

City and Borough of Juneau 2006 Housing Situation Report Summary

Community Development Department
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1. Introduction

The City's Role in the Provision of Housing

One of the City and Borough of Juneau's (CBJ's) most important responsibilities is to provide safe, sanitary and affordable housing for its residents. Furthermore, this housing should be located within a healthy and pleasant living environment. This neighborhood "livability" can be measured by such factors as the absence or presence of graded roads, sewer and water systems, pedestrian pathways, and noise as well as the distance or proximity to transit, schools, libraries, parks, convenience shopping and employment centers.

The CBJ plays a key role in the provision of housing and livable neighborhoods by establishing Comprehensive Plan land use policies and land use map designations for residential neighborhoods. It adopts Land Use Codes, zoning district map designations, and building development standards to assure safe and sanitary buildings and neighborhoods. The CBJ also provides essential public services in support of its residential population, such as the development and maintenance of roads, water and sewer systems (called infrastructure) as well as schools, emergency and medical services, parks and public transit services, among others.

The CBJ plays a more active role in the provision of housing:

- It occasionally gives land to non-profit developers for construction of affordable housing;
- It sells land to private developers for housing construction;
- It assists in the processing of Community Development Block Grant grant applications for non-profit affordable housing corporations; and
- In the past it has offered low interest loans for rehabilitation of housing and for construction of rental housing.

The CBJ is currently undertaking a review and update of its Comprehensive Plan. A major effort of the Plan Update is to identify ways to facilitate the construction of new affordable housing as well as to conserve existing affordable housing. This report discusses the condition of existing housing in the CBJ, residents' household characteristics and income relative to their ability to afford housing, and presents suggestions for increasing the inventory of affordable housing within the CBJ. The report is intended to provide background information as a basis for identifying housing need and for formulating land use policies and development strategies to meet that need.

This report identifies the costs of building new housing and the "affordability gap" between the typical Juneau household's income and the costs of building a small single-family, detached home. Finally, the study identifies potential strategies intended to

narrow the affordability gap for Juneau households, particularly for households who have the means and desire to purchase housing.

2. Key Findings

Like many households across the country, Juneau residents are suffering from a housing crisis: *There is an inadequate supply of housing to provide residents choice in housing size and price, resulting in households paying more than 30% of their income on housing and living in overcrowded units.*

The three indicators of a housing crisis are the presence of households that are overburdened by housing costs, live in overcrowded conditions and/or live in unsafe and/or unsanitary housing units. The generally accepted standard for affordability in housing is a monthly rental rate, plus the costs of essential utilities such as home heating and power, that does not exceed 30% of the household's income. For a homeowner, the mortgage, private mortgage insurance, homeowners' association fee, and taxes, plus essential utilities, should not exceed 30% of the household's income. In order to qualify for a home loan, the buyer's mortgage principal and interest, private mortgage insurance, taxes and homeowners association fees should not exceed 31% of monthly income, and all debt, including credit card debt, car payment(s) and student loan(s), should not exceed 43% of monthly income.

In 2000, approximately 37% of CBJ *renter* households paid more than 30% of their income for shelter and about 17% of *owner* households paid more than 30% of their income for shelter. However, this figure does not include the costs of essential utilities such as home heating, electric power, water, sewer or garbage services. A quick review of nearby U.S. cities reveals the following statistics from the 2000 Census:

2000 Census Data Set	Juneau, AK	Fairbanks, AK	Bellingham, WA
Total Population	30,711	30,259	66,815
Per Capita Income	\$26,719	\$19,814	\$19,483
% population below the poverty level	6%	10%	20%
Gross Rent greater than 30% Of household (HH) income	37%	42%	55%
Mortgage greater than 30% Of HH income	17%	23%	23%
Units lacking complete plumbing & % of total units	209 / 1%	169 / 1%	170 / .05%
Units lacking complete kitchen & % Of total	182 / 1%	231 / 1%	394 / 1%
Units with more than 1 person per room	349 / 1%	320 / 4%	657 / 2%

The generally accepted standard for overcrowding is having more than one person per room living in the dwelling, not counting the kitchen or bathroom. The generally accepted standard for safe and sanitary housing is the presence of a complete kitchen and bathroom. From the Census numbers shown on the previous table, Juneau is doing well in providing safe and sanitary housing for its residents. It is also doing well in providing unit sizes that match its household size and avoiding overcrowding. However, it is not doing well in providing housing that is affordable to its households and this constitutes our housing crisis.

