussion, rooms include bedrooms, living rooms, kitchens, dens, home offices, and other finished rooms. Bathrooms and laundry rooms are not included.

Size of Unit	Number Of Units	% of Total
1 room	2442	2%
2 to 4 rooms	35,732	36%
5 to 8 rooms	54,069	54%
9 or more rooms	8125	8%
Total	100,368	100%
Source: US Census 2000		

Table 4-2

Age of Existing Supply

According to the latest Census figures, the majority of housing stock in Anchorage was built between 1970 and 1989. This coincides with one of Alaska's booming economic growth periods fueled by the petroleum industry. During that period over 63,000 units were built, accounting for 63 percent of the city's current housing stock. Unfortunately, many of the units were built in haste using low quality materials that did not follow any quality or design standards.

An additional 23 percent of the current stock was built between 1904 and 1969. Age and Anchorage's harsh climate have taken their toll on these units, which are candidates for rehabilitation and in some case demolition and reconstruction.

Concerning mobile homes, the condition of these homes has become more of an issue as units age and decrease in value while the residentially zoned land where they are located

becomes more valuable. When parks close, the older and more deteriorated homes cannot be transported without renovations that are unaffordable to the owner.

Year Structure Built	Age Range	Units	% Of Total*
1939 or earlier	63 or more	615	1%
1940 to 1959	43 to 62	10,068	10%
1960 to 1969	33 to 42	13,869	14%
1970 to 1979	23 to 32	34,828	35%
1980 to 1989	13 to 22	28,307	28%
1990 to 1994	9 to 12	4968	5%
1995 to 1998	4 to 8	5694	6%
1999 to March, 2000	2 to 3	2019	2%
Total		100,368	100%
Source: US Census			
*percentages shown here may not add up to exactly 100% due to rounding.			

Table 4-3

Future Supply of Housing

Anchorage's position in relation to the Cook Inlet, military bases, and protected parkland limit the Municipality's capacity to sprawl. According to the Anchorage 2020 Comprehensive Plan, the Municipality has already built out to its limits and the majority of the remaining vacant land has environmental factors that would limit its development. Given this, Anchorage must now turn its eyes toward redevelopment.

The Municipal Planning Department recently conducted a land survey that assessed the suitability of vacant land for development. The study examined site conditions such as slopes, wetlands, soils, and earthquake hazards that would limit development potential. The study concluded that only 44 percent of existing vacant land was suitable for development. Almost half of the developable land of Anchorage is located in the Southeast area of the city and another twenty percent is located in the Southwest area.

Redevelopment will most likely focus around the proposed town centers of the Anchorage 2020 Comprehensive Plan and the older of areas of Anchorage, including Fairview and Mountain View.

The increasing squeeze of land supply will drive up prices and force more families to settle outside of Anchorage Bowl, most likely in the Eagle River area or farther north in the Mat-Su Valley. According to AHFC, median adjusted rents for Anchorage were slightly higher than for Mat-Su in 2002.

Housing Demand

This analysis examines several variables on the demand side of the Anchorage housing market, including changes in home values and rental rates, population and household growth, changes in household composition, and changes in the employment base.

Current Demand

The Multiple Listing Service (MLS), a database utilized by realtors, provides three indicators that demand is strong and growing. Historical MLS data shows a rising average sales price, a declining average time on market, and increased sales activity for both condominiums and single family housing in the Anchorage area. The number of condominium sales has risen steadily each year, from 561 in 1994 to almost 1300 in 2001. The number of single family sales has increased even more quickly, jumping from 2391 in 1991 to over 4000 in 2001.

