

January 18, 2019

Ketchikan Comprehensive Housing Assessment Project (CHAP)

Prepared for Ketchikan Gateway Borough



MILLARD +
ASSOCIATES
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Study Team

McDowell Group

- Research and consulting since 1973, 18 professional staff
- Offices in Juneau, Anchorage, Bellingham
- Areas of expertise: mining, oil & gas, tourism, seafood, transportation, health care, social services, and education
- Services: economic and socioeconomic analysis, surveys, market research, feasibility studies, community planning, and program evaluation

Millard + Associates

- Architects, specialize in housing development among other projects

Introduction

- KGB *Comprehensive Housing Assessment Plan (CHAP)* is an assessment of the current housing situation in Ketchikan.
- Detailed review of primary and secondary data to develop:
 - Housing market profile
 - Demographic and economic trends
 - Identify housing gaps
 - Identify challenges to increased housing
 - Potential options for KGB to address housing shortages

Methodology and Data Sources

- Secondary data from local, state, and federal agencies.
- Interviews with more than 40 community stakeholders.
- An overview of 6 geographic areas of the community - infrastructure, amenities, services, and other characteristics combined with the results of a observational housing condition survey.
- Review of selected KGB owned parcels.
- Detailed analysis of KGB Assessor's database.
- Review of zoning and code regulations to identify barriers to increasing housing density and development.
- Selective review of how other communities in Southeast and elsewhere are addressing similar housing issues.
- Review of community assets.