The U.S. Department of Housing and Urban Development Department (HUD) calculates the 2006 Juneau Median Family Income for a family of 4 as \$86,900. This household can afford to purchase a 1,000 square foot, 2-bedroom, 1-bath new single-family, detached home at a sale price of \$265,000 requiring a monthly shelter cost of \$2,080. This is good news for households earning the median income. Unfortunately, we do not have data describing 2006 household characteristics or income and, for the purpose of this analysis, we will use the 2000 Census data to assist in our analysis. In 2000, over 60% of Juneau households earned less than the median income. Those 7,000 plus households could not afford to buy a home and were depending upon a rental housing market with a vacancy rate of less than 1%. Today, the average assessed value of a single family home is \$357,355 with a vacancy rate of less than 1%. The average rental rate for a 2-bedroom unit is \$1,200 with a vacancy rate of less than 1%. Additionally, the average monthly home heating cost for a 1,000 square foot home is \$300 and the average monthly electric power cost for that unit is \$80. Shelter costs can easily exceed 50% of a household's gross income, leaving very little income for food, clothing, transportation and other living expenses (see Attachment 4). A walk through any one of the city's retail Malls can give an indication of what little disposable income residents' have to support their local businesses, as many storefronts are vacant.

How many housing units are "needed" to satisfy the demand for housing in Juneau? It is difficult to assess housing "need" from "demand" and from "effective demand". Many Juneau households are "housed"; that is, they are living in a housing unit. However, that unit may be unsatisfactory to the household because it lacks complete kitchen or bathroom facilities, or it is too small for the number of people in the household, or it may be too costly, forcing them to pay more than 30% of their income for housing.

The desired housing situation for that household may not reflect the household's ability to pay for that unit and, as such, the household does not have an "effective demand". An effective demand occurs when the householder who wants a bigger home or who is now renting and wants to purchase a home has (1) good credit and low debt; (2) a down payment; and (3) income necessary to support a mortgage, taxes and insurance.

The simple, but inaccurate, answer to the question of how much housing is needed to meet current demand is about 750 units to house:

- the 134 households living in crowded conditions (349 persons divided by 2.6 persons per household);

- 209 households living in housing lacking complete plumbing facilities;
- 182 households living in housing lacking complete kitchen facilities;
- 200 homeless households;
- 7 units to house 30 youths still in high school and unable to live at home; and
- 7 units to house 25 mentally- or physically-disabled adults ready to live away from home with support services.

Of course, this is a simplistic answer because the 391 units without complete plumbing or kitchens could be retrofitted with adequate facilities. Furthermore, those units may have been included in the tally of 134 households living in crowded conditions. Simply increasing the supply of housing by 645 units to create a 5% vacancy rate may not be sufficient to satisfy the local demand for housing. Additionally, the 2,802 households that are paying too much of their income for housing can be relieved of this burden by either securing jobs with higher wages or by securing lower-cost housing.

There is not a clear and specific answer to the question of the number of new housing units that are needed, today, to satisfy the housing need or the pent up demand for suitable and affordable housing. However, an addition of 750 to 1,000 units in the near term would probably significantly ease the cost burden of Juneau households.

Juneau is not alone in the crisis of affordability. Many cities across the country suffer this crisis and have adopted strategies to ease the shelter cost-burden on their residents. Staff has reviewed numerous strategies that have been used successfully by other cities and has analyzed how those strategies, or derivatives of those strategies, can be useful to us. Juneau has unusual constraints related to our terrain, and we bear extra costs associated with our isolation and weather; however, these constraints are not insurmountable.

Local builders say that the price of buildable land is the single most expensive cost factor in constructing housing. A recent theoretical cost analysis by staff of a prototypical housing development in Juneau produced a sale price for a 2-bedroom, 1-bath, 1,000 square foot single-family, detached home of \$265,000. This “pro-forma” analysis assumed a below-market-rate land price of \$60,000 per acre, a 5-units-per-acre density development, built on a 20-acre flat and dry parcel. This house would require a \$2,080 monthly housing cost which would be affordable to only 38% of Juneau households in 2000. In 2000, there were over 5,500 households who could not afford the average priced housing at \$179,200; these households would compete for the 4,180 rental units on the market.