Historical Condominium Sales in Anchorage MLS Area				
Year	Number Sold	Average Price*	Change in average price	Average Days on Market
2001	1,290	\$121,204	8%	111
2000	750	\$111,733	19%	104
1999	955	\$93,961	0%	N/A
1998	873	\$94,122	4%	108
1997	783	\$90,594	15%	135
1996	662	\$78,850	-9%	106
1995	575	\$86,501	14%	161
1994	561	\$76,050	-5%	126
1993	582	\$80,413	-3%	132
1992	440	\$83,055	29%	151
1991	573	\$64,609	11%	117
1990	1,358	\$58,261	102%	175
1989	1,176	\$28,862	-28%	452
1988	506	\$40,027	*	303
Average Price for units sold in 4th quarter of given year				
Source: Alaska Housing Finance Corporation				

Table 4-4

***1987 data not available.**

Historical Single Family Home Sales in Anchorage MLS Area				
Year	Number Sold	Average Price*	Change in average price	Average Days on Market
2001	4,018	\$189,866	5%	61
2000	3,463	\$180,252	15%	81
1999	3,716	\$156,201	-10%	111
1998	3,294	\$174,209	8%	69
1997	3,381	\$161,926	3%	73
1996	3,018	\$156,581	4%	77
1995	2,844	\$150,743	4%	63
1994	2,714	\$144,271	1%	82
1993	2,883	\$142,945	7%	79
1992	2,426	\$133,500	3%	85
1991	2,397	\$129,456	-12%	N/A
1990	2,514	\$146,814	44%	N/A
1989	1,987	\$102,030	5%	N/A
1988	1,787	\$97,356		N/A
Average Price for units sold in 4th quarter of given year				
Source: Alaska Housing Finance Corporation				

Table 4-5

Data from the 2002 Rental Survey conducted by AHFC indicates there is strong demand in the rental market as well. Median rent increased for apartments of all sizes. Rents for two bedroom units increased the most by gaining 7 percent.

The table below indicates the price range of housing available to each income range based on the assumption a household will not spend more than 30 percent of their income on housing costs. Fifteen percent of households earn less than \$25,000 per year and cannot afford more than \$625 in monthly housing costs.

Income Ranges of Households			
Annual Income	Households	Percent of Total Households	Can Afford in Monthly Housing Costs
Less than \$10,000	3948	4%	Less than \$250
\$10,000 to \$15,000	3774	4%	\$250 - \$375
\$15,000 to \$25,000	8936	9%	\$375 - \$625
\$25,000 to \$35,000	10251	11%	\$625 - \$875
\$35,000 to \$50,000	15199	16%	\$875 - \$1250
\$50,000 to \$75,000	21506	23%	\$1250 - \$1875
\$75,000 to \$100,000	13597	14%	\$1875 - \$2500
\$100,000 to \$150,000	12266	13%	\$2500 - \$3750
\$150,000 to \$200,000	3203	3%	\$3750 - \$5000
More than \$200,000	2400	3%	More than \$5000
source: US Census			

Table 4-6

Population and Household Growth

After experiencing a decline throughout the late 1980s, the population of Anchorage rebounded in 1989 and has continued to grow. According to Census 2000 data, the population stood at 260,283. This is an increase of 15 percent, or 33,945 residents, over the 1990 total. Several factors contributed to the growth, including a large number of new jobs in the service sector and migration from outlying villages and rural areas by Alaskan Natives.

The growth in the number of households paralleled that of population. An increase of 14.7 percent (12,170 additional households) from 1990 brings the count to 94,822 households in the year 2000. Similarly, the State of Alaska population grew approximately 14 percent during the same period to reach 626,932. Consequently, the number of households increased by 32,685 households, or 17 percent. Anchorage currently accounts for 41.5 percent of Alaska's entire population.

Household Composition

Changes in family composition have a direct influence on the type of housing in demand. By comparing the number of households in each family type in 1990 and 2000, several trends begin to emerge that may affect the type and demand of housing.

Married couple families now account for slightly more than half of all households in Anchorage. If the current trend continues, this will soon change. In 1990, married couple families accounted for 54 percent of households. According to the newest US Census, that percentage has dropped to 51 percent.

Conversely, the number of single parent families increased at twice the rate of households in general, and in 2000 accounted for 17 percent of all households. The 10,884 female-headed households currently account for 11.5 percent of the Anchorage total, 72% of who have a child under the age of 18 years old.

