

CITY AND BOROUGH OF JUNEAU  
HOUSING BASE DATA UPDATE  
AND  
CURRENT HOUSING TRENDS OVERVIEW

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*Mis & Mrs*

## I. Problem Definition

### A. Historical Trends

Between 1960 and 1970, the City and Borough of Juneau gained 39% in population but only 33% in housing units. Between 1970 and 1980 the City and Borough gained approximately 78% in population but only 69% in housing units. Therefore, Juneau's supply of housing is slipping further behind its population growth.

The 1972 Juneau Area Housing Study estimated that Juneau needed 619 new housing units to meet the current housing "backlog" caused by housing demolitions, replacement housing for unsafe, non-rehabilitable units, overcrowding and the low vacancy rate. In addition, the study estimated the need for an additional 1,021 units to keep pace with the population growth between 1970 and 1975. Actually, between 1970 and 1975 only 1,215 units were constructed while the population grew at a faster pace than forecasted. Between 1970 and 1975 the housing situation remained about the same or got somewhat worse in Juneau.

Table I shows the breakdown of newly constructed housing units in Juneau since 1970. Housing construction rose encouragingly in the early 1970's but dropped drastically in 1974. It is probable that the capital move vote in 1974 was the largest single factor in the decline of housing construction. Since 1974 there has been a strong resurgence of construction of single family private dwellings, but multifamily rental dwelling construction never recovered. From 1978 to 1980 only 30 to 50 multifamily rental units have been constructed annually.

Rental housing has declined markedly in Juneau in the past several years. While approximately 90 multifamily rental units have been built in the past three years, approximately 169 have been converted to condominiums and 100-150 rental units have been lost to demolition, condemnation, and conversion to offices. Rental housing is most important to low income persons and seasonal residents (e.g. legislators and staff).

On the other hand, privately owned units have basically kept pace with the population growth.

The 1972 housing study confirmed that Juneau's housing vacancy rate was approximately .2%, or 1/5 of one percent. This low vacancy rate was reaffirmed by the 1977 housing study. Given current statistics on housing it is safe to assume that Juneau's housing vacancy rate has not improved.

The 1972 housing study indicated that in addition to a very low vacancy rate, the housing shortage caused "doubling-up" of households due to the lack of housing and the high rental rates caused by the lack of housing. Since new housing construction has slipped further behind the population growth, "doubling up" of households may have increased considerably.

It is important to realize that a normal 3% to 5% vacancy rate does not mean that many housing units stand idle. A healthy vacancy rate does indicate that residents have adequate housing choice to meet their needs for safe and sanitary housing, artificially high rental and sale rates are discouraged, and temporary influxes of seasonal workers (i.e., legislators) may be adequately accommodated.

In reference to Juneau's low vacancy rate, the 1977 housing study states, "Obviously the City and Borough is unable to enforce its minimum housing code standards in cases where the required rehabilitation would mean loss of the housing to a tenant who literally has no place to go. Similarly owners have no incentive to improve their rental units, as they are virtually assured that the lack of choice will keep their occupancy rate at or near 100% regardless of the condition."

#### B. Sales and Rental Price Trends

The median rent in Juneau reported in 1970 (U.S. Census) was \$185 per month. The average monthly rental cost reported in the 1977 housing study based on a mail-out survey was \$291 per month not including utilities.

Currently, the "fair market rents" set by the Department of Housing and Urban Development (HUD) for the Juneau area are:

1 bedroom	\$465 - \$495	per month
2 bedroom	\$500 - \$515	" "
3 bedroom	\$530 - \$565	" "
4 bedroom	\$550 - \$625	" "

A random survey of Juneau landlords and tenants showed the following rents:

1 bedroom	\$375 - \$425	per month + electricity
2 bedroom	\$450 - \$550	" " "
3 bedroom	\$530 - \$625	" " "

The median value of owner occupied housing in Juneau in 1970 was \$30,000 per unit (1970 census).