If there is a “secret” to providing affordable housing, it is in finding and making available for development:

- relatively flat and dry land
- with water, sewer and roads, and
- at densities needed to reduce the land cost per unit

Throughout this Comp Plan Update effort, we will continue to seek ways to reduce the costs of housing development; the most important effort of the Update is the work program task to find buildable lots which is currently underway by CDD staff.

3. The Existing Housing Stock

The distribution of the existing CBJ housing stock, by type of structure or unit, is summarized in the following table.

Table 1: 2006 CBJ HOUSING DISTRIBUTION BY TYPE, 2005

Type of Housing	No. of units	% of total Housing stock	Vacancy rate	Persons Per Household	Average age of Housing	Avg. Assessed Value of Housing
Single-Family Dwelling unit (du)	5,042	39%	0.86%	2.7	34 years	\$357,355
Single-Family With Apt.	1,300	10%	Data Not Available (DNA)	Apt. in SF du 1.91	35	\$406,297
Townhouse	175	1%	NA	1.77	11	\$257,918
Condo	960	7%	NA	1.77	27	\$164,705
Duplex	618	5%	NA	2.6	32	\$364,285
Zero Lot line du	812	6%	1.16%	1.16	21	\$231,076
Zero Lot du With Apt.	8	NA	NA	1.91	14	\$257,325
Multi Family unit (apartment)	2,662	21%	3.13%	3.13	26	\$865,229
Mobile Home on Lot	257	2%	0.88%	1.33	27	\$136,000
Mobile Home in Park	966	7%	0.88%	1.33	29	\$30,936
Live-aboard RV on Lot	3	NA	NA	1	33	\$69,200
Live-aboard boat	104	NA	0	1.8	NA	NA
Total	12,907					

Source: CBJ Community Development Department, 2006.

Evaluating the Current Housing Stock

Housing Condition. One indicator of the “health” of the local housing stock is the age of the units and how well they have been maintained. Juneau’s climate requires regular maintenance of roofing and exterior wall treatments.

Age. According to 2000 Census data, 83% of the total Year 2000 housing units were built from 1960 to March 2000 and were less than 40 years of age. Only 17% of the residential units were 60 years or older. This is generally considered “sound” housing stock. One problem for Juneau is the number of older mobile home and manufactured home units that comprise a significant proportion of the city’s affordable housing stock. “Mobile homes” are dwelling units constructed prior to 1976 when the U.S. Department of Housing and Urban Development (HUD) required such units to be built to fire-safety standards. These standards include fire-proof insulation around water heaters and furnaces within the unit; copper wiring instead of aluminum wiring of the electrical systems; two exits out of the unit; and larger bedroom windows as a means of emergency escape in the event of a fire. Such units built after 1976 to HUD standards are called “manufactured homes”. The CBJ stock of mobile homes and manufactured homes are, on average, 30 years old; some are new and some are much older. Today, a mobile home should be considered functionally obsolete unless it has been rehabilitated to meet the HUD fire safety standards. Manufactured homes that are well-maintained to assure waterproofing and prevention of mold growth can be expected to be safe and habitable housing for 30 years. The CBJ mobile and manufactured homes that have reached or exceeded this age are of concern, particularly in Juneau weather conditions. However, since the average price valuation of those units is from \$31,000 to \$70,000, these units are an important element in the City’s stock of affordable housing units and care should be taken to ensure that they are well-maintained or, if beyond their functional and economic life, they should be replaced with similarly affordable units. In some cases, whole neighborhoods may be in need of major rehabilitation or redevelopment.

Maintenance. Census data do not reveal whether or not the City’s housing has been well maintained. In climate such as ours, it is very important that roof and siding are maintained in good condition. Housing older than 40 years, built in the 1960’s, may be in need of electrical and plumbing upgrades. A random sampling of single-family homes in the five neighborhoods with the lowest per capita income in 2000 resulted in a finding that the older homes therein were in sound condition and had received replacement roofs, and some upgraded plumbing and electrical elements. As a rule, the high value of homes in Juneau, even older homes, enable homeowners to secure home equity loans to make these improvements. However, a concern expressed by recent buyers of older homes is that, even though the deficiencies were reported to the buyer by the seller, the seller did not discount the price or put any of the sale funds into an escrow account to make the repairs and the buyer is burdened with both a high mortgage payment and the costs of the repairs and improvements. Many times the household is already paying more than 30% of their income on the mortgage, and needed repairs and improvements are deferred to the next buyer. This cycle of deferred maintenance can result in the incremental deterioration of the unit to a condition that is no longer economic to repair and, eventually, the unit would be sold as a “tear down” to make way for a new unit on the property. Over time, a significant number of small, older, and more affordable, homes could be lost to this cycle of deferred maintenance and substantial deterioration.