This shift from married couple families to other types of families is significant in that it indicates a shift from two wage earner families to single wage earner families. The Alaska Affordability Index is a measurement that estimates the number of average-wage workers needed to qualify for a 30-year single-family home mortgage at the average interest rate with 15 percent down. For the last two years, it has hovered at close to 1.5, meaning it would take one and a half persons earning the average wage to make payments for a home.

Another disturbing trend is the growing number of people who live alone, especially seniors. This segment of the population is more susceptible to cost burdens and risk of homelessness. The percentage of persons living alone has not increased significantly from 1990 to 2000, but has grown at a rate consistent with the overall rate. However, this still translates to an additional 3193 persons living alone throughout Anchorage. Even more significant is the number of persons aged 65 or older who live alone. This population increased by 66 percent and has gained 1434 additional people.

The overall elderly population has grown by an incredible 73 percent from 1990 to 2000 and currently stands at 14,242. In the past, elderly people would leave Anchorage to escape the harsh winter or to be closer to family. These statistics suggest a change in that trend, as more and more seniors opt to stay in Anchorage.

Another factor that affects the demand in Anchorage is the duration of a family's residence. Given its boom and bust economy and proximity to two large military operations, Anchorage has a relatively high rate of population movement. In 2000, 18 percent of the population, or 43,143 people, had moved to Anchorage from another state in the last five years. Military employment currently stands at approximately 8500 persons. These new arrivals may not be willing to invest in a home purchase in their first few years. More likely, they will search out affordable rental housing until they make longer-term plans.

Areas of Ethnic/Minority Concentrations

An area of ethnic/minority concentration is defined as any census tract or group of census tracts where minorities account for more than a third of the area's population. Appendix Ten shows a map of these concentrations. As seen in the map, the most highly concentrated area of minorities flanks 5th Avenue in Census Tracts 6 and 9.01. In both of these tracts, more than 50 percent of the residents are minorities.

Areas of Low/Moderate-Income Concentrations

Appendix Ten shows a map of low/moderate-income concentrations. These are census tracts with the highest percentage of households earning less than \$50,000¹. The census tracts with the highest percentage of households earning less than \$50,000 per year overlap with the tracts that have minority concentrations. The following tracts have the upper quartile (63 to 79 percent) for percent of households earning less than \$50,000 a year: Census Tracts: 5, 6, 8.01, 8.02, 9.01, 9.02, 10, 14, 18.02, 19, 20, and 21.

Renaissance Zone

The Renaissance Zone was identified through a community process in 1998 and includes neighborhoods that experience unemployment rates significantly above that of the United States. At the time of the Municipality's 2000-2002 Consolidated Plan, Anchorage neighborhoods in the Renaissance Zone experienced unemployment rates of 11.5 percent, compared to the nationwide rate of 6.3 percent. The map in Appendix Ten shows the boundaries of the Renaissance Zone.

Job Growth

In addition to examining the current demand, it is also important to project future need. One way to do this is to gauge expected job growth and calculate the type of housing needed to accommodate the new workers.

Anchorage is currently experiencing a major shift in its economic base. In the past, Anchorage could rely on high paying jobs in the oil and natural resource extraction industries. The number of these jobs is shrinking, while new "big box" commercial developments, such as Wal-Mart and Barnes and Noble Booksellers, have fueled the need for a large number of low-wage service sector jobs.

Most of the newly created jobs in Anchorage are in the service sector. Table 4-10 lists the fastest growing occupations in Anchorage. Cashiers and retail salespeople, two of the largest occupation groups already, are expected to experience the largest increase in growth. These two occupations are also at the bottom of the pay scale, often earning minimum wage.

¹ This is roughly equivalent to HUD's upper-quartile definition for low/mod areas.