The 1977 housing study states that the average cost of an improved building lot in the Valley was \$11,000 in 1976. The average cost of a owner occupied dwelling was \$68,000 including the lot.

A survey of local builders indicates that currently building lots on unpaved roads sell for a minimum of \$15,000 while new single family dwellings sell for a minimum of \$75,000 and an average of \$90-95,000. The First National Bank of Anchorage reports that over 1/3 of the housing loans they process are for over \$100,000. Currently improved lots on paved streets sell for \$25-30,000.

Since the median household income in Juneau is approximately \$27,500, a normal median take home income for a family of four would be \$1,650 per month. The monthly cost of an average \$90,000 home would be \$925, without utilities, with a loan from the Alaska Housing Finance Corporation (currently having the lowest down payment and interest rates generally available in Juneau). The down payment required under an AHFC loan is 5% plus closing costs. The bottom line is that housing costs including mortgage, insurance, taxes, utilities, and maintenance for an average family buying an average house requires a \$7,500 down payment and monthly payments of approximately \$1,225 or 75% of the household's take home income. Obviously, the purchase of a single family dwelling is no longer an option for approximately half of Juneau's households.

Since rental rates are also directly tied to construction costs, interest rates, utility costs, etc. the same expense problems of owning a home apply to renting an apartment. Newly constructed multi-family buildings as well as older buildings which have been recently purchased under high interest rates are raising rental costs out of reach of many Juneau residents. The figures indicate that rental prices have generally increased 170% since 1970 and 72% since 1977.

#### C. Summary of Problem

The 1972 Juneau Area Housing Study states that "the most critical housing problem in the Juneau Area is the acute shortage..." Obviously Juneau's most critical housing problem is still an acute shortage.

The 1972 study listed the following as the main obstacles to solving Juneau's housing problems:

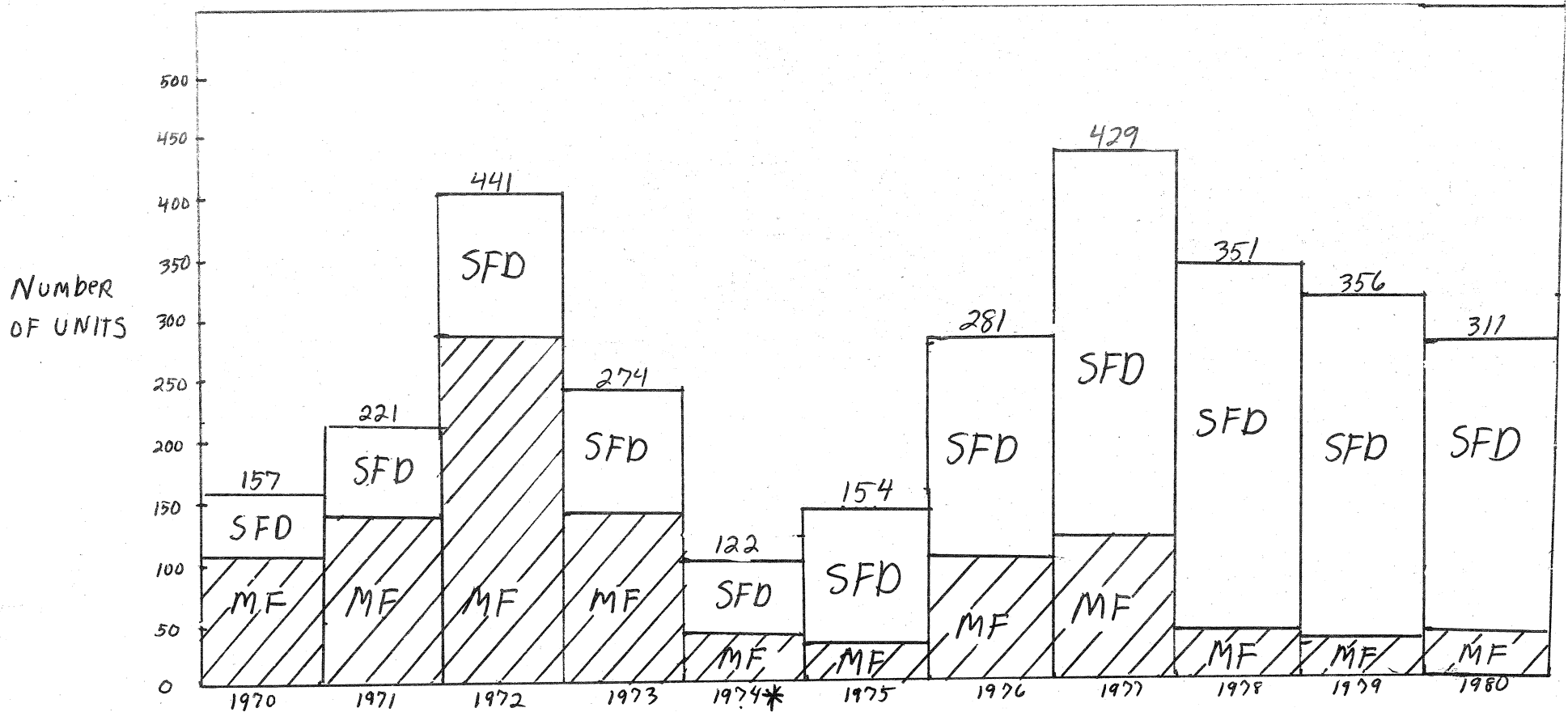
1. Scarcity and high cost of land.
2. Limitations of the local construction industry.
3. Mortgage financing limitation.
4. Lack of rehabilitation resources.
5. Inadequacy of state and federal housing programs.
6. Limitations of local codes and ordinances.