Adequacy of Facilities. Good news: In the year 2000, 70% of the housing units were heated by fuel oil. Only 1.2% of the units were deemed “lacking in complete plumbing facilities and 0.9% lacked complete kitchen facilities, both are indicators of “substandard housing”. At least 98% of the CBJ housing stock can be deemed in good and sanitary condition with regard to the presence of cooking and bathing facilities.

Existing Assisted-Housing Inventory

The CBJ is fortunate to have a number of talented and successful non-profit housing development corporations. These organizations have produced 1,363 affordable housing units plus 275 beds in supportive housing programs. Of the 1,363 housing units, 305 are supported by Section 8 housing vouchers.

Housing Production Trends

In the last decade, housing starts have not kept up with population growth as shown in the table below. In the period from 2001 through 2005, building permits were issued for 659 new residential units, representing a rate of less than 200 units per year.

CBJ Housing and Population Growth Trends, 1970 to 2000, U.S. Census data

Census Year	Population	# change	% change	Housing Units	# change	% change
1970	6,050			2,280		
1980	19,528	13,478	69%	7,656	5,376	70%
1990	26,751	7,223	27%	10,638	2,982	28%
2000	30,711	3,960	13%	11,543	905	8%

Loss of Housing

Business operators have expressed a need for affordable housing for their employees. This is true for businesses who offer year-round, full-time employment as well as summer season, tourist-related businesses. A number of summer season business operators have purchased multi-family housing structures for their seasonal employees and choose to keep these units vacant off-season. This loss of year-round housing has placed additional burdens on households seeking such housing.

Conversions of year-round rental housing to ownership condominiums further reduce the number of rental housing units on the market. Rental housing is the most difficult to produce and finance and very few new rental units are being built.

4. Housing Need

Housing need in the CBJ can be measured by a number of criteria, including the number of

- persons or households that are homeless;
- persons living in over-crowded conditions, that is, living in a unit with more than 1 person per room, excluding kitchen and bathroom;
- living in unsanitary housing, that is, without kitchen and/or bathroom facilities;
- living in inadequate housing with regard to physical accessibility;
- living in housing without support services such as life care or counseling; and/or
- households paying more than 30% of their gross income on shelter costs.

There are a myriad household types in the CBJ, including

- Teenage youth who feel they cannot live at home and need group housing, roommates, a boarding house or supported dormitory housing associated with a school
- Adults with disabilities who desire independent living in accessible dwellings and who may or may not need supportive services
- adults living alone (“singles”)
- young couples without children or dependents
- elderly couples whose children have moved out (“empty nesters”);
- families with children under 18 years of age and/or elder family members;
- families with children over 18 years of age and/or elder family members;
- un-related adults living together as room- or house-mates;
- unrelated adults living in group homes or homes with support services;
- adult students living seasonally in dorms, apartments or houses;
- adult seasonal workers living in homes, apartments or hotel suites;
- adults living with a series of friends (“couch-surfers”); and
- homeless singles or families living in shelters and campgrounds.

Special Needs

Homelessness. This study did not conduct a survey or inventory of persons or households who are homeless in the CBJ. Staff relied on secondary data which consists of tallying the number of beds provided to homeless persons by various non-

profit organizations. This inventory was supplemented by a survey of homeless persons conducted in 2005 by the Alaska Housing Finance Corporation (AHFC).

There are 40 beds provided to homeless persons at the Glory Hole Shelter. St. Vincent de Paul of Juneau provides 25 dwelling units for homeless families. Gastineau Human Services provides 75 beds with support services for inmates re-entering society from the local prison who, without the housing, would be homeless. AWARE provides 48 beds for women and children who need emergency housing. There are about 15 homeless persons who camp at the Thane Road campsite. The AHFC survey received over 200 responses from homeless persons. There is an unknown number of persons who are without shelter and who are staying with friends for extended periods of time; these folks are termed "couch surfers" because they stay with different friends for periods of time until they can afford housing of their own or with roommates. For the purpose of this study, staff will use a housing need figure of 200 small-size, "efficiency units" (studio apartments or Single Room Occupancy units), with support services, to house the CBJ homeless population, excluding the couch-surfing population. Anecdotal information about the couch-surfing population indicate that they are low-income working adults, typically newcomers, who need low-rent housing but do not need support services, such as health or mental health services, and are not yet ready to purchase a home. This population will be included within the low-income rental housing need category.