Fastest Growing Occupations in Anchorage, 1998 – 2008					
Sorted By Most Common Occupation					
Occupation	Median Income	Number of Jobs		Increase	Can afford monthly Housing payment of . . .
		1998	2008		
Retail Salespeople	\$22,048	4067	4850	783	\$551.20
General Office Clerks	\$25,834	3715	4319	605	\$645.84
Cashiers	\$16,931	3247	4037	790	\$423.28
General Managers	\$64,480	3320	3989	669	\$1,612.00
Registered Nurses	\$55,952	1950	2728	778	\$1,398.80
Sales Supervisors	\$32,781	2242	2652	411	\$819.52
Child Care Workers	\$17,285	1919	2580	661	\$432.12
Waiters & Waitresses	\$13,686	1993	2365	372	\$342.16
Receptionists	\$22,235	1780	2289	509	\$555.88
Administrative Support Supervisors	\$41,600	1792	2205	413	\$1,040.00
Teacher Aides	\$26,330	1726	2065	339	\$658.25
Truck Drivers, Light, incl. Delivery	\$25,750	1359	1810	451	\$643.76
Amusement & Recreation Attendants	\$20,634	826	1201	376	\$515.84
Aircraft Pilots	\$43,000	834	1171	337	\$1,075.00
Systems Analysts, EDP	\$54,912	418	724	306	\$1,372.80
<p>This table assumes that roughly half of all new jobs in Alaska will be located in Anchorage. Affordable Housing Payment is based on 30% of gross monthly income of the 50th percentile (median income) for each occupation. Source: Alaska Department of Labor</p>					

Table 4-7

Housing Problems

The passage below discusses what housing and community development practitioners mean by the term *affordable housing*.

What is Affordable Housing?

Housing affordability is the relation of a consumer's housing costs to his or her available resources. Both facts and standards are involved, often in conflicting fashion. Affordability is more likely to be perceived as a real problem among consumers with fewer available resources and in those areas where housing costs are high and rising rapidly.

What people 'ought' to pay for housing has always been a somewhat murky matter. The usual term applied to such standards captures the imprecise, ad hoc quality of the concept and measure. What proportion of income people pay for housing is subject to factors well beyond their control - what they can earn, what the market charges for housing - and, where income levels or the housing market permit, personal preference. As is to be expected, the data consistently show that the higher one's income, the lower the proportion of one's income is actually spent on housing and on basic needs generally.

An important conceptual and policy critique of the affordability standard, whatever the actual figure, has been raised by housing economist Michael Stone, who has argued that such ratios realistically are and ought to be a function both of household size and household income. That is, the larger the number of people in the household, the more that household must spend for food, clothing, transportation, medical care, and other non-shelter necessities; therefore, at any given income level, the proportion of income devoted to housing should decrease as household size increases. In place of traditional fixed rules of thumb, Stone has suggested a sliding scale of affordability related to both household size and income level.¹

In keeping with this conceptualization of "affordability", HUD's definition of this term is for a household to pay no more than 30% of its annual income on housing. This standard is established in Title 42 of the United States Code, Chapter 8, Section 1437(a)(1)(A) for the Section 8 Housing Voucher Program, and is used as the general standard of affordability for HUD's assisted housing programs. Families who pay more than 30% of their income for housing are considered "cost burdened" and may have difficulty affording necessities such as food, clothing, transportation and medical care in addition to housing expenses. In 1999, at the tail end of the nation's longest economic expansion, 12 million renter and homeowner households paid more than 50 percent of their annual incomes for housing. Currently, a family with one full-time worker earning the minimum wage cannot afford the local fair-market rent for a two-bedroom apartment anywhere in the United States.

¹ Source: The Encyclopedia of Housing. Willem van Vliet, ed. SAGE Publications, 1998.

By HUD standards, there are **three scenarios** where a household has a housing problem:

- If it pays more than 30 percent of its gross monthly income for housing (it is therefore considered to be experiencing a housing *cost burden*. HUD is also interested in the number of households that pay use more than 50 percent of their income on housing costs know as a *severe cost burden*.
- If it occupies a unit that lacks a complete kitchen or bathroom, the unit has a physical defect.
- If it contains more members than the unit has rooms, the unit is overcrowded.