Housing Market Profile



KGB Housing Inventory



6,377

Total Units

40 Years
Median age of
structures

37% Pre-1970

5,270
Occupied Units

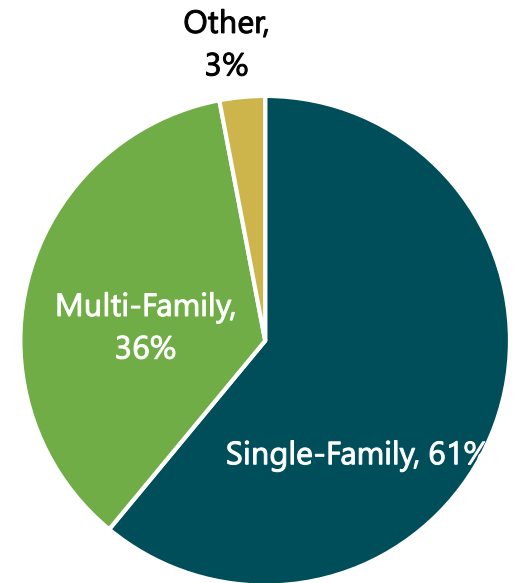


1,362
Occupied
multi-family
rental units

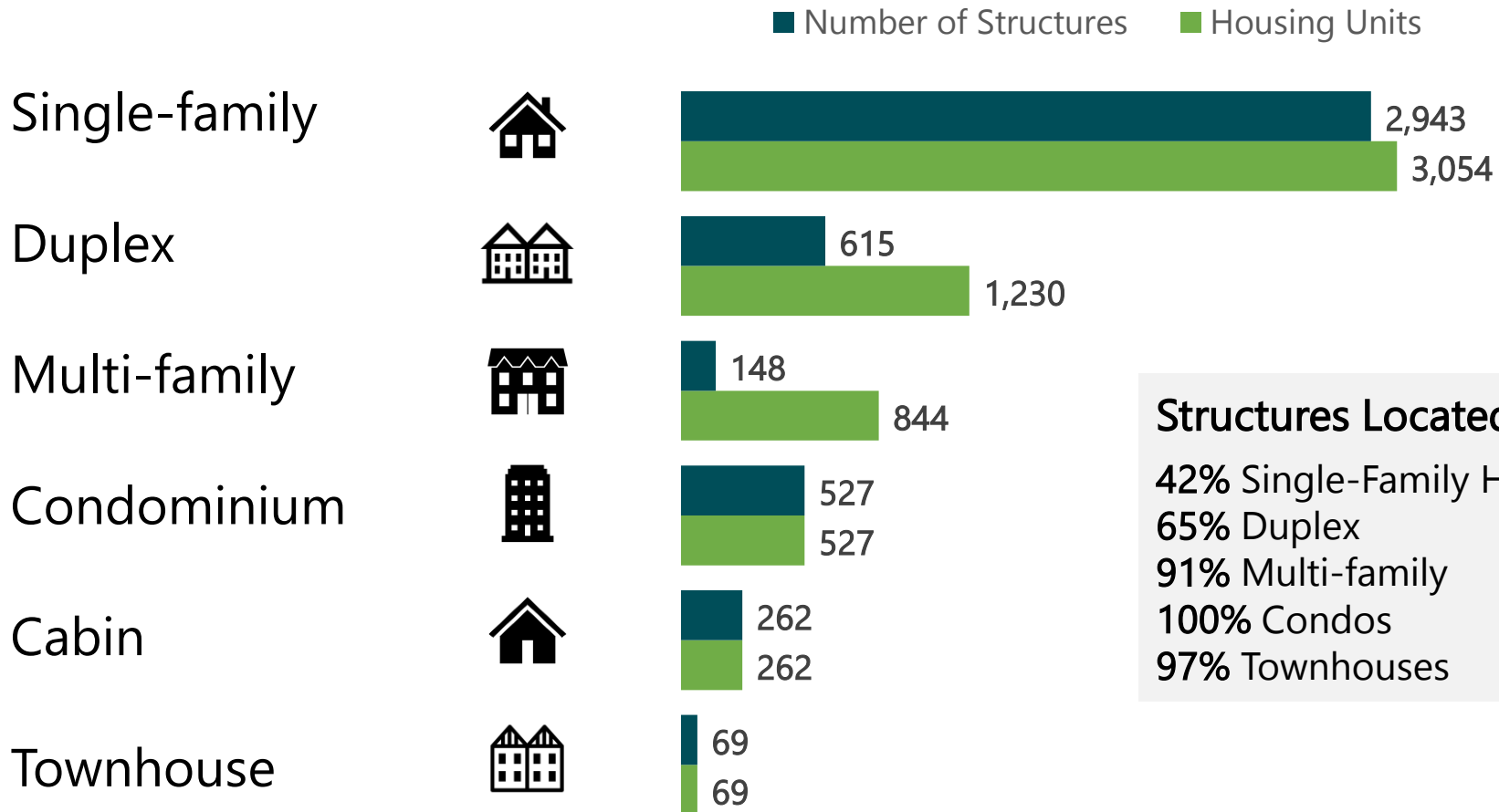


600
Occupied
single-family
rental units

Occupied Units by
Structure Type