Many of these household types can be accommodated in single-family detached and attached homes, second units in homes, condominium units, duplex and fourplex structures, Single Room Occupancy units (SROs), apartments, mobile homes, and group homes or congregate housing units with support services. Table 1 lists an inventory of housing unit types in the City as of 2005. Attachment 1 is a subset of that inventory and shows the number and type of units that are subsidized, some of which also are provided supportive services to its residents.

It should be noted that the CBJ and its experienced non-profit housing developers and service providers will need to continue their efforts to provide housing for the most vulnerable households in the CBJ; that of the physically- and/or mentally disabled, the homeless and the households who are unable to sustain full-time, year-round employment, even at minimum wage levels, needed to afford market-rate rental housing. It is acknowledged and greatly appreciated that the local non-profit housing developers regularly perform miracles in securing layers upon layers of complex funding from grants, loans and other subsidies to produce and maintain low-income housing for Juneau households. Juneau is fortunate to have the institutional capacity, experience and dedication of these non-profit developers. Juneau is also fortunate to have local for-profit residential builders who are willing to tackle the challenge of providing affordable housing in Juneau.

Vacancy Rate. One of the most effective indicators of choice is the vacancy rate of each housing type in the City's inventory. A 5% vacancy rate for each type of housing need is generally deemed an indicator that there is adequate choice in the type, size

and price of housing in the City. Juneau achieved and exceeded this 5% vacancy rate threshold in its inventory of *single-family homes* from 1986 through 1989, in its *mobile home/manufactured home* inventory in 1986 and 1987, and in its *apartment/condo* inventory from 1985 through 1988 and has not experienced it since that period. The current vacancy rate for single-family homes is 0.86%; for multi-family units (condos or apartments) is 3.13%; and for mobile homes is 0.88%. Practically speaking, a 1 percent vacancy rate is equivalent to zero availability of housing and demonstrates a critical housing shortage. This most often results in overcrowding and overpayment; that is, households pay more than 30% of their income for housing that is too small to accommodate their household size. Households who are not able to find or afford housing that “fits” their household size or budget, and are situated in less accommodating units, are deemed to represent a “pent up” demand for housing that suits their needs. The pent up demand for housing in the CBJ could be estimated at about 3,500 units, as represented by the following elements:

- 200 homeless persons
- 200 couch-surfers
- 420 households below the poverty level and not served by the City’s 305 Section 8 Vouchers and not counted as homeless or couch-surfers
- 134 households living in over-crowded conditions
- 7 units to house 25 disabled adults needing assisted living quarters
- 12 units to house 30 youth needing supportive services
- 2,668 renter and owner households paying more than 30% of their income for housing (not including the households in over-crowded units)

It is assumed that all of these units need to be priced at the very low-income range (see Table 2 below).

Achieving a 5% vacancy rate would require 645 dwelling units which pales in comparison to the 3,500 unit deficit or unmet demand for affordable housing. A housing target of 4,000 additional affordable housing units in the CBJ could produce the housing choice sought by existing Comprehensive Plan housing policies.

To meet the current pent up demand of 3,500 units, assuming a medium residential density of 10 units per acre, over 350 acres of buildable land would be needed for the CBJ’s “stable” of for-profit and non-profit housing developers to construct 400 units per year over an 8 year period.

This level of construction could create impacts of its own. The competition for labor and materials could bid up the costs of housing. New workers brought in to build that housing, as well as the new high school, the Wal-Mart and Home Depot stores, the extension of Highway 7, the Kensington mine operations, and other major construction projects, would create its own housing demand. Within this context, it may not be

possible to expect a doubling of the rate of housing construction with the existing construction labor pool within this time-frame, unless the units were designed and built much more efficiently, say, perhaps, as smaller, higher density units in multiple-unit structures located throughout the CBJ's Urban Service Area (the area served by sewers), rather than as land- and labor-intensive single-family, detached homes.