Affordability of Owner-Occupied Units

For the purposes of this analysis, affordable owner housing will be defined according to two terms established by HUD, *low/moderate income family* and *housing cost burden*:

Low / Moderate Income Family :

According to the Federal regulations (laws) governing the Consolidated Plan, a family of four earning less than 80 percent of an area's median family income (MFI) is considered to be of moderate income, and one earning half of an area's MFI is considered to be of low income. An area's median family income is determined by HUD on an annual basis when setting Section 8 income limits. This determination is important because one of the primary objectives of the Consolidated Plan is to assist persons at this income level.

Housing Cost Burden:

A household that spends more than 30 percent of its gross monthly income on housing costs is considered cost burdened. The Consolidated Plan considers any household that has a cost burden to be paying too much for housing.

Therefore, affordable owner occupied housing is defined as housing units that a *moderate*-income family of four can afford without incurring housing cost burden. Using this definition, owner occupied housing in Anchorage priced at \$150,000 or lower is considered affordable based on the following assumptions:

2002 Anchorage Median Family Income (MFI) for Family of Four:	\$60,500
Moderate threshold: 80 percent of 2002 Anchorage MFI:	\$48,400
Cost Burden threshold: 30 percent of low/moderate income:	\$14,520
Mortgage Terms currently offered by Alaska Housing Finance Corp:	95% Loan to Value 5.625 % for 30 years
Other Annual Housing Costs: Mortgage Insurance: Property Taxes:	1.5 % of mortgage \$17.82 per \$1000
Maximum Affordable Mortgage at terms listed above:	\$144,685

Comparing \$150,000 to the reported values of owner occupied homes in the 2000 U.S. Census (Table 4-8) shows that approximately 42 percent of units are considered affordable. While this figure may seem high, it is based on the assessed value and not the market sales price. The number of homes being sold that can be considered affordable will be lower. Based on sales MLS data from 2001, it is estimated that only 35 percent of homes sold for less than \$150,000. According to AHFC, the average sales price of an Anchorage home in the fourth quarter of 2001 was \$205,918.

Value of Owner Occupied Homes		
Value Range	Units*	Percentage
Less than \$50,000	274	0.6%
\$50,000 to \$100,000	3667	8.3%
\$100,000 to \$150,000	14566	33.0%
\$150,000 to \$200,000	14854	33.6%
\$200,000 to \$300,000	8115	18.4%
\$300,000 to \$500,000	2205	5.0%
\$500,000 to \$1,000,000	427	1.0%
\$1,000,000 or more	84	0.2%
*includes a very large sampling, but not all owner units		
Source: US Census 2000		

Table 4-8

Affordability of Rental Units

For the purposes of this analysis, affordable rental housing is defined as units that a *low* income family can afford without incurring a housing cost burden and without being “overcrowded.” A unit is considered overcrowded when there is more than one person per room. Rooms that are considered in this calculation include bedrooms, living rooms, kitchens, dens, home offices and other finished rooms. This calculation excludes bathrooms and laundry rooms.

Different sized units will have different thresholds of affordability. The adjustments in the thresholds will mirror those made for family size in HUD’s annual release of Section 8 Income Limits.

Using the definition of affordable rental housing, Anchorage will have monthly rental rates at or below the following thresholds:

Household/Unit Size	Low Income	Housing Cost Threshold	
		Annual	Monthly
1 person/1 room	\$21,200	\$6,360	\$530
2 person/2 room	\$24,200	\$7,260	\$605
3 person/3 room	\$27,250	\$8,175	\$681
4 person/4 room	\$30,250	\$9,075	\$756
5 person/5 room	\$32,650	\$9,795	\$816
6 person/6 room	\$35,100	\$10,530	\$878
7 person/7 room	\$37,500	\$11,250	\$938
8 person/8 room	\$39,950	\$11,985	\$999

Table 4-9

Cost Burden and Severe Cost Burden

Table 4-10 below lists the percentages of monthly income renters paid for housing costs in 1999. Given that any household paying more than 30 percent of monthly income is considered *cost burdened*, Anchorage had 13,714 rental households fall into this category. This means more than one in three renters is cost burdened and there is a large shortage of rental units considered affordable.