KGB Housing by Structure Type

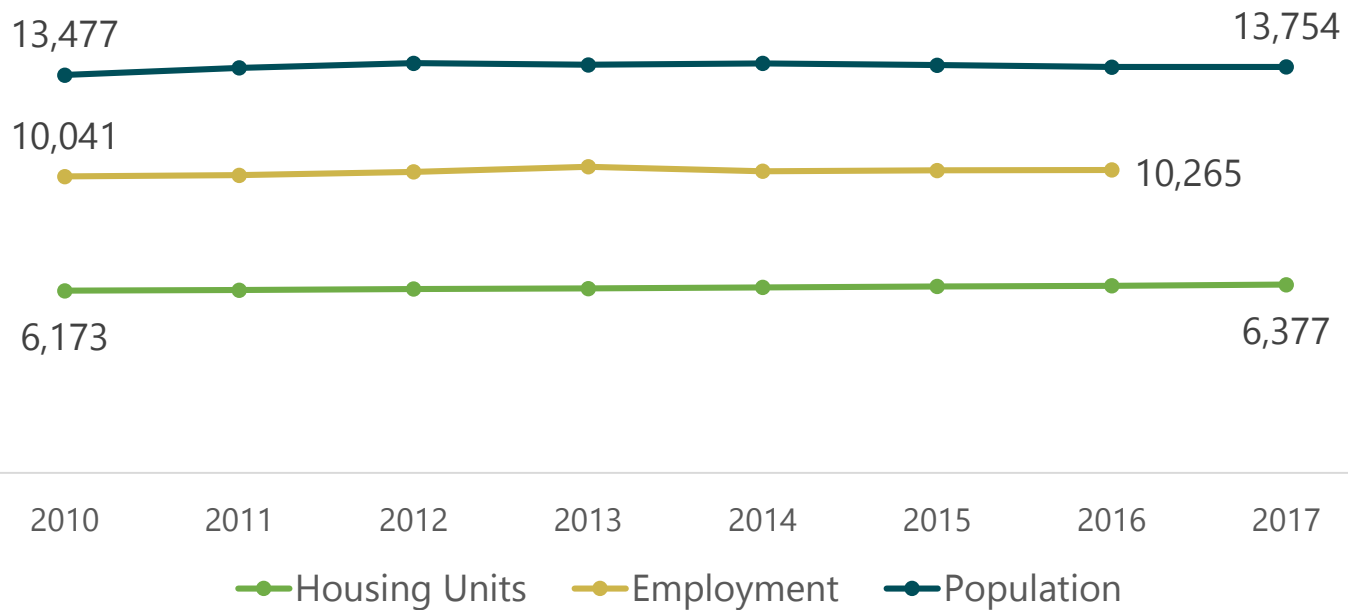


Structures Located in the City

- 42% Single-Family Homes
- 65% Duplex
- 91% Multi-family
- 100% Condos
- 97% Townhouses

Housing Unit Growth Consistent with Population and Employment Growth

Ketchikan Gateway Borough
Estimated Number of Housing Units, Population, and
Employment