Housing Affordability

Overcrowding. Another indicator of the health of the local housing stock is whether or not the units are overcrowded; this is typically an indicator of housing affordability. Overcrowding is measured by the number of occupants per room. The U.S. Census Bureau uses a standard of no more than 1 person per room, excluding the bathroom and kitchen, and the Census provides data for Juneau households using this standard. The U.S. Department of Housing and Urban Development (HUD) uses a standard of 1.51 or more persons per room (excluding bathroom and kitchen) is deemed "overcrowded"; however, we do not have data that measures this for Juneau.

An estimate of overcrowding in Juneau, based on Year 2000 Census data, reveals 3% of Juneau households live in households with more than 1 person per room; that is, 349 Juneau households are living in overcrowded conditions. This indicates a need for larger housing units and more units to match these household sizes. The median household size in Juneau in 2000 was 2.6 persons and the median number of rooms per dwelling unit was 4.9 rooms. 97% of the CBJ housing units can be deemed satisfactory with regard to size. Those overcrowded 349 households can be included in the "pent up demand" category for larger-sized units. It cannot be determined from Census data whether the households who experience overcrowding are or are not the same households that experience overpayment, although, typically, this is the case.

Price. Overpayment, or the payment of rent and utilities or mortgage and utilities in an amount that exceeds 30% of a household's income, is an indicator of an unhealthy housing situation. Based on year 2000 Census data, 76% of CBJ *homeowner* households paid 30% or less of their gross annual household income in mortgage payments and 24%, or 1,246 households paid more than 30% of their income for their mortgage. The homeowner households that paid more than 30% of their gross annual income for housing can be considered part of the City's "pent-up demand" for affordable housing.

For year 2000 *renters*, 61% paid less than 30% of their gross annual household income in rent and 39% paid more. The 1,556 renting households that paid more than 30% of their income in rent can be added to the City's pent-up demand for affordable housing.

In 2000, the median value of ownership housing units was \$179,000 and the median household income was \$62,034. The median income and housing value varies by neighborhood, as can be seen from the tables in Attachment 2. However, the median income household could qualify for a house priced at \$179,000 in the year 2000.

Today, a median valued house could be priced at \$357,000 and the HUD-defined median income for a family of four, at \$86,900, could afford to purchase this house.

Unfortunately, over 60% of CBJ households earned less than the median income and could not afford to purchase the average price of a home and appear to have difficulty paying for the average rental rate of a home.

There is a common practice in cities with similar housing affordability problems that is based on the “trickle down theory”, better described as a “moving up” theory. Under this strategy, the city administration facilitates the construction of new units of varying sizes and densities in the areas served by municipal services (roads, water and sewer). Strategies used to substantially and quickly increase the number of units in the urban areas can include relief from water and sewer hook-up fees and road impact fees, granting higher densities and reduced parking requirements for properties near transit service, and increasing building heights. These strategies are intended to direct new housing construction to areas near jobs, convenience shopping and transit. The “trickle down” theory assumes that the more units that are brought onto the market will allow households to “move up” to a more suitable house and leave smaller or older homes to be occupied by other households who are moving up from even smaller units or from rental units. For example, over a period of 5 to 10 years a household moves from a rental unit to a manufactured home purchase, then moves to a condo or a townhouse and then to a single-family home. When there is an adequate inventory of housing, such as can be achieved with a 5% vacancy rate of all types of units, this type of moving up to more suitable housing can occur.

Other types of housing are needed, such as “transitional housing” which is housing provided with support services for the elderly, disabled, the homeless, re-entry citizens, or other populations needing special housing types and support services. In addition, seasonal housing is needed for Legislators and their staff, University students, summer season workers and construction workers for major development projects such as the high school, Wal-Mart, Home Depot, Kensington mine and the extension of Highway 7.

Approximately 25% of CBJ residents in the Year 2000 formed 1-person households and, of these, 6.7% were at or below the poverty level, as expressed by a gross annual income of less than \$8,501. For comparison, a single-person household paying no more than 30% of their income for housing would need to earn \$35,000 per year (\$16.80/hour) to afford a 1-bedroom unit renting for \$850 per month, including utilities.

About 26% of Year 2000 CBJ households were married couples with children under the age of 18; this type of household would need to earn about \$17,000 per year to remain above the year 2000 poverty level and, today, would need to earn about \$70,000 per year to afford the typical \$1,400 monthly rent on a 3-bedroom dwelling, plus the monthly home heating oil bill of \$300 and electric bill of \$80 [2006 CDD survey data].