Since 1972, obstacles 2 and 4 have been largely solved by the growth of the construction/rehabilitation industry and federal rehabilitation loan programs.

Unfortunately obstacles 1, 3, 5 and 6 have remained the same or have grown much worse. Juneau's buildable improved land is still scarce and expensive, mortgage financing rates for housing acquisition currently preclude many households from housing ownership; state and federal housing programs are still vastly underfunded, and federal, state and local regulations, codes and ordinances may to some extent hinder the construction of new housing.

Table I

Housing Units Built in JUNEAU 1970-1980 (not including trailers)



SFD = Single Family Dwelling Units Constructed  
 MF = Multi-Family Dwelling Units Constructed

\*Capital Move Vote  
 8/74

Source: City/Borough Building Division

## II. Possible Solutions

The basic equation for the cost of housing is as follows:

- + cost of land
- + cost of improvements (utilities, paving, etc.)
- + cost of local, state, federal land use requirements
- + cost of construction
- + cost of money (interest rates and closing costs)
- + down payment amount
- = cost of housing

It is suggested that the City and Borough explore the feasibility of providing land for low cost housing in tandem with state funds for low interest construction and acquisition loans. In selecting land for housing, the City and Borough should consider the cost of improvements and loan use requirements.

An important implementation step should be the evaluation of available housing sites on City/Borough owned and non-owned lands with the goal of evenly distributing housing projects through the City/Borough. Possibly some non-owned land could be swapped for City/Borough land of equal value.

A basic legislative package should be developed as soon as possible by working with the local legislative delegation, the Alaska Housing Development Corporation, and the Alaska Housing Finance Corporation.

Cooperative housing projects would seem to be the best long range solution to Juneau's housing problem. Unlike rental housing, the resident is an owner, receives tax benefits, and has an incentive to care for his/her unit.

Unlike single family dwellings, housing construction costs, and land costs are reduced. Since a housing cooperative owner simply buys in and out of a corporation, the building ownership does not change hands at current high interest rates. Houses, apartment buildings, and condominiums all change hands frequently at whatever the current interest rate and property value is at that time, thus increasing the housing cost for the next owner or tenant.

Current housing need figures indicate that 500 units of new affordable housing could be readily absorbed at this time.