Annual Average
Change

Population
+0.3%

Employment
+0.4%

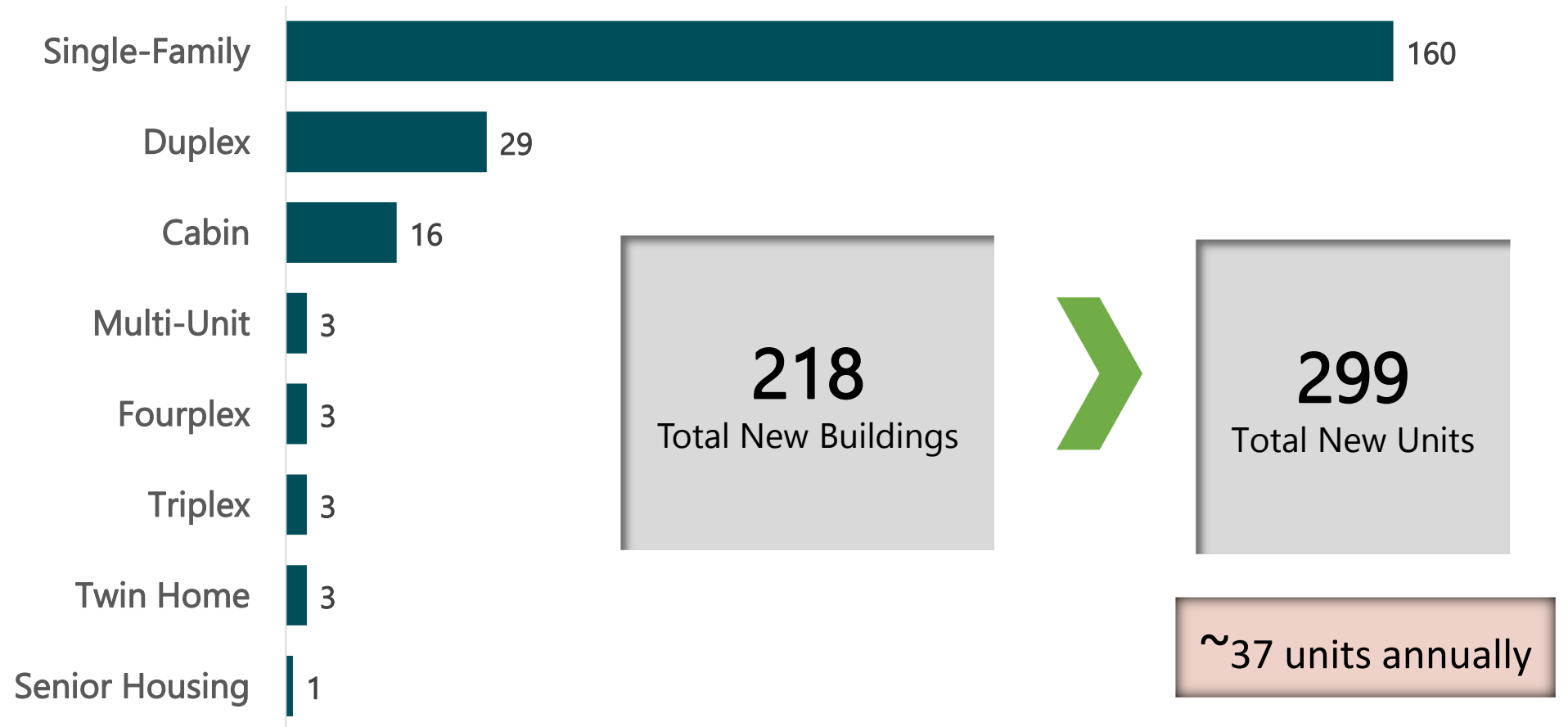
Housing Units
+0.5%

+204

Units since 2010
(0.5% annual increase)

Source: U.S. Census Bureau, Annual Estimates of Housing Units 2010-2017, Alaska Department of Labor and Workforce Development, Population Estimates Program, Bureau of Economic Analysis employment estimates.

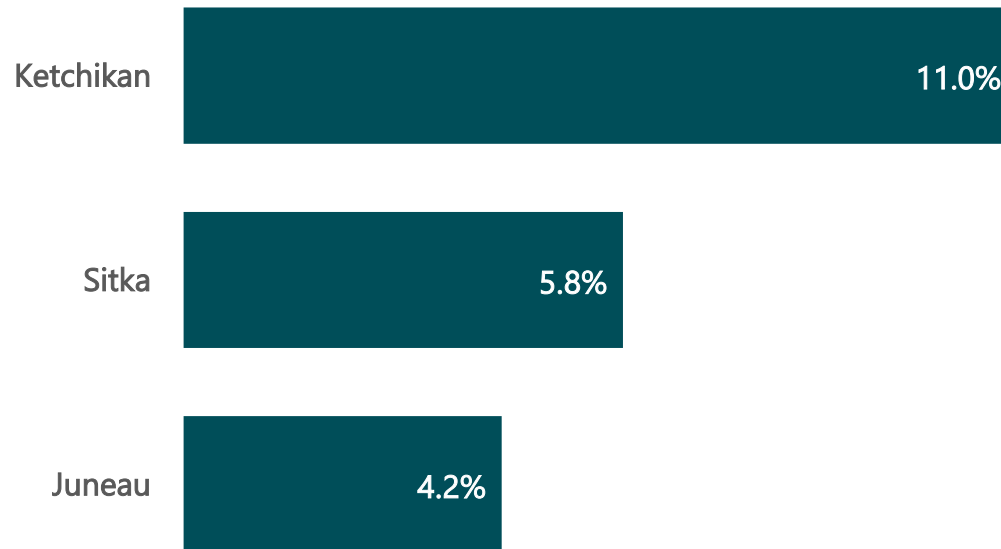
New Residential Zoning Permits, 2011-2018



Source: Ketchikan Gateway Borough Department of Planning and Community Development.
Note: Permit data for accessory units was not available. Not all permits may have resulted in construction.

Housing Vacancy

March 2018 Vacancy Rates



250

There were an estimated 250 vacant rentals in March.

Seasonal workforce rental demand significantly higher



Ketchikan's summer vacancy rates are reported to be very low.