In 2000, 3.7% of CBJ families were below the poverty level. The 1999 median household income in the CBJ was \$70,284 which, in 2006, would be considered by HUD standards as a moderate-income 2-person household and a low- to moderate-income 4-person household. The 2006 HUD-defined median family income for a family of 4 is \$86,900, as shown below.

Table 2: 2006 HUD Median Family Income Levels

Juneau MFI = \$86,900 For a 4 person HH	Income Level (gross annual income in dollars)	1 person	2 person	3 person	4 person	5 person	6 person	7 person	8 person
Moderate income	100% of MFI	60,800	69,500	78,200	86,900	93,900	100,800	107,800	114,700
Low income	80% of MFI	41,700	47,700	53,650	59,600	64,350	69,150	73,900	78,650
Low income	60%	36,480	41,700	46,920	52,140	56,340	60,480	64,680	68,820
Very low	50%	30,400	34,750	39,100	43,450	46,950	50,400	53,900	57,350
Very low	30%	8,250	20,850	23,450	26,050	28,150	30,200	32,300	34,400

Nearly 52% of CBJ workers are private-sector wage and salary workers and nearly 40% are government workers. 26% of CBJ households are families with children and 10% are composed of a single adult with children.

A representative sample of a 2-wage earner and a single-wage earner family household, reflecting household size, occupation of workers, industry of employment, and *assuming year-round, full-time employment* of the wage earner(s) reveals:

1. A prototypical 2-wage earner, 4-person household is likely to earn the \$72,000 gross annual income needed to afford a 3-bedroom apartment. That prototypical 2-wage earner household could afford the median price of a condo (at \$164,700 in 2005 dollars) or a new construction 2-bedroom, 1,000 square foot home (at \$265,000 in 2006 dollars), but could not afford the median price of an existing single-family home (at \$357,355 in 2005 dollars) as shown below. This, of course, assumes these households could save the down payment and pay the monthly private mortgage insurance, taxes and homeowners' association fees.

Type of Unit	Avg. price 2006 dollars	Down Payment Needed @ 5%	Monthly Mortgage 5.5% interest for 30 yrs	% of \$72,000 Annual income
Single-family	\$357,355	\$17,867	\$2,722	45%
Small single-family	\$265,000	\$13,250	\$1,979	32%
Condo	\$164,700	\$ 8,250	\$1,232	20%

2. Ten percent of year 2000 CBJ households were single adult households with children. A single wage earner head-of-household, working full-time and year-round, earning a minimum wage of \$7.00 per hour, would earn \$14,560 per year, before taxes. This person would need to pay 70% of his/her gross annual income to rent a 1 bedroom apartment at \$850 per month, including utilities. If this wage-earner earned \$14.00 per hour, h/she would earn \$29,000 gross annual income and would pay 37% of the pre-tax gross annual income for the 1 bedroom unit. A single-wage earner household with two children or households with wage earners who do not have full-time or year-round employment, or who work minimum wage cannot afford to rent housing and without experiencing overpayment and/or overcrowding and, certainly, cannot afford to purchase housing, without some sort of subsidy.

5. Cost of Development of Housing

For the purpose of identifying potential cost savings related to the construction of housing which can be passed onto the consumer, CDD hired a professional cost estimator to “cost out” the development of a prototypical house in a theoretical new subdivision. The assumptions for the new development are:

- The land is flat, free of wetlands, forests or streams and is buildable;
- The parcel is 20 acres and is vacant, raw” land with water, sewer and road built to the property line;
- The density of the project is 5 units per residential acre (5 RAC), equivalent to a D-5 Zoning District designation, and, therefore, would provide 100 dwelling units on the 20 acre parcel;
- The price per acre of land is a “bargain price” of \$60,000 per acre;
- The individual homes are small, 2 bedroom, 1 bath, 1,000 square foot, single-story, detached homes with a carport;
- The owner of the land is the developer and who hires a contractor to build the project at a fee of 7% of the hard costs; and

- The rate-of-return (profit) for the owner/developer is the residual (unspent funds) allocated as the hard cost contingency fund at 10% and the soft cost contingency fund of 10%, for a potential 20% rate-of-return, but a likely return of 5%.