As a more temporary solution, the City and Borough should explore the possibility of developing a mobile home park, on City/Borough land, purchasing and leasing mobile homes. With state assistance, such a development is possible. It would temporarily relieve the housing shortage and accommodate the seasonal influx of legislative employees. The 1977 housing study indicates that 85 additional units would meet the seasonal housing needs of the legislature. After adequate permanent housing is constructed, the City/Borough could liquidate the mobile home park and the land could be used for constructing permanent type housing.

Table II

TYPE AND NUMBER OF HOUSING UNITS BY SERVICE AREA\*

	Juneau SA 1 units(bldgs)	Douglas SA 2 units(bldgs)	Rural SA 3 units(bldgs)	Auke Bay SA 4 units(bldgs)	Glacier Valley SA 5 units(bldgs)	North Douglas SA 6 units(bldgs)	Salmon Creek SA 7 units(bldgs)	Lynn Canal SA 8 units(bldgs)	TOTAL
Single Family Dwelling	644 --	198 --	67 --	438 --	1534 --	146 --	85 --	63 --	3175
Duplex	248(124)	120( 60)	4( 2)	96( 48)	288(144)	42(21)	20(10)	28(14)	846
3-5 units	142( 41)	48( 14)	0( 0)	8( 2)	130( 42)	6( 2)	7( 2)	0( 0)	341
5-20 units	272( 34)	93( 13)	0( 0)	23( 3)	115( 14)	5( 1)	0( 0)	0( 0)	508
21-42 units	221( 8)	0( 0)	0( 0)	0( 0)	72( 2)	0( 0)	0( 0)	0( 0)	293
43-132 units	132( 1)	0( 0)	0( 0)	0( 0)	56( 1)	0( 0)	0( 0)	0( 0)	188
Assisted Units	177( 3)	25( 1)	0( 0)	0( 0)	96( 1)	0( 0)	0( 0)	0( 0)	298
Condominiums (converted)	53( 1)	0( 0)	0( 0)	0( 0)	116( 11)	0( 0)	0( 0)	0( 0)	169
Condominiums (built)	117( 4)	11( 1)	0( 0)	0( 0)	54( 2)	0( 0)	0( 0)	0( 0)	182
Mobile Home on private lot	1 --	1 --	2 --	26 --	134 --	33 --	2 --	7 --	206
Mobile Home in courts	11 --	0 --	0 --	0 --	958 --	38 --	0 --	0 --	1007
	2018	496	73	591	3553	270	114	98	7213*

Source: City/Borough Assessor's Records

\*The 1980 census shows 7,663 dwelling units in Juneau. Thus the figures above may be only approximate. Some of the difference between the census and the Assessor's records may be attributable to "creative housing" caused by the shortage.

7249  
1125

# Table III

## POPULATION INCREASE VS. HOUSING UNIT INCREASE IN JUNEAU

	<u>1960</u>	<u>% increase</u>	<u>1970</u>	<u>% increase</u>	<u>1980</u>
Population	*9,745	<u>39%</u>	*13,556	<u>78%</u>	***24,211
Housing Units	*3,414	<u>32%</u>	* 4,529	<u>59%</u>	** 7,213
				[69%	* 7,663 (U.S. Census Est. 1980)]

Source: \*U. S. Census  
 \*\*City/Borough Assessor  
 \*\*\*City/Borough Planning Department

## HOUSING TYPES IN JUNEAU

	<u>1960 - %*</u>	<u>1970 - %*</u>	<u>1980 - %**</u>
Single Family	3,342 - 98%	2,149 - 47%	3,175 - 44%
Multi Family		1,830 - 40%	2,474 - 34%
Mobile Home	72 - 2%	540 - 13%	1,213 - 17%
Condominium	N/A		351 - 5%
<b>TOTAL</b>	<u>3,414</u>	<u>4,529 - 100%</u>	<u>7,213 - 100%</u>

Source: U. S. Census \*  
 City/Borough Assessor \*\*