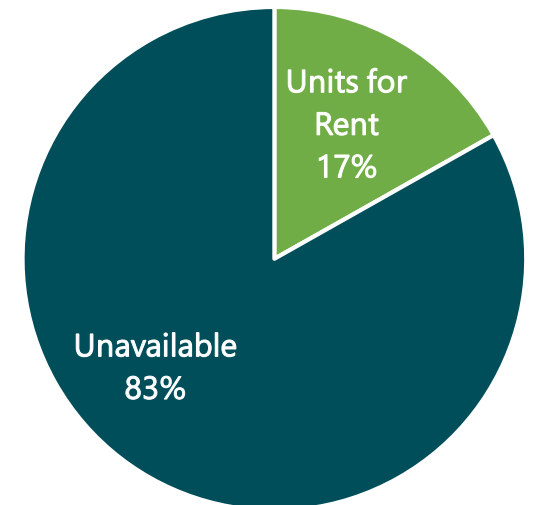
Rental Unit Status

Vacancy Status	2008-2012	2013-2017	Change	% Change
For rent	259	175	-84	-32%
For seasonal, recreational, or occasional use	278	356	78	28%
Other vacant	183	396	213	116%
Rented, not occupied	10	42	32	320%
For sale only	78	57	-21	-27%
Sold, not occupied	15	14	-1	-7%
Total vacant housing units	823	1,040	--	--

31%

17%

Between 2013 and 2017, there were 175 units for rent and 865 units unavailable.

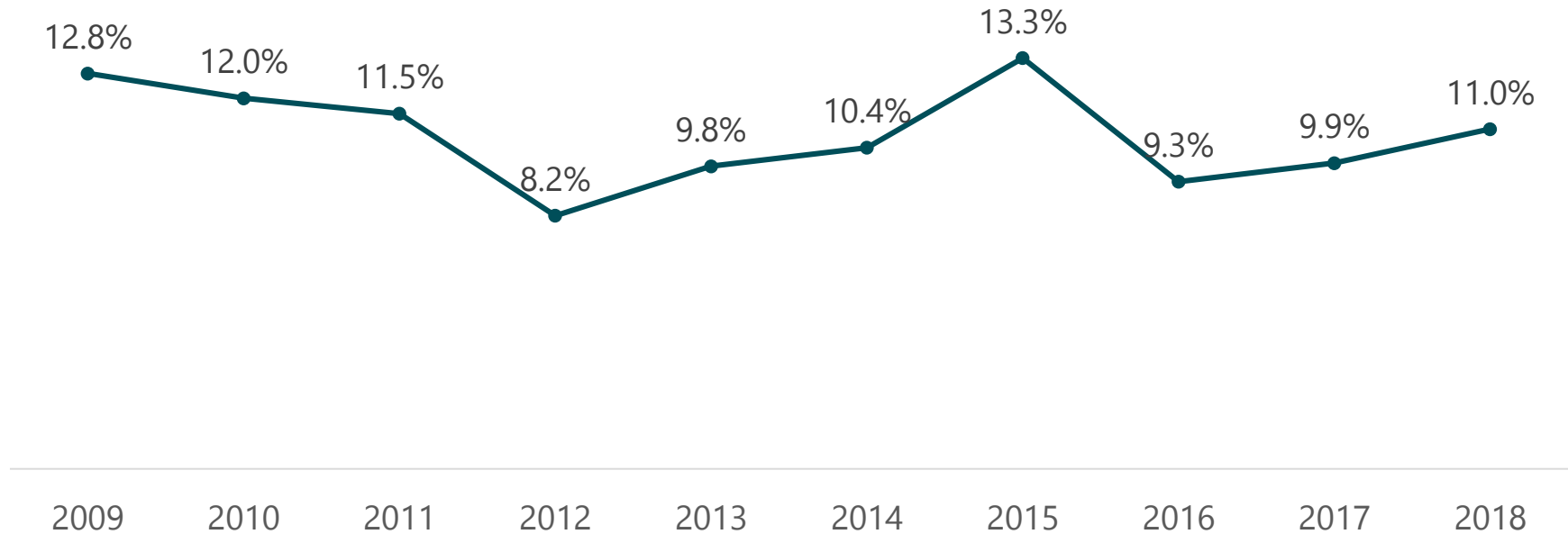


Source: U.S. Census Bureau, American Community Survey, 5-year averages 2008-2012 and 2013-2017.