The resulting development cost of this prototypical smaller home in a theoretical subdivision is \$264,544. In this example, the \$12,000 land cost per unit represents 4% of the total development costs and the \$17,951 costs of the 100 linear feet of roads, curbs and sidewalks associated with each unit represents 6% of the total development costs. The CBJ is investigating ways it may help reduce the costs of housing development, particularly as it relates to the release of CBJ-owned buildable land that can be provided sewer, water, road and transit services. Some suggestions have been provided by residential builders and these suggestions are being reviewed and analyzed for feasibility by the Comprehensive Plan Update effort underway.

6. Constraints to Housing Construction

The two main reasons for the lack of housing construction commonly cited by both for-profit and non-profit residential builders are:

1. Lack of buildable land (flat and absent wetlands) near sewer, water and roads; and
2. Lack of land zoned to allow sufficient density (number of dwelling units per acre or increment of land) to lower the development costs per unit to match local residents level of affordability.

Local builders suggest numerous small, but potentially cumulatively important, actions the CBJ can take to facilitate new housing construction and the construction of affordable housing. The four most important actions cited recently by residential builders are noted below and it is assumed that any associated housing development cost savings would be passed onto the consumer:

1. CBJ Community Development Department (CDD) to relax subdivision standards regarding curbs, sidewalks and streets;
2. CBJ to identify buildable land and release (sell, trade, give away) land that is near sewer, water and roads (infrastructure);
3. CBJ to identify CBJ-owned lands in and near the Urban Service Area and, beginning immediately, start to build infrastructure to those land areas that have buildable land (dry, flat) suitable for housing; and
4. CDD to increase densities and building heights for identified CDD buildable land Sites which are located in areas with infrastructure and transit services.

7. Potential Strategies for Producing Affordable Housing

Other housing inventory and affordable housing strategy reports published by or for Juneau in 1991, 1994 and 1997 have recommended the following actions:

1. Major new construction projects or major new employment centers, such as a mine, major office development or shopping center, or a major road or bridge project, should be phased so immigrants brought to work on the construction of those facilities or to work in the facility do not overwhelm the housing market by seeking housing at one time.
2. Applicants for major developments should partner with local residential builders to finance the construction of housing for their workers. For example, at one time the operators of the Kensington Mine at Berners Bay spoke of partnering with Tlingit-Haida Regional Housing Authority, a non-profit housing developer, to produce housing for mine workers.
3. The CBJ should offer land and infrastructure to for-profit or non-profit builders at a discounted price to enable the developer to produce multi-family housing and manufactured home parks for low- and moderate-income households.
4. The CBJ should consider asking the voters to support a Housing Bond. The proceeds of the sale of bonds would go to supporting affordable housing conservation and development strategies. Funds could be made available to for-profit and non-profit entities provided that there were written assurances that the benefited housing units would be made affordable to 80% of the median-income level, or below, households for a specific time period, such as 15 years, 30 years or 50 years, depending on the project. The funds could be used for a variety of actions including:
 - a. a housing renovation and rehabilitation fund for rental and ownership units to prevent demolition or further deterioration of housing units;
 - b. major rehabilitation or redevelopment of older manufactured home parks;
 - c. construction of new manufactured home parks, both rental and ownership;
 - d. "gap financing" or "leveraging" of funds for non-profit housing development corporations building affordable housing;
 - e. Subsidies for developing roads, sewers and water systems to land for affordable housing developments;
5. The CBJ could increase the property tax exemption from \$150,000 to \$300,000 for elder homeowners who have not made improvements to their homes but because of sales of neighboring properties, their homes have been re-assessed and taxes increased beyond their ability to pay on fixed incomes. Or the CBJ could "freeze" the value of a senior citizen's principal home, for the purpose of calculating the property tax assessment, when the homeowner reaches the age of 65.

6. The CBJ should provide property tax relief or reductions for multiple-family units that are priced, and rented to, very low- and low- income households, particularly those owned and operated by non-profit service providers.
7. The CBJ should contribute construction materials, such as gravel, to housing developers in exchange for commitments to produce a specific number of low- and moderate-income housing units; the units should have limited equity deed restrictions in perpetuity.

A complete set of suggestions for affordable housing can be found on the CBJ website by clicking on the Comprehensive Plan Update page and scrolling down to the Summary of Public Comments section: www.juneau.org.