



RESEARCH SUMMARY

Institute of Social and Economic Research, University of Alaska

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Alaska Statewide Housing Needs Study

INTRODUCTION

A recent report prepared for the state by CH2M Hill and the University's Institute of Social and Economic Research has revealed that practically none of the almost half billion dollars spent by the state mortgage subsidy program since June 1980 has gone to the low- or moderate-income groups in Alaska. The approximate \$125 million per year spent under this program has instead benefited a yearly average of about 9,500 middle- and upper-income homebuyers in the state.

The report, prepared for the Department of Community and Regional Affairs, Division of Community Planning, focused on four areas related to housing needs in the state:

1. State and federal housing subsidy programs.
2. Housing needs of the state as a whole, but especially the elderly, the handicapped, and the low-income in rural, urban, and remote Alaska.
3. Constraints in the housing supply that the government could overcome through its regulative powers in order to decrease costs of standard housing.
4. The development and use of a state housing information system.

HIGHLIGHTS

State Housing Subsidies

Alaska's largest housing programs consist of mortgage subsidies administered through the Alaska Housing Finance Corporation (AHFC) and the Department of Community and Regional Affairs (DCRA). The state subsidy on mortgages reduces homebuyers' payments by an average of \$2,700 per year for the life of each mortgage. These state mortgage subsidy programs were initiated in July 1980 and have cost the state over \$1,200 million in appropriations to the AHFC and the DCRA during the last 3 years. Approximately \$450 million of the \$1,200 million appropriation has been spent on interest subsidies and will *not* be repaid to the state. These programs do not meet housing needs of low- and moderate-income Alaskans, since 95 percent of the

subsidies are going to middle- and upper-income households. Housing subsidies of this magnitude could provide over \$2,700 per year for the next 10 years for each of the 22,000 households identified in this study as unable to afford housing and utilities.

Housing Needs

ISER researchers used two different criteria to measure housing needs: (1) the affordability of housing as measured by the proportion of household income necessary to provide physically adequate housing and utility services and (2) the physical adequacy of housing as measured by sufficient room per person and the presence of adequate water and waste facilities; cooking, heating, and lighting facilities; and structural safety.

Affordability of Housing

In 1980, 22,000 low- or moderate-income households in Alaska were paying an excessive proportion (more than 35 percent) of their income for rent or mortgage payments and utilities. These were predominantly renters (almost 70 percent), and the majority (70 percent) lived in the four urban centers of Anchorage, Fairbanks, Juneau, and Ketchikan. Twice as many households in urban Alaska as in rural and remote Alaska were unable to afford housing and utility services; however, the proportions of urban and rural households paying over 35 percent of household income for housing services were approximately the same, 17 percent.

Adequacy of Housing

There were 13,000 households in the state in 1980 whose members lived in overcrowded conditions; 60 percent or some 8,000 of these households were located outside of urban Alaska.

Of all year-round housing units in Alaska, 23,000 or 15 percent had two rooms or less. Forty percent (or 3,600) of the 9,000 year-round houses in the small villages of the north, west, and interior have two rooms or less. Overcrowding is severe, with over 25 percent of the households containing more than 6 persons each.

Most households without complete water, sewer, or solid waste systems were located in rural and remote Alaska; these made up about 7,000 of the

approximately 10,000 households so identified. Over a third of these households were not located in communities, and the householder provided his own water and waste systems. Another third of the households were located in remote villages where water was attainable only from a central facility or individual hand-pumped wells.

Low-Cost Housing

Approximately 4,500 rental units are sponsored and subsidized by federal or state government in Alaska, and these units provide low-cost housing for one in eight of the 35,000 low- or moderate-income renters. For non-elderly renters the ratio is less favorable. For the 33,000 low- and moderate-income non-elderly renters there is one government-sponsored unit for every 11 households. Urban Alaska has the majority of renter households and subsidized rental units, with 80 percent of each.

Among low- and moderate-income homeowners there is one government-subsidized mortgage for every 2.25 owners, for a total of 7,000 government-subsidized households. Seventy-five percent of these 7,000 households are in rural and remote Alaska. Homeowners are also assisted through state grants for water and waste systems, weatherization, and subsidies for electric power.

Housing Needs of the Elderly¹ and Handicapped

The Elderly. Elderly low-income households represented approximately 5 percent of all renter households which paid an excessive proportion of their income for housing and utilities in 1980. The majority of these elderly renters, approximately 700, were located in the urban areas of the state. Most elderly in Alaska, however (some 70 percent), are homeowners, and the question of affordability in their case centers mainly around utility costs.²

There are currently about 1,400 subsidized rental homes for elderly persons in Alaska, so that

¹A quarter of the elderly in the state were living alone in 1980, another 20 percent were living with relatives or in group quarters, and the remaining 55 percent were living with family members in their own households.

²The state of Alaska assists the elderly in the payment of property taxes.

about one in five of all elderly households lives in government-sponsored housing. An additional 900 elderly persons are receiving residential and long-term institutional care.

The Handicapped. While housing needs of handicapped persons vary, most have needs similar to those of low- and moderate-income households—primarily they are unable to pay for housing and utilities at an affordable proportion of household income. There are approximately 4,000 low-income and substantially handicapped non-elderly adults in Alaska, of whom three-quarters live in urban areas. Housing costs for the handicapped are often higher because of the need for some physical modification of the dwelling. Costs are considerably higher when the type of disability requires hiring of personal services to assist in daily living. A few housing units are available for non-elderly handicapped households though the federal housing programs administered by the state housing authorities. However, there is a waiting list of families, and only six family units are now designed for handicapped households. These programs are able to serve only a small proportion of handicapped adults.

Home support services are being provided by the state to about 5,000 non-elderly handicapped adults, and another 1,300 are living under some type of institutional care.

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For information on constraints in the housing supply, development and use of a state housing information system, and other detailed information on housing needs in Alaska, see the complete report.

Alaska Statewide Housing Needs Study (+300 pp. in 4 vol.) 1983, was prepared by CH2MHill in association with the Institute of Social and Economic Research, University of Alaska; Spectrum West, Inc.; Dr. Henry C. Hightower; and Cheryl K. Thomas Associates. Copies of the report may be obtained through the Department of Community and Regional Affairs, Division of Community Planning, Pouch B, Juneau, Alaska 99811. For further information on this report, call Cheryl K. Thomas Associates, 276-2427.

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