Note: "Other vacant" refers to housing units vacant for reasons besides those above. For instance, housing units held vacant for personal reasons, repairs, or for the settle of an estate.

KGB Rental Vacancy Rate Trends

Vacancy Rate in Rental Units, Ketchikan Gateway Borough, 2009-2018



Source: Alaska Housing Finance Corporation, 2009-2018 Rental Market Survey

Single-Family Home Sales, 2018



106
Units Sold



\$329,000
Average Sale Price



110
Average Days on Market

6 Year Annual Average
83 units ● \$283,500 ● 160 days

Housing Value

Median Value of Owner Occupied Housing



Source: US Census Bureau, ACS 2013-2017.

Housing Cost



\$1,034

Median Multi-Family Unit Rent



\$1,125

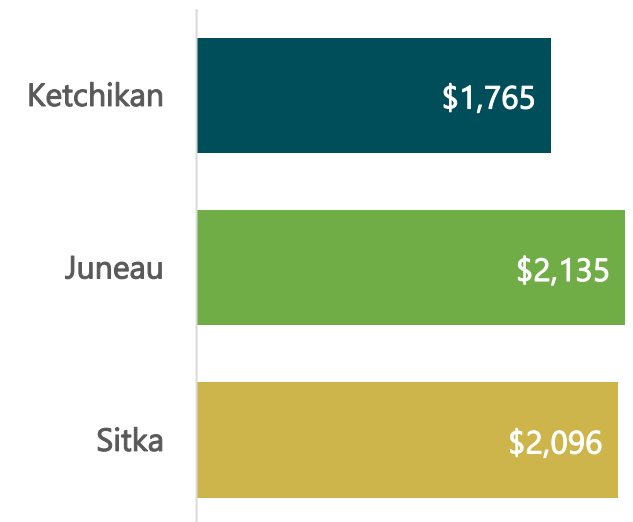
Median Multi-Family Unit Rent with Utilities

+2%
Annually

Inflation adjusted multi-family rental costs with and without utilities increased at a low annual rate over the last decade

Owner-Occupied Median Monthly Homeowner Cost

Including mortgage, taxes, insurance and fees

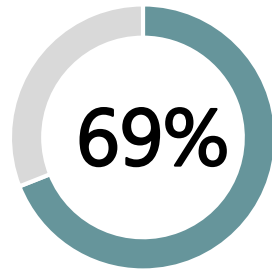


\$580

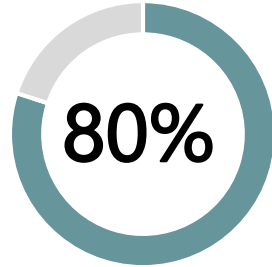
Monthly cost for Ketchikan homeowners without mortgage

Housing Affordability

Very Cost-Burdened Renters (35%+ of HH Income)



69% of renter households with income of \$20,000 to \$34,999 are very cost-burdened



80% of renter households with income of \$10,000 to \$19,999 are very cost-burdened

Cost-burdened households
"may have difficulty affording necessities such as food,
clothing, transportation, and medical care."
-HUD Definition