According to data from the 2000 census:

- 13,714 (36%) renter households in Anchorage experienced a *cost burden* by spending 30 percent or more of their income on housing in 1999.
- Of population that was cost burdened: **8 percent were slightly burdened** (30 to 34 percent of income spent on housing) and **13% were moderately burdened** (35 to 49 percent of income spent on housing) and **15% were severely cost burdened** (50 percent or more of income spent on housing).

Percentage Of Income Spent on Housing (1999)		
<i>Shaded area represents those experiencing a cost burden</i>		
	Households	% of total households
Less than 10 percent	1,818	5%
10 to 14 percent	3,952	10%
15 to 19 percent	5,582	15%
20 to 24 percent	5,116	14%
25 to 29 percent	4,331	11%
30 to 34 percent (cost burdened)	3,024	8%
35 to 39 percent (cost burdened)	2,193	6%
40 to 49 percent (cost burdened)	2,660	7%
50 percent or more (severely cost burdened)	5,837	15%
Not computed	3,306	9%
Source: 2000 US Census		

Table 4-10

HUD is especially concerned about those households paying more than 50 percent of monthly income on housing costs. These households are considered *severely cost burdened* and at *high risk of homelessness*. Any break in the flow of income or unexpected expenses, such as loss of employment or hospitalization, would severely jeopardize the household's ability to continue to meet the rent. In 2000, the number of severely cost burdened families reached 5,837.

Additional data on housing problems is available from the Comprehensive Housing Affordability Strategy (CHAS) Data Table. The U.S. Census Bureau created the most recent CHAS Data Table in 1994. While HUD has commissioned an update to the CHAS Data Table based on the 2000 Census, the information will not be available until 2003 or 2004. Therefore, this analysis combines information found in the existing CHAS with data from the most recent Census to gauge the level of housing problems in the Municipality.

Since the Census Bureau has not yet released an updated 2000 CHAS table, this analysis provides information from the 2000 Census that has been released, such as renter and owner households paying 30 percent and above. When HUD releases the updated CHAS Data Table for Anchorage,

the Community Development Division will include the table in its Annual Action Plan. However, information for the CHAS Table (required by HUD for the Consolidated Plan) based on 2000 Census data can be estimated. For the methodology, see the bottom of the following table.

**Table 4-11
CHAS Table 1C - All Households
Anchorage, Alaska 2000 Estimates**

Number of Households Earning Type of Housing Problem	Renters					Owners			
	Elderly 1 & 2 Member Households	Small, Related (2 to 4)	Large, Related (5 or more)	All Other Households	Total Renters	Elderly	All Other Owners	Total Owners	Total Households
0 to 30% Median Family Income	571	2818	643	2239	6271	471	1564	2035	8306
% with any housing problems	82%	83%	84%	89%	85%	71%	89%	85%	85%
% Cost Burden > 30%	82%	82%	77%	88%	83%	71%	89%	85%	84%
% Cost Burden > 50%	55%	65%	45%	70%	64%	47%	74%	68%	65%
31 to 50% Median Family income	505	2879	848	2327	6558	613	1619	2232	8790
% with any housing problems	65%	65%	68%	73%	68%	50%	73%	67%	68%
% Cost Burden > 30%	65%	60%	49%	71%	63%	50%	69%	64%	63%
% Cost Burden > 50%	6%	21%	16%	21%	19%	26%	36%	33%	22%
51 to 80% Median Family income	220	3083	688	2082	6074	620	2909	3529	9603
% with any housing problems	32%	41%	65%	32%	40%	40%	56%	54%	44%
% Cost Burden > 30%	32%	37%	41%	31%	35%	39%	51%	49%	39%
% Cost Burden > 50%	0%	6%	5%	4%	5%	10%	16%	15%	8%
81 to 95% Median Family income	147	1873	398	1531	3948	490	2796	3286	7234
% with any housing problems	16%	27%	58%	17%	26%	31%	59%	55%	38%
% Cost Burden > 30%	16%	25%	31%	16%	22%	31%	55%	52%	34%
% Cost Burden > 50%	6%	2%	0%	2%	2%	6%	10%	10%	5%
Methodology: The 2000 CHAS data tabulation has not yet taken place. The 2000 US Census data that was available (Total Households, Owner Occupied Households, and Total Renter Households, and Household Income) were used to extrapolate the income distribution. The percentages of housing problems above are the same as those reported in the 1990 CHAS table.									

