

Housing Alaskans: 2023 Data Takeaways

Prepared by Agnew::Beck Consulting

KEY TAKEAWAYS FROM STATE HOUSING DATA

Alaska has several major housing problems:

1. Alaska has a housing affordability problem.

- Alaska’s minimum wage is \$10.85/hour. The wage needed to afford a one-bedroom housing unit, working full-time at 40 hours/week, is \$18.66. The hourly wage to afford a two-bedroom unit is \$24.32.¹
- Wage and housing cost data in Alaska shows that everyday working Alaskans, from cooks to cleaners to commercial drivers to teachers, struggle to afford housing in our state.
- The housing affordability crisis is national in scope but is exacerbated in Alaska by other housing challenges, including challenges with housing development.

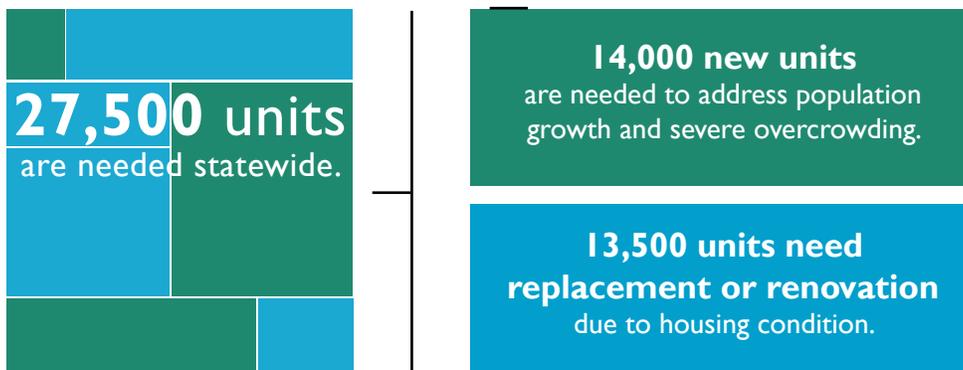
2. Alaska has a housing development problem.

- Construction isn’t keeping up with housing demand across large and small Alaska communities, especially for multifamily housing for working families.
- In short, this is because multifamily rental projects do not “pencil” in Alaska: The rents that our housing markets can withstand do not match the cost of development, which is high.
- In Alaska, hard costs (materials, systems, labor) are the biggest driver of total development costs, typically accounting for 70-75% of total development costs for a multifamily rental project.
- Recent examples show hard costs that range from almost \$300 per sq. ft. in Anchorage to a recent cost estimate that landed at around \$800 per sq. ft. in Bethel.² This is compared with hard costs of \$120 per sq. ft. in examples from the Lower 48.
- The gap funding needed for a multifamily rental project can be as much as 50% of total development cost.

3. Alaska has an aging housing stock problem.

- Housing construction peaked in the 1980s in Alaska. As new construction continues to be slow, the housing stock continues to age and the average house becomes older.
- Almost half of Alaska’s estimated need for housing over the next 10 years is for renovation or replacement of existing units, rather than development of new units.
- Our existing housing stock is a barrier to attracting workers to our State, making renovation and modernization key to attracting and retaining workers and growing our economy.

Alaska needs an estimated 27,500 housing units over the next 10 years.



¹ National Low Income Housing Coalition, “Out of Reach: The High Cost of Housing”

² Based on housing development analysis by Agnew::Beck, SALT, NeighborWorks Alaska, and ONC

HOUSING ALASKANS: A PUBLIC-PRIVATE PARTNERSHIP

Alaska needs to build and preserve roughly 27,500 housing units in the near term (next 10 years). The status quo will not meet the need: Housing Alaskans: A Public-Private Partnership is a critical part of how we will build new housing and preserve and modernize our existing housing stock at the scale needed.

What is Housing Alaskans: A Public-Private Partnership?

- Housing Alaskans was formed in 2022 and operates as a housing trust. Initial funding came from the State of Alaska and a small grant from Rasmuson Foundation. Alaska is now the 48th state to have a housing trust.
- Housing trusts complement existing housing entities by:
 - Leveraging federal, state, and municipal resources with philanthropic contributions
 - Incentivizing housing developers and providers with operational and capital funding to help projects cross the finish line.
- Housing Alaskans is governed by a diverse Board of Directors from throughout Alaska, including half rural and Alaska Native representation. An advisory committee of subject matter experts from across Alaska advises the Board of Directors of projects to consider for funding from applications received.

Why Housing Alaskans?

The status quo isn't working. The market isn't building enough new housing for working families. From Ketchikan to Anchorage to Utqiagvik, new development will take new resources.

Flexible funds are the difference between whether enough new housing will get built. Housing Alaskans is not about replacing resources, but coming alongside existing programs to get housing built.

No other funding source is preserving our housing stock for the future at the scale necessary. While we build new, we must also modernize what we have. Housing Alaskans will fund critical rehab & renovation.

Public investment can put private dollars to work. No other source is leveraging public and private dollars for statewide housing impact.

METHODOLOGY

The Housing Needs Forecast model has been purpose-built by Agnew::Beck Consulting to forecast housing demand in Alaska communities, including rural Alaska, over a specific period. The model uses U.S. Census and State Department of Labor (DOL) data to estimate the need for new units based on population growth and overcrowding, and the need for rehab or replacement of existing units based on three proxies for housing condition.

14,000 new units are needed over the next 10 years due to population change and severe overcrowding:

- 7,000 new units are needed due to expected population growth (using the mid-point estimate of DOL data)
- 7,000 new units are needed due to severe overcrowding in existing housing

13,500 rehab or replacement units needed over the next 10 years. This component of the forecast model is based on three proxies for housing condition:

- Aging housing stock (% of housing stock built before 1960)
- Housing units without plumbing (% of occupied units without plumbing + kitchen facilities)
- Mobile home units that need replacement sooner than other unit types (% of total housing stock that are mobile home units)

CONTACT INFORMATION

For more information about data or methodology, contact:

- Shanna Zuspan, shanna@agnewbeck.com
- Katie Scovic, katie@agnewbeck.com
- Michelle Bowlds, michelle@agnewbeck.com

For more information about Housing Alaskans, contact: staff@housingalaskans.com

Or visit: www.housingalaskans.com