Overall Total Percent of Renter Households Very Cost-Burdened

Ketchikan
41%

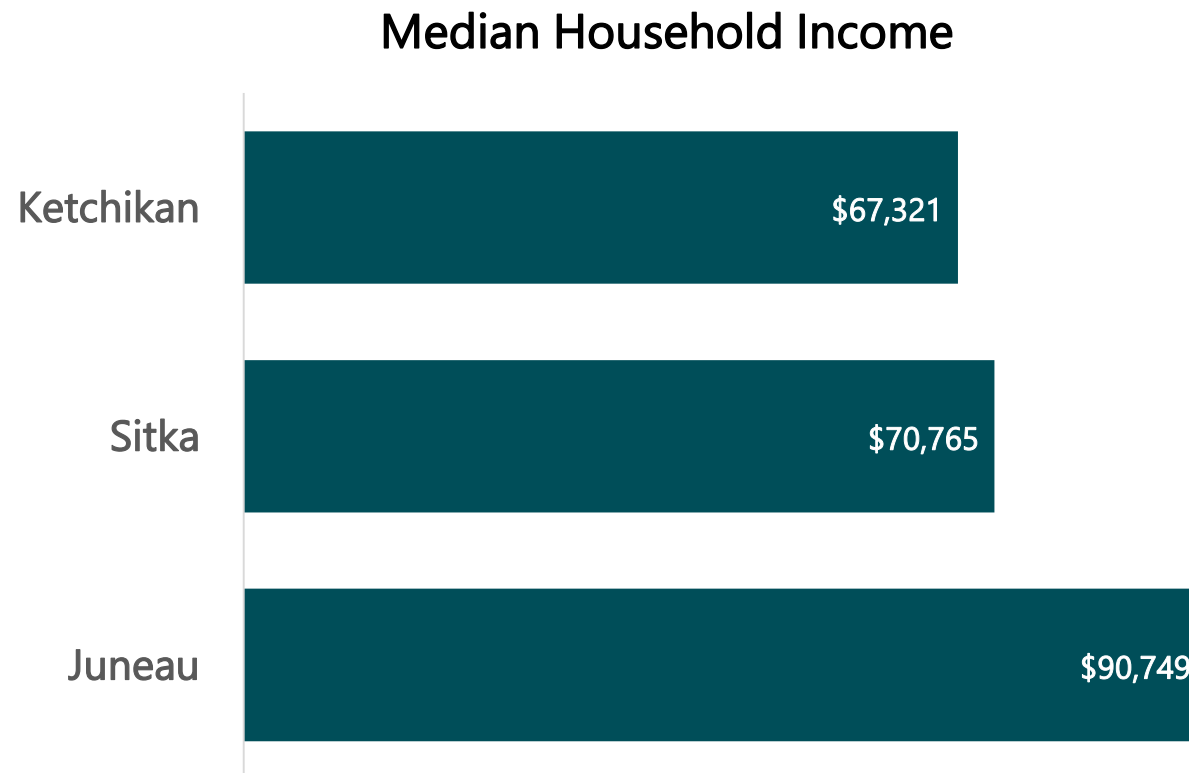
Juneau
31%

Sitka
28%

24% of all HH VCB

Housing Affordability

Income Comparisons



While median rental rates are similar in Ketchikan, Sitka, and Juneau, median household income is 5% higher in Sitka and 35% higher in Juneau.

Demographic and Economic Profile



Demographic Trends

- KTN population very stable around 13,800 last 8 years.
- Alaska State Demographer forecasts a loss of about 600 residents by 2035.
- Population over age 60 has increased by 55% over the last decade.
- 16% of residents were over 60 a decade ago, 22% in 2017, and forecast to be 28% by 2035.

Economic Conditions

- KTN economy relatively stable over last 5-6 years
- Wage and salary employment ranged from 7,400 to 7,500 over past 5-years
- Slow annual growth of 1.1% in personal income over last 10-years
- Annual unemployment was at 6.3% in 2017, lowest since 2009.
- August 2018 rate of 4.1% lowest monthly rate in 18 years
- Non-resident work force is significant accounting for 36% of workforce
- More than 2,200 non-residents working in the 3rd Q, primarily in seafood processing and visitor industries

Economic Outlook

- Visitor industry will continue to grow in 2019 and 2020, Cruise visitors could grow to 1.2 million in 2019 and 1.3 million in 2020. Strong demand for workforce housing.
- Other sectors including the seafood industry, USGC and other federal activity, and other basic sectors will experience year-to-year variability but are not likely to increase the Borough's year-round or seasonal population.
- Healthcare stable-population base stable but growing older.
- Future shipyard workforce depends on acquiring new projects.
- Potential for mining sector but not in near-term.
- Community infrastructure, facilities, services, recreation, arts.