Physical Defects and Substandard Condition

HUD considers a unit that lacks a complete kitchen or bathroom to have a physical defect and therefore a housing problem. Current Census data indicates that 1,032 units (1.1 percent of units) lacked complete plumbing or complete kitchen facilities.

Table 4-12
Housing Units Lacking Plumbing or Complete Kitchens

Housing Problem	# of Housing Units	% of Housing Stock
Lacking complete plumbing facilities	472	0.5%
Lacking complete kitchen facilities	560	0.6%
Source: U.S. Census Bureau, 2000		

Since substandard housing can cause serious health and safety issues, the definition of physical defects should not be used as the only definition of substandard housing. The Community Development Division considers housing units in compliance with local building codes to be *standard* units. Any housing unit that does not meet these requirements is considered *substandard*.

Common housing code violations make a unit unsafe and/or unsanitary, including problems with wiring, plumbing, windows, roofs and exterior, and heating and air conditioning systems. Most of these units are *substandard units that are suitable for rehabilitation*. These units, which do not meet local code standards for occupancy but are still in use, though dilapidated and poorly maintained, are suitable for essential repairs to rehabilitate the unit.

However, any property found to be structurally unsound or badly deteriorated is considered in *substandard condition, unsuitable for rehabilitation*. These units may be candidates for reconstruction. These are units that do not meet local code standards for occupancy and are “uninhabitable” as a working residential unit because they no longer contain an enclosed, heated residential unit with working plumbing and electricity.

Overcrowding

Overcrowding is a living condition defined by the Census as more than one person living per dwelling room. Current Census data indicates that only six percent (6%) of occupied housing units have rooms that are occupied by 1.01 persons or more; 94 percent (94%) of units have rooms that are occupied by 1 person or less.

However, staff and some citizens in acknowledged that overcrowding may be increasingly becoming a problem. They noted an increase in the number of married couples, children, and other family members living together in units to pay the rent or mortgage. This doubling up is the result of a combination of rising housing costs, population growth, and an inflow of new American Indian and Alaska Natives moving into the area from rural areas or reservations.

This phenomenon is adding a new dynamic to the city's housing market. While strict code enforcement helps ensure safety, it may also mean increasing the homeless population, placing lower income households with housing cost burden, or housing discrimination. However, the underlying problem is a shortage of affordable housing.

The Municipality's residential code violation process is complaint-driven. Therefore, residents and officials attempt to strike a balance between social understanding and the law to address overcrowding issues. Overcrowding in a home often causes neighbors to be concerned about their property values. Therefore, many of the city's residents bring potential overcrowding hazards to the attention of Code Enforcement staff. Therefore, the Municipality will need to continue weighing the benefits and drawbacks to strict code enforcement.

Priority Housing Needs Table

HUD requires the following Priority Housing Needs Table to be submitted as part of the Consolidated Plan. The table is organized first by tenancy and then by income. Renter housing needs are further categorized by family type. The information in each category of the Priority Housing Needs Table is defined below.