Housing Gaps and Development Challenges



Housing Gaps

- Single-family homes under \$300,000
- Multi-family units for residents
- Seasonal workforce housing
- Low-income housing
- Senior and accessible housing
- Housing for the homeless

Housing Development Challenges

- Lack of accessible, flat land.
- Lack of water and sewer in some areas.
- High cost of construction materials and freight.
- Lack of developers with financial backing.
- Challenges for contractors to economically build affordable housing.
- Seasonality of rental demand.
- Some zoning and regulations are prohibitive.
- Potential neighborhood resistance to higher density housing.

KGB Options to Increase Housing



What Can KGB Do?

- Acknowledge housing shortage and elevate awareness.
- Housing shortage is a community development issue that includes economic development and quality of life.
- There is no single solution and change takes time.
- Small steps will help. Any new housing is good.
- Housing development is primarily a private sector activity.

What Can KGB Do? cont.

KGB has limited tools to affect change:

- Financial (land trades, subsidies, tax incentives, KGB carrying infrastructure development costs).
- Regulatory changes in zoning, lot size, and parking, to increase housing density.
- Without KGB financial support and/or regulatory changes there is unlikely to be significant changes in housing stock.
- Develop a diverse housing committee or coalition.
- Perfect timing- Comp plan and zoning review.

Borough-Owned Land

- KGB land disposal should be at a measured pace.
- Parcels closer to town and close to water and sewer are most desirable.
- Potential parcels at N. Pt. Higgins, Mile 10 and 13, Whipple Creek, D-1 Loop, Bear Valley, and South Saxman.
- Potential role for KGB in subdivision and infrastructure development-Waterfall subdivision model.

Increase Housing Density

- Zoning and lot size reductions best tools available to increase density.
- Smaller homes on big lots still not “affordable.”
- For example, reducing lot requirement from 5,000 sq. ft to 3,300 would allow three homes on two standard lots.
- Lower development costs, infrastructure in place.
- “Gentle” density increase that does not change neighborhood characteristics-accessory units.
- Increase locations zoned medium- and high-density.
- Start small with overlays, infill properties.

Single-Family Homes

- Smaller units/smaller lot size only way to get to “affordable.”
- Need to confirm/measure demand for smaller homes on smaller lots.
- Zoning and lot size changes are needed.
- Encourage development of twin houses and tiny homes.
- If smaller homes/smaller lots not increased, builders will likely continue to build homes priced above what is most needed in the market.

Multi-Family Homes

- Most desirable locations are close to town, sewer and water, and public transit.
- Look to increase locations zoned medium and high density.
- Increase building heights where reasonable.
- Challenges for developers to build “affordable” new units.
- Potential tax credits to lower rents.

Seasonal Housing

- Support and incentivize group housing-micro apartments, bunkhouses, and single occupancy units.
- May require increase in high density zoning.
- Encourage rezoning of existing properties no longer used such as churches, hotels, office buildings.
- Identify properties with potential to accommodate seasonal workforce RV's.
- Addressing seasonal housing may allow for more year-round rentals.

Rehabilitation of Existing Stock

- Consider development of training programs, web-based info to inform homeowners of proper building materials and techniques for a wet environment.
- Consider creation of small scale, subsidized weatherization program to encourage homeowners.
- Increasing code enforcement outside City limits could ensure quality construction.
- Preservation of existing stock will help alleviate greater housing shortages in the future.

Partnerships

- Housing issues are not just a KGB concern: City of Ketchikan, City of Saxman, and community members.
- Nurture relationships with other major land owners, Tribal organizations, housing sector participants, businesses, and non-profit organizations.
- Particularly important for low-income and homeless housing.

Metrics, Updates, and Further Research

- Recommendations for various metrics to measure success.
- Data sources for KGB use in updates.
- Further research needs:
 - Community opinion survey
 - Housing development feasibility study
 - Track summer occupancy (formally or informally)
 - Track of accessory dwelling permits



Questions



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