Relative Level of Need

A score of low, medium, or high reflects the level of need for this household type relative to the other categories. A category that receives a "low" may in fact have a large number of households in need of assistance, but the Community Development Division understands that either another agency is servicing these needs or the need is greater for other household types.

A medium level of need indicates the Division will attempt to satisfy these needs if funding is available or pursue other funding sources to meet these needs. A low need level indicates that the Division does not consider the household type a priority or that another organization is sufficiently serving the need.

The need level indicates where the Community Development Division will spend its housing funds. A category assigned a high need level is considered a priority and will receive funding throughout the plan.

Unmet Need

Despite the data available from the Census and other sources the ever changing needs, wants, and circumstances of individuals constituting the family unit makes it impractical to prescribe a formula to determine the exact number of households in need of assistance. Some may need a rental subsidy while others need a larger unit. Unmet needs for the purpose of this assessment were estimated by calculating the number of households that spend more than 30 percent of their gross monthly income on housing expenses. Such households are termed cost burdened. The numbers were increased from the 1990 Census to reflect population growth reported in the 2000 Census. This number is a conservative estimate of the actual numbers of households needing

assistance and/or housing units needed. It is important to note that the Community Development Division does not intend to help only households experiencing a cost burden.

Goals

The Community Development Division developed the goals shown on Consolidated Plan Table 2A. In determining the goals the historical participation in housing programs by various household types and estimated level of funding over the next five years was considered. Special attention was given to family households as such households are more likely to consist of children further stretching the limited resources available to low-income families. These households are also more likely to reside within the assisted dwelling unit during the period of affordability for these programs.

Moreover, those households between 50%-80% of FMI are well suited to afford the monthly owner cost of housing.

Disproportionate Need

HUD requires the Community Development Division to examine the Municipality's housing needs based on disproportionately greater need (more ten percentage point higher) among any specific minority racial and ethnic groups. The CDD determined that there was not a disproportionately greater need according to HUD's definition among minority racial/ethnic groups. In the homeless section, a table displays the differences in homeless population based on race and ethnicity, though it does not point to a disproportionate need for any specific minority racial/ethnic group.

Consolidated Plan Table 2A: Priority Housing Needs

	Need Level	Unmet Need	Goals
Renter			
Small, Related			
0-30% AMI	M	2,310	15
31-50% AMI	H	1,727	40
51-80% AMI	H	1,141	80
Large, Related			
0-30% AMI	L	495	9
31-50% AMI	M	415	15
51-80% AMI	M	282	20
Elderly			
0-30% AMI	H	468	30
31-50% AMI	H	328	20
51-80% AMI	M	70	15
All Others			
0-30% AMI	L	1,971	8
31-50% AMI	L	1,652	7
51-80% AMI	L	646	9
Owner			
0-30% AMI	M	1,729	15
31-50% AMI	M	1,429	40
51-80% AMI	H	1,729	100
Special Needs			10
<i>Total Goals</i>			423
Total 215 Goals			217
Total 215 Renter Goals			127
Total 215 Owner Goals			90
Methodology: See subsections above, which describe methodologies for this table.			

Table 4-13

Housing Investment Strategies for 2003–2007

As the housing market analysis and needs study show, the availability of affordable housing for both renters and homeowners is a primary issue in Anchorage, a fact that is mirrored in recent results from the Housing and Community Development survey. The Community Development Division, as the lead entity for the Municipality's Consolidated Plan, is committed to working with the public, private, and nonprofit sectors in the Municipality to help ensure the availability and affordability of housing for lower income renters and homeowners.

Priority Housing Strategy #1:

Expand and preserve affordable rental housing opportunities, particularly for low-income persons.

Priority Housing Strategy #2:

Increase and preserve affordable homeownership opportunities, particularly for low- and moderate-income persons.

To carry out these strategies, the Community Development Division has developed objectives and measurable actions that it will undertake each year. The Strategic Plan section contains a matrix that contains the above strategies along with the objectives and measurements (proposed accomplishments) for each objective.